

THIS DOCUMENT AND THE ACCOMPANYING FORM OF PROXY ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the action you should take, you are recommended to seek your own independent financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under FSMA, if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.

If you sell or otherwise transfer, or have sold or otherwise transferred, all your Ordinary Shares in the Company, please forward this document, but not the accompanying personalised Form of Proxy, as soon as possible to the purchaser or the transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected, for transmission to the purchaser or the transferee. If you sell or have sold or otherwise transferred only part of your holding of Ordinary Shares, you should retain these documents and consult the bank, stockbroker or other agent through whom the sale or transfer was effected. If you receive this document from another Shareholder, as a purchaser or transferee, please contact the Registrar for a personalised Form of Proxy.

RIVER AND MERCANTILE
GROUP

River and Mercantile Group PLC

(Incorporated in England and Wales with registered number 04035248)

Proposed Sale of River and Mercantile Investments Limited Circular to Shareholders and Notice of General Meeting

This document should be read as a whole. Your attention is drawn to the letter from the Chairman of the Company which is set out in Part 1 (Letter from the Chairman of River and Mercantile Group PLC) of this document and which contains a recommendation from the RMG Directors that you vote in favour of the Sale Resolution to be proposed at the General Meeting. The Sale will not take place unless the Sale Resolution is passed at the General Meeting.

Notice of the General Meeting, to be held at One Bishops Square, London, E1 6AD at 11:00a.m. (UK time) on 13 December 2021, is set out in Part 8 (Notice of General Meeting) of this document.

The meeting will be held in accordance with the UK Government guidelines and the requirements of the venue in relation to the Covid-19 pandemic in effect at the time of the General Meeting. The situation is constantly evolving, and the UK Government may change current guidance or implement new restrictions relating to the holding of general meetings during the affected period. The Company continues to closely monitor the situation and any changes to the arrangements for the General Meeting will be communicated to Shareholders before the meeting through its website (<https://riverandmercantile.com/>) and, where appropriate, by RIS announcement.

Whether or not you intend to be present at the meeting, you are asked to complete and return your Form of Proxy in accordance with the instructions printed on it to the Company's UK Registrar, Equiniti Limited at Aspect House, Spencer Road, Lancing, West Sussex, United Kingdom, BN99 6DA, as soon as possible and, in any event, so as to be received by no later than 11:00a.m. (UK time) on 9 December 2021 (or, in the case of an adjournment, not later than 48 hours before the time fixed for the holding of the adjourned meeting).

If you hold your Ordinary Shares in CREST, and you wish to appoint a proxy or proxies through the CREST electronic proxy appointment service, you may do so by using the procedures described in the CREST Manual (available by logging in at www.euroclear.com). In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a **CREST Proxy Instruction**) must be properly authenticated in accordance with Euroclear's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is 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) not later than 11:00a.m. (UK time) on 9 December 2021.

Lazard & Co., Limited (**Lazard**), which is authorised and regulated by the Financial Conduct Authority in the United Kingdom, is acting exclusively for the Company as joint financial adviser and as sponsor and for no one else in connection with the Sale and will not be, responsible to anyone other than the Company for providing the protection offered to clients of Lazard nor for providing advice in relation to the Sale or any other matters referred to in this document.

Fenchurch Advisory Partners LLP (**Fenchurch**), which is authorised and regulated by the Financial Conduct Authority in the United Kingdom, is acting exclusively for the Company as joint financial adviser and for no one else in connection with the Sale and will not be, responsible to anyone other than the Company for providing the protection offered to clients of Fenchurch nor for providing advice in relation to the Sale or any other matters referred to in this document.

Apart from the responsibilities and liabilities, if any, which may be imposed upon Lazard and Fenchurch by FSMA or the regulatory regime established thereunder, or under the regulatory regime of any jurisdiction where the exclusion of liability under the relevant regulatory regime would be illegal, void or unenforceable, Lazard and Fenchurch and their respective subsidiaries, branches and affiliates, and such entities' respective directors, officers, employees and agents (the **Lazard Group** and the **Fenchurch Group**, respectively) do not accept any responsibility whatsoever or make any representation or warranty, express or implied, concerning the contents of this document, including its accuracy, completeness or verification, or concerning any other statement made or purported to be made by it, or on its behalf, in connection with the Company or the Sale, and nothing in this document is, or shall be relied upon as, a promise or representation in this respect, whether as to the past or future. The Lazard Group and the Fenchurch Group accordingly disclaims, to the fullest extent permitted by law, all and any responsibility and liability whether arising in tort, contract or otherwise (save as referred to herein) which it might otherwise have in respect of this document or any such statement.

This document is a circular relating to the Sale which has been prepared in accordance with the Listing Rules and approved by the FCA. For a discussion of the risks relating to the Sale, please see the discussion of risks and uncertainties set out in Part 2 (Risk Factors) of this document.

Capitalised terms have the meaning ascribed to them in Part 7 (Definitions) of this document.

A summary of action to be taken by Shareholders is set out in Part 1 (Letter from the Chairman of River and Mercantile Group PLC) of this document and in the Notice of General Meeting set out in Part 8 (Notice of General Meeting) of this document.

This document is dated 23 November 2021.

Important notices

Information regarding forward-looking statements

This document includes forward-looking statements. These forward-looking statements involve known and unknown risks and uncertainties, many of which are beyond the Company's control. Forward-looking statements are sometimes identified by the use of forward-looking terminology such as "believe", "expects", "may", "will", "could", "should", "shall", "risk", "intends", "estimates", "aims", "plans", "predicts", "continues", "assumes", "positioned" or "anticipates" or the negative thereof, other variations thereon or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding the intentions, beliefs or current expectations of the Directors or the Company concerning, among other things, the results of operations, financial condition, prospects, growth, strategies and dividend policy of the Company and the industry in which it operates.

These forward-looking statements and other statements contained in this document regarding matters that are not historical facts involve predictions. No assurance can be given that such future results will be achieved; actual events or results may differ materially as a result of risks and uncertainties facing the Company. Such risks and uncertainties could cause actual results to vary materially from the future results indicated, expressed or implied in such forward-looking statements.

By their nature, all forward-looking statements involve risk and uncertainty because they relate to future events and circumstances which are beyond the Company's control including amongst other things, international and global economic and business conditions, the implications and economic impact of the COVID-19 pandemic, the implications and economic impact of the UK's future relationship with the EU in relation to financial services, market related risks such as fluctuations in interest rates and exchange rates, the policies and actions of regulatory authorities, the impact of competition, inflation, deflation, the timing and impact of other uncertainties of future acquisitions or combinations within relevant industries, as well as the impact of tax and other legislation and other regulations in the jurisdictions in which the Company and its affiliates operate. As a result, the Company's actual future financial condition, performance and results may differ materially from the plans, goals and expectations set forth in the Company's forward looking statements. Neither the Company nor any of its Directors, officers or advisers provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this document will actually occur. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as at the date of this document.

Other than in accordance with its legal or regulatory obligations (including under the Listing Rules, Market Abuse Regulation and the Disclosure Guidance and Transparency Rules), the Company is not under any obligation and the Company expressly disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

The above explanatory wording regarding forward-looking statements does not in any way seek to qualify the statement regarding working capital that can be found at paragraph 11 of Part 6 (Additional Information) of this document.

No profit forecast

Other than as expressly stated on page 12, no statement in this document is intended as a profit forecast or a profit estimate and no statement in this document should be interpreted to mean that earnings per Ordinary Share for the current or future financial years will necessarily match or exceed the historical published earnings per Ordinary Share.

Shareholder helpline

If you have **any questions about this document**, the General Meeting or on the completion and return of the Form of Proxy, you should visit **help.shareview.co.uk** or, alternatively, **please call** the Equiniti shareholder helpline between 8:30 a.m. and 5:30 p.m. (London (UK) time) Monday to Friday (except public holidays in England and Wales) on 0871 384 2030 (calls to this number are charged at the standard national rate and will vary by provider) or on +44 (0)121 415 7047 from outside the UK (charged at the applicable international rate). Please note that calls may be monitored or recorded and the helpline cannot provide financial, legal or tax advice or advice on the merits of the Sale.

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Expected timetable of principal events

Event	Time and/or date ⁽¹⁾ ⁽²⁾
Announcement of the Sale	26 October 2021
Record date for mailing of this document ⁽⁴⁾	22 November 2021
Publication of this document, the Notice of General Meeting and the Form of Proxy	23 November 2021
Mailing of this document, the Notice of General Meeting and the Form of Proxy	24 November 2021
Shareholder questions to be received by the Company Secretary	5:30 p.m. 7 December 2021
Latest time and date for receipt of Form of Proxy ⁽³⁾ and CREST Proxy Instructions in respect of the General Meeting	11:00 a.m. 9 December 2021
Latest time and date for eligibility to vote at the General Meeting ⁽⁴⁾	6:30 p.m. 9 December 2021
General Meeting	11:00 a.m. 13 December 2021
Publication of results of General Meeting via RNS	As soon as practicable after the conclusion of the General Meeting
Expected timing of Completion of the Sale (subject to Shareholder approval)	Q1 of 2022
Shareholder Condition Long Stop Date	26 April 2022
Regulatory Condition Long Stop Date	26 July 2022

Notes:

1. All references in this document to time are to London (UK) time unless otherwise stated.
2. The timetable may be subject to change. If any of the above times and/or dates should change, the new times and/or dates will be notified to the FCA, and the London Stock Exchange, and where appropriate, announced to Shareholders through a Regulatory Information Service.
3. Voting deadlines may vary depending on how you hold your shares. If you hold your shares via a broker or nominee, please contact them to confirm their voting deadline.
4. Record date, based on the persons entered on the register of members of the Company.

Directors, Company Secretary, Registered Office and Advisers

Directors	Jonathan Dawson (Chairman) Martin Gilbert (Deputy Chairman) James Barham (Group Chief Executive Officer) Simon Wilson (Chief Financial Officer) Angela Crawford-Ingle (Senior Independent Non-executive Director) John Misselbrook (Independent Non-executive Director) Miriam Greenwood (Independent Non-executive Director)
Company Secretary	Sally Buckmaster
Registered and Head Office	30 Coleman Street London EC2R 5AL
Sponsor and Joint Financial Adviser	Lazard & Co., Limited 50 Stratton Street London W1J 8LL
Joint Financial Adviser	Fenchurch Advisory Partners LLP Level 5 110 Bishopsgate London EC2N 4AY
Legal Adviser to the Company	Allen & Overy LLP One Bishops Square London E1 6AD
Legal Adviser to the Sponsor	Herbert Smith Freehills LLP Exchange House Primrose Street London EC2A 2EG
Corporate Broker	Jefferies International Limited 100 Bishopsgate London EC2N 4JL
Auditor and Reporting Accountant	BDO LLP 55 Baker Street London W1U 7EU
Registrars	Equiniti Limited Aspect House Spencer Road Lancing West Sussex BN99 6DA

PART 1

Letter from the Chairman of River and Mercantile Group PLC

RIVER AND MERCANTILE
GROUP

River and Mercantile Group PLC (referred to as “RMG PLC” or the “Company”)

Directors:

Jonathan Dawson (Chairman)
Martin Gilbert (Deputy Chairman)
James Barham (Group Chief Executive Officer)
Simon Wilson (Chief Financial Officer)
Angela Crawford-Ingle (Senior Independent Non-Executive Director)
John Misselbrook (Independent Non-Executive Director)
Miriam Greenwood (Independent Non-Executive Director)

Registered and head office:

30 Coleman Street
London
United Kingdom
EC2R 5AL

23 November 2021

Dear Shareholder,

Proposed Sale of River and Mercantile Investments Limited (“RAMIL”) and Notice of General Meeting

1. Introduction

On 26 October 2021, the Board announced that RMG PLC had entered into a contract with Schroder International Holdings Limited (the “**Purchaser**”) a wholly owned subsidiary of Schroders plc (“**Schroders**”) to sell its non-US Fiduciary Management, Advisory and Derivatives business (“**Solutions**”) (the “**Sale**”). Completion of the Sale is conditional on RMG shareholder and regulatory approval. The Purchaser will pay an enterprise value of £230 million for Solutions, on a cash free debt free basis, adjusted to reflect any surplus or deficit of working capital at the time of Completion compared to an agreed normalised level. Net cash proceeds on Completion are expected to be approximately £228 million after allowing for transaction costs and assuming Completion during Q1 of 2022 (the “**Expected Net Cash Proceeds**”). This represents a total expected consideration of materially more than RMG PLC’s equity market capitalisation on 9 August 2021 (being the day prior to the announcement by RMG PLC that it had received a number of expressions of interest in Solutions). It also represents an enterprise value to EBITDA multiple of 13.4x based on Solutions’ EBITDA for the year ending June 2021.¹

The Board also announced its intention to return to Shareholders the majority of the Expected Net Cash Proceeds following Completion of the Sale and that it would consult with Shareholders regarding the amount, with the balance to be retained to support RMG’s future growth strategy. Informed by these discussions, the Board proposes to return £180 million (subject to required regulatory and shareholder approvals) to Shareholders, following the Completion of the Sale, by way of a tender offer of RMG PLC’s shares or by other means. This represents approximately 80 per cent. of the Expected Net Cash Proceeds. The Board will set out full details of the timing, and arrangements for, the tender offer or other means of returning cash to Shareholders as soon as practicable following Completion (including the arrangements for a general meeting to consider the required shareholder approvals).

¹ Reference year EBITDA is calculated net of allocated central costs and charges. The EBITDA multiple is calculated by reference to the EBITDA of RAMIL.

The Board intends to retain sufficient funds both to ensure that RMG's existing business remains well capitalised and to facilitate its plans for the development of the asset management business. The Board intends to refocus RMG as a specialist asset manager and to diversify and grow its investment capability, product range, and geographic exposure. RMG plans to create and offer a broader range of high quality and value-added equity products, and in-demand alternatives and private market products, building on RMG's existing offering. RMG will initially focus this expanded offering through its existing distribution channels in UK wholesale and institutional markets which have generated consistent net inflows in the last 12 months. However, RMG also intends to extend distribution to expand its addressable market. The Board will:

- ensure RMG's current, well-respected equities teams remain a central element of RMG's offering;
- continue to support and invest in developing RMG's infrastructure investment team as a core part of its future strategy and in line with the plan to diversify RMG's investment capabilities;
- broaden RMG's investment propositions, geographic reach and range of funds and associated structures either organically, or through acquisition;
- ensure that sustainable investment propositions underpin all of its activities; and
- look to hire additional fund management teams with strong performance records to accelerate the achievement of RMG's objectives and generate enhanced Shareholder returns.

The Board will develop its detailed post-Sale strategic plan over the coming months and will update Shareholders on this plan as part of a full strategy, capital allocation and dividend policy update in the Spring of 2022.

James Barham is the Chief Executive ("CEO") of RMG PLC and Chairman of RAMIL. Subject to and conditional on Completion of the Sale, the Board has agreed that in connection with the Sale Mr. Barham will step down and transfer with the Sale to lead this business and also to play a broader management role within Schroders. In response to a request from Schroders, the Board has agreed to waive Mr Barham's notice period in order to facilitate the transfer. Mr Barham's employment and appointment as CEO and Executive Director of RMG PLC will therefore cease on Completion of the Sale.

Mr. Barham will remain as CEO of RMG PLC until Completion of the Sale and he will continue to work with the Board to ensure the successful Completion of the Sale. Subject to and conditional on Completion of the Sale, the Board has agreed that Alex Hoctor-Duncan will succeed James Barham as CEO of RMG PLC. As previously announced, Alex is due to join the Board of RMG PLC on 29 November 2021 as an Executive Director focused on strategic development.

The principal terms of the Sale are described in more detail in section 3 below and Part 3 (Principal Terms and Conditions of the Sale) of this document.

In accordance with the Listing Rules, the Sale constitutes a Class 1 transaction (as defined in the Listing Rules) and requires the approval of the Sale Resolution by Shareholders. A notice convening the General Meeting, at which the Sale Resolution will be proposed, is set out in Part 8 (Notice of General Meeting) of this document.

This document sets out:

- the background to and reasons for the Sale, information on the Sale and why the Board unanimously considers the Sale to be in the best interests of the Company and its Shareholders as a whole and recommends that Shareholders vote in favour of the Sale Resolution;
- information on the return of capital to Shareholders;
- further detail on the future strategic direction of the remaining group and preliminary proposals for the use of proceeds from the Sale (pending further work on the post-sale strategic plan for the remaining group); and
- information in relation to future dividend policy.

The Directors who hold shares in the Company intend to vote in favour of the Sale Resolution at the General Meeting in respect of their aggregate shareholdings in the Company representing 2.175 per cent. of the Company's issued share capital as at the Latest Practicable Date.

Shareholders should read the whole of this document and not rely solely on this letter.

Other than as set out in this letter capitalised terms have the meaning given to them in Part 7 (Definitions) of this document.

2. **Background to and reasons for the Sale**

RMG is an investment group specialising in a range of investment activities currently organised around two principal UK-focused businesses: an asset management business (“**Asset Management**”) and Solutions.

The Solutions business provides services to over one hundred clients, principally trustees of pension schemes, via fully or partially delegated fiduciary management mandates, a solution it pioneered in the UK in 2003, and advisory only mandates. This includes a derivatives proposition as a key integrated offering, providing liability driven investment and Structured Equity to existing Fiduciary and Advisory clients, as well as to other pension fund clients. Solutions’ assets under management as at 30 September 2021 amounted to £42 billion. Assets under management (“**AUM**”), in respect of RMG represents amounts on which management fees and performance fees are charged across all asset classes managed by the group, and in relation to the Solutions business represents the aggregate billing notional of the derivative contracts on which management fees are charged.

The Asset Management business is focused on delivering a range of active investment strategies to institutional and wholesale investors in the UK, Europe, Australia and New Zealand and the US. It offers exposure to UK, European, Emerging Market and Global equities as well as, in the near future, UK sustainable infrastructure. Separate to the UK Solutions business, RMG has an advisory, derivatives, and fiduciary management businesses that is based in the United States and which is not included in the Sale. RMG has received an approach from an interested party regarding this business and is in discussions regarding next steps. Further details will be announced as applicable in due course.

RMG has supported the growth and strategic development of both its Solutions and Asset Management businesses since the merger of P-Solve and River and Mercantile Asset Management and the subsequent listing of RMG PLC in 2014. However, the Board has considered the best strategy for RMG to deliver value for Shareholders and concluded that it is in the interests of Shareholders to sell the Solutions business, as it was evident to the Board that the market capitalisation of RMG PLC, at the time of making the decision to sell the Solutions business, materially undervalued the Company and the sum of its underlying individual businesses.

The Board considers that the Solutions business is a scarce asset in an attractive market segment. It has a leading position in the UK fiduciary management market, reflecting its role in helping establish that market and its long track record in delivering for clients. It has provided positive investment returns since its establishment, with its Full Fiduciary Management composite returning 9.3% as at 30 June 2021 on an annualised basis since 2004 and has won many industry awards for both its fiduciary and derivatives capabilities.

Furthermore, RMG has received a number of unsolicited expressions of interest from potential buyers for the Solutions business over the last few years, which supported the Board’s thesis that its value to an appropriate partner would reflect the scarcity value of the asset and its strategic importance. Taking into account the market capitalisation of RMG PLC, and the more recent approaches by potential strategic buyers, the Board decided to explore a potential sale of the Solutions business. The Board ran a sales process designed to find an appropriate partner for the business’s clients and people and to realise full value for Shareholders.

The Sale is the outcome of this process. As announced on 26 October 2021, the Board has concluded unanimously that the offer from Schroders should be recommended to Shareholders. The Board believes this transaction allows RMG to realise value for Shareholders while enabling the Solutions business, its people, and clients to fulfil their potential in an expanding industry. The Board also believes that the combination with Schroders will allow the Solutions business to maintain its distinct characteristics and benefit from Schroders’s commitment to invest in the development of the Solutions business over the long-term.

The majority of the proceeds from the Sale will be returned to Shareholders. The remainder will be retained to support the transition of RMG into a specialist asset manager, with a simplified operational focus and equity story, positioned to grow through a diversification of its product offering and client base. The detailed post-Sale strategic plan for RMG will be developed in the coming months and

communicated to Shareholders in the Spring of 2022. Further details of the proposed return of capital to Shareholders and the context for, and expected elements of, the transition are set out in Sections 4 and 5 below.

Following the Company's announcement of the Sale to Schroders on 26 October 2021, the Board received an informal approach for the Solutions business with an indicative valuation potentially in excess of that agreed with Schroders. The Board engaged with the party behind this informal approach in accordance with its statutory and fiduciary duties, including seeking information as to the form of consideration offered, availability and sources of financing, conditionality and other deal terms, however the Board received only unsatisfactory and limited relevant information. In light of this, the Board concluded that it would not be in the interests of all stakeholders to further engage with this party.

3. Principal terms and conditions of the Sale

The Sale Agreement between RMG PLC, River and Mercantile Holdings Limited (the "Seller"), and the Purchaser was entered into on 26 October 2021, pursuant to which the Seller has agreed to the sale of the entire issued share capital of RAMIL to the Purchaser.

The consideration payable to the Seller at Completion pursuant to the Sale Agreement is £230 million, on a debt free cash free basis adjusted in accordance with a customary completion accounts mechanism and with the consideration being, increased or decreased to reflect any surplus or deficit of working capital transferring with Solutions at Completion compared to an agreed normalised level.

The Sale is structured as the sale of the entire issued share capital of RAMIL which operates the Solutions business. The Seller, which is an intermediary holding company within RMG and the current immediate parent company of RAMIL, will effect the Sale. RMG PLC is also party to the Sale Agreement in relation to certain of its provisions including in relation to the holding of the general meeting to approve the transaction and post Completion restrictive covenants (see paragraph 1.8 of Part 3 (Principal Terms and Conditions of Sale) of this document for further details).

The Sale constitutes a Class 1 transaction for RMG PLC under the UK Listing Rules and Completion of the Sale is therefore conditional on the approval of the transaction by Shareholders at a general meeting. As RAMIL is authorised and regulated by the FCA the Sale is also subject to the FCA approving the acquisition of control of RAMIL by Schroders.

As is usual in transactions of this nature, the Sale Agreement sets out the obligations on the parties to obtain the required approvals, as well as customary warranties and covenants. The transaction documentation also includes a customary tax indemnity and certain transitional services to be provided by RMG for a limited period following Completion. The aggregate liability of RMG PLC and the Seller in respect of the warranties and the tax indemnity (subject to limited exceptions under the tax indemnity) is limited to £1 and the Purchaser has arranged customary warranty and indemnity insurance. Liability in respect of the other provisions (including the limited exceptions under the tax indemnity which fall outside the £1 cap) is limited to a maximum aggregate liability cap of £46 million, as well as other customary limitations.

Further details of the Sale Agreement and other material transaction documents are set out in Part 3 (Principal Terms and Conditions of the Sale) of this document.

Subject to and conditional on Completion of the Sale, the Board has also agreed that James Barham, CEO of RMG PLC and who is also Chairman of RAMIL, will transfer his employment from RMG PLC to Schroders Investment Management Limited at Completion (see paragraph 6.1 of Part 6 (Additional Information) of this document for further details).

4. Use of proceeds and financial effects of the Sale

Use of proceeds

The Expected Net Cash Proceeds of the Sale are approximately £228 million. This is a substantial premium to RMG's market capitalisation on 9 August 2021, the day prior to the announcement by RMG that it had received a number of expressions of interest in Solutions.

The Board has carefully considered how much of the proceeds should be retained within RMG and how much returned to Shareholders. It has taken into account RMG's need for sufficient funds: (1) to give investors and clients the assurance that it has the resources to maintain a healthy capital base

above regulatory requirements, (2) to invest in the execution of the post-sale strategic plan that will be set out by management in the Spring of 2022 and to absorb predicted operating losses as part of the transition of the business (including the delivery of an appropriate cost base), and (3) to support continuation of dividends to Shareholders.

The Board proposes that of the £228 million of Expected Net Cash Proceeds, £180 million will be returned to Shareholders via a tender offer for RMG PLC's shares or by other means (subject to required regulatory and shareholder approvals), with the remainder (expected to be £48 million) to be retained to support and invest in the Retained Group as set out in this letter. The Board will announce full details of the timing and arrangements for the proposed tender offer or other means of returning cash to Shareholders as soon as practicable following Completion (including the arrangements for a general meeting to consider the required shareholder approvals for the tender offer or other means of returning cash to the Shareholders (as required)).

A dividend policy update will be provided in the Spring of 2022 alongside the fuller update on RMG's post-Sale strategic plan. This will include an update as to the intended uses of the retained proceeds. At the same time, the Board also commits to returning additional capital to Shareholders if RMG has not identified appropriate uses for it when setting out the new strategy. To provide Shareholders with some certainty for the year ending 30 June 2022, the Board confirms that it intends to pay at least the same cash ordinary dividend per share as for the year ended 30 June 2021.

Financial effects of the Sale on RMG

RMG PLC reported profit before tax of £10.9 million for the financial year ended 30 June 2021. Fee earning AUM was £47.6 billion. Total gross sales were £4.3 billion. RAMIL reported a statutory profit before tax of £17.1 million in 2021.

As stated in RMG's announcement of the Sale on 26 October 2021 and its preliminary results for the year ended 30 June 2021, given the expected timing of the disposal, RMG will own Solutions for the majority of the current financial year ending 30 June 2022 and is therefore expected to be profitable for this financial year as a whole. This statement constitutes a profit forecast for the purposes of the Listing Rules.

Basis of preparation

The RMG Directors confirm that the above profit forecast remains valid and that it has been properly compiled and prepared on the basis of the assumptions stated below and on a basis which is comparable with the historical financial information contained in Part 4 (Historical Financial Information Relating to River and Mercantile Investments Limited) and with the accounting policies of RMG PLC (used for the purposes of preparation of RMG PLC's 2021 Annual Report and Accounts and which are in accordance with IFRS). In the above profit forecast "profit" means statutory profit before tax calculated on a basis consistent with the accounting policies of RMG PLC used for the purposes of preparation of RMG PLC's 2021 Annual Report and Accounts.

Principal Assumptions

The principal assumptions on which the above profit forecast was based, which are outside the influence or control of the RMG Directors are:

- RMG's businesses (including Solutions and Asset Management) continue to perform in line with current trading and management's expectations and overall market conditions remain stable.
- Completion of the Sale occurs during Q1 2022 (noting that given the General Meeting is on 13 December 2021 under the terms of the Sale Agreement Completion could not occur before 31 January 2022 (as has been agreed), but the Regulatory Condition is currently expected to be satisfied after that date), therefore resulting in the consolidation of RAMIL's results from the majority of the current financial year ending 30 June 2022 into RMG's financial result for the financial year ending 30 June 2022.
- Completion of the Sale will occur during Q1 of 2022 and so the material profit for RMG generated from the Sale will arise within the financial year ending 30 June 2022.

Immediately following the Sale, the Retained Group will experience moderate and temporary run rate operating losses as the Retained Group transitions to become a specialist asset manager. The Board's target is for the Retained Group to achieve monthly run rate profitability by the end of the first full financial year following Completion of the Sale.

To move toward profitability, the Board will take actions to right-size its cost base whilst ensuring the execution of its post-Sale strategic plan to grow and diversify RMG's asset management business. The Board intends to retain sufficient funds from the Sale both to ensure that its existing business remains well capitalised and to facilitate delivery of the post-Sale strategic plan. The Board will provide further forward guidance on its financial targets for the business alongside that plan in the Spring of 2022.

The Retained Group's equities business had fee-earning AUM of £4.8 billion at 30 June 2021 and of £4.4 billion at 30 September 2021, and generated management fee revenues of £19.5 million for the year-ending 30 June 2021. Gross sales in the equities business were £773 million for the year-ending 30 June 2021. All of the preceding figures in this paragraph are unaudited. As at 30 June 2021, RAMIL had audited statutory gross assets of £28.1 million.

The unaudited *pro forma* statement of net assets of the Retained Group set out in Part 5 (Unaudited *Pro Forma* Statement of Net Assets of the Retained Group) of this document illustrates the effects of the Sale on the consolidated net assets of the Retained Group had the Sale occurred on 30 June 2021. In these circumstances net assets of the Retained Group as of 30 June 2021 would have been approximately £270 million. The information set out in this paragraph has been extracted without material adjustment from the unaudited *pro forma* statement of net assets set out in Part 5 (Unaudited *Pro Forma* Statement of Net Assets of the Retained Group) of this document.

Investors should read the whole document and not rely solely on the summarised financial information in either this Part 1 (Letter from the Chairman of River and Mercantile Group PLC) or Part 5 (Unaudited *Pro Forma* Statement of Net Assets of the Retained Group) of this document.

5. Information on RMG and future strategy

The Sale is part of a proposed transition to develop RMG into a specialist asset manager. RMG intends to diversify and grow its Asset Management business by investment capability, product, and geography. RMG plans to create and offer a broader range of high quality and value-add equity products, and in-demand alternatives and private market products, building on its existing offering. It will initially focus this expanded offering through its existing distribution channels. However, it is intended to extend distribution to expand its addressable market and significantly increase its operating leverage.

Retaining some of the Sale proceeds gives RMG scope to invest further in, and build on, the notable existing strengths and capabilities within its Asset Management business. The future growth plans are expected to comprise a number of elements including:

- RMG's current, well-respected equities teams will remain a central element of its client offering. The UK-based team's unique investment process, known as "PVT" – Potential, Value, Timing – has produced excellent long-term outcomes for clients investing in UK, European and global equities. RMG's US-based team has also delivered excellent returns for clients investing in emerging markets. RMG's equities teams manage £4.4 billion of assets as of 30 September 2021. RMG intends to launch the first two new funds (Global and European equity) in a planned range of products that will meet European Sustainable Finance Directive Regulations.
- The Board will continue to support and invest in developing RMG's infrastructure investment team as a core part of its future strategy and in line with the plan to diversify RMG's investment capabilities. Following the recruitment of a specialist team from Aviva, RMG now has a quality and highly regarded capability in infrastructure and will launch shortly River and Mercantile Infrastructure Income Fund. The team operates in specialist physical sustainable infrastructure markets in the UK and has a strong track record in delivering stable and attractive returns since 2011.
- The Board intends for RMG to broaden its investment proposition and capabilities, either organically, or through acquisition. This will support RMG's objective to broaden its reach and increase its operating leverage.
- It is intended that RMG will build from its current distribution platform in UK wholesale and institutional markets, in which it has invested heavily over the past 18 months, to extend its reach and access a broader geographic base of investors. The expanded distribution capacity is already able to deliver the current product range and new strategies to the key targets in the UK wholesale and institutional channels.

- RMG intends to build on efforts underway to ensure that sustainable investment propositions underpin all its activities. The Asset Management business now has in place systematic screening for environmental, social and governance considerations in its investment processes and sustainability is embedded in the fundamental research activity carried out by the investment teams in assessing the suitability of stocks for inclusion in portfolios.
- RMG will remain innovative and thoughtful in its approach to investment styles and fund structures and the investment culture in which its people operate. The Board believes that hiring additional fund management teams with strong performance records – whilst recognising the slower timescale for a newly appointed manager to achieve significant volumes of assets under management – can be blended successfully with disciplined execution of acquisitions of businesses with relevant people, skills and client bases that are aligned to RMG’s strategic aims. Such acquisitions would be undertaken to accelerate the achievement of RMG’s objectives and designed to generate enhanced Shareholder returns.

The Board believes that successful execution of these initiatives will enable RMG to deliver substantial further value to Shareholders and a reduction in product and client concentration which will support the sustainability of Shareholder returns. The Board also recognises the need to review RMG’s cost base following Completion of the Sale to right-size it to the growth plan and support its future profitability and sustainability, recognising, as noted above, that some interim operating losses are expected as part of the transition of the business. The Board intends to retain sufficient funds to ensure that the Asset Management business remains well capitalised and able to invest in its ambitious plans. The Board will report on all these initiatives as part of the broader update on its post-Sale strategic plan in the Spring of 2022.

The Board will also develop, and engage Shareholders on, a new set of key performance indicators and new long-term incentive plans appropriate to the new strategy to support regular assessment of the effectiveness and performance of management in developing and executing the new strategic plan.

Subject to and conditional on Completion of the Sale, the Board has agreed that, as a term of the Sale, the CEO of RMG PLC, James Barham, will step down from his role leading RMG PLC and transfer with the Sale to lead this business and also to play a broader management role at Schroders. The Board has agreed to a proposal by Schroders to waive Mr Barham’s notice period. Mr Barham’s employment and appointment as CEO and Executive Director of RMG PLC will therefore cease on the Completion of the Sale.

Mr. Barham will remain as CEO of RMG PLC until the Completion of the Sale, including continuing to work with the Board to ensure the successful Completion of the Sale. Subject to and conditional on Completion of the Sale, the Board has agreed that Alex Hctor-Duncan will succeed James Barham as CEO of RMG PLC. Alex is already due to join the Board of RMG PLC on 29 November 2021 as an Executive Director focused on strategic development. Alex has 25 years’ experience in the asset management industry. He was most recently Global Head of Aberdeen Standard Investments which he joined in September 2018. Prior to that he spent most of his career at Blackrock and its predecessor companies in the UK, Mercury Asset Management and Merrill Lynch Investment Management.

As announced on 23 November 2021, following the Company’s announcement of the Sale on 26 October 2021, the Board received separate preliminary approaches in relation to possible offers for RMG PLC from Premier Miton Group PLC and AssetCo plc. The Board is considering these approaches in accordance with its statutory and fiduciary duties. For the avoidance of doubt, the approaches from Premier Miton Group PLC and AssetCo plc are in relation to a possible takeover of RMG PLC. However, each of Premier Miton Group PLC and AssetCo plc has stated to the Board that any offer would be conditional on the Completion of the proposed Sale as set out in this document, prior to the completion of any possible offer. There can be no certainty that any offer will be made by either of Premier Miton Group PLC or AssetCo plc, nor as to the terms on which any such offer might be made.

6. Information on Schroders

Founded in 1804, Schroders is one of Europe’s largest independent investment management firms by assets under management. As at 30 September 2021, assets under management were £716.9 billion. The founding family remain a core shareholder, holding approximately 48% of the firm’s voting shares. It has a market capitalisation of over £9 billion and employs over 5,500 people across 37 locations. Schroders has benefitted from the most diverse business model of any UK asset manager by

geography, by asset class and by client type. Schroders offers innovative products and solutions across their five business areas of solutions; institutional; mutual funds; private assets & alternatives; and wealth management. Clients include insurance companies, pension schemes, sovereign wealth funds, endowments and foundations. Schroders also manage assets for end clients as part of their relationships with distributors, financial advisers and online platforms. Schroders's Wealth Management offering reflects their strategic ambition to provide wealth management and financial planning services to clients across the wealth spectrum.

Schroders's strategic aims are to grow their asset management business, build closer relationships with end clients and expand their private assets and alternatives business. Schroders's purpose is to provide excellent investment performance to clients through active management. The business channels capital into sustainable and durable businesses to accelerate positive change in the world. Schroders's business philosophy is based on the belief that if they deliver for clients, they deliver for shareholders and other stakeholders.

7. Current trading, trends, and future prospects

On 5 November 2021, the Company announced its preliminary results for the year ended 30 June 2021. The results statement included the following key points in relation to current trading and significant trends in the financial performance of RMG in the preceding financial year and in relation to future outlook:

Current trading and trends

Financial highlights

- Fee earning AUM¹ increased by 8% to £47.6 billion (2020: £44.2 billion) representing the seventh consecutive year of AUM growth.
- Statutory revenue increased to £74.3 million (2020: £70.5 million)
- Underlying revenue² down 2% to £67.9 million (2020: £69.4 million).
- Performance fees increased to £6.4 million (2020: £1.2 million).
- Statutory profit before tax increased 31% to £10.9 million (2020: £8.3 million).
- Adjusted underlying profit before tax³ down 3% to £12.2 million (2020: £12.6 million).
- Adjusted profit before tax⁴ increased 14% to £15.0 million (2020: £13.2 million).
- Adjusted basic earnings per share ("EPS")⁵ and statutory basic EPS increased to 13.96 pence (2020: 11.79 pence) and 9.79 pence (2020: 6.39 pence) per share respectively.
- Total dividend for the year of 11.69 pence per share up 23%.

Operating highlights

- The business has performed strongly and is responding well to the investments made.
- Excellent investment performance across the business with 92% of funds and strategies by AUM outperforming relevant benchmarks over the last 12 months.
- 90% of fiduciary AUM retained through the mandatory re-tendering process that followed the Competition and Markets Authority investigation.
- An improvement in our request for proposal and pitch success rate and as a result a growing pipeline of opportunities.
- This has led to 12 new fiduciary clients wins during the year, delivering an additional £4.9 billion of fiduciary and derivative AUM and assets in transition, which have subsequently transitioned and are now fee earning.

1. There has been no change to the basis of measurement of AUM and the reported data is comparable on a like for like basis with that reported in prior periods.

2. Underlying revenue is total revenue less performance fees.

3. Adjusted underlying profit before tax comprises statutory profit before tax adjusted for amortisation and impairment of intangible assets, dilutive share awards, other gains and losses, performance fees net of associated remuneration and deal related professional fees.

4. Adjusted profit before tax comprises statutory profit before tax adjusted for amortisation and impairment of intangible assets, dilutive share awards, other gains and losses and deal related professional fees.

5. Adjusted basic EPS is the adjusted profit after tax divided by the weighted average number of shares outstanding in the period.

- Wholesale gross sales have grown by 180% over the last twelve months with an improvement in net flows of £554 million from the previous year.
- Wholesale pipeline is building strongly and is well positioned for the coming period.
- European fund launched and as of 5 November 2021 is in excess of £200 million.
- Infrastructure team recruited and Infrastructure Equity Income fund readied for launch.

Outlook

The business is undergoing a significant transition which will leave it as a specialist Asset Management business with a foundation in two key elements: equities and infrastructure. Management will look to build out these capabilities and add teams and businesses where appropriate, continuing to diversify the business. Alex Hocter-Duncan will join our business as Head of Strategy at the end of November. He will succeed James Barham as Group Chief Executive subject to and conditional on completion of the Sale as James will transfer with Solutions to lead this business and play a broader management role at Schroders.

The Retained Group business operates in exciting growth markets and the development and launch of new products and structures over the coming months ensure that the business is well positioned. Further detail on the strategy of the Retained Group business is set out in Part 1 (Letter from the Chairman of River and Mercantile Group PLC) of this document.

8. Risk factors

For a discussion of the risks and uncertainties which you should take into account when considering whether to vote in favour of the Sale Resolution, please refer to Part 2 (Risk Factors) of this document.

9. Action to be taken

At the General Meeting the Sale Resolution will be proposed which, if passed, will approve the Sale substantially on the terms and subject to the conditions summarised in Part 3 (Principal Terms and Conditions of the Sale) of this document and will authorise the Directors to give effect to the Sale.

You will find enclosed with this document the Form of Proxy for use in respect of the Sale Resolution to be proposed at the General Meeting. **You are requested to complete the Form of Proxy in accordance with the instructions printed on it/them, and return it/them as soon as possible, but in any event so as to be received by the Company's UK Registrar, Equiniti Limited at Aspect House, Spencer Road, Lancing, West Sussex, United Kingdom, BN99 6DA, by hand or by post, not later than 11:00a.m. (UK time) on 9 December 2021.**

If you hold your Ordinary Shares in CREST, and you wish to appoint a proxy or proxies through the CREST electronic proxy appointment service, you may do so by using the procedures described in the CREST Manual (available via www.euroclear.com). In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST Proxy Instruction must be properly authenticated in accordance with Euroclear's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is 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 Company's agent not later than 11:00a.m. (UK time) on 9 December 2021.

10. Additional information

Your attention is drawn to the additional information set out in Part 6 (Additional Information) of this document. You are advised to read the whole of this document and not just rely on the key summarised information in this letter.

11. Financial advice

The Board has received financial advice from Lazard (as joint financial adviser and sponsor) and Fenchurch (as joint financial adviser) in relation to the Sale. In providing their financial advice to the Board, Lazard and Fenchurch have relied upon the Board's commercial assessment of the Sale.

12. Recommendation to Shareholders

The Board considers the Sale and the passing of the Sale Resolution to be in the best interests of the Company and its Shareholders taken as a whole. Accordingly, the Board unanimously recommends that Shareholders vote in favour of the Sale Resolution to be proposed at the General Meeting.

Yours faithfully,

For and on behalf of the Company

Jonathan Dawson
Chairman

PART 2

Risk Factors

This section describes the risk factors which are considered by the Directors to be material in relation to the Sale, the new material risks to the Retained Group as a result of the Sale and the existing material risks which may be affected by the Sale, as well as the material risks to the Company if the Sale were not to proceed. However, these should not be regarded as a complete and comprehensive statement of all potential risks and uncertainties. Additional risks and uncertainties not presently known to the Directors, that the Board considers immaterial, or that the Board considers material to the Retained Group but will not be affected by the Sale, may also adversely affect the Retained Group's business, results of operations or financial condition. If any or a combination of the following risks materialise, the Retained Group's business, financial condition, operational performance, future performance and share price could be materially adversely affected. In such circumstances, the market price of the Company's Ordinary Shares could decline and you may lose all or part of your investment. The information given is as of the date of this document and will not be updated, except as required by the FCA, the London Stock Exchange, the Listing Rules, the Disclosure Guidance and Transparency Rules or any other applicable law or regulation.

You should consider carefully the risks and uncertainties described below, together with all other information contained in this document and the information incorporated by reference herein, before deciding whether to vote in favour of the Sale Resolution.

1. Risks relating to the Sale

The Sale could cause internal disruption to the business of RMG and impact talent management and retention

During the period between announcement and Completion of the Sale, there could be disruption to the business of RMG. Key personnel, including senior management, could be distracted from their day-to-day roles, as a result of having to focus their efforts on the delivery of the Sale and any related activities post-Completion. Additionally, the prospect of the Sale could lead to certain employees of RMG experiencing uncertainty about their future, thereby having an adverse effect on their performance. Such uncertainty may also have an effect on the recruitment and retention of key personnel. If these risks are not managed effectively, the business and financial results of RMG and, if the Sale completes, the Retained Group, could be adversely affected. If this were to adversely affect customer outcomes, there could be financial and reputational consequences for the business.

RMG could suffer a loss of business as a result of negative market sentiment regarding the Sale

There is a risk that customers and clients may choose to move assets away from RMG due to a lack of support for the Sale, and concerns around the actual or perceived strategic and business priorities that underpin it. There is also the risk that any uncertainty surrounding the Sale (including any lack of clarity regarding the timing of Completion) or any neutral or negative sentiment regarding the Sale from clients, customers, consultants, investment advisers or employees which may also have a material adverse effect on the business, and financial results of the Company or Retained Group (as applicable).

The Sale may not proceed to Completion

Completion of the Sale is conditional upon the satisfaction (or waiver, if applicable) of: (1) the approval of the Sale Resolution by Shareholders at the General Meeting of the Company; and (2) regulatory approval being obtained from the FCA. The condition at item (1) above is the subject of this document. Subject to Shareholders approving the Sale Resolution, the conditions are currently expected to be satisfied by the end of the first quarter of 2022.

There can be no assurance that the conditions will be satisfied and if either condition described above is not satisfied (or waived, if applicable) by the Regulatory Condition Long Stop Date or Shareholder Condition Long Stop Date (as applicable), except for certain surviving provisions, the terms of the Sale Agreement shall lapse and cease to have effect and Completion will not take place. Any waiver of a condition shall require the written agreement of both the Purchaser and the Seller.

Potential for a break fee to become payable

There can be no assurance that the Sale Resolution will be approved, and the Sale Agreement specifies that the failure to obtain the approval of the Sale Resolution by the Shareholder Condition Long Stop Date will result in a break fee of £2,016,705 (inclusive of VAT) (being 1% of the market capitalisation of RMG PLC based on the closing price on the last business day before the date of the Sale Agreement less £1) payable by the Seller to the Purchaser.

Potential for third party interference with the Sale

As a listed company, the Company could receive approaches from third parties seeking to instigate a takeover of the Company, or a rival proposal for the Solutions business, which might delay or prevent execution of the Sale. The Company received an informal approach in relation to a rival proposal for the Solutions business, but due to a lack of information from the relevant party the Board has decided not to further engage with it. The Company also received preliminary approaches from third parties in relation to a takeover which are being considered by the Board. However, these preliminary approaches are expressly conditional upon the Completion of the Sale.

Although the Sale Agreement is binding on the Company, in the event of an attractive takeover offer or sufficiently attractive rival proposal, which was predicated on the termination of the Sale Agreement, the Directors would be obliged to consider that offer in accordance with their fiduciary duties. The Directors might consequently be required to withdraw their recommendation of the Sale Resolution and the Sale, which they have a right to do under the Sale Agreement. If this happens after the date of this document then this is likely to mean that the Sale Resolution is not approved which would trigger the break fee referred to above. In addition, if the Sale Resolution is not approved and the Sale does not complete, any of the risks and uncertainties set out in section 2 of this Part 2 (Risk Factors) may adversely affect the Company's business and results.

Exposure to liability under the Sale Agreement

The Sale Agreement contains customary warranties and customary covenants as to how RAMIL will operate its business until the Sale is completed. The transaction documentation also includes a customary tax indemnity given by the Seller in favour of the Purchaser and certain transitional services to be provided between RMG PLC and RAMIL.

If the Seller should incur liabilities under the Sale Agreement or other transaction documentation, the costs of such liabilities could have an adverse effect on its business, financial condition and results. A financial cap of £1 on the Seller's liability applies to warranty claims and claims under the tax indemnity (subject to limited exceptions in relation to the tax indemnity), with the Purchaser having put in place a warranty and indemnity insurance policy in respect of such warranties and indemnities. However, this cap does not apply to other claims. The Seller's and RMG PLC's liability under the Sale Agreement in respect of other claims (including the limited exceptions under the tax indemnity which fall outside the £1 cap) is subject to customary limitations, including in relation to most (but not all) claims *de minimis* and aggregate claims thresholds, and in respect of all claims an overall financial liability cap of £46 million and time limits for bringing a claim. Under the TSA, the Seller's liability is subject to various exclusions, a liability cap linked to the fees paid under the TSA and a time limit for bringing a claim. No limitations of the Seller's or RMG PLC's liability apply in the case of fraud by the Seller or RMG PLC.

2. Risks relating to the Sale not proceeding

If the Sale does not proceed, the following risks and uncertainties may affect the Company's business and results of operations:

Inability to realise value if the Sale does not complete

The Board believes that the Sale is in the best interests of Shareholders as a whole and that the Sale currently provides the best opportunity to realise an attractive and certain value for RAMIL. If the Sale does not complete, the value of RAMIL to the Company is expected by the Board to be lower than can be realised by way of the Sale. This could result in the financial position of the Company being materially different to the position it would be in if the Sale completed and the Company's ability to deliver value to Shareholders may be delayed or prejudiced. In particular, the Company will not be able to return any proceeds of the Sale to its Shareholders.

There can be no assurance of a future sale or other transaction involving RAMIL if the Sale does not proceed

If the Sale does not proceed, there is no assurance that the Company would be able to dispose of RAMIL at a later date on the same or more favourable terms. There is a risk that the value of RAMIL may erode over time if the Company is unable to invest the resources necessary to drive and to deliver the growth potential of RAMIL. Accordingly, there is no guarantee that the valuation under the Sale Agreement would be available in any future attempted transaction involving RAMIL.

There may be an adverse impact on RMG's reputation and share price

If the Sale does not proceed, there may be an adverse impact on the reputation of the Company due to amplified media scrutiny arising in connection with the attempted Sale. Any such reputational risk could adversely affect the Company's business, financial condition and results of operations.

Potentially disruptive effect on RAMIL

If the Sale does not proceed, this may lead to management and employee distraction for RAMIL and concern due to the level of perceived uncertainty regarding the future ownership of RAMIL, which may adversely affect the ability to retain or recruit managers or other employees in the RAMIL business. Customer sentiment may also be negatively affected, which may have an adverse effect on the performance of RAMIL under the Company's ownership. To maintain Shareholder value, the Board may be required to allocate additional time and cost to the ongoing supervision and development of RAMIL. Taken as a whole, this may adversely affect the RAMIL business, financial condition and results of operations.

3. Risks relating to the Retained Group

If the Sale is completed, the following risks and uncertainties may be affected or result as a consequence:

Potential risks relating to reorganisation required to rescale the Company's infrastructure to size of the retained business and ensure unquestionable financial viability

After Completion of the sale, the Retained Group proposes to materially reduce the cost base of the retained business, informed by industry benchmarks, in order to right-size operations for the post-Sale strategic growth plan of the Retained Group. Completion of this process could cause disruption to the business of RMG. Key personnel, including senior management, could be distracted from their day-to-day roles and the growth of the business, as a result of having to focus their efforts on the delivery of this cost-reduction programme. Implementation of the reorganisation could lead to certain employees of RMG experiencing uncertainty about their future, thereby having an adverse effect on their performance. Such uncertainty may also have an effect on the recruitment and retention of key personnel. The business and financial results of the Retained Group could be adversely affected as result.

A failure by RMG to deploy the retained portion of the cash consideration effectively could have a material adverse effect on the financial condition of the Retained Group

The benefit and value to Shareholders from the cash consideration will be dependent, in part, on the ability of RMG to effectively deploy the cash consideration remaining after returns of funds to shareholders and transaction costs. There is no assurance that RMG will meet its investment objectives for the retained proceeds from the sale, namely, to support the growth of its asset management business. In particular, there is no assurance that it will identify complementary teams to join its platform or asset management businesses to acquire or be able to acquire those teams or business that it does target. Furthermore, the value of any business that RMG acquires or invests in may be less than the amount it pays. Any of these factors could have an adverse impact on the Retained Group's business, results of operations and/or financial condition.

The Retained Group could suffer a loss of business as a result of uncertainty or negative market sentiment toward its new strategy

The Retained Group's success and results will be dependent on the strength of its brand and reputation. RMG is, and will continue to be, vulnerable to adverse market, customer and client perception, including customer and client perception of the Retained Group if the Sale completes.

There is a risk that customers and clients may choose to move assets away from the Retained Group due to a lack of confidence in the Retained Group and concerns around the actual or perceived strategic and business priorities of the Retained Group or otherwise, including due to the departure of RMG PLC's CEO at Completion. The Company's revenues are predominantly derived from: (1) management fees (the quantum of which is based on the value of funds managed), and (2) performance fees payable on the achievement of certain criteria. Withdrawals of AUM would have an impact on management fees and performance fees respectively and therefore revenue. Depending on the extent of such withdrawals, and any associated investment losses, there could be an adverse effect on the Retained Group's business, operations, financial condition and growth prospects.

The net proceeds of the Sale may be affected by the trading performance of Solutions up to Completion and/or the timing of Completion

The consideration for the Sale will be adjusted in accordance with a customary completion accounts mechanism, such that the consideration will be adjusted on a cash free, debt free basis and to reflect any surplus or deficit of working capital transferring with Solutions at Completion compared to an agreed normalised level. As of the date of the Sale Agreement, this mechanism would result in a positive adjustment to the consideration, and if Solutions continues to trade in line with current expectations that positive adjustment would increase as a result of profits generated by Solutions, although such increase will be limited by any dividends paid by RAMIL prior to Completion and (as noted below) it is expected that RAMIL will pay at least one such dividend. However, if Solutions' actual trading performance is different to current expectations, the corresponding adjustment to the consideration via the completion accounts mechanism may also be impacted and the net cash proceeds from the Sale may be different to the Expected Net Cash Proceeds.

The Expected Net Cash Proceeds is also based on an assumed Completion date of 31 January 2022, and the fact that under the terms of the Sale it is agreed that RAMIL will pay a dividend in advance of Completion, provided that RAMIL retains sufficient regulatory and working capital versus its requirements plus an appropriate buffer. However, if Completion occurs later than 31 January 2022, then the adjustment to the consideration (and so the corresponding net proceeds from the Sale) is likely to be impacted.

Retained Group operations will initially be less diversified and more dependent on its UK asset management business

Following Completion, the Retained Group will be primarily an asset manager. The Board plans to increase product, customer and, in time, geographic diversification. Nevertheless, the Retained Group will be more susceptible to the actual and perceived risks related to UK asset management business more generally. The UK's investment advisory and investment management industries are highly competitive. RMG's competitors include global, national and local specialist asset management companies and investment advisory consultants as well as banks and financial services companies, some of which are substantially larger than RMG. RMG competes on the basis of brand recognition, business reputation, the range of products and strategies offered, quality of service and the level of fees for services as well as the investment performance of its products and strategies. Any failure by RMG to compete effectively in the UK market could lead to a loss of business and/or a failure to win new business, each of which could lead to reduced profit margins and have an adverse effect on RMG's business, operations, financial condition and growth prospects.

Retained Group operations will also be much more dependent on the performance of the relevant members of the asset management business and performance of the new CEO

The Retained Group's development and prospects will be dependent upon the service and performance of the directors, partners and senior management of the Retained Group. The loss of the services of any of the proposed directors or senior management could cause disruption which could have a material adverse effect on the execution of the new strategy, the growth of the asset management business and its financial prospects. The Retained Group's future success will also depend on qualified and experienced staff to enable it to raise assets for its asset management activity and successfully manage its investments on behalf of clients. Should the Retained Group be unable to retain key staff and/or attract new staff this could have a material adverse effect on its ability to grow its business. In addition, as RMG PLC's CEO is leaving at Completion, there will need to be a handover to new leadership of the management team and the new leadership will be responsible for implementation of the new strategy for the Retained Group business.

Risks associated with client concentration

The Retained Group will start with significant client concentration risk relative to RMG before the Completion of the Sale. This creates revenue dependencies on certain larger clients, who through factors beyond its control, could experience commercial and or financial challenges or changes of control, resulting in a loss of business and potential disruption to its growth plans. Similarly, the distribution of its asset management products will be relatively concentrated, with key dependencies on established intermediaries between RMG and investors. Retained Group's ability to pay dividends and return capital to Shareholders as envisaged is dependent on a number of factors, including levels of distributable reserves, regulatory and shareholder approvals and the successful development and execution of its post-Sale Strategic Plan

Risks associated with future dividends and proposed return of capital

Under the Companies Act, RMG PLC may pay dividends or purchase its own shares only to the extent that it has distributable reserves available for this purpose. Therefore, RMG PLC's ability to pay dividends and/or purchase its own shares will be affected by the Retained Group's profitability and the extent to which RMG PLC has distributable reserves out of which dividends may be paid.

While the Board has confirmed its intention to maintain the same cash dividend per share for the year ending 30 June 2022 as was paid for the year ended 30 June 2021, RMG PLC can give no concrete assurance at this time that it will be able to pay a dividend in the future or, if paid, as to the amount of any such dividend.

The retention of capital proposed by the Board takes into account RMG's need for sufficient funds: (1) to give investors and clients the assurance that it has the resources to maintain a healthy capital base above regulatory requirements, (2) to invest in the execution of the post-sale strategic plan that will be set out by management in the Spring of 2022 and to absorb predicted operating losses as part of the transition of the business (including the delivery of an appropriate cost base), and (3) to support continuation of dividends to Shareholders.

In addition, the Board's intention to return £180 million to Shareholders by way of a tender offer or by other means following Completion may involve a repurchase of its own shares and may be affected by the final amount of the net cash proceeds of the Sale received by the Seller (including following the completion accounts adjustment described above), which are then proposed to be divided from the Seller to RMG PLC and so increasing RMG PLC's distributable reserves. The size of the potential return of capital will mean that the proposed tender offer requires shareholder approval as it will exceed RMG PLC's standard authorities to purchase its own shares. It may also require notice to and no objection from the FCA in its capacity as regulator of the Asset Management business.

The proposed return of capital could also be impacted by events after the date of this document, including prevailing market and business conditions as well as liability incurred (if any) under the Sale Agreement or other transaction documentation, which may affect these factors described above and so the proposed retention of capital. In addition, as a listed company, the Company could receive approaches from third parties seeking to instigate a takeover of the Company, which could involve returning a greater or lesser amount to Shareholders and/or doing so by a different mechanism to the proposed tender offer (e.g. by a special dividend or via the consideration offered in the takeover itself). The Company has received preliminary approaches from third parties in relation to a takeover, conditional on the Completion of the Sale, which are being assessed by the Company.

Therefore, there can be no assurance that the timing, quantum or mechanism of the proposed return of capital will not change.

Increased operational gearing

RMG's strategy is focused on the growth of its asset management business. Such businesses are operationally geared, and success depends on attracting adequate investment funds to manage. If the asset management business fails to attract sufficient assets to generate fees, this could have a material adverse effect on its business, financial condition and prospects including its ability to execute future share buybacks and the proposed dividend policy.

PART 3

Principal Terms and Conditions of the Sale

1. The Sale Agreement

1.1 Parties and structure

The Sale Agreement was entered into on 26 October 2021 between the Seller, RMG PLC, and the Purchaser. Pursuant to the terms of the Sale Agreement, the Seller has agreed to sell the entire issued share capital of RAMIL to the Purchaser.

1.2 Conditions precedent to Completion

Completion of the Sale is conditional on the following conditions:

- (a) the Sale Resolution having been duly passed at the General Meeting (the **Shareholder Consent Condition**); and
- (b) the FCA:
 - (i) being treated as having approved, for the purposes of section 189(6) of FSMA; or
 - (ii) giving notice in writing in accordance with section 189(4) or section 189(7) of FSMA, that it consents, or has no objection, to the Purchaser (and any other person who would by virtue of the acquisition of the shares in RAMIL on Completion be a controller of RAMIL) acquiring control (within the meaning of section 181 of FSMA) of RAMIL either without conditions or with conditions that are acceptable to the Purchaser acting reasonably and using all reasonable endeavours to procure the condition is satisfied (the **Regulatory Condition**).

RMG PLC has agreed to use all reasonable endeavours to procure that the Shareholder Consent Condition is satisfied on or before the Shareholder Condition Long Stop Date. The Purchaser has agreed to use all reasonable endeavours to procure that the Regulatory Condition is satisfied as soon as practicable after signing of the Sale Agreement and in any event no later than the Regulatory Condition Long Stop Date.

In relation to the Regulatory Condition, the Purchaser has agreed to accept any requirement from the FCA to increase the regulatory capital resources of RAMIL and/or to maintain the regulatory capital resources of RAMIL at any particular level for any period of time provided that the Purchaser is not required to increase or agree to increase the regulatory capital resources of RAMIL or maintain such regulatory capital resource such that its value would be in excess of £14,512,000 in order to satisfy the Regulatory Condition. If the FCA requires an increase in regulatory capital resources of RAMIL in excess of £14,512,000 then the Seller in its absolute discretion has the right (but not the obligation) to agree by notice in writing to the Purchaser to reduce the consideration for the Sale by an amount equal to the excess over £14,512,000 in order to satisfy the Regulatory Condition.

A break fee of £2,016,705 (inclusive of VAT) (being 1% of the market capitalisation of RMG PLC based on the closing price on the last business day before the date of the Sale Agreement less £1) is payable by the Seller to the Purchaser on a failure to satisfy the Shareholder Consent Condition on or before the Shareholder Condition Long Stop Date.

1.3 Completion

Completion will take place at the offices of the Seller's solicitors at 9.00 a.m. (GMT) on the last calendar day of the month in which the last of the conditions to be satisfied or waived is satisfied or waived provided that:

- (a) if the date on which the last of the conditions is satisfied or waived is fewer than three business days prior to the last calendar day of the then current month, then Completion will be deferred to 9:00 a.m. (GMT) on the last calendar day of the next month whose last calendar day is a business day; or
- (b) if the date on which the last of the conditions is satisfied or waived is more than three business days prior to the last calendar day of the then current month but the last calendar day of the then current month is not a business day, then Completion shall be deferred to 9:00 a.m. (GMT) on the last calendar day of the next month whose last calendar day is a business day.

It has been agreed that in any event Completion will not take place prior to 31 January 2022. This is currently in the process of being formally documented.

If either the Seller or the Purchaser fails to comply with its obligations at Completion, the non-defaulting party may: (i) elect to proceed to Completion so far as is practicable having regard to the defaults; or defer Completion to 9.00 a.m. (GMT) on the last calendar day of the next month whose last calendar day is a business day.

If Completion has already been deferred once by the non-defaulting party, on a further failure of Completion the non-defaulting party may then choose not to complete the sale and purchase of the shares in RAMIL and to terminate the Sale Agreement.

1.4 Consideration

The consideration payable by the Purchaser to the Seller at Completion pursuant to the Sale Agreement is £230 million, adjusted in accordance with a customary completion accounts mechanism on a debt free cash free basis, and with the consideration being increased or decreased to reflect any surplus or deficit of working capital transferring with Solutions at Completion compared to an agreed normalised level of £9,766,000.

1.5 Warranties

The Seller has given warranties to the Purchaser that are customary for a transaction of this nature. The warranties given include:

- (a) certain fundamental warranties in relation to title to the shares in RAMIL and the Seller's capacity and authority to enter into and perform its obligations under the Sale Agreement and other transaction documents; and
- (b) certain business warranties in respect of the Solutions business including in relation to IT systems, intellectual property, licences, properties, material contracts, disputes and investigations, insurances, solvency, compliance with laws, indebtedness, employees, tax and pensions.

The warranties are subject to matters fairly disclosed (i.e in sufficient detail and clarity to enable a reasonable buyer to identify and assess the nature, scope and significance of the matter) by the Seller under a disclosure letter to the Purchaser and via a virtual data room.

The warranties will be repeated immediately before Completion subject to matters fairly disclosed by the Seller in an updated disclosure letter and updated vendor data room to be provided prior to Completion.

1.6 Limitations of liability

Pursuant to the Sale Agreement, the Seller's liability in respect of warranty claims (including in relation to warranties given at signing and at Completion) and claims made in relation to the Tax Deed (subject to limited exceptions) are limited to £1. The Purchaser has taken out a warranty and indemnity insurance policy pursuant to which the Purchaser may seek recovery from the insurer for warranty claims and Tax Deed claims (a **W&I Claim**).

The Sale Agreement contains the following financial thresholds, time limitations and other limitations and exclusions in relation to the Seller's and RMG PLC's liability under the Sale Agreement on all claims (other than W&I Claims and, in the case of (a) and (b) only, certain employee claims and certain specified tax claims):

- (c) a threshold of £2,300,000 (meaning that the Seller shall not be liable for any such claims unless the amount of damages resulting from all such claims exceeds £2,300,000 in aggregate). Once this threshold is reached, the Purchaser is entitled to claim amounts resulting from such claims in excess of the threshold; and
- (d) a maximum aggregate liability cap of £46,000,000 (which applies to any other claims, including (without limitation) (i) a breach of pre-completion covenants, non-compete provisions and/or non-solicitation of employees and (ii) the limited exceptions under the Tax Deed which are not subject to the £1 cap).
- (e) a *de minimis* of £230,000 (meaning that any such claims below £230,000 will be disregarded);

The Seller's and RMG PLC's liability in respect of:

- (f) W&I Claims shall terminate on:
 - (i) the seventh anniversary of Completion in respect of a tax warranty claim, a Tax Deed claim and a fundamental warranty claim; and
 - (ii) the second anniversary of Completion in respect of all other W&I Claims (other than a tax warranty claim or a fundamental warranty claim);
- (g) the non-compete and non-solicit undertakings in the Sale Agreement shall terminate twelve months after the expiry of the applicable restricted period;
- (h) the announcements and confidentiality undertakings in the Sale Agreement shall terminate on the sixth anniversary of Completion;
- (i) certain specified tax claims shall terminate on the first anniversary of Completion, other than in limited circumstances where liability will terminate on the second anniversary of Completion;
- (j) the Seller's obligation to make a payment in respect of certain incentive schemes as set out in the Sale Agreement on the date that is three months after the date on which such payment should have been made; and
- (k) any other claim shall terminate on the first anniversary of Completion,

in each case unless notice of the matter which may give rise to such claim has been provided by the Purchaser before then.

The Sale Agreement contains other limitations of liability customary for an agreement of this type. No limitations of liability for the Seller or RMG PLC apply in the case of fraud by the Seller or RMG PLC.

1.7 Pre-Completion covenants

The Seller has given customary covenants to the Purchaser in relation to the conduct of RAMIL and the Solutions business during the period between signing of the Sale Agreement and Completion. Such obligations include procuring that, to the extent permitted by applicable law, RAMIL does not depart in any material respect from the ordinary course of its day-to-day business. There are also a number of specific actions that RAMIL must not take, including making material changes to the nature of its business, entering into or incurring any material commitments, disposing of a material part of its business or making changes to its share capital.

These provisions do not apply where the Purchaser has given its prior written consent to any matter. There are also a number of agreed exceptions, including any action reasonably undertaken by RAMIL to comply with applicable law or any request or direction of the FCA or in an emergency situation with the intention of minimising any adverse effects of that situation, actions contemplated by the transaction documentation or any action taken in accordance with or pursuant to certain contracts or arrangements entered into prior to the Sale Agreement.

The Seller has also agreed to use reasonable endeavours to procure that RAMIL will pay a dividend in advance of Completion, subject to RAMIL having completed all required profit verification required by applicable law and having regard to (i) RAMIL's current and expected future financial position and (ii) the requirements of applicable law in respect of regulatory capital resources and distributions, of the amount by which RAMIL's verified distributable capital exceeds £14,512,000.

1.8 Restrictive covenants

RMG PLC on behalf of itself and the Retained Group, has provided undertakings to the Purchaser that it will not for a period of 36 months after Completion:

- (i) engage in any business carried on in competition with the Solutions business; and
- (ii) deal with or solicit the custom (or attempt to do so) of persons to whom services have been provided by RAMIL or as part of the Solutions business during the 12 months prior to Completion (i) in respect of the same services as the Solutions business or (ii) with the intention of resulting in such persons ceasing to obtain services (or materially reducing the level, quantity or value of services) received from RAMIL,

in each case in any restricted territory (being the UK, the Republic of Ireland, any country within the European Economic Area in which RAMIL has carried on or had any business in the 12 months prior to Completion and any other jurisdiction in which RAMIL has carried on or had any business in the 12 months prior to Completion, but excluding the United States of America. These non-competition and non-solicitation undertakings are subject to limited carve outs.

RMG PLC, on behalf of itself and the Retained Group, has also provided customary non-employment and non-solicitation undertakings in respect of (i) all employees of RAMIL for the period up to Completion, and (ii) certain senior employees of RAMIL for 24 months after Completion. The Purchaser, on behalf of itself and Schroders and Schroders's group, has also provided non-solicitation undertakings in respect of certain senior employees of the Retained Group for 12 months after Completion. These non-employment and non-solicitation undertakings are subject to limited carve outs.

1.9 Employees

The employees of RAMIL will transfer with RAMIL.

The parties have also agreed to use reasonable endeavours to procure the transfer of certain employees (who are not currently employed by RAMIL but in the perimeter of the transaction) to RAMIL or another member of the Purchaser's group on terms that are no less favourable than the terms of their current employment as at the date of the Sale Agreement, to take effect on Completion.

The Seller has also agreed to indemnify the Purchaser, on terms customary for transactions of this nature and subject to the aggregate maximum limitation on liability described above, should any employees outside of the agreed perimeter claim to transfer to RAMIL or the Purchaser by operation of law as a result of the Sale.

1.10 Contracts and Wrong Pockets

There are provisions in the Sale Agreement dealing with the novation of certain contracts that are currently used by RAMIL but are in the name of another group company. There are also provisions relating to the any intellectual property rights used by RAMIL, but which inadvertently do not transfer with the Sale.

1.11 Run-off Insurance

The Sale Agreement specifies that run-off insurance will be obtained in the name of RAMIL in respect of certain agreed risks in relation to professional indemnity, crime and D&O insurance policies for three years as soon as reasonably practicable after the date of the Sale Agreement on the same terms as its current insurances. The Seller will bear the cost of the premium for the first year, with the Purchaser then bearing the cost for the second and third years.

1.12 Termination

If any of the Shareholder Consent Condition or Regulatory Condition are not satisfied (or waived, if applicable) by the Shareholder Condition Long Stop Date or Regulatory Condition Long Stop Date (as applicable), except for certain surviving provisions, the terms of the Sale Agreement shall lapse and cease to have effect and Completion will not take place. The waiver of any of the Conditions shall require the express written agreement of both the Purchaser and the Seller. The Sale Agreement may also be terminated if Completion fails to occur due to the default of one party, as set out in paragraph 1.3 above

1.13 Governing law and Jurisdiction

The Sale Agreement is governed by the laws of England and the English courts have exclusive jurisdiction in relation to all disputes arising out of or in connection with it.

2. TSA

On Completion of the disposal, River and Mercantile Holdings Limited (the **Supplier**) and RAMIL will enter into a transitional services agreement to govern the transitional support to be provided by the Supplier to RAMIL following Completion (the **TSA**). The transitional services to be provided by the Supplier shall consist of certain fund operations and technology services. Subject to completing

certain internal separation activities prior to Completion, the TSA may also include certain short-term human resources and accounting services. The fund operations and technology transitional services will constitute material outsourcings for the purposes of FCA requirements.

Under the terms of the TSA, it is anticipated that the fund operations services will migrate to RAMIL (or a person nominated by RAMIL) within three months, and the technology services within six months. If RAMIL is unable to migrate away from those services within the relevant service term, in certain circumstances RAMIL can extend the term for the relevant service for an additional period as may be reasonably necessary to complete the relevant migration activities, up to three months (save that this three month time limit will not apply where the reason for the failure to complete migration is due to the Supplier's fault). The Retained Group may incur unexpected additional costs in providing the service for the further period, however, the service charges (for the relevant service) for that extended period would be increased by an amount equal to 15% of the relevant monthly charges, and the Supplier is also entitled to recover any additional incremental costs above the value of the 15% ratchet.

The Retained Group will receive charges for providing the transitional services. Subject to limited customary exceptions, each party's total aggregate liability is capped at: (a) for the technology services, 100 per cent. of the total aggregate service fees paid or payable under the TSA for those services; and (b) for the fund operations services, 300 per cent. of the total aggregate service fees paid or payable under the TSA for those services.

3. Tax Deed

On Completion, the Seller and the Purchaser will enter into a tax deed (the **Tax Deed**) under which, subject to customary exclusions, the Seller will indemnify the Purchaser for any tax liabilities which relate to events or profits earned on or before Completion and which are not provided for in the completion statement. The Purchaser will also indemnify the Seller against secondary tax liabilities in respect of taxes for which either RAMIL or members of the Purchaser's group are primarily liable. The Tax Deed will include mechanical provisions to address the de-grouping of RAMIL from its existing VAT group, and provisions dealing with how any disputes with tax authorities relating to pre-Completion periods should be conducted. The Tax Deed is subject to the financial and time limits set out in paragraph 1.6 above (including the £1 liability cap, save as set out below), and is governed by English law.

Claims arising under the Tax Deed will not be subject to the £1 liability cap if the indemnified tax arises as a result of the withdrawal or unavailability of losses previously surrendered by members of the Seller's group to RAMIL by way of group relief.

In addition, the Tax Deed contains certain provisions outside the scope of the £1 cap obliging the Seller:

- to pass to RAMIL the value of any repayments or credits in respect of VAT that the Seller's group receives that are referable to the activities of RAMIL and reflected as assets in the completion statement; and
- in a case where RAMIL is required to make a transfer pricing adjustment to its tax computation in respect of an arrangement with the Seller's group, to procure that the relevant Seller group company makes a claim for a corresponding adjustment and surrenders the resulting tax relief to RAMIL.

4. CEO of RMG PLC

Subject to and conditional on Completion of the Sale, the Board has also agreed that in connection with the Sale, the CEO of RMG PLC, James Barham, will step down from his role leading RMG PLC and transfer with the Sale to lead the Solutions business and also to play a broader management role within Schrodgers. In response to a request from Schrodgers, the Board has agreed to a proposal by Schrodgers to waive Mr Barham's notice period. Mr Barham's employment and appointment as CEO and Executive Director of RMG PLC will therefore cease on the Completion of the Sale. Please see paragraph 6.1 of Part 6 (Additional Information) for further details.

Mr. Barham will remain as CEO of RMG PLC until the Completion of the Sale and will work with the Board to ensure the successful Completion of the Sale.

PART 4

Historical Financial Information Relating to River and Mercantile Investments Limited

1. Nature of financial information

The following historical financial information relating to RAMIL has been extracted without material adjustment from the consolidation schedules and supporting accounting records that underlie RMG PLC's audited consolidated financial statements for the financial years ended 30 June 2019, 30 June 2020 and 30 June 2021. This historical financial information sets out the results of RAMIL for the financial years ended 30 June 2019, 30 June 2020 and 30 June 2021, in accordance with the Listing Rules after: adding back central recharges paid to the Retained Group; the inclusion of compensation associated with performance fees resulting from RAMIL's operations; the inclusion of compensation costs for certain employees expected to transfer to RAMIL as part of the Sale; the exclusion of certain administration and staff costs in RAMIL that will remain in the Retained Group; and the inclusion of additional tax charges as a result of the loss of group relief and the tax effect of the other adjustments.

The historical financial information in this Part 4 (Historical Financial Information Relating to River and Mercantile Investments Limited) for the financial years ended 30 June 2019, 30 June 2020 and 30 June 2021 has been prepared applying the IFRS accounting principles of RMG PLC. The accounting policies used are consistent with the accounting policies adopted in RMG PLC's published consolidated financial statements for each of the financial years presented. These have been applied consistently except for the implementation of IFRS 16 Leases, which was initially adopted by RMG PLC from 1 July 2019.

RMG PLC applied IFRS 16 using the modified retrospective approach, where the cumulative effect of adopting IFRS 16 has been recognised as an adjustment to the opening balance of retained earnings as at 1 July 2019. Accordingly, the comparative information presented for the year ended 30 June 2019 has not been restated.

The financial information reflects, therefore, RAMIL's contribution to RMG during this period, applying the relevant accounting policies.

The financial information contained in this Part 4 (Historical Financial Information Relating to River and Mercantile Investments Limited) does not constitute statutory accounts within the meaning of section 434(3) of the Companies Act. The consolidated statutory accounts of RMG PLC in respect of the years ended 30 June 2019, 30 June 2020 and 30 June 2021 have been delivered to the Registrar of Companies.

Shareholders should read the whole of this document and not rely solely on the financial information contained in this Part 4 (Historical Financial Information Relating to River and Mercantile Investments Limited).

2. Unaudited income statements of RAMIL for financial years ended 30 June 2019, 30 June 2020 and 30 June 2021

	2019	2020	2021
	£'000s	£'000s	£'000s
Net management fees	31,162	35,058	36,448
Advisory fees	6,128	6,388	5,453
Performance fees	10,553	1,161	4,096
Total revenue	47,843	42,607	45,997
Administrative expenses	(2,051)	(2,187)	(2,225)
Depreciation	(41)	(28)	(28)
Amortisation	2	(254)	—
Total operating expenses	(2,090)	(2,469)	(2,253)
Fixed remuneration and benefits	(12,238)	(13,612)	(13,587)
Variable remuneration	(10,395)	(5,070)	(7,787)
Total remuneration and benefits	(22,633)	(18,682)	(21,374)
Dilutive share awards	—	—	(123)
Total remuneration and benefits including dilutive share awards	(22,633)	(18,682)	(21,497)
Total expenses	(24,723)	(21,151)	(23,750)
Other gains and losses	1	—	—
Profit before interest and tax	23,121	21,456	22,247
FX gain or (loss)	50	24	(38)
Profit before tax	23,171	21,480	22,209
Deferred tax	52	(101)	62
Current tax	(3,908)	(3,980)	(4,123)
Taxation	(3,856)	(4,081)	(4,061)
Profit after tax	19,315	17,399	18,148

3. Unaudited net asset statement of RAMIL as at 30 June 2021

	2021 £'000s
Assets	
Cash and cash equivalents	9,341
Fee receivables	3,277
Other receivables	14,893
Deferred tax asset	197
Total Assets	27,708
Liabilities	
Current tax liabilities	393
Trade and other payables	9,661
Total Liabilities	10,054
Net Assets	17,654

PART 5

Unaudited *Pro Forma* Statement of Net Assets of the Retained Group

SECTION A

Accountant's Report on the Unaudited *Pro Forma* Statement of Net Assets of the Retained Group



BDO LLP
55 Baker Street
London
W1U 7EU

The Directors
River and Mercantile Group PLC
30 Coleman Street
London
EC2R 5AL

23 November 2021

Lazard & Co., Limited
50 Stratton Street
London
W1J 8LL

Dear Sir or Madam

River and Mercantile Group PLC (the “Company”)

***Pro forma* financial information**

We report on the unaudited *pro forma* net assets statement (the “*Pro Forma* Financial Information”) set out in Part 5 (Section B) of the circular dated 23 November 2021 (the “Circular”).

Opinion

In our opinion:

- (a) the *Pro Forma* Financial Information has been properly compiled on the basis stated; and
- (b) such basis is consistent with the accounting policies of the Company.

Responsibilities

It is the responsibility of the directors of the Company (the “Directors”) to prepare the *Pro Forma* Financial Information in accordance with item 13.3.3R of the listing rules made by the Financial Conduct Authority for the purposes of part VI of the Financial Services and Markets Act 2000 (the “Listing Rules”).

It is our responsibility to form an opinion, as required by section 3 of Annex 20 of the UK version of Commission Delegated Regulation (EU) 2019/980 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council (the “Prospectus Delegated Regulation”), as to the proper compilation of the *Pro Forma* Financial Information and to report that opinion to you.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the *Pro Forma* Financial Information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed at the date of their issue.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and which we may have to shareholders of the Company as a result of the inclusion of this report in the Circular, to the fullest extent permitted by the law we do not assume any responsibility and will not accept

any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with item 13.4.1R(6) of the Listing Rules, consenting to its inclusion in the Circular.

Basis of preparation

The *Pro Forma* Financial Information has been prepared on the basis described, for illustrative purposes only, to provide information about how the disposal of RAMIL might have affected the financial information presented on the basis of the accounting policies adopted by the Company in preparing the consolidated financial statements for the year ended 30 June 2021.

This report is required by paragraph 13.3.3R of the Listing Rules and is given for the purpose of complying with that item and for no other purpose.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Financial Reporting Council of the United Kingdom. We are independent in accordance with the Financial Reporting Council's Ethical Standard as applied to Investment Circular Reporting Engagements, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the *Pro Forma* Financial Information with the Directors.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the *Pro Forma* Financial Information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America or other jurisdictions outside the United Kingdom and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Yours faithfully

BDO LLP

Chartered Accountants

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

SECTION B

Unaudited *Pro Forma* Statement of Net Assets of the Retained Group

The unaudited *pro forma* statement of net assets of the Retained Group set out below (the **Unaudited *Pro Forma* Financial Information**) has been prepared to illustrate the effect of the Sale of RAMIL on the consolidated net assets of RMG PLC as if the Sale had occurred on 30 June 2021.

The Unaudited *Pro Forma* Financial Information is shown for illustrative purposes only and illustrates the impact of the Sale as if it had been undertaken at an earlier date. As a result, the hypothetical financial position or results included in the Unaudited *Pro Forma* Financial Information may differ from the Retained Group's actual financial position or results.

The Unaudited *Pro Forma* Financial Information has been prepared on the basis set out in the notes below and in accordance with Annex 20 of the PR Regulation, as applied by Listing Rule 13.3.3R, and has been prepared in a manner consistent with the accounting policies of RMG PLC applied in the preparation of its audited consolidated financial statements for the year ended 30 June 2021. The Unaudited *Pro Forma* Financial Information set out in this section does not constitute financial statements within the meaning of section 434 of the Companies Act.

Shareholders should read the whole of this Circular and not rely solely on the Unaudited *Pro Forma* Financial Information contained in this Section B of this Part 5 (Unaudited *Pro Forma* Statement of Net Assets of the Retained Group) of this Circular.

BDO LLP's accountant's report on the unaudited *pro forma* statement of net assets is set out in Section A of this Part 5 (Accountant's Report on the Unaudited *Pro Forma* Statement of Net Assets of the Retained Group).

UNAUDITED *PRO FORMA* STATEMENT OF NET ASSETS OF THE RETAINED GROUP AS AT 30 JUNE 2021

	RMG PLC (Note 1) £'000s	RAMIL (Note 2) £'000s	Intercompany and other adjustments (Note 3) £'000s	Estimated Net proceeds (Note 4) £'000s	<i>Pro forma</i> net assets £'000s
Assets					
Cash and cash equivalents	29,635	(9,341)	1,379	228,164	249,837
Fee receivables	4,880	(3,277)	—	—	1,603
Other receivables	21,881	(14,893)	308	—	7,296
Investments held at fair value through profit or loss	1,368	—	—	—	1,368
Deferred tax asset	519	(197)	—	—	322
Right of use assets	1,219	—	—	—	1,219
Property, plant and equipment	253	—	—	—	253
Intangible assets	23,514	—	—	—	23,514
Total assets	83,269	(27,708)	1,687	228,164	285,412
Liabilities					
Current tax liabilities	925	(393)	—	—	532
Trade and other payables	19,484	(9,661)	1,687	—	11,510
Lease liability	1,283	—	—	—	1,283
Deferred tax liability	1,731	—	—	—	1,731
Total liabilities	23,423	(10,054)	1,687	—	15,056
Net assets	59,846	(17,654)	—	228,164	270,356

1. The net assets of RMG PLC have been extracted without material adjustment from the audited consolidated financial statements of RMG PLC as at 30 June 2021.
2. These adjustments remove the assets and liabilities of RAMIL. The financial information has been extracted, without material adjustment, from the historical financial information set out in Section 3 of Part 4 (Historical Financial Information Relating to River and Mercantile Investments Limited) of this document.
3. Intercompany adjustments reflect the settlement of certain intercompany balances between RAMIL and the Retained Group at Completion.
4. For the purposes of this *pro forma* information, this adjustment assumes that the Sale of RAMIL completed on the balance sheet date of 30 June 2021. The estimated net proceeds of £228.2 million comprise the following:

	£'000
Sale price	230,000
Professional fees	(7,702)
Transaction bonuses	(1,739)
Surplus capital at 30 June 2021	7,605
Net proceeds	228,164

Surplus capital comprises a working capital adjustment (being the difference between actual working capital and the target working capital set out in the Sale Agreement), plus cash balances less debt balances. The surplus capital amount has been calculated based on the actual working capital, cash and debt balances of RAMIL as at 30 June 2021. If actual working capital, cash and/or debt at completion is different from the respective balances as at 30 June 2021, the surplus capital adjustment at completion may be different from the figure included above, and such differences may be material.

5. The Unaudited *Pro Forma* Financial Information does not reflect the proposed return to Shareholders of the majority of the Expected Net Cash Proceeds following Completion of the Sale.
6. No adjustments have been made to reflect the trading results or financial position of RMG PLC or RAMIL since 30 June 2021.

PART 6

Additional Information

1. Responsibility

The Company and the Directors, whose names appear in paragraph 4 of this Part 6 (Additional Information) of this document, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. Incorporation and registered office

The Company was incorporated on 17 July 2000 and is domiciled in the United Kingdom. It is a public limited company incorporated under the laws of England and Wales with registered number 04035248. Its registered office is 30 Coleman Street, London, United Kingdom, EC2R 5AL. The telephone number of the Company's registered office is +44 (0)203 327 5100.

The principal legislation under which the Company operates is the Companies Act and the regulations made under it.

3. Major Shareholders

As at the Latest Practicable Date, insofar as it is known to the Company by virtue of notifications made to it pursuant to Chapter 5 of the Disclosure Guidance and Transparency Rules, the following persons are interested directly or indirectly in voting rights representing three per cent. or more of the total voting rights in respect of the issued Ordinary Share capital of the Company:

<u>Name of Shareholder</u>	<u>Number of voting rights attaching to RMG PLC shares</u>	<u>% interest in voting rights attaching to RMG PLC shares ⁽¹⁾</u>
Punter Southall Group Ltd	17,242,703	20.18%
Premier Miton Investors	6,491,443	7.60%
Aberdeen Standard Investments	6,443,403	7.53%
Unicorn Asset Management	5,410,000	6.33%
AssetCo plc	5,000,000	5.85%
Sir John Lionel Beckwith	4,252,163	4.98%
Aviva Investors	4,211,782	4.93%
Michael Jonathan Faulkner	4,063,071	4.75%
Gresham House Asset Management	3,265,000	3.82%
Jupiter Asset Management Holding	2,758,352	3.23%

Notes:

1. The percentage of voting rights detailed above was calculated at the time of the relevant disclosures made in accordance with Rule 5 of the FCA's Disclosure Guidance and Transparency Rules.

Save as set out in this paragraph 3, the Company is not aware of any notifiable interest (within the meaning of the Disclosure Guidance and Transparency Rules) which will represent three per cent. or more of the voting rights in the Company following Completion of the Sale.

4. Directors

The Directors of the Company and their positions as at the date of this document are as follows:

Name of Director	Position
Jonathan Dawson	Chairman
Martin Gilbert	Deputy Chairman
James Barham	Group Chief Executive Officer
Simon Wilson	Chief Financial Officer
Angela Crawford-Ingle	Senior Independent Non-executive Director
John Misselbrook	Independent Non-executive Director
Miriam Greenwood	Independent Non-executive Director

5. Directors' interests in the Company

5.1 Interests in Ordinary Shares

As at the Latest Practicable Date, the Executive and Non-executive Directors held the following legal and beneficial interests in Ordinary Shares:

Name of Director	Number of Ordinary Shares	Percentage of issued Ordinary Share capital
Jonathan Dawson	100,800	0.12
Martin Gilbert	0	0
James Barham	1,677,226	1.96
Simon Wilson	44,114	0.05
John Misselbrook	3,000	0.005
Angela Crawford-Ingle	24,924	0.03
Miriam Greenwood	7,144	0.01

5.2 Interests in shares under share schemes

Non-executive Directors are not entitled to any benefits, pension or pension equivalents, or awards under any of the equity plans. As at the Latest Practicable Date, the Executive Directors held the following interests in shares in the Company's share plans:

Name of Director	Unvested share awards (shares)
James Barham ⁽¹⁾	569,170 ⁽²⁾
Simon Wilson	177,061 ⁽³⁾

Notes:

1. James also participates in the Company's 2020 Save As You Earn Plan, by contributing the maximum monthly savings (£500). Options granted under the 2020 SAYE have an exercise price of £1.57.
2. Long term incentive award granted under the Group's 2017 Deferred Equity Plan during FY19/20.
3. Buy-out award granted on appointment in May 2020.

6. Directors' service contracts, Value Transformation Plan and benefits upon termination

6.1 Executive Directors

Salary and benefits

The Company has entered into service contracts with both of the Executive Directors, the particulars of which as at the Latest Practicable Date are:

<u>Name of Director</u>	<u>Date of initial appointment</u>	<u>Base salary 2021/22 (£)</u>	<u>Notice period</u>
James Barham	6 April 2014	£360,000	12 months
Simon Wilson	19 May 2020	£250,000	12 months

James Barham's employment as Chief Executive Officer commenced in July 2019. His current service agreement (effective from 14 January 2021) contains terms typical for a senior executive. Under his service agreement he is entitled to a base salary of £360,000 per annum. Simon Wilson joined RMG PLC and was appointed Chief Financial Officer in May 2020. His current service agreement (effective from 27 November 2019) contains terms typical for a senior executive. Under his service agreement Simon Wilson is entitled to a base salary of £250,000 per annum.

Both Executive Directors are also entitled to a pension contribution of 5% of salary per annum and will receive life assurance, income protection and private medical insurance. They are also eligible for cover under any director or officer insurance that the Company maintains from time to time.

In addition to normal bank and public holidays, both Executive Directors are entitled to 30 days holiday per annum.

Under their service agreements, each of the Executive Director's employment may be terminated by either party providing written notice to the other of not less than twelve months. The Company has the ability to make a payment in lieu of notice equal to the base salary and benefits element of each of the Executive Director's remuneration for any unexpired portion of the notice period. The Company also reserves the right to place each Executive Director on garden leave during their notice period (for all or an element of the notice period). The Company is also entitled to dismiss them without notice in certain circumstances such as serious misconduct or following a serious breach of his duties. The service agreements also contain six-month non-competition for the CFO and nine month non-competition for the CEO and six-month non-solicitation post-termination for the CFO and 9 month non-solicitation for the CEO restrictive covenants.

The Board Remuneration Committee has adopted formal shareholding guidelines that require Executive Directors to build and maintain a shareholding in the Company. The Chief Executive Officer is subject to a shareholding requirement of 500% and the Chief Financial Officer 300% of annual base salary and will be expected to build up their shareholding to meeting the requirement over a five-year period. The equivalent net value after statutory deductions of unvested or restricted Ordinary Shares subject to any awards to which time-based vesting or a holding period only applies, will count towards the shareholding requirement. Each Executive Director is subject to a post-cessation shareholding requirement of 200% of annual base salary for a period of two years.

Value Transformation Plan

The Value Transformation Plan ("VTP") was approved at RMG PLC's 2020 AGM and is designed to incentivise the two Executive Directors of RMG PLC and align their remuneration with shareholder outcomes. The VTP provides for the appropriate sharing in value creation between the Executive Directors and Shareholders where material value is created for Shareholders, as it will be in the event of the successful conclusion of the sale of RAMIL. It requires significant value, 12 per cent. per annum TSR growth, to be achieved above an initial starting price before the Executive Directors are rewarded. The Board has considered the positive impact and value creation for RMG PLC of the Sale and the role of the Executive Directors in securing the transaction.

The Remuneration Committee has carefully considered the potential impact of the sale of RAMIL on the VTP and concluded that Completion of the Sale should be treated as a “**Corporate Action**” (as defined in the VTP). The Executive Directors’ participation will therefore be treated in accordance with the relevant provisions of the VTP governing a Corporate Action, provided that their employment is not terminated prior to Completion of the sale of RAMIL.

In these circumstances, the Executive Directors will be eligible for the grant of an “**Option**” (as defined in the VTP) at or about the time of Completion of the Sale, over such number of Ordinary Shares as will be calculated in accordance with the rules of the VTP.

Any Option granted to the Executive Directors will be exercisable for two months from the Completion of the Sale, or, if later, the date one week following the grant of the Option (and to the extent not exercised shall lapse at the end of that period). Any Ordinary Shares acquired by the Executive Directors will be subject to a holding period save to the extent sold as part of any tender offer that is intended to be implemented post-Completion.

Under the rules of the VTP, the Remuneration Committee has discretion over the value in respect of which any Option is granted on such basis as it determines appropriate. The Remuneration Committee will, acting honestly and in good faith, make such determination at the time of Completion of the Sale, based on the circumstances at the time of Completion of the Sale, including taking account the value accrued to RMG PLC from RAMIL.

If either of Messrs Barham or Wilson resigns or if their employment is summarily terminated by reason of misconduct prior to Completion of the Sale, they will not be eligible to be granted an Option and will have no entitlement in respect of the VTP. The termination of Mr Barham’s employment on the Completion of the Sale will not affect his entitlement to participate under the VTP and he will remain eligible to be granted an Option.

If the Executive Directors exercise their Options by the record date in respect of any tender offer that is intended to be implemented post-Completion, they will be eligible to participate in respect of their resulting Ordinary Shares, subject always to the terms of the Remuneration Policy.

Group Chief Executive

Subject to and conditional on Completion of the Sale, the Board has agreed that the CEO, James Barham, will step down from his role leading the business of RMG PLC and transfer with the sale to lead the enlarged solutions business within Schroders. The Board has agreed to a proposal by Schroders to waive Mr Barham’s notice period. Mr Barham’s employment and appointment as CEO and Executive Director of RMG PLC will therefore have to cease on the Completion of the Sale.

Mr Barham will remain as CEO of RMG PLC until the Completion of the Sale and will assist with an orderly handover to Alex Hocter-Duncan as new CEO of RMG PLC and to continue to work with the Board of RMG PLC to ensure the successful Completion of the Sale.

In return for Mr Barham having worked to secure the Sale following the Board’s strategic review of RMG and his having entered into an agreement on terms acceptable to RMG PLC and to Mr Barham, (including waiving any claims against RMG PLC and its affiliates arising out of or in connection with his employment and directorships of RMG and the cessation of that employment and those directorships), and with such agreement taking effect from the date of Completion of the Sale, Mr Barham will:

- Remain entitled to salary and other contractual benefits until the Completion of the Sale.
- For the financial year ending 30 June 2022, be eligible for a pro-rated bonus based on measures including (but not limited to) delivering the successful sale of RAMIL, reflecting his service in that year up to the Completion of the Sale and subject to the terms of the Company’s shareholder approved remuneration policy. If any bonus does become payable it will be paid at the normal time with half of such bonus deferred into Ordinary Shares subject to a three-year holding period and clawback in accordance with RMG PLC’s shareholder approved remuneration policy.

- Be treated as a “good leaver” under RMG PLC’s Deferred Equity Plan (the “DEP”). Mr Barham’s 2019 DEP award will be assessed for vesting at its “normal vesting date” (subject to time pro-rating). To the extent that the 2019 DEP award vests, any resulting Ordinary Shares will be subject to a two-year holding period in accordance with RMG PLC’s shareholder approved remuneration policy.
- Be treated in accordance with the section above (“Value Transformation Plan”) in respect of his participation in RMG PLC’s VTP.
- Remain subject to the restrictive covenants in his service agreement unless otherwise agreed by RMG PLC.
- Be required to maintain a post-cessation shareholding of 200% of salary for a period of two years.

6.2 Non-executive Directors

Non-executive Directors are not entitled to any benefits, pension or pension equivalents, or awards under any of the equity plans. All Non-executive Directors have a service contract with a three month notice period and an initial three-year term from appointment, subject to annual re-election at the Company’s Annual General Meeting.

Name of Director	First appointment date	Date of expiry of current appointment period
Jonathan Dawson	1 October 2017	1 October 2023
Martin Gilbert	6 January 2021	6 January 2024
John Misselbrook	16 February 2018	16 February 2024
Miriam Greenwood	28 May 2019	28 May 2022
Angela Crawford-Ingle	29 May 2014	5 June 2023

Set out below are the annual fees currently payable to the Non-Executive Directors:

Role	Annual fee
Chairman	£150,000
Deputy Chairman	£100,000
Senior Independent Director	£65,500
Independent Director	£47,500
Additional fees	
Chair of Committees	£8,000

6.3 Summary of Directors’ remuneration

Directors’ remuneration for the year ended 30 June 2021 was as follows:

Name of Director	Salary/fees	Benefits	STI	Pension	Total
James Barham	£360,000	£2,550	£559,275	£32,500	£954,325
Simon Wilson	£250,000	£1,022	£386,563	£12,500	£650,085
Jonathan Dawson	£150,000	—	—	—	£150,000
Martin Gilbert ⁽¹⁾	£48,810	—	—	—	£48,810
Angela Crawford-Ingle	£73,500	—	—	—	£73,500
John Misselbrook	£55,500	—	—	—	£55,500
Miriam Greenwood	£55,500	—	—	—	£55,500

Notes:

1. Martin Gilbert was appointed as Deputy Chairman of the Board on 6 January 2021 and as such, his salary has been pro rated accordingly.

7. Details of key individuals important to RAMIL

<u>Name of key individual</u>	<u>Position</u>	<u>Location</u>
James Barham	Chief Executive Officer and Chair	UK
Ajeet Manjrekar	Managing Director, Solutions	UK
Jack Berry	Managing Director, Solutions	UK
Tamsin Evans	Managing Director, Investment	UK
Ross Leach	Managing Director, Solutions	UK
Patrick O'Brien	Managing Director, Investment	UK
Masroor Ahmad	Managing Director, Derivatives	UK
Mark Davies	Managing Director, Derivatives	UK
Geoff Sauve	Managing Director, Derivatives	UK
Matt Way	Chief Operating Officer, Solutions	UK

8. Related party transactions

Details of related party transactions (which for these purposes are those set out in the standards adopted according to Regulation (EC) No 1606/2002) that the Company has entered into are set out below:

- (a) during the financial year ended 30 June 2019, such transactions are disclosed in note 14 on page 114 of the Company's 2019 Annual Report and Accounts which is hereby incorporated by reference into this document;
- (b) during the financial year ended 30 June 2020, such transactions are disclosed in note 15 on page 143 of the Company's 2020 Annual Report and Accounts which is hereby incorporated by reference into this document; and
- (c) during the financial year ended 30 June 2021, such transactions are disclosed in note 15 on page 127 of the Company's 2021 Annual Report and Accounts which is hereby incorporated by reference into this document.

During the period from 30 June 2021 to the Latest Practicable Date, the Company has not carried out any related party transactions other than with members of its own group.

9. Material contracts

9.1 Retained Group

No contracts have been entered into (other than contracts entered into in the ordinary course of business) by any member of the Retained Group either: (i) within the period of two years immediately preceding the date of this document which are or may be material to the Retained Group; or (ii) which contain any provisions under which any member of the Retained Group has any obligation or entitlement which is, or may be, material to the Retained Group as at the date of this document, save as disclosed below:

Sale Agreement

Parties and structure

The Sale Agreement was entered into on 26 October 2021 between the Seller, RMG PLC, and the Purchaser. Pursuant to the terms of the Sale Agreement, the Seller has agreed to sell the entire issued share capital of RAMIL to the Purchaser.

Conditions precedent to Completion

Completion of the Sale is conditional on the following conditions:

- (a) the Sale Resolution having been duly passed at the General Meeting (the **Shareholder Consent Condition**); and
- (b) the FCA:
 - (i) being treated as having approved, for the purposes of section 189(6) of FSMA; or
 - (ii) giving notice in writing in accordance with section 189(4) or section 189(7) of FSMA,

that it consents, or has no objection, to the Purchaser (and any other person who would by virtue of the acquisition of the shares in RAMIL on Completion be a controller of RAMIL) acquiring control (within the meaning of section 181 of FSMA) of RAMIL either without conditions or with conditions that are acceptable to the Purchaser acting reasonably and using all reasonable endeavours to procure the condition is satisfied (the **Regulatory Condition**).

RMG PLC has agreed to use all reasonable endeavours to procure that the Shareholder Consent Condition is satisfied on or before the Shareholder Condition Long Stop Date. The Purchaser has agreed to use all reasonable endeavours to procure that the Regulatory Condition is satisfied as soon as practicable after signing of the Sale Agreement and in any event no later than the Regulatory Condition Long Stop Date.

In relation to the Regulatory Condition, the Purchaser has agreed to accept any requirement from the FCA to increase the regulatory capital resources of RAMIL and/or to maintain the regulatory capital resources of RAMIL at any particular level for any period of time provided that the Purchaser is not required to increase or agree to increase the regulatory capital resources of RAMIL or maintain such regulatory capital resource such that its value would be in excess of £14,512,000 in order to satisfy the Regulatory Condition. If the FCA requires an increase in regulatory capital resources of RAMIL in excess of £14,512,000 then the Seller in its absolute discretion has the right (but not the obligation) to agree by notice in writing to the Purchaser to reduce the consideration for the Sale by an amount equal to the excess over £14,512,000 in order to satisfy the Regulatory Condition.

A break fee of £2,016,705 (inclusive of VAT) (being 1% of the market capitalisation of RMG PLC based on the closing price on the last business day before the date of the Sale Agreement less £1) is payable by the Seller to the Purchaser on a failure to satisfy the Shareholder Consent Condition on or before the Shareholder Condition Long Stop Date.

Completion

Completion will take place at the offices of the Seller's solicitors at 9.00 a.m. (GMT) on the last calendar day of the month in which the last of the conditions to be satisfied or waived is satisfied or waived provided that:

- (a) if the date on which the last of the conditions is satisfied or waived is fewer than three business days prior to the last calendar day of the then current month, then Completion will be deferred to 9:00 a.m. (GMT) on the last calendar day of the next month whose last calendar day is a business day; or
- (b) if the date on which the last of the conditions is satisfied or waived is more than three business days prior to the last calendar day of the then current month but the last calendar day of the then current month is not a business day, then Completion shall be deferred to 9:00 a.m. (GMT) on the last calendar day of the next month whose last calendar day is a business day.

It has been agreed that in any event Completion will not take place prior to 31 January 2022. This is currently in the process of being formally documented.

If either the Seller or the Purchaser fails to comply with its obligations at Completion, the non-defaulting party may: (i) elect to proceed to Completion so far as is practicable having regard to the defaults; or defer Completion to 9.00 a.m. (GMT) on the last calendar day of the next month whose last calendar day is a business day.

If Completion has already been deferred once by the non-defaulting party, on a further failure of Completion the non-defaulting party may then choose not to complete the sale and purchase of the shares in RAMIL and to terminate the Sale Agreement.

Consideration

The consideration payable by the Purchaser to the Seller at Completion pursuant to the Sale Agreement is £230 million, adjusted in accordance with a customary completion accounts mechanism on a debt free cash free basis, and with the consideration being increased or decreased to reflect any surplus or deficit of working capital transferring with Solutions at Completion compared to an agreed normalised level.

Warranties

The Seller has given warranties to the Purchaser that are customary for a transaction of this nature. The warranties given include:

- (a) certain fundamental warranties in relation to title to the shares in RAMIL and the Seller's capacity and authority to enter into and perform its obligations under the Sale Agreement and other transaction documents; and
- (b) certain business warranties in respect of the Solutions business including in relation to IT systems, intellectual property, licences, properties, material contracts, disputes and investigations, insurances, solvency, compliance with laws, indebtedness, employees, tax and pensions.

The warranties are subject to matters fairly disclosed (i.e in sufficient detail and clarity to enable a reasonable buyer to identify and assess the nature, scope and significance of the matter) by the Seller under a disclosure letter to the Purchaser and via a virtual data room.

The warranties will be repeated immediately before Completion subject to matters fairly disclosed by the Seller in an updated disclosure letter and updated vendor data room to be provided prior to Completion.

Limitations of liability

Pursuant to the Sale Agreement, the Seller's liability in respect of warranty claims (including in relation to warranties given at signing and at Completion) and claims made in relation to the Tax Deed (subject to limited exceptions) are limited to £1. The Purchaser has taken out a warranty and indemnity insurance policy pursuant to which the Purchaser may seek recovery from the insurer for warranty claims and Tax Deed claims (a **W&I Claim**).

The Sale Agreement contains the following financial thresholds, time limitations and other limitations and exclusions in relation to the Seller's and RMG PLC's liability under the Sale Agreement on all claims (other than W&I Claims and, in the case of (a) and (b) only, certain employee claims and certain specified tax claims):

- (a) a *de minimis* of £230,000 (meaning that any such claims below £230,000 will be disregarded);
- (b) a threshold of £2,300,000 (meaning that the Seller shall not be liable for any such claims unless the amount of damages resulting from all such claims exceeds £2,300,000 in aggregate). Once this threshold is reached, the Purchaser is entitled to claim amounts resulting from such claims in excess of the threshold; and
- (c) a maximum aggregate liability cap of £46,000,000.

The Seller's and RMG PLC's liability in respect of:

- (d) W&I Claims shall terminate on:
 - (i) the seventh anniversary of Completion in respect of a tax warranty claim, a Tax Deed claim and a fundamental warranty claim; and
 - (ii) the second anniversary of Completion in respect of all other W&I Claims (other than a tax warranty claim or a fundamental warranty claim);
- (e) the non-compete and non-solicit undertakings in the Sale Agreement shall terminate twelve months after the expiry of the applicable restricted period;
- (f) the announcements and confidentiality undertakings in the Sale Agreement shall terminate on the sixth anniversary of Completion;
- (g) certain specified tax claims shall terminate on the first anniversary of Completion, other than in limited circumstances where liability will terminate on the second anniversary of Completion;
- (h) the Seller's obligation to make a payment in respect of certain incentive schemes as set out in the Sale Agreement on the date that is three months after the date on which such payment should have been made; and
- (i) any other claim shall terminate on the first anniversary of Completion,

in each case unless notice of the matter which may give rise to such claim has been provided by the Purchaser before then.

The Sale Agreement contains other limitations of liability customary for an agreement of this type. No limitations of liability for the Seller or RMG PLC apply in the case of fraud by the Seller or RMG PLC.

Pre-Completion covenants

The Seller has given customary covenants to the Purchaser in relation to the conduct of RAMIL and the Solutions business during the period between signing of the Sale Agreement and Completion. Such obligations include procuring that, to the extent permitted by applicable law, RAMIL does not depart in any material respect from the ordinary course of its day-to-day business. There are also a number of specific actions that RAMIL must not take, including making material changes to the nature of its business, entering into or incurring any material commitments, disposing of a material part of its business or making changes to its share capital.

These provisions do not apply where the Purchaser has given its prior written consent to any matter. There are also a number of agreed exceptions, including any action reasonably undertaken by RAMIL to comply with applicable law or any request or direction of the FCA or in an emergency situation with the intention of minimising any adverse effects of that situation, actions contemplated by the transaction documentation or any action taken in accordance with or pursuant to certain contracts or arrangements entered into prior to the Sale Agreement.

The Seller has also agreed to use reasonable endeavours to procure that RAMIL will pay a dividend in advance of Completion, subject to RAMIL having completed all required profit verification required by applicable law and having regard to (i) RAMIL's current and expected future financial position and (ii) the requirements of applicable law in respect of regulatory capital resources and distributions, of the amount by which RAMIL's verified distributable capital exceeds £14,512,000.

Restrictive covenants

RMG PLC on behalf of itself and the Retained Group, has provided undertakings to the Purchaser that it will not for a period of 36 months after Completion:

- (i) engage in any business carried on in competition with the Solutions business; and
- (ii) deal with or solicit the custom (or attempt to do so) of persons to whom services have been provided by RAMIL or as part of the Solutions business during the 12 months prior to Completion (i) in respect of the same services as the Solutions business or (ii) with the intention of resulting in such persons ceasing to obtain services (or materially reducing the level, quantity or value of services) received from RAMIL,

in each case in any restricted territory (being the UK, the Republic of Ireland, any country within the European Economic Area in which RAMIL has carried on or had any business in the 12 months prior to Completion and any other jurisdiction in which RAMIL has carried on or had any business in the 12 months prior to Completion, but excluding the United States of America. These non-competition and non-solicitation undertakings are subject to limited carve outs.

RMG PLC, on behalf of itself and the Retained Group, has also provided customary non-employment and non-solicitation undertakings in respect of (i) all employees of RAMIL for the period up to Completion, and (ii) certain senior employees of RAMIL for 24 months after Completion. The Purchaser, on behalf of itself and Schroders and Schroders's group, has also provided non-solicitation undertakings in respect of certain senior employees of the Retained Group for 12 months after Completion. These non-employment and non-solicitation undertakings are subject to limited carve outs.

Employees

The employees of RAMIL will transfer with RAMIL.

The parties have also agreed to use reasonable endeavours to procure the transfer of certain employees (who are not currently employed by RAMIL but in the perimeter of the transaction) to RAMIL or another member of the Purchaser's group on terms that are no less favourable than the terms of their current employment as at the date of the Sale Agreement, to take effect on Completion.

The Seller has also agreed to indemnify the Purchaser, on terms customary for transactions of this nature and subject to the aggregate maximum limitation on liability described above, should any employees outside of the agreed perimeter claim to transfer to RAMIL or the Purchaser by operation of law as a result of the Sale.

Contracts and Wrong Pockets

There are provisions in the Sale Agreement dealing with the novation of certain contracts that are currently used by RAMIL but are in the name of another group company. There are also provisions relating to the any intellectual property rights used by RAMIL, but which inadvertently do not transfer with the Sale.

Run-off Insurance

The Sale Agreement specifies that runoff insurance will be obtained in the name of RAMIL in respect of certain agreed risks in relation to professional indemnity, crime and D&O insurance policies for three years as soon as reasonably practicable after the date of the Sale Agreement on the same terms as its current insurances. The Seller will bear the cost of the premium for the first year, with the Purchaser then bearing the cost for the second and third years.

Termination

If any of the Shareholder Consent Condition or Regulatory Condition are not satisfied (or waived, if applicable) by the Shareholder Condition Long Stop Date or Regulatory Condition Long Stop Date (as applicable), except for certain surviving provisions, the terms of the Sale Agreement shall lapse and cease to have effect and Completion will not take place. The waiver of any of the Conditions shall require the express written agreement of both the Purchaser and the Seller. The Sale Agreement may also be terminated if Completion fails to occur due to the default of one party, as set out in paragraph 1.3 above

Governing law and Jurisdiction

The Sale Agreement is governed by the laws of England and the English courts have exclusive jurisdiction in relation to all disputes arising out of or in connection with it..

TSA

On Completion of the disposal, River and Mercantile Holdings Limited (the **Supplier**) and RAMIL will enter into a transitional services agreement to govern the transitional support to be provided by the Supplier to RAMIL following Completion (the **TSA**). The transitional services to be provided by the Supplier shall consist of certain fund operations and technology services. Subject to completing certain internal separation activities prior to Completion, the TSA may also include certain short-term human resources and accounting services. The fund operations and technology transitional services will constitute material outsourcings for the purposes of FCA requirements.

Under the terms of the TSA, it is anticipated that the fund operations services will migrate to RAMIL (or a person nominated by RAMIL) within three months, and the technology services within six months. If RAMIL is unable to migrate away from those services within the relevant service term, in certain circumstances RAMIL can extend the term for the relevant service for an additional period as may be reasonably necessary to complete the relevant migration activities, up to three months (save that this three month time limit will not apply where the reason for the failure to complete migration is due to the Supplier's fault). The Retained Group may incur unexpected additional costs in providing the service for the further period, however, the service charges (for the relevant service) for that extended period would be increased by an amount equal to 15% of the relevant monthly charges, and the Supplier is also entitled to recover any additional incremental costs above the value of the 15% ratchet..

The Retained Group will receive charges for providing the transitional services. Subject to limited customary exceptions, each party's total aggregate liability is capped at: (a) for the technology services, 100 per cent. of the total aggregate service fees paid or payable under the TSA for those services; and (b) for the fund operations services, 300 per cent. of the total aggregate service fees paid or payable under the TSA for those services.

Tax Deed

On Completion, the Seller and the Purchaser will enter into a Tax Deed under which, subject to customary exclusions, the Seller will indemnify the Purchaser for any tax liabilities which relate to events or profits earned on or before Completion and which are not provided for in the completion statement. The Purchaser will also indemnify the Seller against secondary tax liabilities in respect of taxes for which either RAMIL or members of the Purchaser's group are primarily liable. The Tax Deed will include mechanical provisions to address the de-grouping of RAMIL from its existing VAT

group, and provisions dealing with how any disputes with tax authorities relating to pre-Completion periods should be conducted. The Tax Deed is subject to the financial and time limits set out in paragraph 1.6 above (including the £1 liability cap, save as set out below), and is governed by English law.

Claims arising under the Tax Deed will not be subject to the £1 liability cap if the indemnified tax arises as a result of the withdrawal or unavailability of losses previously surrendered by members of the Seller's group to RAMIL by way of group relief.

In addition, the Tax Deed contains certain provisions outside the scope of the £1 cap obliging the Seller:

- to pass to RAMIL the value of any repayments or credits in respect of VAT that the Seller's group receives that are referable to the activities of RAMIL and reflected as assets in the completion statement; and
- in a case where RAMIL is required to make a transfer pricing adjustment to its tax computation in respect of an arrangement with the Seller's group, to procure that the relevant Seller group company makes a claim for a corresponding adjustment and surrenders the resulting tax relief to RAMIL.

9.2 RAMIL

No contracts have been entered into (other than contracts entered into in the ordinary course of business) by RAMIL either: (i) within the period of two years immediately preceding the date of this document which are or may be material to RAMIL; or (ii) which contain any provisions under which RAMIL has any obligation or entitlement which is, or may be, material to RAMIL as at the date of this document, save as disclosed below:

TSA

On Completion of the disposal, River and Mercantile Holdings Limited (the **Supplier**) and RAMIL will enter into a transitional services agreement to govern the transitional support to be provided by the Supplier to RAMIL following Completion (the **TSA**). The transitional services to be provided by the Supplier shall consist of certain fund operations and technology services. Subject to completing certain internal separation activities prior to Completion, the TSA may also include certain short-term human resources and accounting services. The fund operations and technology transitional services will constitute material outsourcings for the purposes of FCA requirements.

Under the terms of the TSA, it is anticipated that the fund operations services will migrate to RAMIL (or a person nominated by RAMIL) within three months, and the technology services within six months. If RAMIL is unable to migrate away from those services within the relevant service term, in certain circumstances RAMIL can extend the term for the relevant service for an additional period as may be reasonably necessary to complete the relevant migration activities, up to three months (save that this three month time limit will not apply where the reason for the failure to complete migration is due to the Supplier's fault). The Retained Group may incur unexpected additional costs in providing the service for the further period, however, the service charges (for the relevant service) for that extended period would be increased by an amount equal to 15% of the relevant monthly charges, and the Supplier is also entitled to recover any additional incremental costs above the value of the 15% ratchet.

The Retained Group will receive charges for providing the transitional services. Subject to limited customary exceptions, each party's total aggregate liability is capped at: (a) for the technology services, 100 per cent. of the total aggregate service fees paid or payable under the TSA for those services; and (b) for the fund operations services, 300 per cent. Of the total aggregate service fees paid or payable under the TSA for those services.

10. Litigation

10.1 Retained Group

There is no governmental, legal or arbitration proceedings (including such proceedings which are pending or threatened of which RMG PLC is aware), during the period covering at least the previous 12 months in respect of RMG PLC or the Retained Group, which may have, or have had in the recent past, significant effects on RMG PLC or the Retained Group and/or RMG PLC or the Retained Group's financial position or profitability.

10.2 RAMIL

There is no governmental, legal or arbitration proceedings (including such proceedings which are pending or threatened of which RMG PLC is aware), during the period covering at least the previous 12 months in respect of RAMIL, which may have, or have had in the recent past, significant effects on the RAMIL and/or RAMIL's financial position or profitability.

11. Working Capital

The Company is of the opinion that, taking into account the net proceeds of the Sale, the Retained Group has sufficient working capital available for its present requirements, that is, for at least the next 12 months from the date of publication of this document.

12. No significant change

12.1 RMG PLC

There has been no significant change in the financial position or financial performance of RMG PLC since 30 June 2021, being the end of the last financial period for which audited financial statements for RMG have been published.

12.2 RAMIL

There has been no significant change in the financial position or financial performance of RAMIL since 30 June 2021, being the end of the last financial period to which the unaudited historical financial information relating to RAMIL included in Part 4 (Historical Financial Information Relating to River and Mercantile Investments Limited) has been published.

13. Consents

13.1 BDO LLP

BDO LLP has given, and not withdrawn, its written consent to the inclusion of its Accountants' Report on the Unaudited *Pro Forma* Statement of Net Assets of the Retained Group set out in Section A of Part 5 (Accountants' Report on the Unaudited *Pro Forma* Statement of Net Assets of the Retained Group) of this document in the form and context in which it appears.

13.2 Lazard

Lazard has given, and not withdrawn, its written consent to the issue of this document with references to its name being included in the form and context in which they appear.

13.3 Fenchurch

Fenchurch has given, and not withdrawn, their written consent to the issue of this document with references to their names being included in the form and context in which they appear.

14. Incorporation by reference

Information from the following documents has been incorporated into this document by reference:

Information incorporated by reference	Section of this document which refers to the information incorporated by reference	Where the information can be accessed by Shareholders
Related party transactions which RMG PLC has entered into during the financial year ended 30 June 2019	Part 6 (Additional Information), section 8 (related party transactions), paragraph (a).	https://riverandmercantile.com/wp-content/uploads/2020/10/RandM_AR_2019-2.pdf
Related party transactions which RMG PLC has entered into during the financial year ended 30 June 2020	Part 6 (Additional Information), section 8 (related party transactions), paragraph (b).	https://riverandmercantile.com/wp-content/uploads/2020/11/34720_RiverMercantile_AR20_WEB.pdf
Related party transactions which RMG PLC has entered into during the financial year ended 30 June 2021	Part 6 (Additional Information), section 8 (related party transactions), paragraph (c).	https://riverandmercantile.com/wp-content/uploads/2021/11/RandM_Annual_Report_2021_web.pdf

Information itself incorporated by reference in the above documents is not incorporated by reference into this document. Where only parts of a document are being incorporated by reference in this document, the parts of the document which are not being incorporated by reference are either not relevant for the investor or are covered elsewhere in this document.

15. Documents available for inspection

Copies of the following documents will be available for inspection during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at: (i) the offices of Allen & Overy LLP at One Bishops Square, London E1 6AD; and (ii) the Company's registered office address at 30 Coleman Street, London, United Kingdom EC2R 5AL (during normal business hours) and (with the exception of the Sale Agreement) on the Company's website (<https://riverandmercantile.com/>) where Shareholders can follow instructions on how to access such documents, from the date of this document up to and including the date of the General Meeting and for the duration of the General Meeting:

- the Company's articles of association;
- the audited financial statements of the Company for each of the financial years ended 30 June 2019, 30 June 2020 and 30 June 2021;
- the written consents referred to in paragraph 13 of this Part 6 (Additional Information) of this document;
- this document and the Form of Proxy;
- the accountant's report on the *pro forma* statement of net assets of the Retained Group; and
- the Sale Agreement, TSA and Tax Deed.

PART 7

Definitions

The following definitions apply throughout this document, unless the context otherwise requires:

Asset Management	has the meaning given to it in paragraph 2 of Part 1 (Letter from the Chairman of River and Mercantile Group PLC) of this document
AUM	has the meaning given to it in paragraph 2 of Part 1 (Letter from the Chairman of River and Mercantile Group PLC) of this document
Board	the Board of Directors of the Company
CEO	has the meaning given to it in paragraph 2 of Part 1 (Letter from the Chairman of River and Mercantile Group PLC) of this document
Company or RMG PLC	River and Mercantile Group PLC, a public limited company incorporated in England and Wales with registered number 04035248, having its registered office and head office at 30 Coleman Street, London, England, EC2R 5AL
Companies Act	the Companies Act 2006, as amended from time to time
Completion	completion of the Sale in accordance with the terms of the Sale Agreement
Consideration	has the meaning given to it in paragraph 1.4 of Part 3 (Principal terms and Conditions of the Sale) of this document
Corporate Action	has the meaning given to it in paragraph 6.1 of Part 6 (Additional Information) of this document
CREST	the electronic transfer and settlement system for the paperless settlement of trades in listed securities operated by Euroclear
CREST Manual	the manual, as amended from time to time, produced by Euroclear describing the CREST system and supplied by Euroclear to users and participants thereof
CREST Regulations	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755)
DEP	has the meaning given to it in paragraph 6.1 of Part 6 (Additional Information) of this document
Directors or RMG Directors	the Directors of the Company whose names appear on page 7 of this document
Disclosure Guidance and Transparency Rules	the disclosure and transparency rules made by the FCA under section 73A of FSMA, as amended from time to time
Euroclear	Euroclear UK & Ireland Limited, the operator of CREST (as defined in the CREST Regulations)
Expected Net Cash Proceeds	has the meaning given to it in paragraph 1 of Part 1 (Letter from the Chairman of River and Mercantile Group PLC) of this document
FCA or Financial Conduct Authority	the UK Financial Conduct Authority
Fenchurch	Fenchurch Advisory Partners LLP
Form of Proxy	the personalised proxy form accompanying this document
FSMA	the Financial Services and Markets Act 2000, as amended from time to time

General Meeting	the general meeting of the Company to be convened in connection with the Sale, notice of which accompanies this document, including any adjournment of it
IFRS	International Financial Reporting Standards
Latest Practicable Date	22 November 2021 (being the latest practicable date before the publication of this document)
Lazard	Lazard & Co., Limited
Listing Rules	the listing rules made by the FCA under section 73A of FSMA (as amended from time to time)
LSE	London Stock Exchange plc
Notice of General Meeting	the notice of General Meeting contained in Part 8 of this document
Option	has the meaning given to it in paragraph 6.1 of Part 6 (Additional Information) of this document
Ordinary Shares	the Ordinary Shares of £0.003 each in the share capital of the Company
Prospectus Regulation Rules	the Prospectus Regulation rules made by the FCA under Part 6 of FSMA
PR Regulation	the UK version of Commission Delegated Regulation (EU) 2019/980 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council
Purchaser	has the meaning given to it in paragraph 1 of Part 1 (Letter from the Chairman of River and Mercantile Group PLC) of this document
Retained Group	the Company and its subsidiary undertakings from Completion
RAMIL	has the meaning given to it in paragraph 3 of Part 1 (Letter from the Chairman of River and Mercantile Group PLC) of this document
RMG	the Company and its subsidiary undertakings from time to time
Sale	has the meaning given to it in paragraph 1 of Part 1 (Letter from the Chairman of River and Mercantile Group PLC) of this document
Sale Agreement	sale and purchase agreement dated 26 October 2021 between the Seller, RMG PLC, and the Purchaser setting out the terms and conditions of the Sale (as amended from time to time), further details of which are set out in Part 3 (Principal Terms and Conditions of the Sale) of this document
Sale Resolution	the ordinary resolution to be proposed and considered at the General Meeting to approve the Sale, as set out in the Notice of General Meeting forming part of this document
Schroders	has the meaning given to it in paragraph 1 of Part 1 (Letter from the Chairman of River and Mercantile Group PLC) of this document
Shareholder Condition Long Stop Date	means: <ul style="list-style-type: none"> (a) the date that is six months after the date of the Sale Agreement; or (b) such other date agreed in writing between the Seller and the Purchaser

Regulatory Condition	has the meaning given to it in paragraph 1.2 of Part 3 (Principle Terms and Conditions of the Sale) of this document
Regulatory Condition Long Stop Date	means: <ul style="list-style-type: none"> (c) the date that is nine months after the date of the Sale Agreement; or (d) such other date agreed in writing between the Seller and the Purchaser
Seller	has the meaning given to it in paragraph 3 of Part 1 (Letter from the Chairman of River and Mercantile Group PLC) of this document
Shareholder	a holder of Ordinary Shares from time to time
Shareholder Consent Condition	has the meaning given to it in paragraph 1.2 of Part 3 (Principle Terms and Conditions of the Sale) of this document
Solutions	has the meaning given to it in paragraph 1 of Part 1 (Letter from the Chairman of River and Mercantile Group PLC) of this document
Sponsor	Lazard
Sterling, £ or GBP	the lawful tender for the time being and from time to time of the United Kingdom
SRN	Shareholder reference number
Tax Deed	has the meaning given to it in paragraph 3 of Part 3 (Principal Terms and Conditions of the Sale) of this document
TSA	has the meaning given to it in paragraph 2 of Part 3 (Principal Terms and Conditions of the Sale) of this document
UK or United Kingdom	the United Kingdom of Great Britain and Northern Ireland
VTP	has the meaning given to it in paragraph 6.1 of Part 6 (Additional Information) of this document
W&I Claim	has the meaning given to it in paragraph 1.6 of Part 3 (Principle Terms and Conditions of the Sale) of this document

All references to legislation in this document are to the legislation of England and Wales unless the contrary is indicated. Any reference to any provision of any legislation shall include any amendment, modification, re-enactment or extension of it.

For the purpose of this document, “subsidiary” and “subsidiary undertaking” have the meanings given by the Companies Act.

Words importing the singular shall include the plural and vice versa, and words importing the masculine gender shall include the feminine or neutral gender.

PART 8

Notice of General Meeting

RIVER AND MERCANTILE
GROUP

River and Mercantile Group PLC

(Incorporated in England and Wales with registered number 04035248)

Notice is given that a general meeting of River and Mercantile Group PLC (the **Company**) will be held at One Bishops Square, London, E1 6AD on 13 December 2021 at 11:00a.m. (UK time) (the **General Meeting**) to consider and, if thought fit, pass the following resolution as an ordinary resolution of the Company:

Ordinary resolution to approve the Sale

THAT

- (a) the proposed sale by the Company's subsidiary River and Mercantile Holdings Limited of the entire issued share capital of River and Mercantile Investments Limited, as described in the circular to the Company's shareholders dated 23 November 2021, substantially on the terms as set out in the sale and purchase agreement dated 26 October 2021 (the **Sale**), together with any other agreements and ancillary documents contemplated therein, be and are approved, with any changes as are permitted in accordance with resolution (b) below; and
- (b) the directors of the Company (the **Directors**) (or any duly authorised committee of the Directors) be and are authorised to do or procure to be done all such acts and things on behalf of the Company and any of its subsidiaries as the Directors (or any duly authorised committee of the Directors) consider necessary, expedient or desirable in connection with, and to implement, the Sale and to agree such modifications, variations, revisions, waivers, extensions, additions or amendments (not being modifications, variations, revisions, waivers, extensions, additions or amendments of a material nature) as the Directors (or any duly authorised committee of the Directors) may in their absolute discretion deem necessary, expedient or desirable in connection with the Sale.

By order of the Board

Sally Buckmaster
Company Secretary

Date: 23 November 2021

Registered office: 30 Coleman Street, London, England, EC2R 5AL

Notes:*Regulation 41 of the Uncertified Securities Regulations 2001 (as amended)*

1. In order to have the right to attend and vote at the meeting (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 6:30p.m. (UK time) on 9 December 2021 or, if the meeting is adjourned, on the Company's register of members by 6:30p.m. (UK time) two days before the adjourned meeting. Changes to entries on the register of members after 6:30p.m. (UK time) on 9 December 2021 or, if the meeting is adjourned by 6:30p.m. (UK time) two days before the adjourned meeting, shall be disregarded in determining the rights of any person to attend or vote at the meeting.

Covid-19 guidance

2. The meeting will be held in accordance with the UK Government guidelines and the requirements of the venue in relation to the Covid-19 pandemic in effect at the time of the General Meeting. The situation is constantly evolving, and the UK Government may change current guidance or implement new restrictions relating to the holding of general meetings during the affected period. The Company continues to closely monitor the situation and any changes to the arrangements for the General Meeting will be communicated to Shareholders before the meeting through <https://riverandmercantile.com/> and, where appropriate, by RIS announcement.

Shareholder questions

3. The Board is keen to maintain engagement with shareholders. In order to facilitate this, the Company is proposing to allow shareholders the opportunity to raise questions relating to the business proposed to be conducted at the meeting. Appropriate questions relating to the business of the meeting should be emailed to Sally.Buckmaster@riverandmercantile.com. You will be able to email questions until 5:30 p.m. (UK time) on 7 December 2021. Please include your SRN in any correspondence. You will be asked to supply your SRN for verification.
4. The Company will answer questions relating to the business being dealt with at the meeting but, for the avoidance of doubt, no such answer need be given if: (a) to do so would interfere unduly with the preparation for the meeting or 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.

Appointment of proxies

5. 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/her 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.
6. 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 11:00a.m. (UK time) on 9 December 2021 (or 48 hours before the time appointed for any adjourned meeting at which it is to be used). 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 meeting (in substitution for their proxy vote) if the shareholder decides to do so.
7. 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.

CREST voting

8. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service, may do so by using the procedures described in the CREST Manual (available by logging in at www.euroclear.com). In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a **CREST Proxy Instruction**) must be properly authenticated in accordance with Euroclear's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is 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) not later than 11:00a.m. (UK time) on 9 December 2021.
9. 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.
10. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear 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. 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.
11. 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

12. 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

13. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act to enjoy information rights (a **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 meeting. 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.

Voting rights

14. The total number of ordinary shares of £0.003 in issue as at the Latest Practicable Date was 85,453,634 ordinary shares. Each ordinary share carries one vote and therefore the total voting rights in the Company as at that date are 85,453,634.

Website

15. A copy of this notice and other information required by section 311A of the Act can be found at <https://riverandmercantile.com/>.

Inspection of documents

16. The documents listed in paragraph 15 of Part 6 (Additional Information) of the Circular will be available for inspection at: (i) the offices of Allen & Overy LLP at One Bishops Square, London E1 6AD; and (ii) the Company's registered office address at 30 Coleman Street, London, United Kingdom, EC2R 5AL, during normal business hours on any weekday (Saturdays, Sundays and public

holidays excepted) and (with the exception of the Sale Agreement) on the Company's website (<https://riverandmercantile.com/>) where Shareholders can follow instructions on how to access such documents, from the date of this notice until the day of the General Meeting.