



Rathbones' Combination with Investec W&I UK

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THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION

4 April 2023

Rathbones announces combination with Investec Wealth & Investment UK to create the UK's leading discretionary wealth manager

The Boards and Management of Rathbones Group Plc ("**Rathbones**" or the "**Company**") and Investec PLC ("**Investec Group**") are pleased to announce that they have entered into a definitive agreement regarding an all-share combination of Rathbones with Investec Wealth & Investment Limited ("**Investec W&I UK**") to create the UK's leading discretionary wealth manager (the "**Enlarged Rathbones Group**") (the "**Combination**").

The Combination brings together two trusted and prestigious UK wealth management businesses with closely aligned cultures and operating models and a shared commitment to client-centric values and sustainable growth. The Combination represents a significant value creation opportunity for both Rathbones and Investec Group shareholders.

Under the terms of the Combination, new Rathbones shares will be issued in exchange for 100% of Investec W&I UK's share capital. The Enlarged Rathbones Group will remain an independent premium-listed company operating under the Rathbones brand with Investec Group as a long-term, strategic shareholder. Following completion, Investec Group will have an economic interest in Rathbones' enlarged share capital of 41.25% with Investec Group's voting rights limited to 29.9% of Rathbones' enlarged total voting rights. Existing Rathbones shareholders will have an economic interest of 58.75% and voting rights of 70.1%. The terms of the Combination imply an equity value of approximately £839 million for Investec W&I UK.

The Investec W&I UK transaction perimeter includes Investec Group's wealth and investment businesses in the UK and Channel Islands but excludes Investec Bank (Switzerland) AG and Investec Wealth & Investment International (Pty) Ltd, both of which will remain wholly-owned subsidiaries of Investec Group.

The Combination constitutes a Class 1 acquisition for Rathbones for the purpose of the Listing Rules ("**Listing Rules**") and is therefore subject to, among other things, shareholder and regulatory approvals.

Key highlights

The Boards of Rathbones and Investec Group believe that the Combination will unlock significant scale benefits through the creation of the UK's leading discretionary wealth manager with approximately £100 billion of funds under management and administration ("**FUMA**").

In particular, the Boards of Rathbones and Investec Group believe that the Combination will:

- **enhance and enrich the client proposition** across investment management, financial planning, fund management and banking services;
- **create a leading multi-channel distribution capability** across private clients, intermediaries and charities, through an expanded network in 23 locations across the UK and Channel Islands;

- **attract and retain the best industry talent** through a leading employee proposition;
- **leverage Rathbones' investment in technology and operating model** to deliver an optimal client experience whilst improving operating efficiency across the larger combined business;
- **deliver significant value creation** through the strong fit between the two operating models, with target annual run-rate cash synergies of at least £60 million, driven primarily by cost savings as well as higher net interest income;
- **generate attractive financial returns for Rathbones:** (i) expected to be accretive to underlying EPS in the first full year following completion; (ii) targeting low-teens underlying EPS accretion in the third full year following completion; and (iii) targeting double-digit post-tax return on invested capital in the third full year following completion;
- **support the Enlarged Rathbones Group in maintaining a resilient capital position** through all-share consideration with earnings accretion underpinning its progressive dividend policy; and
- **establish a long-term strategic partnership between Rathbones and Investec Group** to leverage attractive collaboration opportunities.

Investec Group will become a strategic shareholder in the Enlarged Rathbones Group and, on completion, will enter into a relationship agreement. The relationship agreement will include customary arm's length provisions as well as lock-up and standstill arrangements as described in the section below headed "Other Key Combination Terms".

Benefits to Investec Group

The Combination also offers a number of strategic and financial benefits for Investec Group, including:

- re-affirming Investec Group's commitment, in a capital-efficient manner, to the strategically attractive UK wealth management sector, where scale and technology are increasingly important to drive growth and value creation;
- establishing a long-term strategic partnership between the Enlarged Rathbones Group and Investec Group, which will enhance the client proposition across banking and wealth management services for both groups;
- increasing the contribution of capital-light, recurring earnings to Investec Group, with distributions to Investec Group supported by a progressive Enlarged Rathbones Group dividend policy; and
- creating sustainable value for Investec Group's shareholders.

Financial Outlook for the Enlarged Rathbones Group

The benefits of the Combination reinforce Rathbones' conviction in the attractive medium-term growth outlook for the business. In particular, the Enlarged Rathbones Group will:

- continue to target an underlying operating margin in the low 20s (%) in 2023 and return to the high 20s (%) in 2024 as outlined in the 31 December 2022 financial year results; and
- target an underlying operating margin of 30% or more in the medium-term, once the benefits of the Combination are realised.

Other Key Combination Terms

Transaction structure

Under the terms of the Combination, Rathbones will, in consideration for the transfer of the entire issued share capital of Investec W&I UK, issue to Investec Group at completion: (i) Rathbones ordinary voting shares representing 29.9% of Rathbones' enlarged ordinary voting share capital; and (ii) Rathbones convertible non-voting ordinary shares, such that Investec Group will have an economic interest in the Enlarged Rathbones Group of 41.25% (together, the "**Consideration Shares**").

The convertible non-voting ordinary shares will rank *pari passu* with the Rathbones ordinary shares save that they will not carry voting rights. At any time following completion, Investec Group may convert convertible non-voting ordinary shares into ordinary shares on a 1-for-1 basis provided that at no time shall Investec Group hold more than 29.9% of Rathbones' enlarged voting rights. The convertible non-voting ordinary shares will not be listed and will be non-transferable.

The convertible non-voting ordinary shares are expected to qualify as common equity tier 1 capital when issued on completion (subject to regulatory approval).

Under the Listing Rules, the Combination represents a Class 1 acquisition for Rathbones (and so will require the approval of Rathbones shareholders) and a Class 2 disposal for Investec Group. The Combination is not subject to The City Code on Takeovers and Mergers (the "**Takeover Code**").

Governance and Management

The Enlarged Rathbones Group will continue to be chaired by Clive Bannister with the executive leadership team, under Rathbones CEO Paul Stockton, bringing together an experienced leadership team from both businesses, including Investec W&I UK CEO Iain Hooley (subject to regulatory approval). A joint integration steering committee (the "**Joint Integration Steering Committee**") will also be formed, comprising senior executives from both Rathbones and Investec Group, to oversee and support the business integration.

Under the terms of the Combination, two Investec Group representatives will join the Board of the Enlarged Rathbones Group as non-executive directors upon completion, reflecting Investec Group's position as a significant, strategic shareholder. Investec Group will be entitled to nominate two non-executive directors for as

long as it holds at least 20% of the issued share capital of the Enlarged Rathbones Group; and one non-executive director for as long as it holds at least 10% but less than 20% of the issued share capital of the Enlarged Rathbones Group. Investec Group intends the two non-executive directors to be Ciaran Whelan, Executive Director of Investec plc, plus one other, who Investec Group anticipates will be a current Investec plc non-executive director. Both appointments will be subject to the approval of Rathbones' Nomination Committee and the necessary regulatory approvals.

The Enlarged Rathbones Group will remain in compliance with the UK Corporate Governance Code following completion.

Lock-up and Standstill

Subject to certain customary and other exceptions, Investec Group will be subject to a lock-up for the first two years following completion during which Investec Group will not be permitted to sell any Consideration Shares. In each of years three and four following completion, Investec Group will be entitled to sell one-third of the Consideration Shares which it owns. Any disposals of shares by Investec Group once released from lock-up will be subject to customary orderly market provisions. The lock-up arrangement will terminate on the fourth anniversary of completion.

A standstill restriction will also apply to Investec Group under which it will agree, among other matters, not to acquire shares in, or make an unsolicited takeover offer for, Rathbones for the period from signing to completion and up to the fifth anniversary of completion.

Steps to completion

The Combination is conditional, among other things, on:

- approval of the Combination by Rathbones' shareholders (by ordinary resolution) at a general meeting ("**General Meeting**") of Rathbones;
- the Financial Conduct Authority ("**FCA**") and London Stock Exchange agreeing to admit the ordinary share element of the Consideration Shares to the premium listing segment of the Official List and to trading on the London Stock Exchange's Main Market for listed securities;
- no material adverse change having occurred in respect of either Rathbones or Investec W&I UK;
- the Competition and Markets Authority ("**CMA**") confirming in response to a briefing note that it has no further questions or, alternatively, CMA approval; and
- relevant financial and other regulatory approvals and notifications being obtained, including in the UK, Jersey, Guernsey and South Africa.

The approval of Rathbones' shareholders will be sought at the General Meeting which will be convened in Q2 2023. Completion is expected to occur in early Q4 2023 (subject to regulatory approvals).

Commenting on the Combination, Clive Bannister, Chair of Rathbones, said:

"Bringing Rathbones together with Investec W&I UK will create the UK's leading discretionary wealth manager with approximately £100 billion of funds under management and administration. This transaction not only presents a compelling strategic and financial rationale, but also accelerates Rathbones' growth strategy. Operating at scale allows the group to offer an even more attractive proposition to clients and colleagues, supporting future growth and creating significant value for Rathbones' shareholders. I look forward to Investec W&I UK colleagues joining the Enlarged Rathbones Group, and welcome Investec Group as a strategic shareholder. I am hugely excited about what the Combination can deliver."

Commenting on the Combination, Fani Titi, Investec Group Chief Executive Officer, said:

"The Combination of Investec W&I UK and Rathbones brings together two businesses which have a long-standing heritage in UK wealth management and closely aligned cultures. The strategic fit of the two businesses is compelling with complementary strengths and capabilities to enhance the overall proposition for clients. This will be supported by the strategic partnership which offers attractive growth and collaboration opportunities for both groups. The transaction represents a real step-change and long-term opportunity for our UK wealth strategy, underscores our commitment to the UK wealth management market and enhances our UK business as a whole."

Analyst presentation and conference call details

Rathbones will host a webcast for analysts and investors at 9.15am today. To join the webcast, please use the following details:

<https://www.investis-live.com/rathbone-brothers/64259b8a63f9f813004592ea/rabo>

Operator Assisted Dial-In:

United Kingdom (Local): [+44 20 3936 2999](tel:+442039362999)

United Kingdom (Toll-Free): [+44 808 189 0158](tel:+448081890158)

Access Code: 953597

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Addleshaw Goddard LLP is providing legal advice to Rathbones. Macfarlanes LLP is providing legal advice to Investec Group.

Combination of Rathbones and Investec Wealth & Investment UK to create the UK's leading discretionary wealth manager

1. Introduction

The Boards and Management of Rathbones and Investec Group are pleased to announce that they have entered into a definitive agreement regarding an all-share combination of Rathbones with Investec W&I UK to create the UK's leading discretionary wealth manager that will operate under the Rathbones brand.

The Combination brings together two trusted and prestigious UK wealth management businesses with closely aligned cultures and operating models and a shared commitment to client-centric values and sustainable growth. The Combination represents a significant value creation opportunity for both Rathbones and Investec Group shareholders.

Under the terms of the Combination, the Enlarged Rathbones Group will remain an independent premium-listed company operating under the Rathbones brand with Investec Group as a supportive strategic shareholder. Following completion, Investec Group will have an economic interest in Rathbones' enlarged share capital of 41.25% with Investec Group's voting rights limited to 29.9% of Rathbones' enlarged total voting rights. Existing Rathbones shareholders will have an economic interest of 58.75% and voting rights of 70.1%. The terms of the Combination imply an equity value of £839 million for Investec W&I UK.

2. Background to and Reasons for the Combination**2.1 Rathbones' Strategy**

In October 2019, Rathbones launched its medium-term growth strategy for the business in line with the Company's purpose of thinking, acting and investing responsibly, centred around four pillars of:

- Enriching the client and adviser proposition and experience;
- Supporting and delivering growth;
- Inspiring our people; and

- Operating more efficiently.

Rathbones has made significant steps forward in each of these pillars over recent years. With the benefits of scale increasingly key contributors in each of these areas, inorganic growth has played an ever more important role across the UK wealth sector. Rathbones has a track record of successful acquisitions, including most recently the acquisition of Saunderson House in 2021, and today's announcement represents the next step in Rathbones' growth strategy.

The Combination with Investec W&I UK further accelerates and complements this strategy whilst also establishing a strategic collaboration opportunity with Investec Group.

The need for cultural alignment remains an important principle of Rathbones' acquisition strategy, and Investec W&I UK is a strong fit with Rathbones' client-centric culture.

2.2 Reasons for the Combination

The Boards of Rathbones and Investec Group believe that the Combination will unlock significant scale benefits through the creation of the UK's leading discretionary wealth manager and with approximately £100 billion of FUMA.

In particular, the Boards of Rathbones and Investec Group believe that the Combination will:

- **enhance and enrich the client proposition** across investment management, financial planning, fund management and banking services;
- **create a leading multi-channel distribution capability** across private clients, intermediaries and charities, through an expanded network in 23 locations across the UK and Channel Islands;
- **attract and retain the best industry talent** through a leading employee proposition;
- **leverage Rathbones' investment in technology and operating model** to deliver an optimal client experience whilst improving operating efficiency across the larger combined business;
- **deliver significant value creation** through the strong fit between the two operating models, with target annual run-rate cash synergies of at least £60 million, driven primarily by cost savings as well as higher net interest income;
- **generate attractive financial returns for Rathbones:** (i) expected to be accretive to underlying EPS in the first full year following completion; (ii) targeting low-teens underlying EPS accretion in the third full year following completion; and (iii) targeting double-digit post-tax return on invested capital in the third full year following completion;
- **support the Enlarged Rathbones Group in maintaining a resilient capital position** through all share consideration with earnings accretion underpinning its progressive dividend policy; and
- **establish a long-term strategic partnership between Rathbones and Investec Group** to leverage attractive collaboration opportunities.

2.3 Further Details on the Financial Impact of the Combination

The Combination will bring an additional £39.7 billion of FUMA to the Rathbones Group and 325 investment managers and 45 financial planners as well as approximately 40,000 client relationships. Investec W&I UK has 15 offices, many of which are in complementary locations and will enable the Enlarged Rathbones Group to operate in 23 locations across the UK and Channel Islands.

Rathbones expects that the integration of Investec W&I UK will unlock significant value for shareholders over time. The Combination is targeting to deliver total annualised run-rate synergies of at least £60 million on a pre-tax cash basis¹, of which approximately:

- £18 million is expected to be generated from the consolidation of technology platforms and operations, leveraging Rathbones' well-invested technology platform and benefiting from collaboration with Investec Group to support further operational efficiencies;
- £32 million is expected to be generated from the consolidation of enablement functions, third party services, property and other Combination benefits; and
- £10 million² of additional net interest income as a result of migrating Investec W&I UK's client and firm cash on to Rathbones' platform and banking licence, allowing for greater investment flexibility to generate higher returns.

Rathbones expects to realise approximately 25% of the estimated run-rate synergies by the end of the first full year following completion, to realise approximately 70% by the end of the second full year and to realise more than 90% of the remaining run-rate synergies in the third full year post-completion once the migration of Investec W&I UK's clients to Rathbones' platform is complete.

As of the date of this announcement, Rathbones expects to incur net cash costs to achieve³ the expected synergies of approximately £98 million on a pre-tax basis with more than 90% to be incurred broadly evenly in the first and second full years post-completion with the balance in the third full year post-completion. Of the £98 million, approximately £78 million is expected to be incurred as non-underlying expenses and approximately £20 million related to property leases will be depreciated in accordance with IFRS 16 over a period of approximately 9 years through underlying earnings.

The Rathbones directors believe that the estimated synergies set out above could not be achieved without the Combination and reflect both the beneficial elements and relevant costs. The synergies targeted from the Combination are in addition to those from the integration of Saunderson House and Speirs & Jeffrey.

The costs to achieve set out above exclude approximately £34 million of pre-tax net costs⁴ expected to be incurred in relation to incentivisation of key employees of the Enlarged Rathbones Group to deliver the benefits of the Combination, to be incurred over approximately five years post-completion (with the majority in the first three years post-completion) and primarily in the form of Rathbones shares.

It is intended that the Enlarged Rathbones Group's London office will operate from the same building as Investec Group at 30 Gresham Street, which will further support the strategic partnership between the two organisations.

¹ On a cash basis, before IFRS acquisition and lease accounting impact and depreciation.

² Based on current cash balances within Investec W&I UK accounts and current interest rate and assuming a Bank of England base rate of 4.0%. For illustrative purposes, if the Bank of England base rate were 3.0%, it is expected that the net interest income synergy would reduce by approximately £2 million.

³ Separate to the cost to achieve, the Enlarged Rathbones Group will incur capital expenditure estimated at £25 million in relation to the fit-out of additional space in the London office. This will be funded by a combination of anticipated lease incentives from the landlord and additional cash contribution from the Investec Group, that will be retained by Investec W&I UK at completion.

⁴ The cost of £34 million is stated net of a cash contribution from Investec Group equivalent to £31 million on a pre-tax basis.

Principal Terms of the Combination

Share Purchase Agreement and consideration structure

Rathbones and Investec Group have entered into a share purchase agreement (the "**Share Purchase Agreement**"). Under the terms of the Share Purchase Agreement, at completion Rathbones will acquire the entire issued share capital of Investec W&I UK from Investec Group, and in exchange, Investec Group will receive at completion (i) Rathbones ordinary voting shares representing 29.9% of Rathbones' enlarged ordinary voting share capital ("**Ordinary Shares**"); and (ii) Rathbones non-voting ordinary shares ("**Convertible Non-Voting Ordinary Shares**"), such that Investec Group will have an economic interest in the Enlarged Rathbones Group of 41.25%.

The Convertible Non-Voting Ordinary Shares will rank *pari passu* with the Ordinary Shares save that they will not carry voting rights. At any time after completion, Investec Group may convert the Convertible Non-Voting Ordinary Shares into Ordinary Shares on a 1-for-1 basis provided that at no time shall Investec Group hold more than 29.9% of Rathbones' enlarged voting rights. The Convertible Non-Voting Ordinary Shares are non-transferable. Both the Ordinary Shares and Convertible Non-Voting Ordinary Shares are expected to qualify as common equity tier 1 capital.

The Share Purchase Agreement contains warranties, covenants and undertakings given by, and termination rights in favour of, each of Rathbones and Investec Group that are customary for a transaction of this nature.

Completion is subject to, among other matters:

- approval of the Combination by Rathbones' shareholders (by ordinary resolution) at a General Meeting of Rathbones;
- the FCA and London Stock Exchange agreeing to admit the Ordinary Share element of the Consideration Shares to the premium listing segment of the Official List and to trading on the London Stock Exchange's Main Market for listed securities;

- no material adverse change having occurred in respect of either Rathbones or Investec W&I UK;
- the CMA confirming in response to a briefing note that it has no further questions or, alternatively, CMA approval; and
- relevant financial and other regulatory approvals and notifications being obtained, including in the UK, Jersey, Guernsey and South Africa.

Completion is not conditional on investor or shareholder approvals in respect of Investec Group.

The Share Purchase Agreement contains other customary protective termination rights and conduct obligations and will be capable of termination by either Rathbones or Investec Group if completion has not occurred on or before 3 April 2024 or such later date as Rathbones and Investec Group may agree.

The General Meeting is expected to be convened during Q2 2023. If the Rathbones Board changes its recommendation that Rathbones shareholders vote in favour of the Combination, then either Rathbones or Investec Group will be entitled to terminate the Share Purchase Agreement, and Rathbones will be required to pay a termination fee of £9.5 million plus applicable VAT to Investec Group. This fee is also payable if a competing proposal becomes effective which has been recommended by the Board of Rathbones. Completion is expected to occur in early Q4 2023 (subject to regulatory approvals).

Relationship Agreement

At completion, Rathbones and Investec Group will enter into a relationship agreement governing the relationship between them (the "**Relationship Agreement**").

The Relationship Agreement will set out Investec Group's rights to appoint non-executive directors as set out in the section headed "Governance and Management" below. Rathbones and Investec Group will establish a joint integration steering committee (the "**Joint Integration Steering Committee**"), comprising senior executives from both Rathbones and Investec Group to oversee and support the business integration between (i) signing and closing; and (ii) for not less than three years following closing.

Subject to certain customary and other exceptions Investec Group will be subject to a lock-up for the first two years following completion during which it will not be permitted to sell any Consideration Shares. In each of years three and four following completion, Investec Group will become entitled to sell one third of the Consideration Shares which it owns. Investec Group may not sell more than one third of the Consideration Shares in any rolling 12-month period and may not roll forward any unused allowance from years two to three into years three to four. Any disposals of Consideration Shares by Investec Group once released from lock-up will be subject to customary orderly marketing provisions. The lock-up arrangement will terminate on the fourth anniversary of completion.

A standstill restriction will also apply to Investec Group under which it will agree not, among other matters, to acquire further shares in, or make an unsolicited takeover offer, for Rathbones for the period from signing to completion and up to the fifth anniversary of completion.

Rathbones and Investec Group have also entered into arrangements in relation to the separation and transition of Investec W&I UK from the Investec Group to Rathbones. The parties have also entered into non-binding memoranda of understanding in relation to future co-operation between Rathbones and Investec Group. Rathbones and Investec Group intend to progress these matters further over the coming months and further details will be provided in the Circular.

Takeover Code

A Rule 9 Waiver will not be sought for the conversion of Convertible Non-Voting Ordinary Shares into Ordinary Shares, reflecting that the Convertible Non-Voting Ordinary Shares would not be able to be converted into Ordinary Shares if such conversion would result in Investec Group owning more than 29.9% of Rathbones' enlarged ordinary voting share capital. Accordingly, the Combination is not subject to the Takeover Code and consequently the provisions of the Takeover Code applicable to a Rule 9 Waiver will not apply.

3. Dividend Policy

Rathbones operates a generally progressive dividend policy which aims to increase the dividend in line with the growth of the business over each economic cycle. The Rathbones Board expects the Combination to generate attractive financial returns, which, combined with the Enlarged Rathbones Group's strong capital base, significant anticipated future capital generation and encouraging outlook, reinforces Rathbones' commitment to its progressive dividend policy.

4. Governance and Management

The Enlarged Rathbones Group will retain its premium listing on the Official List and continue to be traded on the London Stock Exchange's Main Market for listed securities as Rathbones Group Plc.

The Enlarged Rathbones Group will continue to be chaired by Clive Bannister and led by Rathbones' CEO Paul Stockton, with the broader management team bringing together the best leaders from both businesses, including Iain Hooley, CEO (subject to regulatory approval) of Investec W&I UK, supported by Rathbones and Investec W&I UK colleagues.

Investec Group will be entitled to nominate, subject to satisfaction of certain customary suitability criteria, for appointment to the Board of the Enlarged Rathbones Group:

- (i) two non-executive directors for as long as it holds at least 20% of the issued share capital of the Enlarged Rathbones Group; and
- (ii) one non-executive director for as long as it holds at least 10% but less than 20% of the issued share capital of the Enlarged Rathbones Group.

Investec Group intends the two non-executive directors to be Ciaran Whelan, Executive Director of Investec plc, plus one other, who Investec Group anticipates will be a current Investec plc non-executive director. Both appointments will be subject to the approval of Rathbones' Nomination Committee and the necessary regulatory approvals.

The Enlarged Rathbones Group will remain in compliance with the UK Corporate Governance Code following completion.

5. Integration Planning

Rathbones' management team has a proven track record of integrating acquisitions, including most recently the Saunderson House acquisition in 2021 where the integration continues to progress well. As referenced above, a Joint Integration Steering Committee has been established to oversee the integration with common delivery cultures and aligned outcomes that draw on the "best of both" approach that has been adopted to define the combined operating model. The integration will see close collaboration with Investec Group with the complementary technology infrastructure and operating models of the two businesses being well suited for the Combination.

The integration will be phased into preparation; parallel run; integration; and optimisation stages to ensure an efficient process that manages the interests and integration objectives of all stakeholders. This governance structure has been put in place to ensure that cadence of delivery is maintained.

6. Next Steps and Timetable

The Combination will require the approval of Rathbones' shareholders. A combined prospectus and Class 1 circular (the "Circular") containing further details of the Combination, appropriate details on Rathbones, Investec W&I UK, Investec Group, the rights attaching to the Consideration Shares, the Rathbones Board's recommendation in respect of the Combination, the notice of General Meeting and the resolutions required to approve the Combination is expected to be sent to Rathbones' shareholders in Q2 2023.

7. Information on Rathbones Group Plc

Rathbones provides individual investment and wealth management services for private clients, charities, trustees and professional partners. Rathbones has been in business since 1742 and has been trusted for generations to manage and preserve clients' wealth. Rathbones is a FTSE 250 company operating from 15 offices throughout the UK and Jersey and had FUMA of £60.2 billion as at 31 December 2022.

8. Information on Investec Group

Investec Group (comprising Investec PLC and Investec Limited) partners with private, institutional, and corporate clients, offering international banking, investments, and wealth management services in two principal markets, South Africa and the UK, as well as certain other countries. The group was established in 1974 and currently has approximately 8,500 employees. In 2002, Investec Group implemented a dual listed company structure with listings on the London and Johannesburg Stock Exchanges.

9. Information on Investec W&I UK

Investec W&I UK is one of the UK's leading private client wealth managers, with responsibility for £39.7 billion of FUMA as at 30 September 2022, offering holistic wealth management services covering bespoke discretionary investment management together with financial planning and advice to private clients, trusts, charities and pension funds. The business operates from 15 offices across the UK and Channel Islands, reflecting Investec W&I UK's truly regional heritage⁵. As of 30 September 2022, approximately 74% of FUMA relate to private client assets⁶ with the balance being charities and clients introduced by intermediaries.

Investec W&I UK has historically benefited from cross referrals from Investec Bank plc which as at 30 September 2022 had over 6,000 private banking clients and contributed approximately £280 million of funds under management ("FUM") referrals to Investec W&I UK in the 6 months to 30 September 2022.

⁵ Excludes consolidation adjustments relating to referred client assets from Investec W&I South Africa (client assets presented on a 100% basis).

⁶ Based on Investec W&I UK definition of private clients.

For the year ended 31 March 2022, Investec W&I UK reported profit before tax of £84.6 million and reported gross assets of £589.9 million. Further financial information in relation to the Investec W&I UK business is set out in Appendix I to this announcement

This announcement should be read in its entirety. In particular, you should read and understand the information provided in the 'Important Notices' section below.

Appendix I - Additional Financial Information

Investec W&I UK summary unaudited financial information

The following financial information on Investec W&I UK reflects the perimeter of the Combination and has been extracted from unaudited management financial information prepared by Investec W&I UK and adjusted for Rathbones' principal accounting policies. Investec W&I UK has not in the past constituted a separate group and has not previously prepared or reported on any combined or consolidated financial information. This financial information is provided for background information only, has not been independently verified by Rathbones and may be different to the financial information on Investec W&I UK that will be reported in the Circular when published.

In accordance with the Listing Rules, the Circular when published will include full audited historical three-year financial information on Investec W&I UK under IFRS, in a form consistent with the accounting policies adopted by Rathbones in its own annual consolidated accounts. It is possible that the financial information in this Appendix may differ from the financial information included in the Circular.

Investec W&I UK	12 months to 31-Mar 2020	12 months to 31-Mar 2021	12 months to 31-Mar 2022	6 months to 30-Sep 2022
Closing FUMA ⁽¹⁾	£32.8bn	£41.3bn	£43.7bn	£39.7bn
Net organic flows	£0.5bn	£1.1bn	£1.2bn	£0.4bn
Organic growth rate ⁽²⁾	1.3%	3.4%	2.9%	2.0% ⁽³⁾
Operating Income	£301.8m	£311.2m	£337.8m	£169.1m
Underlying PBT	£67.3m	£77.0m	£89.2m	£39.3m
Underlying PBT Margin	22.3%	24.8%	26.4%	23.2%

Notes: (1) Closing FUMA as at 31 March 2020, 31 March 2021, 31 March 2022 and 30 September 2022. (2) Net organic growth calculated as net flows / opening FUMA. (3) Based on an annualised rate. FUMA and underlying measures are unaudited.

As set out in the Transitional Services Agreement, on transfer to Rathbones, the amount charged to Investec W&I UK by Investec Group for the provision of central services will reduce by approximately £7 million per annum based on an annualised figure for the 6 months to 30 September 2022.

Illustrative financial information on the Combination

The financial information below in relation to Rathbones has been extracted from Rathbones' audited IFRS consolidated accounts for the year ended 31 December 2022. As above, the financial information below in relation to Investec W&I UK has been extracted from unaudited management financial information and adjusted for Rathbones' principal accounting policies.

	Investec W&I UK 12 months to 31-Mar 2022 (unaudited)	Investec W&I UK 6 months to 30-Sep 2022 (unaudited)	Rathbones 12 months to 31-Dec 2022 (audited)
Closing FUMA ⁽¹⁾	£43.7bn	£39.7bn	£60.2bn
Operating Income	£337.8m	£169.1m	£455.9m
Underlying PBT	£89.2m	£39.3m	£97.1m ⁽²⁾
Underlying PBT Margin	26.4%	23.2%	21.3%

Notes: (1) Closing FUMA as at 31 March 2022 and 30 September 2022. (2) Rathbones' underlying PBT includes digital programme spend of £16.3 million. FUMA and underlying measures are unaudited.

Rathbones uses certain measures to assess the financial performance of its business. Certain of the measures included in this Appendix I are 'non-IFRS' measures and are calculated using financial measures that are not calculated in accordance with IFRS. These 'non-IFRS' measures include underlying measures of income, expenditure and earnings when assessing the performance of the Company. Rathbones believes that these are considered to provide useful additional information on business performance, rather than reviewing results on a statutory basis only. These measures are

also widely used by research analysts covering the Company. These non-IFRS measures are not measures based on IFRS and should not be considered as an alternative to the audited historical financial information that will be included in the Circular or other indicators based on IFRS measures. Other companies may calculate these measures in a different way, and Rathbones' presentation may not be comparable to similarly entitled measures of other companies.

Appendix II - Sources and Bases

1. The latest practicable date before the date of this announcement is 3 April 2023 ("**Latest Practicable Date**").
2. Rathbones had 63,433,381 ordinary shares in issue as at the Latest Practicable Date.
3. Investec W&I UK's equity value calculated using 44,538,331 new Rathbones shares to be issued to Investec Group (comprising 27,056,463 Ordinary Shares and 17,481,868 Convertible Non-Voting Ordinary Shares) multiplied by the closing price of Rathbones' ordinary shares per the Daily Official List of £18.84 on the Latest Practicable Date.
4. The Combined FUMA of approximately £100 billion has been calculated from Rathbones FUMA per its full year results announcement for the year ended 31 December 2022 of £60.2 billion and Investec W&I UK's FUMA of approximately £39.7 billion for six months ended 30 September 2022.
5. Net interest income assumes a Bank of England base rate of 4.0%. For illustrative purposes, if the Bank of England base rate were 3.0%, it is expected that the net interest income synergy would reduce by approximately £2 million.
6. The synergies and cost savings set out in this announcement have been informed by Rathbones management's commercial experience and their experience of acquiring and integrating other businesses. Such statements are not intended to be a profit forecast and should not be interpreted as such. Such statements relate to future actions and circumstances which, by their nature, involve risks, uncertainties and contingencies. As a result, the synergies referred to may not be achieved, may be achieved later or sooner than estimated or could be materially different from those estimated.

The statements have been prepared on the basis of various assumptions and expectations including, without limitation: (i) the scope, nature and timing of the process to integrate Investec W&I UK and its operations into the Enlarged Rathbones Group and that there are no material differences or delays to the process and timing contemplated; (ii) assumptions on future interest rates and foreign exchange rates and the potential movements in such rates; (iii) that there will be no material change in macroeconomic, legal or regulatory conditions that materially impact on the implementation or costs to achieve the proposed cost savings; (iv) that there will be no significant change in the underlying operations or assets of the businesses of Rathbones or Investec W&I UK as a result of the Combination; and (v) the timing, extent and costs of investment to achieve the expected synergies.

The baselines used for the quantified cost synergies were annualised Investec Group management accounts for the six-month period from 1 April 2022 to 30 September 2022, and included adjustments for: (i) standalone operating expenses and group recharges; (ii) allocations for services to other Investec Group entities; and (iii) select Rathbones operating expense items.

Baseline costs for each synergy and cost saving have been calculated exclusive of depreciation and amortisation.

7. Rathbones' annual report for the year ended 31 December 2022 is available at <https://www.rathbones.com/investor-relations/results-and-presentations>
8. Investec W&I UK historical financials do not include pro forma adjustments in respect of its acquisition of Murray Asset Management which completed in February 2023 (Murray Asset Management held approximately £400 million FUMA as at 31 December 2022). The financial information on Investec W&I UK reflects the perimeter of the transaction and has been extracted from unaudited management financial information prepared by Investec W&I UK, adjusted for Rathbones' principal accounting policies, and has not been independently verified by Rathbones.

9. Investec Bank UK statistics on high net worth client base, characteristics and historical bank to wealth FUM referrals based on Investec Group 2022 Interim Results Booklet, Investec Group 2021 Business Update Presentation and Investec Group 2022 Annual Results Booklet.

IMPORTANT NOTICES

The information contained in this announcement is inside information as stipulated under the UK Market Abuse Regulation. Upon publication of this announcement, this inside information is now considered to be in the public domain.

Neither this announcement nor any copy of it may be taken or transmitted directly or indirectly into or from any jurisdiction where to do so would constitute a violation of the relevant laws or regulations of such jurisdiction. Any failure to comply with this restriction may constitute a violation of such laws or regulations. Persons into whose possession this announcement or other information referred to herein comes should inform themselves about, and observe, any restrictions in such laws or regulations.

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This announcement may include statements that are, or may be deemed to be, forward-looking statements. These forward-looking statements may be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "envisages", "plans", "projects", "anticipates", "targets", "aims", "expects", "intends", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. These forward-looking statements include all matters that are not historical facts and involve predictions. Forward-looking statements may and often do differ materially from actual results. Any forward-looking statements reflect Rathbones' current views with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to Rathbones' or Investec W&I UK's results of operations, financial position, liquidity, prospects, growth or strategies and the industries in which they operate. Forward-looking statements speak only as of the date on which they are made and cannot be relied upon as a guide to future performance. Save as required by law or regulation, Rathbones disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements in this announcement that may occur due to any change in its expectations or to reflect events or circumstances after the date of this announcement. Nothing in this announcement should be construed as a profit estimate or profit forecast and no statement in this announcement should be

interpreted to mean that earnings per share of Rathbones for the current or future financial years would necessarily match or exceed the historical published earnings per share of Rathbones.

Completion of the Combination is subject to the satisfaction of a number of conditions as more fully described in this announcement. Consequently, there can be no certainty that completion of the Combination will be forthcoming.

This announcement is not a prospectus and has been prepared solely for the Combination referred to in this announcement. The Circular will be published by Rathbones in connection with the Combination in due course.

Certain figures contained in this announcement, including financial information, have been subject to rounding adjustments. Accordingly, in certain instances, the sum or percentage change of the numbers contained in this announcement may not conform exactly with the total figure given.

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