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FOR IMMEDIATE RELEASE

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION

14 June 2018

Rathbone Brothers Plc

Acquisition of Speirs & Jeffrey Limited

Summary

- Acquisition of Speirs & Jeffrey, Scotland's largest independent wealth manager with funds under management of £6.7bn[1]
- Increases Rathbones' pro forma funds under management by 18% to £44.5bn[2]
- Initial consideration of £104m comprising £79m cash (funded from a combination of internal cash resources and the proceeds of a proposed £60m equity placing separately announced this morning) and the issue of 1.0m new Rathbones shares worth £25m
- Further contingent consideration, earn-out payments and incentivisation awards of up to 5.8m Rathbones shares may also be payable depending upon the achievement of synergies that deliver additional earnings accretion
- Expected underlying EPS accretion of at least 8% and return on investment of approximately 13% in the third year following completion; the transaction is further expected to be marginally EPS accretive on an underlying basis in the first full year following the acquisition

The board of Rathbone Brothers Plc ("Rathbones") today announces that it is to acquire 100% of the issued share capital of Speirs & Jeffrey Limited ("Speirs & Jeffrey"), Scotland's largest independent wealth manager with funds under management of £6.7bn and 38 investment professionals, from the shareholders of Speirs & Jeffrey, all of whom are working executive directors of the business.

Speirs & Jeffrey has operated as an independent investment management firm for over a century and has established many long term client relationships, with nearly three quarters of clients having been with the company for over 10 years. All of Speirs & Jeffrey's current directors and investment managers will be joining Rathbones and Speirs & Jeffrey CEO Russell Crichton will become the Head of Rathbones' Scottish business. Rathbones' Glasgow team will combine with Speirs & Jeffrey to consolidate Rathbones' existing Glasgow presence.

Speirs & Jeffrey shares a strong cultural alignment with Rathbones, particularly in relation to its investment process and proposition. Speirs & Jeffrey's c.8,500 clients will benefit from access to Rathbones' broader product and service offering including lending, financial planning and dedicated specialist offerings such as Rathbones' charities team and ethical investment capability. Speirs & Jeffrey's clients will see continuity of their investment manager and will benefit from the support of and access to Rathbones' deeper research resources, front office investment systems, wider platform and the provision of an enhanced investment process.

Rathbones is a leading consolidator within the wealth management industry, with a long track-record of successful acquisitions of culturally aligned businesses with a shared focus on their clients and people. In line with its stated strategy, Rathbones has been growing its core private client discretionary investment management business both organically and by acquisition. The acquisition of Speirs & Jeffrey will enable Rathbones to establish a much stronger presence in Scotland, with Glasgow becoming the Group's largest office after London following the transaction. The transaction will also further enhance Rathbones' position as one of the UK's largest wealth managers with pro-forma funds under management of £44.5bn. This will allow the enlarged entity to capture further scale benefits from ongoing investment in technology and the management of regulatory change for the benefit of its clients, staff and shareholders.

Under the terms of the transaction, Rathbones will pay an initial cash and share consideration of £104m. Further contingent consideration of 0.6m Rathbones shares will be payable dependent upon meeting certain administrative

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[1] As at 10 May 2018

[2] Based on Rathbones FUM as at 5 April 2018 and Speirs & Jeffrey FUM as at 10 May 2018; includes execution only

and procedural targets that enable the delivery of cost synergies. Earn-out consideration and incentivisation awards of up to a maximum of a further 5.2m[3] shares will only be payable as operational and financial performance targets are delivered over the medium term.

The Board of Rathbones expects:

- underlying EPS accretion of at least 8%[4] and return on investment of approximately 13% in the third year following completion;
- the transaction to be marginally EPS accretive on an underlying basis in the first full year following the acquisition;
- to achieve run-rate cost synergies of approximately £6m per annum within three years, principally from the streamlining of operations and infrastructure, with a total of approximately £3m costs to achieve these synergies over three years following completion; and
- meaningful revenue synergies to be achieved over time by leveraging the strength of Rathbones' brand and complementary product offering and aligning the Speirs & Jeffrey service proposition with that of Rathbones.

Philip Howell, CEO of Rathbones said:

"From the outset of our engagement, both teams have recognised how compatible they are in culture, investment philosophy and dedication to client service. Speirs & Jeffrey represents an ideal strategic, professional and geographic fit with Rathbones and we look forward to working together both to develop our business in Scotland and deliver compelling returns for our shareholders. Key to our combined future success will be the principle of putting clients at the forefront of what we do, and we will remain committed to this as we welcome Speirs & Jeffrey into the Group."

Russell Crichton, CEO of Speirs & Jeffrey, said:

"My colleagues and I have long admired Rathbones, and everything we experienced during our discussions has merely strengthened our conviction that it offers the very best fit for our clients and our people. With our client-facing staff members committed to and enthusiastic about the future, clients will continue to enjoy the high level of personal service which has become the hallmark of our firm, but with the additional significant benefits of Rathbones' scale, specialist expertise and deeper capabilities. We are all excited about our partnership with Rathbones and the opportunities this new chapter in our history will provide." Graham Waddell, Chairman, added: "This represents a significant milestone for S&J but undoubtedly the right one for our clients and our people. The fact that our team will remain intact and that our clients will continue to receive the same exacting standards of personal service, whilst benefitting from the wider resources of Rathbones, fills me with great confidence for the future."

The acquisition is subject to approval by the FCA and is expected to complete in the third quarter of 2018.

[3] If the conditions for the contingent consideration are not achieved by 31st December 2019, the maximum number of shares under the earn-out and incentivisation awards will increase by 0.6m Rathbones shares

[4] Based on 2021 consensus expectations, derived from applying consensus 2019-2020 growth rate to 2020 market forecasts

Key financial metrics relating to Speirs & Jeffrey[5]

	Year to 10 May 2017 (Audited statutory accounts)	**Year to 10 May 2018** (Unaudited management accounts)
Revenue	£25.3m	£28.0m
Underlying profit before tax	£9.1m	£10.6m
Underlying profit before tax margin	36%	38%
Profit after tax (reported)	£7.2m	£8.2m
Gross assets	£37.2m	£31.9m
Total FUM	£6.4bn	£6.7bn
Discretionary FUM	£2.3bn	£2.7bn
Advisory FUM	£3.5bn	£3.3bn
Execution only/other FUM	£0.6bn	£0.7bn

- Based on Speirs & Jeffrey's unaudited management accounts for its most recent financial year ended 10 May 2018, the initial consideration of £104m equates to 12.6x profit after tax and 1.6% of FUM.

Detail on the total maximum amounts payable in relation to the transaction

- The total maximum amounts payable in relation to the transaction are:
  - Initial cash and share consideration amounting to £104m structured as £79m in cash and £25m (1.0m new Rathbones shares[6]) payable at completion. Such shares will be locked up for 3 years from completion and will be subject to ongoing employment conditions for the sellers;
  - Contingent consideration of 0.6m new Rathbones shares[7], with an illustrative value of £15.0m[7] conditional upon meeting certain administrative and procedural targets that enable the delivery of cost synergies. This will be subject to ongoing employment conditions for the sellers; and
  - Earn-out payments and incentivisation awards (totalling up to a maximum of 5.2m[8] Rathbones shares, with an illustrative value of c.£129m[9])
    - earn-out payments are payable to the sellers in the third and fourth years following completion for value creation from revenue synergies and discretionary funds growth
    - incentivisation awards are expected to be granted to investment management and certain operational employees in the third and fourth years following completion for the delivery of operational and financial performance targets. The majority of these will be subject to a subsequent three year vesting period
    - these mechanisms aim to reward the incremental delivery of EPS accretion and return on investment
    - Whilst a maximum of 5.2m shares can be payable, the Board's current underlying EPS accretion and return on investment expectations are based on a materially lower total. If a higher number of shares are payable then these measures will increase correspondingly.
- Approximately 95% of the aggregate expected initial share consideration, contingent consideration, earn-out payments and incentivisation awards is contingent on continued employment of the recipient, and therefore will be charged to profit or loss over the required employment period in accordance with IFRS 3. The balance of consideration will be capitalised.

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[5] 2018 figures are based on latest unaudited financial information per management accounts. 2017 figures are based on audited financial information. Underlying profit before tax for the year ended 10 May 2018 is stated before deduction of office fit-out costs of £0.1m and deal related costs of £0.3m. Underlying profit before tax for the year ended 10 May 2017 is stated before deduction of non-recurring professional services costs of £0.1m

[6] The number of shares is calculated based on the average share price over the ten day period prior to 14 June 2018

[7] The number of shares is fixed and illustrative value is calculated based on average share price over the ten day period prior to 14 June 2018

[8] The number of shares is capped at 5.2m shares. If the conditions for the contingent consideration are not achieved by 31st December 2019, the maximum number of shares under the earn-out and incentivisation awards will increase by 0.6m Rathbones shares

[9] Illustrative value is calculated based on average share price over the ten day period prior to 14 June 2018

Conference call and investor presentation details

An analyst and investor conference call will be held at 8:00 a.m. today.

UK: 08006940257
International: +44 (0) 1452 555566
Participants should quote the conference code '1778968' to join the call.
Participants will be able to access the presentation slides from 7:00 a.m. today by going to the Investor Relations section of Rathbones' website using the following link:
http://www.Rathbones.com/investor-relations

The information contained in this announcement is inside information as stipulated under the Market Abuse Regulation (EU) No. 596/2014. Upon publication of this announcement, this inside information is now considered to be in the public domain. The person responsible for arranging this announcement on behalf of Rathbones is Ali Johnson, Company Secretary.

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This Announcement may contain “forward-looking statements” with respect to certain of the Company's plans and its current goals and expectations relating to its future financial condition, performance, strategic initiatives, objectives and results. Forward-looking statements sometimes use words such as “aim”, “anticipate”, “target”, “expect”, “estimate”, “intend”, “plan”, “goal”, “believe”, “seek”, “may”, “could”, “outlook” or other words of similar meaning. By their nature, all forward-looking statements involve risk and uncertainty because they relate to future events and circumstances which are beyond the control of the Company, including amongst other things, domestic and global economic business conditions, market-related risks such as fluctuations in interest rates and exchange rates, the policies and actions of governmental and regulatory authorities, the effect of competition, inflation, deflation, the timing effect and other uncertainties of future acquisitions or combinations within relevant industries, the effect of tax and other legislation and other regulations in the jurisdictions in which the Company and its respective affiliates operate, the effect of volatility in the equity, capital and credit markets on the Company's profitability and ability to access capital and credit, a decline in the Company's credit ratings; the effect of operational risks; and the loss of key personnel. As a result, the actual future financial condition, performance and results of the Company may differ materially from the plans, goals and expectations set forth in any forward-looking statements. Any forward-looking statements made in this Announcement by or on behalf of the Company speak only as of the date they are made. Except as required by applicable law or regulation, the Company expressly disclaims any obligation or undertaking to publish any updates or revisions to any forward-looking statements contained in this Announcement to reflect any changes in the Company's expectations with regard thereto or any changes in events, conditions or circumstances on which any such statement is based.

Neither the content of the Company's website nor any website accessible by hyperlinks on the Company's website is incorporated in, or forms part of, this Announcement.