THIS DOCUMENT IS AN UNOFFICIAL ENGLISH-LANGUAGE TRANSLATION OF THE DRAFT RESPONSE DOCUMENT (PROJET DE NOTE EN RÉPONSE) WHICH WAS FILED WITH THE FRENCH AUTORITÉ DES MARCHÉS FINANCIERS ON 4 JULY 2023 AND WHICH REMAINS SUBJECT TO ITS REVIEW. IN THE EVENT OF ANY DISCREPANCY BETWEEN THIS UNOFFICIAL ENGLISH-LANGUAGE TRANSLATION AND THE OFFICIAL FRENCH-LANGUAGE DRAFT RESPONSE DOCUMENT, THE OFFICIAL FRENCH-LANGUAGE RESPONSE DOCUMENT SHALL PREVAIL.

DRAFT RESPONSE DOCUMENT PREPARED BY

Rothschild & Co

IN RESPONSE TO

THE SIMPLIFIED TENDER OFFER FOR THE SHARES OF ROTHSCHILD & CO

INITIATED BY

ROTHSCHILD & CO CONCORDIA

AUTORITÉ DES MARCHÉS FINANCIERS
AMF

This draft response document (the "**Draft Response Document**") was filed with the French Autorité des Marchés Financiers (AMF) on 4 July 2023, pursuant to Articles 231-26 of the AMF General Regulation. It has been prepared in accordance with the provisions of Articles 231-19 of the AMF General Regulation.

Pursuant to Articles 231-19 and 261-1 *et seq.* of the AMF General Regulation, the report prepared by Finexsi, acting as independent expert, is presented in Section 3 (*Independent expert's report*) of this Draft Response Document.

The Draft Response Document is available on the websites of Rothschild & Co (www.rothschildandco.com/en/) and the AMF (www.amf-france.org), and may be obtained free of charge at the registered office of Rothschild & Co Concordia, 23 *bis* avenue de Messine, 75008 Paris, France.

In accordance with Article 231-28 of the AMF General Regulation, a description of the legal, financial and accounting characteristics of Rothschild & Co will be filed with the AMF and made available to the public, in the same way, no later than the day preceding the opening of the tender offer.

A press release will be issued, by no later than the day preceding the opening of the tender offer, to inform the public of how these documents will be made available.

IMPORTANT NOTICE

In accordance with the provisions of Article L. 433-4 II of the French Monetary and Financial Code and Articles 237-1 *et seq.* of the AMF General Regulation, in the event that, at the closing of the Offer (as defined hereafter), the number of Rothschild & Co shares not tendered in the Offer by the minority shareholders of Rothschild & Co (with the exception of Rothschild & Co shares subject to a liquidity mechanism and/or assimilated to shares held by the offeror, alone or in concert) does not represent more than 10% of the share capital and voting rights of Rothschild & Co, Rothschild & Co Concordia intends to require the AMF, at the latest within three (3) months following the closing of the Offer, to implement a squeeze-out procedure for the Rothschild & Co shares not tendered in the Offer (other than the Rothschild & Co shares subject to a liquidity mechanism and/or assimilated to shares held by the offeror, alone or in concert), to be transferred to Rothschild & Co Concordia in return for compensation per share equal to the Offer price (ex-Dividend 2022 and ex-Extraordinary Distribution (as defined hereafter)), i.e., €38.60 per Rothschild & Co share, net of all costs.

The Offer is not and will not be proposed in any jurisdiction where it would not be permitted under applicable law. Acceptance of the Offer by persons residing in countries other than France and the United States of America may be subject to specific obligations or restrictions imposed by legal or regulatory provisions. The recipients of the Offer are solely responsible for compliance with such laws, and it is therefore their responsibility, before accepting the Offer, to determine whether such laws exist and are applicable, based on the advice they obtain from their own advisers.

For more information, see Section 2.5 (*Offer restrictions outside of France*) below.

SUMMARY

1. <u>OVERVIEW OF THE OFFER</u>

Pursuant to Title III of Book II and more particularly Articles 233-1 *et seq.* of the AMF General Regulation, Rothschild & Co Concordia, a *société par actions simplifiée* (simplified joint stock company) having its registered office at 23 *bis,* avenue de Messine, 75008 Paris, France, and registered with the Paris Trade and Companies Registry under number 499 208 932 ("**Concordia**" or the "**Offeror**"), acting in concert within the meaning of Article L. 233-10 of the French Commercial Code with the members of the Concert (as defined below), irrevocably offers to all the shareholders of Rothschild & Co, a *société en commandite par action*s (limited partnership with shares), having its registered office at 23 *bis* avenue de Messine, 75008 Paris, France, registered with the Paris Trade and Companies Registry under number 302 519 228 ("**Rothschild & Co**" or the "**Company**", and together with its directly- or indirectly-owned subsidiaries, the "**Group**"), to purchase in cash all of their shares in the Company whether outstanding or to be issued (the "**Shares**") other than the Shares held, on the date of the draft offer document prepared by the Offeror and filed with the AMF on 8 June 2023 (the "**Draft Offer Document**"), directly or indirectly, by the members of the Concert (subject to the exceptions set out below) in the context of a simplified tender offer on the terms described below (the "**Offer**").

The Offer price is €46.60 per Share cum-Extraordinary Distribution and ex-Dividend 2022, and €38.60 per Share ex-Extraordinary Distribution. The record date and the ex-date for the Extraordinary Distribution will be set by the managing partner (*gérant statutaire*) of the Company in accordance with resolution n°3 approved by the general meeting of the shareholders of the Company on 25 May 2023, and shall occur after the clearance decision of the AMF on the Offer and at the latest before the opening of the Offer. It is specified, as necessary, that this Extraordinary Distribution will be paid to all shareholders of the Company who hold Shares on the record date, regardless of whether they decide to tender their Shares to the Offer.

The Shares are admitted to trading on Compartment A of the Euronext Paris regulated market ("**Euronext Paris**") under ISIN Code FR0000031684 (ticker symbol: ROTH).

The Offeror indicates acting in concert within the meaning of Article L. 233-10 of the French Commercial Code with (x) Rothschild & Co Gestion[1], general partner and managing partner (*gérant statutaire*) of the Company; (y) certain historical shareholders of the Company: Holding Financier Jean Goujon[2], two entities related to the Maurel family (BD Maurel[3], Société Civile Paloma[4]) and Mr. Marc Maurel[5] (together

1 A *société par actions simplifiée* (simplified joint stock company) having its registered office at 3 rue de Messine, 75008 Paris, France, registered with the Paris Trade and Companies Registry under number 537 770 943.

2 A *société par actions simplifiée* (simplified joint stock company) having its registered office at 3 rue de Messine, 75008 Paris, France, registered with the Paris Trade and Companies Registry under number 342 889 326, the holding company of Edouard de Rothschild.

3 A *société civile* (non-commercial partnership) having its registered office at 10 rue de la Riante, 13008 Marseille, France, registered with the Marseille Trade and Companies Registry under number 537 978 934.

4 A *société civile* (non-commercial partnership) having its registered office at 9 boulevard de Belgique, 78110 Le Vésinet, France, registered with the Versailles Trade and Companies Registry under number 817 487 523.

5 It being specified that Mr. Marc Maurel is acting in concert but is not a party to the Investment Agreement and to the Shareholders' Agreement (as described below).

the "**Maurel Family**"), Mr. François Henrot and an entity related to him (FH GFA[6])[7], Groupe Industriel Marcel Dassault[8], Giuliani Investimenti S.A.[9], Mr. Hubertus von Baumbach, and DKTRANS S.à r.l.[10]; and (z) co-investors: Rothschild & Co Partners[11], a company newly created for the purposes of gathering together the Group's "partners" and a limited number of persons with key functions in the Group (together, the "**Partners**") and with the aim of holding a significant and long-term stake in the Company, Norbert Dentressangle Investissements[12], Peugeot Invest Assets[13], Mousseshield, L.P.[14] and several entities associated with the English Rothschild family (including Hannah Rothschild) (Fondation Berma[15], The Rothschild Foundation[16], Rothschild Foundation (Hanadiv) Europe[17], Five Arrows Investments Limited[18], Trust Corporation of the Channel Islands Limited Private and Corporate Trustees Limited and Directors One Limited as Trustees of the Emily and Amelia Trust - J Fund[19]), hereinafter referred to, together with the Offeror, as the "**Concert**".

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6 An *entreprise unipersonnelle à responsabilité limitée* (sole member limited liability company) having its registered office at 60 rue des Saints-Pères, 75007 Paris, France, registered with the Paris Trade and Companies Register under number 753 129 634.

7 Holding Financier Jean Goujon, the two entities related to the Maurel family and Mr François Henrot (and his holding company) were already acting in concert with the Offeror in the context of the Enlarged Family Concert (as defined below).

8 A *société par actions simplifiée* (simplified joint stock company) having its registered office at 9 rond-point des Champs-Élysées Marcel-Dassault, 75008 Paris, France, registered with the Paris Trade and Companies Register under number 400 628 079.

9 A *société anonyme* (joint stock company) having its registered office at 18 avenue de la Porte Neuve, L-2227 Luxembourg, registered with the Luxembourg Trade and Companies Register under number B275597, and related to Mr. Giammaria Giuliani.

10 A *société à responsabilité limitée* (limited liability company) having its registered office at 77 boulevard Grande-Duchesse Charlotte, L-1331 Luxembourg, registered with the Luxembourg Trade and Companies Register under number B48358.

11 A *société par actions simplifiée* (simplified joint stock company) having its registered office at 3 rue de Messine, 75008 Paris, France and registered with the Paris Trade and Companies Registry under number 922 528 112.

12 A *société par actions simplifiée* (simplified joint stock company) having its registered office at 30 *bis* Rue Sainte-Hélène 69002 Lyon, France, registered with the Lyon Trade and Companies Registry under number 420 469 454.

13 A *société par actions simplifiée* (simplified joint stock company) having its registered office at 66 avenue Charles de Gaulle, 92200 Neuilly-sur-Seine, France, registered with the Nanterre Trade and Companies Registry under number 535 360 564.

14 A limited partnership having its registered office at The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801, United States of America, controlled by Moussecote, LLC controlled by M. Arthur Heilbronn.

15 A foundation having its registered office at Rue St. Leger 6, c/o Grumbach Sarl, 1205 Geneva, Switzerland, registered with the Commercial Registries of Switzerland under number CHE-100.294.405.

16 A foundation having its registered office at Windmill Hill, Silk Street, Waddesdon, Buckinghamshire, HP18 0JZ, United Kingdom, registered with Companies House under number 07350078.

17 A foundation having its registered office at 15 St. James's Place, London, SW1A 1NP, United Kingdom, registered with Companies House under number 03948898.

18 A private limited company having its registered office at Estate Yard Office, Queen Street, Waddesdon, Buckinghamshire, HP18 0JW, United Kingdom, registered with Companies House under number 02008260.

19 Having their registered offices at Roseneath, The Grange, St Peter Port, GY1 2QJ, Guernsey.

As of 29 June 2023, the Concert held 42,562,532 Shares and 79,646,252 voting rights representing respectively 55.2% of the share capital and 66.8% of the theoretical voting rights of the Company[20].

The Draft Offer Document indicates that the proposed Offer targets all Shares, whether outstanding or to be issued, that are not held, directly or indirectly, by the Offeror either individually or collectively together with the Concert:

(i) which are already issued, i.e., a maximum of 34,540,134 Shares, and

(ii) which could be issued before the closing of the Offer, or, as the case may be, before the implementation of a squeeze-out, as a result of the exercise of 157,111 Stock Options (as defined in Section 2.2.5(b) (*Situation of the holders of Stock Options*) of the Draft Response Document) granted by the Company under the first tranche of the 2013 Stock Option Plan (as defined in Section 2.2.5(b) (*Situation of the holders of Stock Options*) of the Draft Response Document), i.e., a maximum of 189,678 Shares[21];

except for the following Shares:

(i) the 1,454,623 Shares which are subject to a holding period commitment (whether collective and/or individual) pursuant to the provisions of Article 787 B of the French Tax Code ("**FTC**") (the "**Dutreil Shares**") which are intended to be subject to a liquidity mechanism, as described in Section 6.4 (*Dutreil Shares liquidity mechanism*) of the Draft Response Document[22]; and

(ii) the 6,002,746 Shares which are subject to undertakings not to be tendered in the Offer and to instructions given to the account holder to block the relevant Shares during the Offer period and which might be subject to an undertaking of transfer or contribution to Rothschild & Co Partners[23], as described in Section 6.5 (*Transfer of Shares to Rothschild & Co Partners*) of the Draft Response Document, (it being specified that among these 6,002,746 Shares, 2,780,339

[20] Based on a total of 77,102,666 Shares and 119,225,492 theoretical voting rights in the Company as of 28 June 2023. In accordance with Article 223-11 of the AMF General Regulation, the total number of voting rights is calculated on the basis of all the Shares to which voting rights are attached, including Shares without voting rights such as treasury shares.

[21] It is specified that this number of Shares has been calculated taking into account the adjustment of the subscription or purchase price and of the number of Shares underlying the Stock Options, as described in Section 2.2.5(b) (*Situation of the holders of Stock Options*) of the Draft Response Document.

[22] The Dutreil Shares subject to the liquidity mechanism described in Section 6.4 (*Dutreil Shares liquidity mechanism*) of the Draft Response Document will be assimilated as Shares held by the Offeror pursuant to Article L. 233-9 I, 4° of the French Commercial Code, as from the signature of these undertakings.

[23] The Shares subject to an undertaking to contribute or transfer to Rothschild & Co Partners described in Section 6.5 (*Transfer of Shares to Rothschild & Co Partners*) of the Draft Response Document, will be assimilated as Shares held by Rothschild & Co Partners pursuant to Article L. 233-9 I, 4° of the French Commercial Code, with which the Offeror is acting in concert, as from the signature of these undertakings.

Shares[24] will result from the exercise of Stock Options, the delivery of Shares pursuant to the restricted share units acquired by the Partners under the Company's Stock Option allocation plans ("**RSUs**") and pursuant to the non-cash instruments ("**NCIs**")),

(together, the "**Excluded Shares**"),

i.e., to the knowledge of Offeror at the date of the Draft Offer Document, a maximum number of 27,272,443 Shares.

As of the date of the Draft Response Document, except for the Stock Options granted by the Company, the NCIs and the RSUs, there are no equity securities or other financial instruments issued by the Company or rights conferred by the Company, other than the Shares, that may give access, immediately or in the future, to the share capital or voting rights of the Company.

The Offer will be carried out under the simplified procedure in accordance with the provisions of Articles 233-1 *et seq.* of the AMF General Regulation and will be open for a period of thirty-five (35) trading days.

The Draft Offer Document indicates that the Offeror intends, if the conditions are met, to implement a squeeze-out procedure for the Company's Shares not tendered in the Offer, at the end of the Offer, pursuant to Article L. 433-4, II of the French Monetary and Financial Code and Articles 237-1 *et seq.* of the AMF General Regulation.

In accordance with the provisions of Article 231-13 of the AMF General Regulation, Natixis and Caisse Régionale de Crédit Agricole Mutuel de Paris et d'Ile-de-France, acting as the presenting banks of the Offer (the "**Presenting Banks**"), have filed, on behalf of the Offeror, the draft Offer and the Draft Offer Document with the AMF on 8 June 2023.

It is specified that only Natixis is guaranteeing, in accordance with the provisions of Article 231-13 of the AMF General Regulation, the content and irrevocable nature of the commitments made by the Offeror in the context of the Offer.

2. BACKGROUND OF THE OFFER

2.1 Background and reasons for the Offer

The Group results from the acquisition, in 2007, by Paris Orléans (the Company's former name) of the remaining 50% of the share capital of Concordia BV from the English branch of the Rothschild family (represented at the time by Sir Evelyn de Rothschild), with the aim of owning 100% of the share capital.

[24] It is specified that this number of Shares has been calculated taking into account the adjustment of the subscription or purchase price and of the number of Shares underlying the Stock Options, as described in Section 2.2.5(b) (*Situation of the holders of Stock Options*) of the Draft Response Document.

This acquisition brought together the French branches of Eric de Rothschild and David de Rothschild (the "**French Branch of the Rothschild Family**") and the English branch of the Rothschild family, under a new, specially-created, family company (Rothschild Concordia, now named Rothschild & Co Concordia).

The Group has three business lines:

- Global Advisory;
- Wealth and Asset Management; and
- Merchant Banking.

The Group had a consolidated turnover of €2,965 million for the year ended 31 December 2022.

On 6 and 13 February 2023, the Offeror announced its intention to file a simplified tender offer for the shares of the Company at a price of €48.00 (cum Distributions) per Share, i.e., including, on the one hand, the payment of an annual ordinary dividend of €1.40 per Share to be approved by the general meeting of the shareholders on 25 May 2023, with an ex-date set at 29 May 2023 and a payment date at 31 May 2023 (the "**Dividend 2022**") and, on the other hand, the payment of an extraordinary distribution of reserves of €8.00 per Share to be approved by the general meeting of shareholders on 25 May 2023.

In a press release dated 10 May 2023, it was announced that the extraordinary distribution of reserves of €8.00 per Share would be implemented after the declaration of clearance of the Offer by the AMF and at the latest before the opening date of the Offer, with the precise ex-date to be set by the Company's managing partner (*gérant statutaire*) in accordance with resolution no. 3 to be approved by the Company's general meeting of the shareholders on 25 May 2023 (the "**Extraordinary Distribution**", and together with the Dividend 2022, the "**Distributions**").

On 25 May 2023, the general meeting of the shareholders of the Company approved each of the Distributions provided for in resolution no. 2 and no. 3. The ex-date of the Dividend 2022 was 29 May 2023, and it was paid on 31 May 2023.

The Draft Offer Document indicates that:

- The Offer is based on the observation that the development of the Company does not require it to remain listed considering that none of the businesses of the Group needs access to capital from the public equity markets. The operational functioning of the Company in the event of a delisting would be simplified in view of the provisions to which listed companies are subject, which are in addition to the regulatory constraints that also apply to the Group.

- The purpose of the Offer is to consolidate the Company's independence and secure its development strategy while strengthening its manoeuvrability. The performance of each of the businesses of the Group is better assessed on the basis of their long-term performance, and the status of a private company therefore appears more appropriate than that of a listed company.

- This transaction is also designed to reinforce the alignment of interests of the Company and the Partners and will be the opportunity for the Partners to be gathered in a company newly created for this purpose, Rothschild & Co Partners, and with the aim of holding a significant and long-term stake in the Company.

- Lastly, this transaction aiming to create a fully privately-owned group is in line with the rationale and the history of a group intrinsically linked to the Rothschild family and meets the Offeror's objective of holding, alone, a majority of the Company's share capital and voting rights while offering the Company's shareholders liquidity so that they can sell their Shares at an attractive price.

In this context, on 13 February 2023, the Offeror entered into an investment agreement entitled "*Consortium Agreement*" (the "**Investment Agreement**"), as amended on 9 May 2023, with the members of the Concert, which provides the terms and conditions on which the Offeror and certain members of the Concert will acquire Shares in accordance with the Allocation Rules (as defined below).

The members of the Concert also entered into a shareholders' agreement on 8 June 2023 for the purposes of organising their relations within the Company as shareholders of the Company following the Offer and the squeeze-out, if any, and to provide for a certain number of principles relating to the governance of the Company and the transfer of the Shares (or other equity securities) issued by the Company (the "**Shareholders' Agreement**"). Pursuant to the Shareholders' Agreement, the members of the Concert are acting in concert *vis-à-vis* the Company within the meaning of Article L. 233-10 of the French Commercial Code.

On 8 June 2023, concomitantly with the signing of the Shareholders' Agreement, the previous shareholders' agreement in force between certain shareholders[25] of the Company (the "**Enlarged Family Concert**") was terminated. These changes were reported in threshold crossing declarations filed with the AMF, as described in Section 2.1.3 (*Declarations of crossing of thresholds and of intentions of the Offeror and the Concert*) of the Draft Response Document.

As announced on 13 February 2023 in a press release issued by the Company, having been informed of this contemplated tender offer and in accordance with the regulations in force and the recommendations of the AMF, the supervisory board of the Company (the "**Supervisory Board**") formed in January 2023 an ad hoc committee composed of four independent members. The Supervisory Board of the Company, upon the recommendation of the aforementioned ad hoc committee, also appointed Finexsi, represented by Mr Olivier Peronnet, as an independent expert with the task of delivering a fairness opinion on the financial terms of the Offer, including in the event of the implementation of a squeeze-out, in accordance with market regulations, and an opinion on the contemplated Extraordinary Distribution.

At its meeting on 13 February 2023, on the recommendation of the ad hoc committee dated 9 February 2023, the Supervisory Board approved the principle of the proposed Offer, while emphasizing that work should continue and that a reasoned opinion would only be issued once the Offer had been filed,

[25] For the composition of the Enlarged Family Concert, please see AMF document no. 220C0997 of 17 March 2020. It is specified that, on 10 May 2023 Concordia informed the AMF that certain of the members of the Enlarged Family Concert, together holding 1,505,501 Shares representing 2,950,365 voting rights, i.e., 1.95% of the share capital and 2.52% of the voting rights of the Company, were no longer members of the Enlarged Family Concert following their exit from the shareholders' agreement then in force (see AMF Document no. 223C0696).

following a review of the recommendation of the ad hoc committee and the work of the independent expert.

2.1.1 Presentation of the Offeror

The Offeror is a *société par actions simplifiée* (simplified joint stock company) which was formed in 2007 for the purposes of creating a holding company for the Rothschild family and gathering together the members of the family concert.

The Offeror is controlled by the French Branch of the Rothschild Family.

2.1.2 Purchases of Shares prior to the opening of the Offer

It is specified that from the day following the filing of the Draft Response Document with the AMF and its publication, and until the opening of the Offer, the Offeror intends to purchase, through Natixis, Shares in accordance with the provisions of Articles 231-38 and 231-39 of the AMF General Regulation, within the limits set out in article 231-38, IV of the AMF General Regulation, i.e., corresponding to 30% of the number of Shares targeted in the Offer, i.e., a maximum of 8,181,732 Shares, at the Offer price (ex-Dividend 2022, the ex-date of which was 29 May 2023, and including, until its ex-date, the amount of the Extraordinary Distribution), i.e., at a price of €46.60 per Share, then at a price of €38.60 per Share from the ex-date of the Extraordinary Distribution.

Such acquisitions will be reported daily to the AMF and published on the AMF website in accordance with current regulations. This information will also be published, in French and English, on the Company's website (www.rothschildandco.com) and will thus be available to the Company's shareholders residing in the United States of America (the "**U.S. Shareholders**").

2.1.3 Declarations of crossing of shareholding thresholds and of intentions of the Offeror and the Concert

The Draft Offer Document indicates that neither the Offeror nor the other members of the Concert have acquired Shares in the twelve (12) months prior to the filing of the Draft Offer Document at a price higher than the Offer price.

In accordance with Article 7.3 of the Company's Articles of Association and Articles L. 233-7 *et seq.* of the French Commercial Code:

- Pursuant to the declaration of threshold crossing dated 10 May 2023, Concordia informed the AMF that certain shareholders of the Company, holding together 1,505,501 Shares representing 2,950,365 voting rights, i.e., 1.95% of the share capital and 2.52% of the voting rights of the Company, were no longer members of the Enlarged Family Concert following their exit from the shareholders' agreement in force at the time[26].

[26] See AMF document no. 223C0696.

- Pursuant to the declaration of threshold crossing sent to the AMF on 9 June 2023, as completed on 13 June 2023, consequently to the execution of the Shareholders Agreement, it has been declared that the Concert has crossed upwards every threshold from 0% to 50% of the share capital and of the voting rights and hold, on 31 May 2023, 42,562,532 shares of the Company representing 55.2% of its share capital and 66.1% of its voting rights[27]. The Offeror has declared, acting in concert with the members of the Concert, having filed with the AMF on 8 June 2023, a simplified tender offer on the Company's shares, and has repeated its intention to require the implementation of a squeeze-out procedure if the conditions are met.

- Pursuant to the declaration of threshold crossing sent to the AMF on 9 June 2023, consequently to the end of the Enlarged Family Concert simultaneous to the creation of the Concert, it has been declared that the members of the Enlarged Family Concert crossed the same thresholds downwards[28].

- Pursuant to the declaration of threshold crossing sent to the AMF on 29 June 2023, it has been declared that the Concert has crossed upwards the threshold of two third of the voting rights and hold, on 29 June 2023, 42,562,532 shares and 79,646,252 voting rights of the Company, representing 55.2% of its share capital and 66.8% of its voting rights[29].

2.1.4 Regulatory approvals

On the date of the filing of the Draft Offer Document, the Offer was no longer subject to any regulatory approval.

It is however specified that, prior to the filing of the Draft Offer Document, the required regulatory approvals (or the confirmation that no regulatory approval was required) have been obtained (i) from the French prudential and financial authorities, i.e., the *Autorité de Contrôle Prudentiel et de Résolution* (ACPR) and the AMF, and from the equivalent foreign authorities[30], (ii) with respect to the foreign direct investments regulation by the Italian Prime Minister's department, and (iii) with respect to merger control in the United States of America.

[27] See AMF document no. 223C0873.

[28] See AMF document no. 223C0873.

[29] See AMF document no. 223C1015.

[30] European Central Bank (ECB), Ontario Securities Commission (OSC), Guernsey Financial Services Commission (GFSC), Federal Financial Supervisory Authority of Germany (*Bundesanstalt für Finanzdienstleistungsaufsicht* - BaFin), Securities and Futures Commission of Hong Kong (SFC), Bank of Italy (*Banca d'Italia*), Financial Supervisory Authority of Luxembourg (*Commission de Surveillance du Secteur Financier - CSSF*), Securities Commission Malaysia (SC), Financial Conduct Authority of the United Kingdom (FCA), Swiss Financial Market Supervisory Authority (FINMA), Monetary Authority of Singapore (MAS), Dubai Financial Services Authority (DFSA), Spanish National Securities Market Commission (*Comisión Nacional del Mercado de Valores - CNMV*) and Qatar Financial Center Regulatory Authority (QFCRA).

2.2 Terms and characteristics of the Offer

2.2.1 Main terms of the Offer

In accordance with the provisions of Article 231-13 of the AMF General Regulation, the Presenting Banks, acting as presenting institutions on behalf of the Offeror, filed with the AMF on 8 June 2023 the draft Offer in the form of a simplified tender offer for all the Shares outstanding or to be issued other than the Shares held, directly or indirectly, by the members of the Concert (subject to the exceptions set out in Section 2.2.4 (*Number and nature of the Shares targeted in the Offer*) of the Draft Response Document), i.e., a maximum of 27,272,443 Shares.

In the context of the Offer, which will be carried out in accordance with the simplified procedure in accordance with the provisions of Articles 233-1 *et seq.* of the AMF General Regulation, the Offeror irrevocably undertakes to the Company's shareholders to acquire, jointly with the members of the Concert and in accordance with the Allocation Rules mentioned above, all the Shares that will be tendered in the Offer, during the Offer period, at the price of the Offer (ex-Dividend 2022 and ex-Extraordinary Distribution), i.e., €38.60 per Share.

The attention of the Company's shareholders is drawn to the fact that, as the Offer will be conducted following the simplified procedure, it will not be reopened following the publication of the result of the Offer by the AMF.

Natixis, as guaranteeing bank, guarantees the content and irrevocable nature of the commitments made by the Offeror as part of the Offer, in accordance with the provisions of Article 231-13 of the AMF General Regulation.

The Offer will be opened for a period of thirty-five (35) trading days.

2.2.2 Terms and conditions of the Offer

In accordance with the provisions of Article 231-13 of the AMF General Regulation, the Presenting Banks, acting as presenting institutions on behalf of the Offeror, filed the proposed Offer and the Draft Offer Document with the AMF on 8 June 2023. On the same day, the AMF published a notice of filing relating to the Draft Offer Document on its website (www.amf-france.org).

The Company has filed this Draft Response Document with the AMF on 4 July 2023. A notice of filing will be published on the same day by the AMF on its website (www.amf-france.org).

The Draft Response Document as filed with the AMF is available to the public free of charge at the Company's registered office and will be posted on the website of the AMF (www.amf-france.org) and the Company (www.rothschildandco.com). In accordance with the provisions of Article 231-26 of the AMF General Regulation, the Company will issue a press release setting out the main points of the Draft Response Document.

The draft Offer, the Draft Offer Document and the Draft Response Document remain subject to review by the AMF.

The AMF will declare the Offer compliant after ensuring that it complies with the legal and regulatory provisions applicable to it and will publish the declaration of compliance on its website (www.amf-france.org). This declaration of compliance shall constitute the AMF's *visa* of the response document.

The Draft Response Document, having obtained the *visa* of the AMF, as well as the document containing the 'Other Information' regarding the legal, financial, and accounting characteristics of the Company, will be made available to the public free of charge, in accordance with the provisions of Articles 231-27 and 231-28 of the AMF General Regulation, no later than the day before the opening of the Offer, at the Company's registered office. These documents will also be published on the website of the AMF (www.amf-france.org) and the Company (www.rothschildandco.com).

A press release specifying how these documents will be made available will be issued no later than the day before the opening of the Offer, in accordance with the provisions of Articles 231-27 and 231-28 of the AMF General Regulation.

Prior to the opening of the Offer, the AMF will publish a notice of the opening and the timetable of the Offer, and Euronext Paris will publish a notice setting out the content of the Offer and specifying the timetable and terms for its completion.

2.2.3 Adjustment of the terms of the Offer

As mentioned, the price of the Offer is equal to €46.60 per Share cum-Extraordinary Distribution and ex-Dividend 2022, and to €38.60 per Share ex-Extraordinary Distribution. The ex-date for the Extraordinary Distribution will be set by the managing partner (*gérant statutaire*) of the Company in accordance with resolution no. 3 approved by the general meeting of the shareholders of the Company on 25 May 2023, and shall occur after the clearance decision of the AMF on the Offer and at the latest before the opening date of the Offer.

In addition, any other distribution of a dividend, interim dividend, reserve, share premium or any other distribution (in cash or in kind) decided by the Company where the ex-date or any share capital reduction would occur before the closing of the Offer, shall give rise to the adjustment, on a euro-for-euro basis, of the price per Share proposed in the context of the Offer.

2.2.4 Number and nature of the Shares targeted in the Offer

As of 29 June 2023, the Concert held 42,562,532 Shares and 79,646,252 voting rights representing respectively 55.2% of the share capital and 66.8% of the theoretical voting rights of the Company.[31]

The Draft Offer Document indicates that the proposed Offer targets all Shares, whether outstanding or to be issued, that are not held, directly or indirectly, by the Offeror either individually or collectively together with the Concert:

(i) which are already issued, i.e., a maximum of 34,540,134 Shares, and

(ii) which could be issued before the closing of the Offer, or, as the case may be, before the implementation of a squeeze-out, as a result of the exercise of 157,111 Stock Options (as

[31] Based on a total of 77,102,666 Shares and 119,225,492 theoretical voting rights in the Company as at 28 June 2023.In accordance with Article 223-11 of the AMF General Regulation, the total number of voting rights is calculated on the basis of all the Shares to which voting rights are attached, including Shares without voting rights such as treasury shares.

defined in Section 2.2.5(b) (*Situation of the holders of Stock Options*) of the Draft Response Document) granted by the Company under the first tranche of the 2013 Stock Option Plan (as defined in Section 2.2.5(b) (*Situation of the holders of Stock Options*) of the Draft Response Document), i.e., a maximum of 189,678 Shares[32];

except for the following Shares:

(i) the 1,454,623 Dutreil Shares which are intended to be subject to a liquidity mechanism, as described in Section 6.4 (*Dutreil Shares liquidity mechanism*) of the Draft Response Document[33]; and

(ii) the 6,002,746 Shares which are subject to undertakings not to be tendered in the Offer and to instructions given to the account holder to block the relevant Shares during the Offer period and which might be subject to an undertaking of transfer or contribution to Rothschild & Co Partners[34], as described in Section 6.5 (*Transfer of Shares to Rothschild & Co Partners*) of the Draft Response Document, (it being specified that among these 6,002,746 Shares, 2,780,339 Shares[35] will result from the exercise of Stock Options, the delivery of Shares pursuant to the RSUs and pursuant to the NCIs),

(together, the "**Excluded Shares**"),

i.e., to the knowledge of Offeror at the date of the Draft Offer Document, a maximum number of 27,272,443 Shares.

As of date of the Draft Response Document, except for the Stock Options granted by the Company, the NCIs and the RSUs, there are no equity securities or other financial instruments issued by the Company or rights conferred by the Company, other than the Shares, that may give access, immediately or in the future, to the share capital or voting rights of the Company.

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[32] It is specified that this number of Shares has been calculated taking into account the adjustment of the subscription or purchase price and of the number of Shares underlying the Stock Options, as described in Section 2.2.5(b) (*Situation of the holders of Stock Options*) of the Draft Response Document.

[33] The Dutreil Shares subject to the liquidity mechanism described in Section 6.4 (*Dutreil Shares liquidity mechanism*) of the Draft Response Document will be assimilated as Shares held by the Offeror pursuant to Article L. 233-9 I, 4° of the French Commercial Code, as from the signature of these undertakings.

[34] The Shares subject to an undertaking to contribute or transfer to Rothschild & Co Partners will be assimilated to the Shares held by Rothschild & Co Partners pursuant to Article L. 233-9 I, 4° of the French Commercial Code, with which the Offeror is acting in concert, as from the signature of these undertakings.

[35] It is specified that this number of Shares has been calculated taking into account the adjustment of the subscription or purchase price and of the number of Shares underlying the Stock Options, as described in Section 2.2.5(b) (*Situation of the holders of Stock Options*) of the Draft Response Document.

2.2.5 Situation of the holders of equity instruments of the Company

In order to participate in the Company's Stock Option Plans and be allocated Stock Options, the Partners are required to purchase at market value Shares subject to a holding period or RSUs.

(a) Situation of the holders of Shares subject to a holding period

Some Partners hold Shares subject to a four-year holding period (the "**Blocked Shares**"). This holding period was waived by the Company on 6 June 2023.

Out of the total number of the Blocked Shares representing 115,000 Shares, 70,019 Blocked Shares are subject to undertakings not to be tendered in the Offer and to instructions given to the account holder to block the relevant Shares during the Offer period, and are intended to be transferred to Rothschild & Co Partners subject to the conclusion of the reciprocal Share transfer undertakings, as described in Section 6.5 (*Transfer of Shares to Rothschild & Co Partners*) of the Draft Response Document.

(b) Situation of the holders of Stock Options

Seven stock option plans for the subscription or purchase of Shares (the "**Stock Option Plans**") were put in place by decisions of the managing partner (*gérant statutaire*) of the Company dated respectively 11 October 2013, 9 December 2015, 13 December 2017, 20 June 2018, 11 October 2019 (two Stock Option Plans) and 11 October 2021, and are still in force as of the date of the Draft Response Document.

The stock options for the subscription or purchase of Shares granted under each Stock Option Plan are divided into four separate tranches (the "**Stock Options**").

Pursuant to the legal and regulatory provisions of the French Commercial Code, as a consequence of the Extraordinary Distribution, which constitutes a distribution of reserves in an amount of €8.00 per Share, the price for the subscription or purchase of Shares as well as the number of Shares underlying Stock Options that may be obtained upon exercise of such Stock Options shall be adjusted by the managing partner (*gérant statutaire*) of the Company on the ex-date of the Extraordinary Distribution.

The adjusted price for the subscription or purchase of Shares underlying Stock Options shall be calculated taking into account the ratio between the amount per Share of the Extraordinary Distribution and the value of the Shares that would have been obtained if the Stock Options had been exercised before the ex-date of the Extraordinary Distribution. This value will be equal to the weighted average share price of the last five (5) trading days preceding the ex-date of the Extraordinary Distribution.

The adjusted number of Shares underlying Stock Options shall be equal to the ratio between (i) the multiplication of the initial number of Shares underlying Stock Options by the initial price for the subscription or purchase of Shares underlying Stock Options and (ii) the adjusted price for the subscription or purchase of Shares underlying Stock Options.

The adjusted number of Shares underlying Stock Options and the price for the subscription or purchase of such Shares are set out in the table below.

The table below summarises the main characteristics of the Stock Option Plans as at the date of the Draft Response Document:

Stock Option Plan	Tranches	Exercise start date	Expiry date	Before the adjustment		After the adjustment	
				Subscription or purchase price (€)	Number of Shares underlying Stock Options	Subscription or purchase price	Number of Shares underlying Stock Options
"Stock Option Plan 2013"	2013-1[36]	30/11/2016	11/10/2023	17.50	157,111	14.50	189,678
	2013-2	11/10/2017		18.00	152,111	14.91	183,642
	2013-3	11/10/2018		19.00	207,111	15.74	250,042
	2013-4	11/10/2019		20.00	207,111	16.57	250,042
"Stock Option Plan 2015"	2015-1	11/10/2018	09/12/2025	23.62	30,000	19.57	36,219
	2015-2	11/10/2019		24.12	45,000	19.98	54,328
	2015-3	11/10/2020		25.12	55,000	20.81	66,401
	2015-4	11/10/2021		26.12	55,000	21.64	66,401
"Stock Option Plan 2017"	2017-1	11/10/2020	13/12/2027	31.56	170,000	26.14	205,236
	2017-2	11/10/2021		32.06	195,000	26.56	235,417
	2017-3	11/10/2022		33.06	235,000	27.38	283,707
	2017-4	11/10/2023		34.06	262,500	28.21	316,909
"Stock Option Plan 2018"	2018-1	11/10/2020	13/12/2027	31.56	20,000	26.14	24,145
	2018-2	11/10/2021		32.06	20,000	26.56	24,145
	2018-3	11/10/2022		33.06	20,000	27.38	24,145
	2018-4	11/10/2023		34.06	20,000	28.21	24,145
"Existing Partners Stock Option Plan 2019"	2019 EP-1	11/10/2020	11/10/2023	26.10	88,389	21.62	106,721
	2019 EP-2	11/10/2020		27.10	88,389	22.45	106,721
	2019 EP-3	11/10/2021		29.10	100,889	24.10	121,814
	2019 EP-4	11/10/2022		31.10	130,889	25.76	158,036
"New Partners Stock Option Plan 2019"	2019 NP-1	11/10/2022	11/10/2029	26.10	35,000	21.62	42,254
	2019 NP-2	11/10/2023		26.60	80,000	22.03	96,582
	2019 NP-3	11/10/2024		27.60	80,000	22.86	96,582
	2019 NP-4	11/10/2025		28.60	80,000	23.69	96,582
"Stock Option Plan 2021"	2021-1	11/10/2022	11/10/2025	39.45	112,500	32.68	135,818
	2021-2	11/10/2022		39.95	112,500	33.09	135,818
	2021-3	11/10/2023		40.95	137,500	33.92	166,001
	2021-4	11/10/2024		41.95	137,500	34.75	166,001

Assuming a weighted average share price of €46.60 prior to the ex-date of the Extraordinary Distribution, the number of Shares targeted in the Offer will be increased by a maximum of 629,032 Shares.

With regard to the Stock Option Plans, it can be noted that:

- they represent a total of 3,034,500 remaining Stock Options, giving rise to a maximum of 3,663,532 Shares[37];

[36] It is specified that the tranche 2013-1 of the 2013 Stock Option Plan is the only tranche for which the exercise of Stock Options results in the subscription of newly issued Shares.

[37] It is specified that this number of Shares has been calculated taking into account the adjustment of the subscription or purchase price and of the number of Shares underlying the Stock Options, as described in Section 2.2.5(b) (*Situation of the holders of Stock Options*) of the Draft Response Document.

- Stock Options that are not yet exercisable will be accelerated, in accordance with the terms of the Plans, in the event that the threshold for the squeeze-out is reached, so that the holders of Stock Options may exercise them, it being specified that, pursuant to commitments given by certain holders of Stock Options, 875,273 Shares resulting from the said Stock Options are to be transferred in the context of the squeeze-out to the Offeror or to the members of the Concert pursuant to the Allocation Rules (as detailed in Section 6.1 (*Investment Agreement*) of the Draft Response Document. In addition, in the absence of the implementation of the squeeze-out, 528,181 Shares resulting from the Stock Options vesting on 11 October 2023 are intended to be transferred to Rothschild & Co Partners; and

- the 2,616,224 Shares[38] that may be issued and/or acquired as a result of the exercise of the Stock Options are subject to undertakings not to be tendered in the Offer and to instructions given to the account holder to block the relevant Shares, and are intended to be transferred to Rothschild & Co Partners subject to the conclusion of the reciprocal Share transfer undertakings as described in Section 6.5 (*Transfer of Shares to Rothschild & Co Partners*) of the Draft Response Document.

(c) Situation of the holders of RSUs

RSUs acquired as described above are subject to a four-year vesting period.

As of the date of the Draft Offer Document, 102,500 RSUs are held by the Partners, representing a maximum of 102,500 underlying Shares.

In accordance with the terms of the Option Plans, the RSUs will be accelerated in the context of the present Offer.

These 102,500 Shares underlying the RSUs are subject to an undertaking not to be tendered in the Offer and to instructions given to the account holder to block the relevant Shares for the duration of the Offer, and are intended to be transferred to Rothschild & Co Partners subject to the conclusion of the reciprocal Share transfer undertakings as described in Section 6.5 (*Transfer of Shares to Rothschild & Co Partners*) of the Draft Response Document.

(d) Situation of the holders of NCIs

The Company put in place NCI plans (the "**NCI Plans**") dated 6 February 2019 which have been amended several times, and pursuant to which 652,450 NCIs have been allocated, representing 652,450 underlying Shares.

For the remaining outstanding tranches to be released on 30 September and 17 November 2023 representing a total of 305,024 NCIs, 61,615 NCIs will be delivered in Shares which are subject to undertakings not to be tendered in the Offer and to instructions given to the account holder to block the

[38] It is specified that this number of Shares has been calculated taking into account the adjustment of the subscription or purchase price and of the number of Shares underlying the Stock Options, as described in Section 2.2.5(b) (*Situation of the holders of Stock Options*) of the Draft Response Document.

relevant Shares for the duration of the Offer, and are intended to be transferred to Rothschild & Co Partners subject to the conclusion of the reciprocal Share transfer undertakings as described in Section 6.5 (*Transfer of Shares to Rothschild & Co Partners*) of the Draft Response Document.

In addition, part of the NCIs being released on 30 September and 17 November 2023 as well as the NCIs corresponding to other tranches and to be released on later dates will be fully paid for in cash and not in Shares.

2.2.6 Situation of the holders of Shares held via the Rothschild & Co FCPE

As of the date of the Draft Response Document, 237,414 Shares are held via the Rothschild & Co corporate mutual fund (the *fonds commun de placement d'entreprise Rothschild & Co* – the "**Rothschild & Co FCPE**") which operates within the framework of company savings plans (*plans d'épargne entreprise*) set up within the companies of the Group (the "**PEEs**"), the Shares of which are targeted in the Offer.

It will be up to the supervisory board of the Rothschild & Co FCPE to decide whether to tender the Shares held by the Rothschild & Co FCPE in the Offer.

2.2.7 Intentions of the Offeror regarding the implementation of a squeeze-out and the maintenance of the Company's listing following the Offer

In accordance with the provisions of Article L. 433-4, II, of the French Monetary and Financial Code and Articles 237-1 *et seq.* of the AMF General Regulation, the Offeror intends to require that the AMF, within three (3) months from the closing of the Offer, implement a squeeze-out procedure for the Shares not tendered in the Offer by the minority shareholders of the Company (other than (x) the Shares held by the Company or its subsidiaries, (y) the Shares subject to an undertaking that they will be contributed or transferred to Rothschild & Co Partners and (z) the Dutreil Shares) to be transferred to Concordia, if they do not represent more than 10% of the share capital and voting rights of the Company (the "**Squeeze-Out**").

The Squeeze-Out would be implemented in return for compensation per Share equal to the Offer price (ex-Dividend 2022 and ex-Extraordinary Distribution), i.e., €38.60 per Share, net of all costs. The implementation of this procedure will result in the delisting of the Shares from Euronext Paris.

The amount of the compensation will be paid, net of all costs, at the end of the Squeeze-Out, into a blocked account opened for this purpose with Société Générale Securities Services (32, rue du Champ de Tir, BP 81236, 44312 Nantes Cedex 3) appointed as centralising agent for the cash compensation transactions for the Squeeze-Out. After the closure of the affiliates' accounts, Société Générale Securities Services, upon presentation of the balance certificates issued by Euroclear France, will credit the account-holding custodian institutions with the amount of the compensation, who will be responsible for crediting the accounts of the holders of the Shares with the compensation due to them.

In accordance with Article 237-8 of the AMF General Regulation, the unallocated funds corresponding to the compensation for Shares whose beneficiaries remain unknown will be held by Société Générale Securities Services or by the relevant account-holding custodian, as the case may be, for a period of ten (10) years from the date of the Squeeze-Out and paid to the French Caisse des dépôts et consignations at the end of this period. These funds will be made available to the beneficiaries subject to the thirty-year prescription period in favour of the French State.

2.3 Procedure for tendering Shares in the Offer

The Draft Offer Document indicates that the Shares tendered in the Offer must be freely negotiable and free from any lien, pledge, collateral or other security interest or restriction of any kind on the free transfer of their ownership. The Offeror reserves the right to reject any Shares tendered in the Offer that do not comply with this condition.

The Offer and all related agreements are subject to French law. Any dispute or litigation, regardless of the subject matter or basis, relating to this Offer shall be brought before the court having jurisdiction.

The Offer will be open for a period of thirty-five (35) trading days. The attention of the Company's shareholders is drawn to the fact that, as the Offer will be conducted following the simplified procedure, in accordance with the provisions of Articles 233-1 *et seq*. of the AMF General Regulation, the Offer will not be reopened following the publication of the result of the Offer by the AMF.

The shareholders of the Company who would like to tender their Shares in the Offer must submit to their financial intermediary holding their Shares, or if the shares are held in pure registered form to Société Générale Securities Services acting as the Company's registrar, a tender or sale order at the price of the Offer (ex-Dividend 2022 and ex-Extraordinary Distribution which ex-date will be set at the latest before the opening of the Offer), i.e., €38.60 per Share, by using the form made available to them by such financial intermediary in time for their order to be executed and at the latest on the closing date of the Offer, specifying whether they opt either for the sale of their Shares directly on the market or for the tender of their Shares in the semi-centralised Offer by Euronext Paris in order to benefit from the reimbursing of the brokerage fees by the Offeror under the conditions described in Section 2.12 (*Reimbursement of brokerage fees*) of the Draft Offer Document.

Procedure for tendering Shares in the Offer directly through the market:

Rothschild & Co shareholders wishing to tender their Shares in the Offer through the market sale procedure must submit their sale order no later than the last day of the Offer and the delivery-settlement of the Shares sold will occur on the second trading day following the day of execution of the orders, it being noted that the trading costs (including brokerage fees and related VAT) relating to such transactions will remain entirely at the expense of the shareholder selling directly on the market.

Natixis, an investment services provider duly authorised as a member of the stock market, will acquire, through its partner Oddo BHF SCA, on behalf of the Offeror and the members of the Concert, the Shares that will be sold on the market in accordance with applicable regulations.

It should also be noted that the Offeror may acquire Shares in the Offer by way of off-market purchases.

Procedure for tendering Shares in the semi-centralised Offer:

Rothschild & Co shareholders wishing to tender their Shares in the semi-centralised Offer by Euronext Paris must submit their tender order no later than the last day of the Offer (subject to specific time limits for certain financial intermediaries). The delivery-settlement will then occur after completion of the semi-centralisation transactions.

In this context, the Offeror and the members of the Concert will bear the shareholders' brokerage fees under the conditions described in Section 2.12 (*Reimbursement of brokerage fees*) of the Draft Offer Document.

Euronext Paris will pay directly to the financial intermediaries the amounts due for the reimbursement of the fees mentioned below, as from the delivery-settlement date of the semi-centralisation.

The shareholders of the Company are invited to contact their financial intermediaries regarding the terms and conditions for tendering their Shares in the semi-centralised Offer and for revoking their orders.

2.4 Indicative timetable of the Offer

Prior to the opening of the Offer, the AMF will publish a notice of opening and timetable, and Euronext Paris will publish a notice announcing the terms and timetable of the Offer.

An indicative timetable of the Offer is proposed below for information purposes only:

Dates	Main steps the Offer
8 June 2023	- Filing of the Offer and the Offeror's Draft Offer Document with the AMF. - Offeror's Draft Offer Document made available to the public at the registered office of the Offeror and at the Presenting Banks and published on the websites of the Company (www.rothschildandco.com) and of the AMF (www.amf-france.org) - Publication by the Offeror of a press release announcing the filing of the Offer and availability of the Draft Offer Document
4 July 2023	- Filing of the Company's draft response document (*projet de note en réponse*), including the reasoned opinion of the Supervisory Board and the independent expert's report. - Company's draft response document made available to the public at the Company's registered office and published on the websites of the Company (www.rothschildandco.com) and of the AMF (www.amf-france.org) - Publication by the Company of a press release announcing the filing and the availability of its draft response document.
5 July 2023	- Start of the purchases by the Offeror in accordance with Section 2.1.2 (*Purchases of Shares prior to the opening of the Offer*) of the Draft Response Document.
18 July 2023	- Publication by the AMF of its clearance decision on the Offer, which serves as the clearance (the "*visa*") of the Offeror's Offer document and of the Company's response document. - Offeror's Offer document having received the AMF's clearance ("*visa*") made available to the public at the registered office of Rothschild & Co Concordia and at the Presenting Banks and published on the websites of the Company (www.rothschildandco.com) and of the AMF (www.amf-france.org) - Company's response document having received the AMF's approval ("*visa*") made available to the public at the Company's registered office and published on the websites of the Company (www.rothschildandco.com) and of the AMF (www.amf-france.org)
18 July 2023	- Publication by Euronext Paris of the notice relating to the Extraordinary Distribution
20 July 2023	- Ex-date for the Extraordinary Distribution
20 July 2023	- Document containing "Other Information" relating to the legal, financial, accounting and other characteristics of the Offeror made available to the public at the registered office of the Offeror and at the Presenting Banks

Dates	Main steps the Offer
	and published on the websites of the Company (www.rothschildandco.com) and of the AMF (www.amf-france.org)
20 July 2023	- Document containing "Other Information" relating to the legal, financial, accounting and other characteristics of the Company made available to the public at the Company's registered office and published on the websites of the Company (www.rothschildandco.com) and of the AMF (www.amf-france.org)
21 July 2023	- Publication by the Offeror of a press release announcing the availability of its Offer document having received the AMF's clearance ("*visa*") and of the document containing "Other Information" relating to its legal, financial, accounting and other characteristics. - Publication by the Company of a press release announcing the availability of its response document having received the AMF's clearance ("*visa*") and of the document containing "Other Information" relating to its legal, financial, accounting and other characteristics.
21 July 2023	- Publication by the AMF of the notice of opening of the Offer. - Publication by Euronext Paris of the notice relating to the Offer and its terms.
24 July 2023	- Payment of the Extraordinary Distribution. - Opening of the Offer.
8 September 2023	- Closing of the Offer (last day to place selling orders on the market or orders to tender Shares in the semi-centralised Offer).
13 September 2023	- Publication by the AMF of the notice of the result of the Offer.
18 September 2023	- Settlement of the semi-centralised Offer by Euronext Paris.
In a short-term period following the closing of the Offer	- Implementation of the Squeeze-Out and delisting of the Shares from Euronext Paris, if the conditions are met

2.5 <u>Offer restrictions outside of France</u>

Section 2.13 (*Offer restrictions outside of France*) of the Draft Offer Document indicates that:

- The Offer has not been subject to any application for registration or approval by any financial market regulatory authority other than the AMF and no measures will be taken in this respect.

- The Offer is therefore made to shareholders of the Company located in France and outside France, provided that the local law to which they are subject allows them to take part in the Offer without requiring that the Offeror complete additional formalities.

- Publication of the Draft Offer Document, the Offer, the acceptance of the Offer and the delivery of the Shares may, in certain jurisdictions, be subject to specific regulations or restrictions. Accordingly, the Offer is not directed at persons subject to such restrictions, either directly or indirectly, and must not be accepted from any jurisdiction where the Offer is subject to restrictions.

- Neither the Draft Offer Document nor any other document relating to the Offer constitutes an offer to sell or acquire financial instruments or a solicitation of such an offer in any jurisdiction in which such an offer or solicitation would be unlawful, could not validly be made, or would require the publication of a prospectus or the completion of any other formality under local financial law. Holders of Shares located outside of France may only participate in the Offer to the extent that such participation is permitted under the local law to which they are subject.

Restrictions on the Offer outside of France as described in Section 2.13 (*Offer restrictions outside of France*) of the Draft Offer Document apply to this Draft Response Document.

Accordingly, persons in possession of the Draft Offer Document and/or of the Draft Response Document are required to obtain information regarding any applicable local restrictions and to comply with such restrictions. Failure to comply with such restrictions may constitute a violation of applicable securities laws.

The Offeror shall not be liable for any breach by any person of any applicable legal or regulatory restrictions.

United States of America

The Offer is being made for the securities of Rothschild &Co SCA, *a société en commandite par actions*, incorporated under the laws of France, and is subject to French disclosure and procedural requirements, which differ from those of the United States of America.

The Offer will be made in the United States of America in compliance with applicable French law and, except to the extent of relief granted by the U.S. Securities and Exchange Commission (the "**SEC**") as described below, the U.S. Securities Exchange Act of 1934, as amended (the "**1934 Act**") and the rules and regulations adopted by the SEC thereunder, including Regulation 14E, and will be subject to certain exemptions provided by Rule 14d-1(d) of the 1934 Act (the "Tier II" exemption concerning the shares of foreign private issuers). Accordingly, the Offer will be subject to certain disclosure and procedural rules, including those relating to the notice of extension of the Offer, the timing of settlement (including as regards the time when the payment of the consideration is rendered), and the purchase of Shares outside the Offer, which are different from the U.S. rules and practices relating to public offers in the United States of America. U.S. Shareholders are encouraged to consult with their usual advisers in order to find out which laws are applicable to their particular situation in the context of the Offer.

On 7 June 2023, the SEC granted certain exemptions from Rule 14e-5 of the 1934 Act with respect to the Offer.

Subject to certain exceptions, Rule 14e-5 under the 1934 Act prohibits a "covered person" from, directly or indirectly, purchasing or arranging to purchase any securities in the target company or any securities that are immediately convertible into, exchangeable for or exercisable for securities in the target company, except as part of the offer. This prohibition applies from the date of the announcement of the offer until the offer expires. A "Covered person" is defined as (i) the offeror and its affiliates, (ii) the offeror's dealer-manager and its affiliates, (iii) any advisor to any of the foregoing, whose compensation is dependent on the completion of the offer and (iv) any person acting, directly or indirectly, in concert with any of the persons specified above. The SEC has granted the Offeror and the other members of the Concert exemptive relief to permit them to purchase or arrange to purchase Shares outside of the Offer in accordance with French securities laws.

The intentions of the Offeror and of the other members of the Concert, as the case may be, in this respect are described in Section 6.5 (*Transfer of Shares to Rothschild & Co Partners*), Section 6.4 (*Dutreil Shares liquidity mechanism*) and Section 2.1.2 (*Purchases of Shares prior to the opening of the Offer*) of the Draft Offer Document and the relevant sections of the Draft Offer Document. These purchases may be made on the market or in the context of off-market transactions and as further described in the Draft Offer Document and the Draft Response Document

To the extent that information regarding such purchases or such arrangements is made public in France in accordance with the regulations in force, it will also be made public on the Company's website (www.rothschildandco.com). This information will also be made available to U.S. Shareholders in an English translation on the Company's website (www.rothschildandco.com). No purchase or arrangement to purchase outside of the Offer will be made by or on behalf of the Offeror in the United States of America, except for the transfers of Shares by the Partners residing in the United States of America to Rothschild & Co Partners and except for the transfers of Dutreil Shares subject to a Liquidity Mechanism held by residents in the United States of America in accordance with the exemption granted by the SEC. Affiliates of the Offeror's and the Company's financial advisers may engage in ordinary trading activities in the Company's securities, which may include making purchases or arranging for the purchase of such securities.

Payment of the Offer price to the U.S. Shareholders may be a taxable transaction subject to income tax, including U.S. federal income tax and may be a taxable transaction pursuant to French national or regional tax laws, as well as foreign or other tax laws. It is strongly recommended that each U.S. Shareholder immediately seek independent professional advice regarding the tax consequences of accepting the Offer.

It may be difficult for U.S. Shareholders to enforce their rights under U.S. federal securities laws because the Offeror and the Company are companies headquartered outside the United States of America and some or all of their respective officers and directors are residents of countries other than the United States of America. The U.S. Shareholders may not be able to bring proceedings in a court outside the United States of America against a non-U.S. company or its officers or directors alleging violations of U.S. securities laws. In addition, it may also be difficult to compel a non-U.S. company and its affiliates to comply with judgments rendered by a U.S. court.

Neither the SEC nor any other regulatory authority in the United States of America has granted or rejected approval of the Offer, or issued a decision as to the fairness or the merits of the Offer, or issued an opinion as to accuracy or exhaustive nature of the Draft Offer Document, this Draft Response Document or any other document related to the Offer. Any representation to the contrary constitutes a criminal offence in the United States of America.

The Offer is made to the U.S. Shareholders on the same terms and conditions as those offered to all of the shareholders of the Company to whom the Offer is being made.

The U.S. Shareholders should consider that the price of the Offer is paid in euros and that no adjustment will be made based on any changes in the exchange rate.

3. REASONED OPINION OF THE COMPANY'S SUPERVISORY BOARD

As at the date of the Draft Response Document, the Supervisory Board of the Company is composed of the following members:

- Marc-Olivier Laurent (Chairman of the Supervisory Board)
- David de Rothschild (Honorary Chairman of the Supervisory Board)
- Éric de Rothschild (Vice-Chairman of the Supervisory Board)
- Lucie Maurel-Aubert (Vice-Chairwoman of the Supervisory Board)
- Adam Keswick*
- Gilles Denoyel*
- Sir Peter Estlin*
- Sylvain Héfès
- Suet-Fern Lee*
- Arielle Malard de Rothschild
- Jennifer Moses
- Carole Piwnica*
- Lord Mark Sedwill
- Sipko Schat
- Véronique Weill*

** independent members*

On 4 July 2023, the Supervisory Board issued the reasoned opinion set out in full below:

*"The Supervisory Board of Rothschild & Co SCA ("**Rothschild & Co**" or the "**Company**") met on 4 July 2023 in order, in accordance with the provisions of Article 231-19 of the general regulations of the Autorité des Marchés Financiers (the "**AMF**"), to issue a reasoned opinion on the interest and the consequences for the Company, its shareholders and employees, of the proposed simplified tender offer (the "**Offer**") for the Company's shares, at a price of €46.60 per share cum-extraordinary distribution of €8 per share (ex-ordinary dividend 2022 of €1.40, with an ex-date set at 29 May 2023) and €38.60 ex-extraordinary distribution (with an ex-date planned for 20 July 2023), initiated by Rothschild & Co Concordia SAS ("**Concordia**" or the "**Offeror**").*

All Supervisory Board members were present or represented, with the exception of Mr. Eric de Rothschild, absent and excused, it being noted that Mr. Marc-Olivier Laurent, Mr. David de Rothschild, Mr. Sylvain Héfès, Mrs. Arielle Malard de Rothschild and Mrs. Lucie Maurel-Aubert did not take part in the deliberations or vote given their ties with the Concert or the Group.

Mr. Adam Keswick, Vice-Chairman of the Supervisory Board, chaired the meeting during Mr. Marc-Olivier Laurent's stepping aside.

The Chairman of the meeting points out that the terms of the Offer are described in the draft offer document ("projet de note d'information") filed by the Offeror with the AMF on 8 June 2023.

*The Chairman of the meeting also points out that, in accordance with the provisions of Article 261-1, III of the AMF's general regulation (the "**RGAMF**") and AMF Recommendation no. 2006-15, the Supervisory Board, at its meeting on 16 January 2023, set up an ad hoc committee (the "**Committee**") in charge of proposing the appointment of an independent expert to the Supervisory Board, monitoring the work of the independent expert and ensuring that his mission is carried out properly, examining the terms of the Offer and preparing the draft reasoned opinion ("projet d'avis motivé") of the Supervisory Board, dealing with any issues relating to the Offer and reporting to the Supervisory Board.*

The Committee is composed of four independent members: Mrs. Véronique Weill, appointed Chairman of the Committee by the Supervisory Board at the meeting of 16 January 2023, Mr. Gilles Denoyel, Mrs. Carole Piwnica and Sir Peter Estlin.

The Chairman of the meeting also points out that, at its meeting on 13 February 2023, on the recommendation of the Committee dated 9 February 2023, the Supervisory Board approved the principle of the proposed Offer, while emphasizing that work should continue and that a reasoned opinion would only be issued once the Offer had been filed, following a review of the Committee's recommendation and the work of the independent expert.

Prior to today's meeting, the members of the Supervisory Board were provided with the following documents and all information enabling them to issue a reasoned opinion:

- *the draft offer document filed by the Offeror with the AMF on 8 June 2023, containing in particular the background and reasons for the Offer, the Offeror's intentions, the characteristics of the Offer and the elements for assessing the Offer price established by the presenting banks Natixis (also guarantor) and Crédit Agricole Ile-de-France;*
- *the report of the independent expert, Finexsi, on the fairness of the financial terms of the Offer, i.e. the offered price of €46.60 per share cum-extraordinary distribution (ex-dividend 2022) and €38.60 ex-extraordinary distribution, including in the event of the implementation of a squeeze-out;*
- *Finexsi's report on the extraordinary distribution;*
- *the draft reasoned opinion prepared by the Committee in accordance with Article 261-1 III of the RGAMF; and*
- *the draft response document ("projet de note en réponse") prepared by the Company for filing with the AMF on 4 July 2023, which must be completed with the reasoned opinion of the Supervisory Board.*

1. Appointment of the independent expert and the Committee's advisors

On 16 January 2023, the members of the Committee reviewed the proposals of two firms fulfilling the criteria of competence and independence required by the applicable regulations.

Following the Committee's in-depth review of these two proposals, the Committee recommended that the Supervisory Board select Finexsi, mainly in view of (i) the absence of any present or past link between it and the Company that might affect its independence, (ii) its recent experience in tender offers followed by a squeeze-out, (iii) its ability to prepare a specific report on the consequences of the planned extraordinary distribution, and (iv) more generally, its professional reputation and the human and material resources at its disposal.

On behalf of Finexsi, Mr. Olivier Peronnet has indicated that there were no incompatibilities that would prevent him from carrying out his mission (in particular, the transaction will lead to the issue of two reports on two related aspects of the transaction, which does not call Finexsi's independence into question). Similarly, Finexsi has confirmed that it has sufficient material resources and the necessary availability to carry out its mission during the period in question.

At its meeting on 16 January 2023, on the recommendation of the Committee, the Company's Supervisory Board therefore appointed Finexsi, represented by Mr. Olivier Peronnet, as independent expert, in accordance with the provisions of article 261-1 of the RGAMF, with the mission to issue an opinion on the fairness of the terms of the Offer, including in the event of a squeeze-out, in accordance with stock market regulations, and on the proposed extraordinary distribution of reserves of €8 per share. On 20 January 2023, the Committee unanimously decided to appoint Pierre Casanova, partner at Darrois Villey Maillot Brochier AARPI, as legal advisor to the Committee.

Rothschild & Cie, the Company's financial advisor on the transaction, also attended Committee meetings and provided the Committee with documents prepared for the Company.

2. Committee and Supervisory Board work and interaction with the independent expert

Between 16 January 2023 and 3 July 2023, the Committee met 14 times for the purposes of its mission at the Company's registered office and/or by videoconference. The Committee members interacted with the independent expert and the Committee's legal advisor throughout the process, including at regularly scheduled meetings and during informal discussions.

The Chairman of the Committee reports on her mission and provides the following brief summary of the Committee's work:

- *on 16 January 2023, the Supervisory Board was informed that Concordia was preparing a potential Offer on the Company; the Supervisory Board set up the Committee; the members of the Committee reviewed the proposals of two independent experts and proposed the appointment of Finexsi as independent expert, which was approved by the Supervisory Board on the same day, on 16 January 2023;*

- *on 20 January 2023, the Committee unanimously decided to appoint Pierre Casanova, partner at Darrois Villey Maillot Brochier AARPI, as legal advisor to the Committee. The Committee also held discussions with the independent expert on his future work;*

- *on 27 January 2023, the Committee met to review (i) the conclusions of the valuation work carried out by the Company's financial advisor on the transaction, (ii) the independent expert's update on the progress of its work and (iii) an update on the extraordinary distribution envisaged. The Committee was also informed of the price range envisaged at that date by the Offeror, between €46 and €48 (cum-ordinary dividend and cum-extraordinary distribution);*

- *on 2 February 2023, the Committee met to review (i) the progress of the independent expert's work and (ii) the presentation of the draft agreements relating to the Offer ("accords connexes"). The Committee also considered that a price of €48, representing the upper limit of the range envisaged by the Offeror, would be preferable;*

- *On 6 February 2023, Concordia, taking into account the impossibility to preserve the confidentiality of the project, announced to the market its intention to file an Offer at €48 (with right to distributions attached) subject to the finalization of ongoing negotiations.*

- *on 9 February 2023, the Committee met to review the progress of the independent expert's work, and to discuss the recommendation to be made to the Supervisory Board regarding the principle of the Offer, taking into account the extraordinary distribution envisaged;*

- *On February 13, 2023, Concordia confirmed its intention to file an Offer at a price of €48 (with right to distributions attached).*

- *on 3 March 2023, the Committee met to make a recommendation to the Supervisory Board on the proposed extraordinary distribution, in particular in light of the conclusions of the independent expert's report on this subject. The Committee also reviewed the letters from two minority shareholders concerning the proposed Offer, and discussed the appropriate responses to be made;*

- *on 31 March 2023, the Committee met to review the progress on (i) the draft agreements relating to the Offer and (ii) the regulatory approvals relating to the Offer. The Committee also received a presentation from the Group Chief Financial Officer on the Company's balance sheet and cash position, following the recent market events affecting the banking sector;*

- *on 21 April 2023, the Company's financial advisor presented the change in the structure of the Offer envisaged by Concordia, consisting in the implementation of the proposed extraordinary distribution of reserves of €8 per share by the Company after the AMF's clearance decision on the Offer and before its opening, as well as Concordia's intention, in the context of this modified structure, to purchase shares of the Company cum-extraordinary distribution after the publication of the response document and before the opening of the Offer. The Committee also took note of the latest correspondence with a minority shareholder concerning the Offer, and discussed the responses to be made;*

- *on 2 June 2023, the Committee met to review (i) the minutes of the Annual General Meeting, which approved the extraordinary distribution, (ii) the status of regulatory approvals and (iii) an update on the work of the independent expert. The Committee also discussed recent interactions with minority shareholders;*

- *on 15 June 2023, the Committee was informed of the latest estimated financial data presented by the Group's Chief Financial Officer, which were transmitted to the independent expert and disclosed to the market on 19 June 2023. The independent expert also presented an update on the progress of its work;*

- *on 23 June 2023, the Committee met to review (i) Rothschild & Cie's analysis of recently published analysts' notes, and (ii) an update on the work of the independent expert. The Committee also discussed the terms of the draft reasoned opinion to the Supervisory Board;*

- *on 30 June 2023, the Committee discussed the independent expert's draft report;*

- *on 2 July 2023, the Committee reviewed the letter sent by the lawyer of a minority shareholder, the new version of the independent expert's report and its conclusion, and a draft recommendations and reasoned opinion revised to reflect these elements and the Committee's most recent work;*

- *on 3 July 2023, the Committee met to finalize its recommendations and the draft reasoned opinion and to review the final version of the independent expert's report;*

- *the Committee has compared the offer price with the "Base Case" business plan approved by the Supervisory Board on 13 December 2022. The Committee assessed the fairness of the Offer on the basis of this Business Plan.*

  The Committee was also informed of two other scenarios. The first, known as the "Adjusted Case", represents a downgraded vision of the "Base Case", and was reviewed by the Supervisory Board on 16 January 2023. The *second is a prudential stress test. This information was notably used by the Committee to issue its recommendation on the sustainability of the extraordinary distribution.*

The Committee also attended a presentation by the Group's Chief Financial Officer of estimated financial data for the first half of 2023 and for the full year 2023, which were published in a press release on 19 June 2023.

The "Base Case" business plan on which the Committee assessed the fairness of the Offer price was still the best estimate of the Company's forecasts for 2024 and 2025 following this press release;

- *the Committee paid particular attention to the following points:*
  - *the terms of the investment agreement provide that the new members of the Concert will acquire the shares at a firm and definitive price strictly identical to the Offer price;*
  - *the liquidity options offered by the shareholders' agreement or the Dutreil liquidity mechanisms do not ensure a guaranteed share value. The share price offered under these options will be based on a combination of (i) an expert valuation consistent with the valuation carried out as part of the Offer, and (ii) the application of the multiple induced by the Offer to the Company's adjusted tangible equity;*
  - *the reorganization of the Partners will be carried out by transparently applying the economic parameters of the Offer, without the Partners benefiting from a guaranteed price or improved financial terms compared to the Offer price;*
- *the Committee ensured that the independent expert had been provided with all the information required to carry out his mission, and that he had been able to carry out his work under satisfactory conditions;*
- *in particular, the Committee ensured that the independent expert was informed of all related agreements and was able to assess their content.*

The timing of interactions between the Committee and the independent expert is set out in Finexsi's report.

In addition, the Committee has not been informed and has not identified any elements that might call into question the proper execution of the independent expert's work.

3. Conclusions of the independent expert's report

As indicated above, the Committee met several times with the independent expert and monitored his work.

Appointed, pursuant to the provisions of article 261-1, I, 1°, 2° and 4° and II of the RGAMF, Finexsi, represented by Mr. Olivier Peronnet, summarized its conclusions for the Supervisory Board:

"On 6 February 2023, Concordia announced its intention to file the Offer, at a price of €48.00 (cum distributions) per ROTHSCHILD & CO share. Upon payment of the ordinary dividend of €1.40 payable on 31 May 2023, the Offer price was automatically adjusted accordingly, and the Offer was filed at €46.60 per share (with Exceptional Distribution). The Offer price of €46.60 per share, with Exceptional Distribution of €8.00 per share, corresponds to an Offer price of €38.60 per share after Exceptional Distribution.

In the light of the multi-criteria evaluation work we have carried out, we can make the following main observations:

The Offer price enables shareholders to benefit from a price higher than the Company's historical share prices, which we consider to be significant, with in particular a premium of 19.3% over the last price prior to the announcement and of 27.0%

over the 60-day average at the same date, and of 14.7% over the all-time record price reached by the share on 13 January 2021.

It falls within the intrinsic value range of the DDM, a criterion which we feel is best suited to the valuation of regulated banking activities. This DDM is based on the 'Base Case' business plan, which reflects management's ambitions within its current strategic perimeter, with high levels of performance and no reversal of high-cycle trends, regardless of the current uncertainties observed since its preparation in Global Advisory and Merchant Banking development. In our opinion, this criterion, applied on this basis, enables us to express the full value of the Rothschild & Co share.

It is at the upper end of the range of the Gordon Growth sum-of-the-parts criterion, which is also used as a main criterion, the upper end of which incorporates management's ambitions for the coming years for each business.

It is corroborated by the objectives of most analysts prior to the announcement of the Offer. Only one analyst expressed a divergent view which, in our opinion, does not incorporate all the characteristics specific to the sector and the Company. Nevertheless, the Offer price is slightly above the average and median of the price targets prior to the announcement of the Offer.

With regard to the NAV criterion, which is not a standard valuation criterion, the Offer price also represents a limited discount of around 1.0% to the latest diluted NAV per share and 5.0% to the estimated diluted NAV per share at 30 June 2023, in a context where regulated French and European banks present share prices with significantly larger discounts to their NAV.

Finally, it should be noted that these various observations do not take into account the limited partnership status, which could also justify a discount on the limited partners' shares, the only ones targeted by the Offer, which we have not taken into account.

Related agreements:

Our review of the agreements that could have a material impact on the assessment or outcome of the Offer, as presented in the draft offer document, namely the Investment Agreement, the Shareholders' Agreement, the Contribution Commitments, the Dutreil Share Liquidity Mechanism and the transfers of shares to Rothschild & Co Partners, did not reveal any financial provisions that, in our opinion, would call into question the fairness of the Offer from a financial point of view.

On this basis, we are of the opinion that the Offer price, i.e. €46.60 per share Exceptional Distribution of €8.00 attached or €38.60 ex-distributions, is fair from a financial point of view for Rothschild & Co shareholders.

This conclusion also applies to the indemnity of the same amount that would be applied in the event of a Squeeze-out following the Offer."

4. Committee conclusions and recommendations

On 3 July 2023, the Committee made its recommendation to the Supervisory Board, taking into account in particular the independent expert's report on the Offer and correspondence received from certain shareholders following the announcement of the transaction.

- *With regard to the interest of the Offer for the Company, the Committee notes that:*
  - *the Concert, which includes the Initiator, holds 55.2% of the Company's capital and 66.80% of its theoretical voting rights;*

- *in the context of the Offer as described by the Offeror, the Offeror states that the Offer is based on the observation that Rothschild & Co's development does not require a listing, insofar as none of the Group's businesses requires recourse to the capital markets. As a result, the Company's operating procedures in the event of delisting would be simplified in light of the provisions applicable to companies whose shares are admitted to trading on a regulated market, in addition to the regulatory constraints that also apply to the Group;*

- *the Offer is intended to solidify the Company's independence and secure its development strategy, while strengthening its maneuverability, with the Offeror specifying that "the performance of each of the Group's businesses must be assessed over the long term, and the status of a private company therefore appears more appropriate than that of a listed company";*

- *the significant investment made by the Partners, grouped together within Rothschild & Co Partners, newly created for this purpose, is an act of loyalty and long-term commitment, reinforcing the alignment of interests between the Company and the Partners;*

- *the transaction is in line with the logic and continuity of the history of a family-owned group, a guarantee of stability, and meets the Offeror objective of holding alone a majority of the Company's capital and voting rights, while offering its shareholders liquidity, enabling them to sell their shares at a price representing a significant premium to the last known price and the average prices over 1 and 3 months;*

- *the Offeror intends to pursue the Company's activities in line with its current strategy, which will not be called into question regardless of the outcome of the Offer;*

- *as the Offeror is a holding company, it does not anticipate any cost or revenue synergies with the Company, other than the savings that would result from delisting the Company in the event of a squeeze-out.*

– *With regard to the interest of the Offer for the shareholders, the Committee notes that:*

- *the independent expert is of the opinion that the Offer price, i.e. €46.60 per share Exceptional Distribution of €8.00 attached or €38.60 ex-distributions, is fair from a financial point of view for Rothschild & Co shareholders;*

- *the Offer price of €48 (with rights to the 2022 dividend and extraordinary distributions attached) announced and then confirmed by the press releases of 6 and 13 February 2023, represents premiums of 27%, 34% and 36% respectively over the average closing prices weighted by daily volumes for the 60, 120 and 180 trading days respectively prior to the announcement of the Offer on 6 February 2023, and of 19% over the closing price prior to the announcement of the Offer, as well as a premium of 15% over the highest historical closing price on record, reached on 13 January 2022;*

- *all these benchmarks date back to before the events having affected the financial institutions and the 9% fall in the Stoxx Europe 600 Banks index observed between 6 February 2023 and 31 May 2023;*

- *the Offeror offers shareholders of the Company who tender their shares to the Offer the possibility of obtaining immediate liquidity for their entire holding at a price representing a significant premium to the last known price and to the average prices over 1 and 3 months;*

- *the discount to YE 2022 Net Asset Value is very low, and at 1% (5% to the estimated Net Asset Value as of 30 June 2023) is much lower than the discount observed on recent tender offers for regulated institutions on the French stock market (such as CNP Assurances or Natixis) and the discount between the stock market prices of regulated French and European banks and their Net Asset Value;*

- *with regard to dividends, the Offeror states that it "does not intend to modify the Company's dividend distribution policy following the Offer, and will continue the progressive dividend distribution policy followed in the past, subject to the Company's distributive capacity, financial situation and financial requirements";*

- *the extraordinary distribution benefits to all shareholders, regardless of whether or not they choose to tender their shares to the Offer or the implementation of a squeeze-out;*

- *the Company and the members of the Committee have received letters or e-mails from minority shareholders concerning the Offer. The Committee took note of this correspondence and ensured that it was carefully reviewed by the independent expert, who forwarded it to the Company and the Offeror for their comments. Minority shareholders' comments were examined and considered by the independent expert, who shared his analysis with the Committee, after the independent expert had met the minority shareholders who wished to meet him. The independent expert's discussions with the minority shareholders and his responses to their comments are set out in his report;*

- *the independent expert analyzed in detail the report produced by the private expert appointed by Shareholder A, and the Committee noted in particular that this report questionably dismissed relevant valuation methods and relied mainly on methods (notably stock market comparables and comparable transactions) that cannot apply to the Company;*

- *the only financial analyst whose target price is higher than the Offer price relies on assumptions that the independent expert deems "far removed from the Group's operating reality", and which, in his opinion, does note incorporate "all the characteristics specific to the sector and the Company".*

– *With regard to the interest of the Offer for employees, the Committee notes that:*

  - *the Offeror states that the Offer will have no impact on the Company's employment policy;*

  - *it will be up to the supervisory board of the Rothschild & Co FCPE to decide whether to tender the shares held by the Rothschild & Co FCPE to the Offer.*

– *In conclusion:*

  - *the Committee has taken note of the elements resulting from the intentions and objectives declared by the Offeror in its draft offer document;*

  - *the Committee has examined the interest of the proposed Offer for the Company, its shareholders and its employees, and considered that the proposed Offer was in everyone's interest;*

  - *following its meeting on 3 July 2023, it recommends that the Supervisory Board take a decision along these lines.*

5. Reasoned opinion of the Supervisory Board

The Supervisory Board takes note of the Committee's work and recommendations on the Offer, as well as the independent expert's conclusions.

In view of the information submitted, and in particular (i) the objectives and intentions expressed by Concordia, (ii) the valuation elements prepared by the presenting banks, (iii) the Committee's work, (iv) the conclusions of the independent expert's report, and (v) more generally, the information set out above, the members of the Supervisory Board present or represented, after due deliberation, resolve, unanimously (it being noted that Mr. Marc-Olivier Laurent, Mr. David de Rothschild, Mr. Sylvain Héfès, Mrs. Arielle Malard de Rothschild and Mrs. Lucie Maurel-Aubert did not take part in the deliberations or vote given their ties with the Concert or the Group):

- *to adopt the Committee's observations, conclusions and recommendations in their entirety;*
- *to issue, in the light of the Committee's observations, conclusions and recommendations, a favorable opinion on the proposed Offer as presented to it;*
- *to recommend therefore that the Company's shareholders tender their shares to the Offer; and*
- *to approve the Company's draft response document.*"

4. INTENTIONS OF THE COMPANY'S SUPERVISORY BOARD MEMBERS

In accordance with Article 10.1 of the Articles of Association of the Company and Article 2 of the Supervisory Board's internal regulations, the members of the Supervisory Board must be shareholders of the Company throughout the term of their office.

The members of the Supervisory Board who attended the meeting at which the Supervisory Board issued its reasoned opinion reproduced in Section 3 (*Reasoned opinion of the Company's Supervisory Board*) of the Draft Response Document have stated their intentions as follows:

Name	Function	Number of shares held at the date of the reasoned opinion	Intention
Marc-Olivier Laurent	Chairman of the Supervisory Board	132,967	Transfer to Rothschild & Co Partners (through sale or contribution, as described in Section 6.5 of the Draft Response Document)
David de Rothschild	Member and honorary chairman of the Supervisory Board	2,520	Shares to be tendered in the Offer
Éric de Rothschild	Member and vice-chairman of the Supervisory Board	12	Shares to be tendered in the Offer
Lucie Maurel-Aubert	Member of the Supervisory Board	12,600	Transfer to Rothschild & Co Partners (through sale or contribution, as described in Section 6.5 of the Draft

			Response Document)
Adam Keswick*	Member of the Supervisory Board	3,300	Shares to be tendered in the Offer
Gilles Denoyel*	Member of the Supervisory Board	675	Shares to be tendered in the Offer
Sir Peter Estlin*	Member of the Supervisory Board	250	Shares to be tendered in the Offer
Sylvain Héfès	Member of the Supervisory Board	150[39]	140 Shares to be tendered in the Offer
Suet-Fern Lee*	Member of the Supervisory Board	150	Shares to be tendered in the Offer
Arielle Malard de Rothschild	Member of the Supervisory Board	5,330[40]	5,320 Shares to be tendered in the Offer
Jennifer Moses	Member of the Supervisory Board	150	Shares to be tendered in the Offer
Carole Piwnica*	Member of the Supervisory Board	150	Shares to be tendered in the Offer
Lord Mark Sedwill	Member of the Supervisory Board	150	Shares to be tendered in the Offer
Sipko Schat	Member of the Supervisory Board	1,500	Shares to be tendered in the Offer
Véronique Weill*	Member of the Supervisory Board	150	Shares to be tendered in the Offer

**independant member*

5. INTENTIONS OF THE COMPANY AND OF ITS SUBSIDIARIES WITH REGARD TO TREASURY SHARES AND CONTROLLING SHARES

As of 29 June 2023, the Company holds 3,010,274 treasury Shares and its subsidiaries hold 1,815,187 controlling Shares, i.e., a total of 4,825,461 Shares held by the Company and its subsidiaries.

At its meeting on 4 July 2023, the Supervisory Board:

- acknowledged that (i) 3,637,969 Shares[41] held by the Company and its subsidiaries are likely to be delivered to holders of equity instruments of the Company, and (ii) 150 Shares held by the Company are allocated to the liquidity contract;

- acknowledged that the 2,085 Shares initially allocated to cover the NCIs, which will now be paid in cash, are consequently reallocated to cover Stock Options; and

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[39] Including 10 Shares held on loan.

[40] Including 10 Shares held on loan.

[41] It is specified that this number of Shares has been calculated taking into account the adjustment of the subscription or purchase price and of the number of Shares underlying the Stock Options, as described in Section 2.2.5(b) (*Situation of the holders of Stock Options*) of the Draft Response Document.

- decided that the 3,010,274 treasury Shares, which are fully allocated to cover Stock Options (including the 2,085 Shares reallocated in accordance with the previous paragraph) and to the liquidity contract, will not be tendered in the Offer.

The subsidiaries of the Company have decided to tender in the Offer an estimated number of 1,185,257 controlling Shares[42] that are not intended to be delivered to holders of equity instruments of the Company. The company N. M. Rothschild & Sons Limited will sell to the Company, at the Offer price (ex-Dividend 2022 and ex-Extraordinary Distribution), i.e., 38.60 euros per Share, an estimated number of 465,815 Shares[43] held by it to be allocated to cover Stock Options. It is specified that the numbers of Shares tendered in the Offer by the aforementioned subsidiaries and transferred to the Company by N. M. Rothschild & Sons Limited will be definitively determined after calculation of the adjusted number of Shares underlying the Stock Options (see Section 2.2.5(b) (*Situation of the holders of Stock Options*) of the Draft Response Document).

6. AGREEMENTS THAT MAY HAVE A MATERIAL IMPACT ON THE ASSESSMENT OR OUTCOME OF THE OFFER

6.1 Investment Agreement

As indicated in Section 2.1 (*Background and reasons for the Offer*) of the Draft Response Document, the Investment Agreement was entered into on 13 February 2023, and amended on 9 May 2023, between the members of the Concert, including the Offeror.

The Offeror has described the main terms of the Investment Agreement in the Draft Offer Document in the following terms:

Launch of the Offer

The Investment Agreement provides for:

- the filing of the Offer by the Offeror with the AMF, on behalf of the Concert, subject to obtaining the required regulatory approvals as mentioned in Section 2.1.4 (*Regulatory approvals*) of the Draft Offer Document;

- an undertaking by each member of the Concert not to take any action that could reasonably be expected to frustrate the successful implementation of the Offer;

- an undertaking by each of the members of the Concert to take the appropriate steps and to cooperate with the Company and the Offeror in obtaining the necessary regulatory approvals in

[42] It is specified that this number of Shares has been calculated taking into account the adjustment of the subscription or purchase price and of the number of Shares underlying the Stock Options, as described in Section 2.2.5(b) (*Situation of the holders of Stock Options*) of the Draft Response Document.

[43] It is specified that this number of Shares has been calculated taking into account the adjustment of the subscription or purchase price and of the number of Shares underlying the Stock Options, as described in Section 2.2.5(b) (*Situation of the holders of Stock Options*) of the Draft Response Document.

connection with the Offer;

- the terms and conditions of the financing of the Offer by the members of the Concert, as described below; and

- a commitment to cooperate with the Concert members in the context of the Offer.

Financing of the Offer

The acquisition of the Shares in the context of the Offer (and in the Squeeze-Out, if applicable) will be partially financed by the sums that the Offeror and certain members of the Concert have undertaken to make available to Natixis in its capacity as presenting and guaranteeing bank of the Offer.

These amounts will be used to acquire Shares, either directly on the market or through the semi-centralised Offer. The acquired Shares will be allocated among the members of the Concert in accordance with the following allocation rules (the "**Allocation Rules**"):

1. **First tranche**: Shares to be allocated to the Offeror such that Offeror's shareholding in the share capital of the Company reaches 50.1% (on a fully-diluted basis);

2. **Second tranche**: Once the objective set in the first tranche has been satisfied, Shares to be allocated to Groupe Industriel Marcel Dassault, Mousseshield, L.P., Giuliani Investimenti S.A. and Peugeot Invest Assets in equal parts so that the holding of each of them in the share capital of the Company reaches 5.1% (on a fully-diluted basis);

3. **Third tranche**: Once the objective set in the second tranche has been satisfied, Shares to be allocated to DKTRANS S.à r.l., Norbert Dentressangle Investissements, Mr Hubertus von Baumbach and the entities related to the English Rothschild family (including Hannah Rothschild) (Fondation Berma, The Rothschild Foundation, Rothschild Foundation (Hanadiv) Europe, Five Arrows Investments Limited and Trust Corporation of the Channel Islands Limited Private and Corporate Trustees Limited and Directors One Limited as Trustees of the Emily and Amelia Trust - J Fund) in equal parts so that the holding of each of them in the share capital of the Company reaches respectively 892,727 Shares for DKTRANS S.à r.l., 518,135 Shares for Norbert Dentressangle Investissements, 609,190 Shares for Mr Hubertus von Baumbach, and a total of 1,295,337 Shares for the entities related to the English Rothschild family (including Hannah Rothschild); and

4. **Fourth tranche**: Once the objective set in the third tranche has been satisfied, the remaining Shares will be allocated between Concordia and PartnersCo so that the shareholding of PartnersCo in the share capital of Rothschild & Co reaches 9.7% (on a fully-diluted basis) taking into account the Shares already held or to be held as described in Section 6.5 (*Transfer of Shares to Rothschild & Co Partners*) of the Draft Response Document, with the remaining Shares being allocated to Concordia.

In order to partially finance the acquisition of the Shares targeted in the Offer, the Offeror will also benefit from external bank financing as described in Section 2.11 (F*inancing of the Offer*) of the Draft Offer Document.

Commitments concerning the Group

The Investment Agreement provides that the Offeror and the existing shareholders of the Company, within the limits of their respective powers, have undertaken that the business of the Company and its subsidiaries shall be conducted in the ordinary course of business until the closing of the Offer.

Other commitments

Lastly, the Investment Agreement provides that:

- the members of the Concert will enter into the Shareholders' Agreement (as described in Section 6.2 (*Shareholders' Agreement*) of the Draft Response Document);

- the members of the Concert, during the duration of the Investment Agreement, cannot purchase or sell, the Shares without the prior consent of the other members of the Concert and except in the exceptions as provided for in the Investment Agreement;

- Rothschild & Co Partners may receive undertakings from certain Partners whereby they undertake to transfer Shares to it by way of contributions, mergers or disposals, including the Shares that may be delivered to them following the exercise of Stock Options, RSUs or NCIs (as described in Section 6.5 (*Transfer of Shares to Rothschild & Co Partners*) of the Draft Response Document); and

- put and call options with respect to the Dutreil Shares may be entered into between the Offeror and the holders of Dutreil Shares (as described in Section 6.4 (*Dutreil Shares liquidity mechanism*) of the Draft Response Document).

6.2 Shareholders' Agreement

As indicated in Section 2.1 (*Background and Reasons for the Offer*) of the Draft Response Document, the Shareholders' Agreement was entered into on 8 June 2023 between the members of the Concert, including the Offeror. It was the object of a notice issued by the AMF on 13 June 2023 in accordance with the provisions of article L. 233-11 of the French Commercial Code[44].

The main terms of the Shareholders' Agreement are described in Section 1.3.2 (*Shareholders' Agreement*) of the Draft Offer Document and set out below.

Governance of the Company

The provisions of the Shareholders' Agreement relating to the governance of the Company supplement the provisions contained in the Company's Articles of Association.

As announced in Section 1.2.3 (*Composition of the governing bodies and management of the Company*) of the Draft Offer Document, following the Offer, including, as the case may be, in the event of implementation of

[44] See AMF document no. 223C0873.

the Squeeze-Out, the Company will retain a dual governance structure but the Supervisory Board will be recomposed in order to reflect the new shareholding structure of the Company.

In the event of the implementation of the Squeeze-Out, the Supervisory Board will be composed as follows: (i) a majority of members nominated by the Offeror, including at least one independent member, (ii) one member nominated by Rothschild & Co Partners, (iii) one member nominated by each of the other parties to the Shareholders' Agreement holding more than 5% of the share capital of the Company, and (iv) two employee representatives in accordance with the applicable regulations. In the event of passive dilution of a shareholder's stake reducing it to less than 5% of the share capital of the Company, the shareholder will retain its right to nominate a member to the Supervisory Board referred to in (iii) as long as such shareholder holds at least 2.5% of the share capital of the Company. In the absence of the implementation of the Squeeze-Out, the same principles will apply, it being noted that in order to determine whether a shareholder has the right to nominate a member to the Supervisory Board in accordance with (iii) above, reference will not be made to the actual percentage of such shareholder's stake in the Company, but to the percentage the shareholder would have held in the event of implementation of the Squeeze-Out. In such case, the composition of the Supervisory Board may be not compliant with the recommendation of the AFEP-MEDEF Code regarding the number of its independent members.

The role of the Supervisory Board will be essentially consultative, subject to certain decisions that will require its prior authorisation by a qualified three-quarters majority. It will be assisted in its work by four specialised committees: an audit committee, a nomination and remuneration committee, a risk committee and a sustainability committee. Each shareholder having the right to nominate a member to the Supervisory Board in accordance with (iii) above may request that its representative also be a member of at least one specialised committee.

Transfer of Shares and exit clauses

The Shareholders' Agreement establishes the following principles, restricting the transfer of Shares (i) a non-transferability clause (subject to certain exceptions, in particular with respect to transfers to an affiliate of the transferor, in which the latter holds more than 50% of the capital and voting rights and of which it retains exclusive control) for a period of eight years following the settlement date of the Offer; (ii) at the end of the holding period, a liquidity clause allowing shareholders (with the exception, *inter alia*, of the Offeror) to transfer all or part of their Shares provided that they represent at least 1% of the Company's share capital, and subject to giving the Offeror the opportunity to exercise a right of first refusal (by way of exception, any shareholder holding or coming to hold less than one per cent (1%) of the share capital of the Company may transfer all (and only all) of his Shares during the same period); (iii) a prior approval clause providing for prior approval of the transferee by the managing partner of the Company, applicable in the event of the implementation of the Squeeze-Out; (iv) a call option granted by the parties to the Shareholders' Agreement (other than the Offeror and Rothschild & Co Partners) in favour of the Offeror and relating to all of their Shares, which may be exercised if they are subject to a change of control; (v) a full tag-along right for all the shareholders other than the Offeror, which may be exercised if the Offeror comes to hold less than 34% of the Company's share capital, or if the Rothschild family ceases to hold more than 50% of the Offeror's share capital, or if the French Branch of the Rothschild Family ceases to control Rothschild & Co Gestion or any other managing partner (*gérant statutaire*) of the Company; and (vi) a full drag-along right pursuant to which the Offeror may force the other shareholders to sell their Shares in the event of an offer from a third party to purchase 100% of the share capital of the Company, or in the event of the sale of 100% of the share capital of the Offeror, or in the event of the sale by the French Branch of the Rothschild Family of 100% of its interests in the Company. All these provisions will enter into force on the date of the settlement of the semi-centralised Offer.

The Shareholders' Agreement includes a clause for the annual determination of the value of the Company's shares based on an approved formula to be applied by an independent financial expert taking into account the multiple of the adjusted net tangible asset value implied by the price of the Offer, as well as the value of the Company on a multicriteria basis. This value will serve as a reference price which the shareholders will be deemed to have finally and irrevocably approved, in particular with respect to application of the prior approval clause (for determining the sale price in the event of refusal to approve the transferee) and the call option in the event of a change of control. In this context, it is specified that the parties to the Shareholders' Agreement will not benefit from any contractual mechanism that could (i) be deemed to constitute an earn-out, (ii) call into question the relevance of the price of the Offer per Share (ex-Dividend 2022 and ex-Extraordinary Distribution) or the equal treatment of minority shareholders.

Furthermore, pursuant to the terms of the Shareholders' Agreement, the parties benefit from an anti-dilution right in the event of a capital increase of any kind (including capital increases remunerating mergers and contributions in kind).

Term of the Shareholders' Agreement

The Shareholders' Agreement has a term of fifteen (15) years, it being specified that the Shareholders' Agreement shall be automatically terminated if the Squeeze-Out has not been implemented by the third (3rd) anniversary of the settlement date of the Offer. In such a case, the parties of the Shareholders' Agreement (other than the Offeror) would only be bound by a liquidity clause of a duration of one year, pursuant to which they would only be able to sell a portion of their Shares in the Company representing at least 1% of the share capital of the Company, subject to giving the Offeror the opportunity to exercise a right of first refusal (and with the same exception as above for any shareholder holding or coming to hold less than one per cent (1%) of the share capital of the Company).

6.3 Undertakings to tender Shares in the Offer

Certain shareholders of the Company have undertaken *vis-à-vis* the Offeror that they will tender their Shares in the semi-centralised procedure of the Offer, i.e., 2,113,165 Shares representing 2.7% of the share capital of the Company.[45]

These undertakings are revocable if a competing tender offer has been declared compliant by the AMF and opened, and if the Offeror (or one of its affiliates) does not file or announce its intention to file a competing improved tender offer within fifteen trading days from the opening of such competing tender offer.

[45] Based on a total of 77,102,666 Shares in the Company as of 28 June 2023.

6.4 Dutreil Shares liquidity mechanism

As indicated in Section 1 (*Overview of the Offer*) of the Draft Response Document, the Dutreil Shares are currently subject to a holding commitment pursuant to Article 787 B of the FTC with respect to the agreements entered into prior to the announcement of the draft Offer. These holding commitments will expire between 13 December 2023 and 14 December 2027.

The Offeror intends to enter into a liquidity mechanism (the "**Liquidity Mechanism**") with the shareholders holding Dutreil Shares (the "**Holders of Dutreil Shares**") as described in the following terms in Section 1.3.4 (*Dutreil Shares liquidity mechanism*) of the Draft Offer Document.

Under the Liquidity Mechanism, each Holder of Dutreil Shares would grant the Offeror a call option, exercisable as from the Availability Date (as defined below), followed by a put option granted by the Offeror, exercisable as from the end of the exercise period of the call option, and in the absence of the exercise of the call option.

The "**Availability Date**" would correspond to the day on which the Dutreil Shares subject to a Liquidity Mechanism become available, i.e., upon expiry of the holding period commitments pursuant to the provisions of Article 787 B of the FTC. In the event of the exercise of an option, the exercise price would be determined in accordance with the price of the Offer (ex-Dividend 2022 and ex-Extraordinary Distribution), on the basis of a formula taking into account the multiple of the adjusted net tangible asset value implied by the price of the Offer, as well as the value of the Company based on a multi-criteria analysis.[46] Options exercised before availability of the said valuation based on the Company's accounts for the financial year 2023 would be exercised at a price of €38.60. As from the signature of the Liquidity Mechanisms, the Dutreil Shares subject to the Liquidity Mechanism will be assimilated as Shares held by the Offeror in accordance with Article L. 233-9 I, 4°, of the French Commercial Code, and will be excluded from the Squeeze-Out which will be implemented by the Offeror if the legal conditions are met.

If the Liquidity Mechanism is implemented, the holders of Dutreil Shares will not benefit from any contractual mechanism allowing them to obtain a guaranteed sale price. It is specified that no contractual mechanism may (i) be deemed to constitute an earn-out, (ii) call into question the relevance of the Offer price per Share or the equal treatment of minority shareholders, or (iii) be deemed to constitute a clause guaranteeing a transfer price in favour of Holders of Dutreil Shares.

The conclusion of this Liquidity Mechanism between the Offeror and the Holders of Dutreil Shares will be made public on the AMF website in accordance with applicable regulations, notably pursuant to Article 231-46 of the AMF General Regulation. This information will also be published, in French and in English, on the website of the Company (www.rothschildandco.com), and will thus be available to the Company's shareholders who are resident in the U.S. Shareholders.

46 I.e., the same valuation method as the one agreed in the Shareholders' Agreement and described in Section 6.2 of the Draft Response Document.

6.5 Transfer of Shares to Rothschild & Co Partners

As announced by the Offeror, in order to reinforce the alignment of interests of the Company and the Partners, the Partners of the Group intend to be gathered together within Rothschild & Co Partners, a company newly-created for this purpose and with the aim of holding a significant, long-term stake in the Company.

Rothschild & Co Gestion will be the sole shareholder of Rothschild & Co Partners until the completion of the transfers described below and in Section 1.3.5 (*Transfer of Shares to Rothschild & Co Partners*) of the Draft Offer Document and intends to retain a preference share in the capital of Rothschild & Co Partners.

The Partners and Rothschild & Co Partners intend to conclude reciprocal undertakings pursuant to which the Partners undertake to transfer to Rothschild & Co Partners, and Rothschild & Co Partners undertakes to acquire, a total of 6,002,746 Shares, by way of contributions, mergers and sales. This total number of Shares includes Blocked Shares, Shares underlying the RSUs, Shares resulting from the exercise of Options and Shares resulting from NCIs.

The conclusion of these reciprocal undertakings between the Partners and Rothschild & Co Partners and, if applicable, the completion of these transfers of Shares during the Offer period will be made public on the AMF website in accordance with the regulations in force, notably pursuant to Article 231-46 of the AMF General Regulation. This information will also be published, in French and in English, on the website of the Company (www.rothschildandco.com), and will hence be available to the U.S. shareholders.

The Shares held or to be held by the Partners during the course of this Offer as a result of the exercise of Stock Options, the delivery of Shares resulting from RSUs or NCIs and intended to be transferred to Rothschild & Co Partners are subject to undertakings not to be tendered in the Offer and to instructions given to the account holder to block the relevant Shares throughout the duration of the Offer and are therefore not targeted in the Offer.

The Shares to be transferred to Rothschild & Co Partners shall be transferred at a price of €38.60 per Share, equal to the price of the Offer (ex-Dividend 2022 and ex-Extraordinary Distribution); the contributions and mergers will be made on the basis of a parity valuing the contributed Shares at €38.60 per Share and valuing the shares of Rothschild & Co Partners on the basis of its assets (considering, for such purposes, the value of the Company's Shares to be €38.60 per Share (equal to the price of the Offer ex-Dividend 2022 and ex-Extraordinary Distribution)), less its net debt.

In the context of the transfers of Shares to Rothschild & Co Partners, the Partners will not benefit from any contractual mechanism that could (i) be deemed to constitute an earn-out, (ii) call into question the relevance of the price of the Offer per Share (ex-Dividend 2022 and ex-Extraordinary Distribution) or the equal treatment of minority shareholders.

In addition, certain Partners will subscribe in cash to the share capital of Rothschild & Co Partners.

Rothschild & Co Partners is a private company. After the closing of the Offer and, if applicable, the Squeeze-Out, liquidity will essentially be generated between the incoming and outgoing Partners, and according to a valuation determined in accordance with the price of the Offer (ex-Dividend 2022 and ex-Extraordinary Distribution), on the basis of a formula taking into account the multiple of the adjusted net tangible asset value implied by the price of the Offer, as well as the value of the Company determined according to a multi-criteria analysis.

6.6 Other agreements of which the Company is aware

With the exception of the agreements described in this Section 1.3 (Agreements that may have a material impact on the assessment or outcome of the Offer) of the Draft Offer Document, and described in this Section 6 of the Draft Response Document, to the knowledge of the Company, there is no other agreement that could have an impact on the assessment or outcome of the Offer.

7. FACTORS LIKELY TO HAVE AN IMPACT IN THE EVENT OF A PUBLIC OFFER

7.1 Share capital structure and ownership

The Company has a share capital of €154,205,332, divided into 77,102,666 Shares of a nominal value of €2.00 each.

The following table sets out the Company's share capital and the voting rights in the Company as of 29 June 2023[47]:

Shareholder	Number of shares	% of capital	Number of theoretical voting rights	% of theoretical voting rights
Rothschild & Co Concordia	29,945,857	38.8%	56,018,065	47.0%
Rothschild & Co Gestion	1	0.0%	2	0.0%
Holding Financier Jean Goujon	4,057,079	5.3%	8,114,158	6.8%
Maurel Family	4,311,972	5.6%	8,623,944	7.2%
François Henrot (including FH GFA)	842,470	1.1%	1,684,930	1.4%
Marcel Dassault Industrial Group	1,800,000	2.3%	3,600,000	3.0%
Giuliani Investimenti S.A.	556,086	0.7%	556,086	0.5%
Hubertus von Baumbach	309,190	0.4%	309,190	0.3%
DKTRANS S.à r.l	739,877	1.0%	739,877	0.6%
Rothschild & Co Partners	-	-	-	-
Norbert Dentressangle Investments	-	-	-	-
Peugeot Invest Assets	-	-	-	-
Mousseshield, L.P.	-	-	-	-
Entities related to the English Rothschild family (including Hannah Rothschild)	-	-	-	-
Total Concert	**42,562,532**	**55.2%**	**79,646,252**	**66.8%**
Treasury shares	3,010,274	3.9%	3,010,274	2.5%

[47] Based on a total of 77,102,666 Shares and 119,225,492 theoretical voting rights in the Company as of 28 June 2023. In accordance with Article 223-11 of the AMF General Regulation, the total number of voting rights is calculated on the basis of all the Shares to which voting rights are attached, including Shares without voting rights such as treasury shares.

Shareholder	Number of shares	% of capital	Number of theoretical voting rights	% of theoretical voting rights
Other Shares owned by subsidiaries	1,815,187	2.4%	1,815,187	1.5%
Free float	29,714,673	38.5%	34,753,779	29.1%
Total	**77,102,666**	**100%**	**119,225,492**	**100%**

The situations of the holders of Stock Options, NCIs and RSUs are described in respectively Sections 2.2.5(b), 2.2.5(c) and 2.2.5(d) of the Draft Offer Document.

With the exception of the Shares and equity instruments described in Section 2.2.5 of the Draft Response Document, there are no other equity securities or other financial instruments or rights which could give access, whether immediately or in the future, to the Company's share capital or voting rights other than the Shares.

7.2 Restrictions provided for in the Articles of Association on exercising voting rights attaching to the Shares and on transferring Shares or clauses of agreements brought to the knowledge of the Company pursuant to Article L. 233-11 of the French Commercial Code

7.2.1 Restrictions provided for in the Articles of Association on exercising voting rights attaching to the Shares and on transferring Shares

Obligation to file declarations regarding the crossing of thresholds

The legal obligations provided for in Article L. 233-7 of the French Commercial Code apply.

In addition to the crossing of the legal thresholds referred to above, Article 7.3 of the Articles of Association of the Company provides that any shareholder who or which may come to own more than 1% of the Company's share capital or voting rights, and any multiple of that percentage, is subject to a filing obligation.

Transferring Shares and exercising voting rights

As at the date of the Draft Response Document, there are no restrictions provided for in the Articles of Association on transferring the Shares or on exercising the voting rights.

7.2.2 Clause in agreements providing for preferential conditions for the sale or purchase of Shares and relating to at least 0.5% of the Company's share capital or voting rights

With the exception of clauses of the Shareholders' Agreement described in Section 6.2 (*Shareholders' Agreement*) of the Draft Response Document and which will enter into force on the date of the settlement of the semi-centralised Offer, there is, to the knowledge of the Company, no clause providing for preferential conditions for the sale or purchase of Shares and relating to at least 0.5% of the Company's share capital or voting rights.

7.3 Direct and indirect shareholdings in the Company's share capital of which the Company is aware pursuant to Articles L. 233-7 and L. 233-12 of the French Commercial Code

As of 29 June 2023, the share capital is owned as indicated in Section 7.1 (*Share capital structure and ownership*) above.

As at the date of the Draft Response Document, in the course of the past twelve (12) months, besides the declarations of crossing of shareholding thresholds by the Offeror as described in Section 2.1.3 (*Declarations of crossing of shareholding thresholds and of intentions of the Offeror and the Concert*) of the Draft Response Document, the Company has received the following declarations of crossing of shareholding thresholds pursuant to Article L. 233-7 of the French Commercial Code and Article 7.3 of the Articles of Association of the Company:

- On 3 October 2022, Global Alpha Capital Management Ltd., as a discretionary asset manager for its clients' accounts, has declared to control directly and indirectly 3,088,136 Shares, representing 3.9% of the share capital of the Company, and to control 2.8% of the total exercisable voting rights.

- On 7 November 2022, Global Alpha Capital Management Ltd., as a discretionary asset manager for its clients' accounts, has declared to control directly and indirectly 3,149,638 Shares, representing 4.1% of the share capital of the Company, and to control 2.8% of the total exercisable voting rights.

- On 26 June 2023, Groupe Industriel Marcel Dassault has declared to directly hold 1,800,000 Shares, representing 2.33% of the share capital of the Company, and 3,600,000 voting rights, representing 3.07% of the total theoretical voting rights of the Company.

In addition, since 27 March 2023, the AMF has published several notices of purchases and sales made during a public tender offer period pursuant to Article 231-46 of its General Regulation.

Finally, as indicated in Section 2.8 of the Draft Offer Document and in Section 2.1.2 (*Purchases of Shares prior to the opening of the Offer*) of the Draft Response Document, the Offeror indicated that it intends to purchase, through Natixis, Shares, within the limits set out in Article 231-38, IV, of the AMF General Regulation, i.e., to a maximum of 30% of the number of Shares targeted by the proposer Offer, i.e., a maximum of 8,181,732 Shares, at the Offer price (net of the Dividend 2022, the ex-date of which was 29 May 2023, and including, up until its ex-date, the amount of Extraordinary Distribution), i.e., at a price of €46.60 per Share, then at a price of €38.60 per Share with effect from ex-date of the Extraordinary Distribution.

Such acquisitions will be reported daily to the AMF and published on the AMF website in accordance with current regulations. They will also be published, in French and English, on the Company's website (www.rothschildandco.com) and will thus be available to the U.S. Shareholders.

7.4 List and description of holders of any securities of the Company with special control rights

The Company's share capital is exclusively composed of Shares, all of the same class.

The Company has not issued any preferred shares (*actions de préférence*) within the meaning of articles L. 228-11 *et seq.* of the French Commercial Code.

Article 11.1 of the Articles of Association of the Company provides however that the owner of any fully paid-up share, held in registered form in the name of the same shareholder for at least two years, shall have a double voting right per share, without limitation. In the event of a share capital increase, by way of incorporation of reserves, profit or issue premiums, the double voting right is granted immediately upon issue of the registered shares allocated to a shareholder on the basis of existing shares for which such shareholder benefits from this right. Transfer as a result of inheritance, the liquidation of jointly-owned property between spouses or an *inter vivos* gift to a spouse or relative entitled to inherit does not result in the loss of the acquired right and does not interrupt calculation of the aforementioned two-year period. Double voting rights automatically cease for any shares transferred for any other reason.

It can be noted that the Offeror owns 26,072,208 Shares with double voting rights.

7.5 Control mechanisms provided for in any employee share-ownership scheme when control rights are not exercised by the latter

As at the date of the Draft Response Document, 237,414 Shares are held by the Rothschild & Co FCPE, the Shares of which are targeted in the Offer.

The Rothschild & Co FCPE is managed by a supervisory board.

The supervisory board of the Rothschild & Co FCPE will meet to decide on the tendering of the Shares of the Rothschild & Co FCPE in the Offer, if applicable.

7.6 Shareholder agreements of which the Company is aware that could result in restrictions on the transfer of Shares or the exercise of the voting rights

With the exception of the agreements described in Section 6 (*Agreements that may have a material impact on the assessment or outcome of the Offer*) of the Draft Response Document, the Company is not aware, as at the date of the Draft Response Document, of any agreement in force that could result in restrictions on the transfer of the Shares or the exercise of the related voting rights.

7.7 Rules governing the appointment and replacement of the members of the Supervisory Board and amendments to the Company's Articles of Association

7.7.1 Rules governing the appointment and replacement of the members of the Supervisory Board

In accordance with the Articles of Association of the Company, the Supervisory Board is composed of six (6) to eighteen (18) members, shareholders of the Company. They are appointed and dismissed by the ordinary general meeting of the shareholders of the Company. The term of office for each member of the Supervisory Board is three years (renewable).

The rules governing the appointment (including in the event of a vacancy) and removal of the members of the Supervisory Board result from the legal provisions applicable to *sociétés en commandite par actions*, the Company's Articles of Association and the provisions of the Shareholders' Agreement described in Section 6.2 (*Shareholders' Agreement*) of the Draft Offer Document which will enter into force on the date of the settlement of the semi-centralised Offer.

The ordinary general meeting of the shareholders of the Company sets a remuneration for the Supervisory Board, which then freely allocates it, in whole or in part, among its members.

One or more *censeurs* (board observer appointed in an advisory capacity) may also be appointed. They are appointed for a period of three years, their term of office ending at the close of the general meeting called to approve the accounts for the financial year ended and held in the year in which the board observer's term of office expires. The Supervisory Board may also allocate a remuneration to them.

It is specified in Section 1.3.2 relating to the Shareholders' Agreement in the Draft Offer Document, as restated in Section 6.2 of this Draft Response Document, that the composition of the Supervisory Board will be adapted in order to reflect the new shareholding structure of the Company:

- *In the event of implementation of the Squeeze-Out, the Supervisory Board of the Company will thus be composed as follows*: (i) a majority of members proposed by the Offeror, including at least one independent member, (ii) one member proposed by Rothschild & Co Partners, (iii) one member proposed by each of the other parties to the Shareholders' Agreement holding more than 5% of the Company's share capital and (iv) two employee representatives in accordance with applicable regulations. In the event of passive dilution of a shareholder's stake reducing it to less than 5% of the Company's share capital, the shareholder will retain their right to propose the appointment of a member to the Supervisory Board referred to in (iii) for as long as they hold at least 2.5% of the Company's share capital.

- *In the absence of implementation of the Squeeze-Out*, the same principles will apply, it being noted that in order to determine whether a shareholder has the right to nominate a member to the Supervisory Board in accordance with (iii) above, reference will not be made to the actual percentage of such shareholder's stake in the Company, but to the percentage the shareholder would have held in the event of implementation of the Squeeze-Out. In such case, the composition of the Supervisory Board may be not compliant with the recommendation of the AFEP-MEDEF Code regarding the number of its independent members.

7.7.2 Rules applicable to amendments to the Company's Articles of Association

In accordance with the Company's Articles of Association, the extraordinary general meeting of the shareholders of the Company, convened in accordance with the provisions of the Company's Articles of Association[48], is competent to amend all the provisions of the Company's Articles of Association, it being noted that, in accordance with Article 11.1 of the Company's Articles of Association, no decision of the general meeting shall be validly taken if it is not approved in principle by the general partners before the general meeting and, in any event, at the latest before the close of such general meeting[49]. Decisions falling within the remit of the general partners require a unanimous vote of the general partners, except in the event of the Company's conversion into a *société anonyme* or a *société à responsabilité limitée*, which requires only a majority vote of the general partners.

Article 5 of the Company's Articles of Association provides, however, that the Company's registered office may be transferred to anywhere on the French territory simply further to a decision of the managing partner of the Company who, in such case, is empowered to amend the Articles of Association accordingly.

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[48] General Meetings are convened by the General Manager or the Supervisory Board and deliberate, under the conditions laid down by law, by a simple majority of the votes cast by the shareholders present or represented at Ordinary General Meetings or by a two-thirds majority of the votes cast by shareholders present or represented at Extraordinary General Meetings.

[49] With the exception of the appointment and removal from office of members of the Supervisory Board, the appointment and removal from office of the Statutory Auditors, the distribution of dividends for the financial year and the approval of agreements subject to authorisation.

It is also specified that the general meeting may delegate its authority as regards amending the Articles of Association in order to ensure they are in compliance with applicable legal and regulatory provisions, in accordance with the provisions of Article L. 225-36 of the French Commercial Code.

It is also specified that, any transaction that has or may have the purpose or effect of fundamentally undermining:

- the independence of the Group or its tradition of excellence;
- its attachment to the Rothschild family or the role the Rothschild family plays in it;
- its use of the Rothschild name; or
- the fact that the Group's businesses are predominantly financial businesses,

shall be subject to approval by the general partners, including if such transaction would not require the approval of the general meeting of the shareholders.

7.8 Powers of the Managing Partner and Supervisory Board, in particular with regard to the issue or buyback of securities

In addition to its capacity as a general partner of the Company, Rothschild & Co Gestion, a *société par actions simplifiée* (simplified joint stock company) with share capital of €60,000, having its registered office at 3 rue de Messine 75008 Paris, France, registered with the Paris Trade and Companies Registry under number 537 770 943 ("**Rothschild & Co Gestion**" or the "**Managing Partner**") is the sole managing partner (*gérant statutaire*) and legal representative of the Company, appointed by the Articles of Association of Rothschild & Co as the first managing partner for the duration of the Company. As Managing Partner, Rothschild & Co Gestion is responsible for the general management of the Company's business and has the broadest powers to act in all circumstances on its behalf.

Among other things, Rothschild & Co Gestion:

- establishes the strategy direction of the business of the Company and the entities within the Group on a consolidated basis;
- supervises the accounting and financial information and directs the internal control of the Company and the entities within the Group on a consolidated basis;
- determines the regulatory capital of the Company and the entities within the Group on a consolidated basis;
- approves the annual, consolidated and half-year financial statements of the Company;
- sets the agenda and prepares the draft resolutions for the general meetings of the Company; and
- convenes the general meetings of the shareholders of the Company.

The executive chairman of Rothschild & Co Gestion (the "**Executive Chairman**") has the broadest powers to act in all circumstances on behalf of Rothschild & Co Gestion, including in its capacity as Managing Partner of the Company, subject to the powers attributed to the partners of Rothschild & Co Gestion as a collective body in accordance with applicable law or the Articles of Association of Rothschild & Co Gestion. The Executive Chairman is the sole legal representative of Rothschild & Co Gestion.

The Supervisory Board performs the functions provided for by law. It assumes permanent control of the management of the Company, including in particular the financial and accounting information reporting system and the internal control system in terms of risk, compliance and internal audit, in accordance with the legal and regulatory requirements applicable to the Company, in particular in its capacity as a listed company and financial holding company. The powers of the Supervisory Board are described in Article 10.2 of the Company's Articles of Association.

In addition to the powers conferred on it by law, the Supervisory Board takes decisions in accordance with Article 10.2.3 of the Company's Articles of Association:

- by means of an advisory opinion to Managing Partner on:

  (i) the strategic policies, the annual budget and the three-year business plan for the Group;
  (ii) any investment in any organisation or company, any acquisition, sale or exchange of shares, property, debts or assets of the Company or an entity controlled by the Company, outside the ordinary course of business, of an amount exceeding €50 million, it being stipulated that, for any transaction that involves only companies controlled by the Company, the Managing Partner will be free to decide whether or not to seek the Supervisory Board's advisory opinion on that transaction, and
  (iii) any strategic initiative or major reorientation of the Group's business; and

- by means of a recommendation to shareholders concerning the Company's dividend policy.

In addition, the Supervisory Board presents to the shareholders a report and a reasoned opinion on any resolution submitted to the general meeting of the shareholders of the Company and on any subject covered by a report prepared by the Company's Statutory Auditors.

Besides the general powers granted to it by law and the Company's Articles of Association, as at the date of the Draft Response Document, the Managing Partner has been granted the following authorisations by general meetings of the shareholders, as follows:

Date of the general meeting	Purpose of the delegation of authority or authorisation granted by the general meeting to the Managing Partner	Limit	Duration	Use
Combined General Meeting of 20 May 2021	Options to subscribe or purchase shares granted to the employees and corporate officers of the Company and of affiliated companies (resolution no. 23)	6% of the share capital as at the date of the of the General Meeting[50] (with a specific limit of 0.74% for the Company's executives)	38 months	Share capital increases of 160,389 Shares resulting from the exercise of Stock Options.

[50] To be deducted from the total maximum nominal amount for capital increases of €70 million set by the 29th resolution approved by the Combined General Meeting of 19 May 2022.

Date of the general meeting	Purpose of the delegation of authority or authorisation granted by the general meeting to the Managing Partner	Limit	Duration	Use
	Free share awards granted to the employees and corporate officers of the Company and of affiliated companies (resolution no. 24)	2% of the share capital as at the date of the decision to grant	38 months	None
Combined General Meeting of 19 May 2022	Reduction of the share capital by way of cancellation of treasury shares (resolution no. 21)	10% of the share capital per 24-month period	26 months	Reduction of the share capital on 28 November 2022 following cancellation of 745,235 Shares purchased in the context of the buyback programme
	Share capital increase by way of incorporation of reserves, of profit or of premiums, merger or contribution (resolution no. 22)	A nominal amount of €50 million	26 months	None
	Issue of shares and/or securities giving access, immediately or in the future, to the Company's share capital with a view to providing consideration for contributions in kind granted to the Company and made up of equity securities or securities giving access to the Company's share capital (resolution no. 23)	10% of the share capital[51,52] and a nominal amount of €200 million (debt securities)[53,54]	26 months	None
	Issue of shares and/or securities giving access, immediately or in the future, to the Company's	A nominal amount of €70 million (equity securities)[52] and €300	26 months	None

51 The capital increases with cancellation of existing shareholders' preferential subscription rights that may result from the use of the authorisations granted in the 23rd and 26th resolutions will be deducted from the maximum nominal amount of €15 million provided for in the 25th resolution approved by the Combined General Meeting of 19 May 2022.

52 The maximum amounts for capital increases set in the 23rd to 28th resolutions approved by the Combined General Meeting of 19 May 2022 will be deducted from the total maximum nominal amount of 70 million euros set in the 29th resolution approved by the Combined General Meeting of 19 May 2022.

53 Issues of debt securities giving access to the Company's share capital with cancellation of existing shareholders' preferential subscription rights, which may result from the use of the authorisations granted by the 23rd and 26th resolutions, will be deducted from the maximum amount of €200 million provided for in the 25th resolution approved by the Combined General Meeting of 19 May 2022.

54 The total maximum amount of issues of debt securities giving access to the Company's share capital set in the 23rd and 27th resolutions will be deducted from the maximum amount of €200 million provided for in the 29th resolution approved by the Combined General Meeting of 19 May 2022.

Date of the general meeting	Purpose of the delegation of authority or authorisation granted by the general meeting to the Managing Partner	Limit	Duration	Use
	share capital with existing shareholders able to exercise their preferential subscription rights (resolution no. 24)	million (debt securities)[54]		
	Issue of shares and/or securities giving access, immediately or in the future, to the Company's share capital, by way of a public tender offer, with the exception of that referred to in Article L. 411-2, 1°, of the French Monetary and Financial Code, and/or as consideration for securities in the context of a public exchange offer, with cancellation of existing shareholders' preferential subscription rights (resolution no. 25)	A nominal amount of €15 million (equity securities)[52] and €200 million (debt securities)[54]	26 months	None
	Issue of shares and/or securities giving access, immediately or in the future, with cancellation of existing shareholders' preferential subscription rights in the context of an offer referred to in Article L. 411-2, 1°, of the French Monetary and Financial Code (resolution no. 26)	10% of the share capital per year (equity securities) [51,52] and €200 million (debt securities)[53,54]	26 months	None
	Increase in the number of securities to be issued in the context of a share capital increase with existing shareholders' being able to exercise their preferential subscription rights or with cancellation of their preferential subscription rights (resolution no. 27)	Deducted from the total maximum individual amount determined in the resolution pursuant to which the initial issuance was decided[52,54]	26 months	None
	Issue of shares and/or securities giving access, immediately or in the future, to the share capital, reserved for the members of a company's savings plan (resolution no. 28)	A nominal amount of €1 million[50,52]	26 months	None

7.9 Significant agreements entered into by the Company that are amended or terminated in the event of a change of control of the Company

To the knowledge of the Company, no significant agreement entered into by the Company will be terminated as a result of the Offer, which will not have, moreover, as a consequence, a change of control at the level of the Company to the extent that, on the date of filing of the Draft Offer Document, the latter is already controlled by the Offeror, acting in concert.

7.10 Agreements providing for indemnities for the Managing Partner, the members of the Supervisory Board or employees of the Company if they resign or are dismissed without real and serious grounds, or if their employment is terminated as a result of a public offer

There are no agreements provided for the payment of an indemnity to the Managing Partners, employees or members of the Supervisory Board if they resign or are removed from office or dismissed without real and serious grounds or if their position is terminated as a result of a public offer.

8. INDEPENDENT EXPERT'S REPORT

Pursuant to Article 261-1, I, 1°, 2° and 4° and II of the AMF General Regulation, Finexsi, represented by Mr Olivier Péronnet, was appointed as independent expert by the Supervisory Board of the Company on 16 January 2023 to prepare a report on the financial terms of the Offer and of the Squeeze-Out.

This report, dated 4 July 2023, is set out in its entirety below and forms an integral part of the Response Document:

[*Rest of page is left blank intentionally*]

Free translation of the original report

In the event of any discrepancies in translation or interpretation, the French version shall prevail.

Fairness opinion

Simplified Public Tender Offer by Concordia, with potential squeeze-out after completion, for the shares of ROTHSCHILD & CO.

4 July 2023

CONTENTS

1. Context

1.1 Context of the transaction

On 6 February 2023, ROTHSCHILD & CO SCA (hereinafter, '**ROTHSCHILD & CO**', the '**Company**', or the '**Group'**) announced that it had been informed that ROTHSCHILD & CO CONCORDIA SAS' (hereinafter, '**Concordia**' or the '**Offeror**'), the Rothschild family's holding company and largest shareholder of ROTHSCHILD & CO, intended to file a Simplified Public Tender Offer for the shares of ROTHSCHILD & CO at a price of €48.0 per share, *cum dividend*, and to request, if necessary, a Squeeze-out (hereinafter the '**Transaction**' or the '**Offer**'). CONCORDIA confirmed its intention on 13 February 2023, as announced by the Company when it published its 2022 earnings report.

The Offer aims to create a fully private group in line with CONCORDIA's strategy of holding the majority of ROTHSCHILD & CO's capital and voting rights. The ROTHSCHILD family and the MAUREL family will invest along a limited number of family investors.

The Offer is also based on the observation that Rothschild & Co's development does not require it to remain listed, insofar as none of the Group's businesses are dependent on financing from capital markets. The operational functioning of the Company would become simpler in the event it were delisted, considering the regulatory constraints imposed on companies whose shares are admitted to trading on a regulated market, which are in addition to the regulatory constraints that also apply to the Group.

The purpose of the Offer is to consolidate the Company's independence and to ensure the sustainability of its development strategy, while strengthening its manoeuvrability. The performance of each of the Group's businesses needs to be assessed over the long term, and the status of a private company therefore seems more appropriate than that of a listed company.

This transaction is also intended to strengthen the alignment of interests between the Company and the Group's partners.

The Offeror is acting in concert, as this expression ('*agissant de concert*') is defined in Article L. 233-10 of the French Commercial Code, with:

- Rothschild & Co Gestion, which is the General Partner and Statutory Manager of the Company,
- the Company's long-term shareholders (Holding Financier Jean Goujon, two entities linked to the Maurel family (BD Maurel, Société Civile Paloma) and Mr Marc Maurel[1] (collectively the 'Maurel Family'), Mr François Henrot and an entity linked to him (FH GFA), Groupe Industriel Marcel Dassault, Giuliani Investimenti S.A., Mr Hubertus von Baumbach and DKTRANS S.à.r.l.
- Rothschild & Co Partners, a new company created to bring together the Group's partners as well as a limited number of persons with important roles within the Group (hereafter the '**Partners**') and who are likely to hold a significant stake in the Company over the long term,
- Norbert Dentressangle Investissements, Peugeot Invest Assets, Mousseshield, L.P. and and entities related to the English Rothschild family (including Hannah Rothschild) (Fondation Berma, The Rothschild Foundation, Rothschild Foundation (Hanadiv) Europe, Five Arrows Investments Limited, Trust Corporation of the Channel Islands Limited Private

[1] It should be noted that Marc Maurel is acting in concert without being a signatory to the Investment Agreement and the Shareholders' Pact (as these terms are defined in the Draft Information Memorandum).

and Corporate Trustees Limited and Directors One Limited as Trustees of the Emily and Amelia Trust – J Fund).

Together with the Offeror, all the players described above form the '**Concert** '.

On 329 june2023, the Concert held 42,562,532 shares and 79,646,252 voting rights, representing 55.2% of the Company's share capital and 66.8% of its theoretical voting rights, respectively[2].

The Offer, which was submitted on 8 June, is, therefore, for all the shares, outstanding or to be issued, that are not already held directly or indirectly by the Concert. They include:

- shares have already been issued, representing a maximum of 34,540,134 shares and
- shares that may be issued before the close of the Offer, or, if applicable, before a squeeze-out is carried out, as a result of the exercise of 157,111 options, i.e. up to 189,678 shares
- with the exception of the following Shares:
- 1,454,623 Dutreil shares intended to be subject to a liquidity-saving mechanism (as described in section 0);
- 6,002,746 Shares subject to a non-tender agreement with respect to the Offer and a lock-up instruction issued to the account holders for the duration of the Offer and which may be subject to a commitment to be tendered or sold to Rothschild & Co Partners[3].

Therefore, and to the best of the Offeror's knowledge as of the date of the transaction memorandum filed in this context, the Offer is submitted for a maximum of 27,272,443 shares.

Prior to the filing of the draft Offer, ROTHSCHILD & CO proposed an ordinary dividend of €1.40 per share to the Annual General Meeting of Shareholders held on 25 May 2023. The dividend was paid on 31 May 2023.

In addition, as announced on 6 February 2023 and May 10, 2023, ROTHSCHILD & CO will make an exceptional distribution of reserves to the tune of €8.00 per share (hereinafter the '**Exceptional Distribution**') voted and approved at AGM, after the Autorité des Marchés Financiers (AMF) has given its decision on the Offer and before it opens.

Consequently, Concordia has tendered the Offer at a price of €46.6 per share (including the Exceptional Distribution). This price represents €48.0, cum distributions, as initially announced, it being noted that it has been reduced by the ordinary dividend of €1.4 payable on 31 May 2023. This price of €46.6 would then be adjusted to €38.6 from the Exceptional Distribution date[4].

1.2 Background to our engagement

1.2.1 FINEXSI's engagement

Pursuant to the provisions of Article 261-1-I (1, 2 and 4) and II of the General Regulation of the Autorité des Marchés Financiers (hereinafter the '**AMF**'), the Company's Supervisory Board meeting of 16 January 2023 appointed FINEXSI EXPERT & CONSEIL FINANCIER (HEREINAFTER '**FINEXSI**'), on the advice of the Ad Hoc Committee, as an independent appraiser in the context of the proposed Simplified Public Tender Offer, potentially followed by a Squeeze-out, for Rothschild's shares and including the Exceptional Distribution.

[2] Based on a total number of 77,102,666 Shares and 119,225,492 theoretical voting rights in the Company at 28 june2023.
[3] It should be noted that of these 6,002,746 Shares, 2,780,339 Shares will result from the exercise of Options, the delivery of Shares in respect of RSUs and NCIs,
[4] The ordinary dividend and the exceptional distribution were approved by the Annual General Meeting of May 25, 2023

In this context, the purpose of our engagement was to assess the fairness of the financial terms of the Offer from the point of view of ROTHSCHILD & CO's shareholders, including in the event a squeeze-out is implemented, and including an examination of the terms of the Exceptional Distribution associated with the Offer. To this end, in accordance with the terms of our appointment by the Supervisory Board, we confirmed that the payment of the Exceptional Distribution was not contrary to the company's interests and did not affect the Group's financial viability given its business development objectives. This assessment of the Exceptional Distribution provided for under the Offer is the subject of the report issued on 7 March 2023.

This report, which describes the terms and conditions of the Transaction for the Company's shareholders, has been prepared in accordance with Article 262-1 of the AMF General Regulation and its application instruction no. 2006-08 of 25 July 2006, as amended on 10 February 2020, relating to independent appraisals, itself supplemented by AMF recommendation 2006-15 as amended on 10 February 2020.

In order to carry out our engagement, we have used publicly available documents and examined a range of accounting and financial information (financial statements, press releases, etc.) published or provided to us by the Company. We have considered these documents and information to be accurate and complete, and have not carried out any further verification thereof. It has not been our goal to validate the historical and forecast data used. Rather, we have simply verified their plausibility and consistency. This engagement did not include an audit of the financial statements, contracts, litigation or any other documents provided to us.

We cannot be held responsible for the accuracy or completeness of the information gathered in the course of our work.

In the course of our work, we were approached by minority shareholders. They submitted their comments in various e-mails and handwritten letters, which were also sent to the Company and its advisors, as well as to the Offeror's advisors. We analyze these comments in the body of this report, and a summary is also presented in section 8.1 with references to the relevant paragraphs.

This report has been prepared solely for the purposes of the AMF General Regulation in France, which precisely defines our mission. It is without prejudice to any obligations that may result from foreign legislation, especially since the Offer is open to shareholders in other countries.

1.3 Statement of independence

FINEXSI and its partners:

- Are independent within the meaning of Articles 261-1 et seq. of the AMF General Regulation, and as such are able to make a formal statement of independence as provided for in Article 261-4 of said General Regulation, and in particular none of the cases of conflict of interest referred to in Article 1 of AMF Instruction 2006-08 apply to them;

- Have the necessary human and material resources to carry out their engagement, as well as sufficient insurance or financial resources to cover the risks involved;

- Are members of the Association Professionnelle des Experts Indépendants (APEI), an association recognized by the AMF in application of Articles 263-1 et seq. of its General Regulation.

FINEXSI hereby attests and certifies that there is no past, present or future relationship known to it with the persons involved in the Transaction and their advisors that is likely to affect its independence and the objectivity of its judgment in the context of this engagement.

1.4 Work carried out

We present below the principal procedures that we performed to assess the fairness of the terms of the Offer (details of which are provided in the Appendix). Finexsi:

- Acquired detailed knowledge on the proposed Transaction, its terms and conditions, and the specific context in which it takes place.
- Studied the terms and conditions of the Exceptional Distribution, on which it prepared a separate report dated 7 March 2023.
- Analysed the strengths, weaknesses, opportunities and threats identified for ROTHSCHILD & CO and likely to affect its valuation, and summarised them in the form of a SWOT matrix.
- Analysed ROTHSCHILD & Co's consolidated financial statements and business plan during interviews with management, which required identifying key assumptions and assessing their relevance.
- Carried out a multi-criteria valuation of the Company and sensitivity analyses on the valuation assumptions.
- Performed a critical and independent analysis of the valuation report prepared by the banks presenting the Offer (NATIXIS, CADIF).
- Considered and analysed comments made by minority shareholders, as well as analysts' reports published after the announcement of the Offer.
- Analysed related agreements and transactions likely to have a material impact on the Offer price.
- Prepared report in the form of a fairness opinion in which we give our valuation of ROTHSCHILD & CO shares and our opinion as to the fairness of the Offer price in the context of the Public Tender Offer and the Squeeze-out.

As part of our assignment, we have examined the accounting and financial information (financial statements, press releases, etc.) published by the Company for the last few and current financial years.

We have worked using the legal documentation provided to us, to the extent necessary and for the sole purpose of gathering information relevant to our engagement.

We have held various discussions with the Company's management and with representatives for the Company and the Offeror, both to understand the background to the Offer and to gain an understanding of the current financial situation, the business outlook and the resulting financial forecasts. These discussions focused mainly on:

- The context and terms of the Transaction
- ROTHSCHILD & CO's business, trends and medium- and long-term development prospects

- The valuation methods used by the Presenting Companies.

We have assessed the operating assumptions on which the forecasts in ROTHSCHILD & CO's business plan are based. Such an assessment has enabled us to updated said forecasts and arrive at a valuation of the company.

For the other valuation methods, we have studied the public information available from our financial databases.

Lastly, we have familiarised ourselves with the work of the presenting banks, as presented in the report on the assessment of the offer price and summarized in the draft offer document (hereinafter referred to as the '**Draft Offer Document'**). In this context, we have held several working meetings with representatives of said presenting banks.

In addition, we maintained regular contact with the Ad Hoc Committee of independent members of the Supervisory Board, with whom we held 13 meetings.

It should be noted that an independent review was carried out by Olivier COURAU, a partner in our firm, who did not otherwise participate in the preparation of this report.

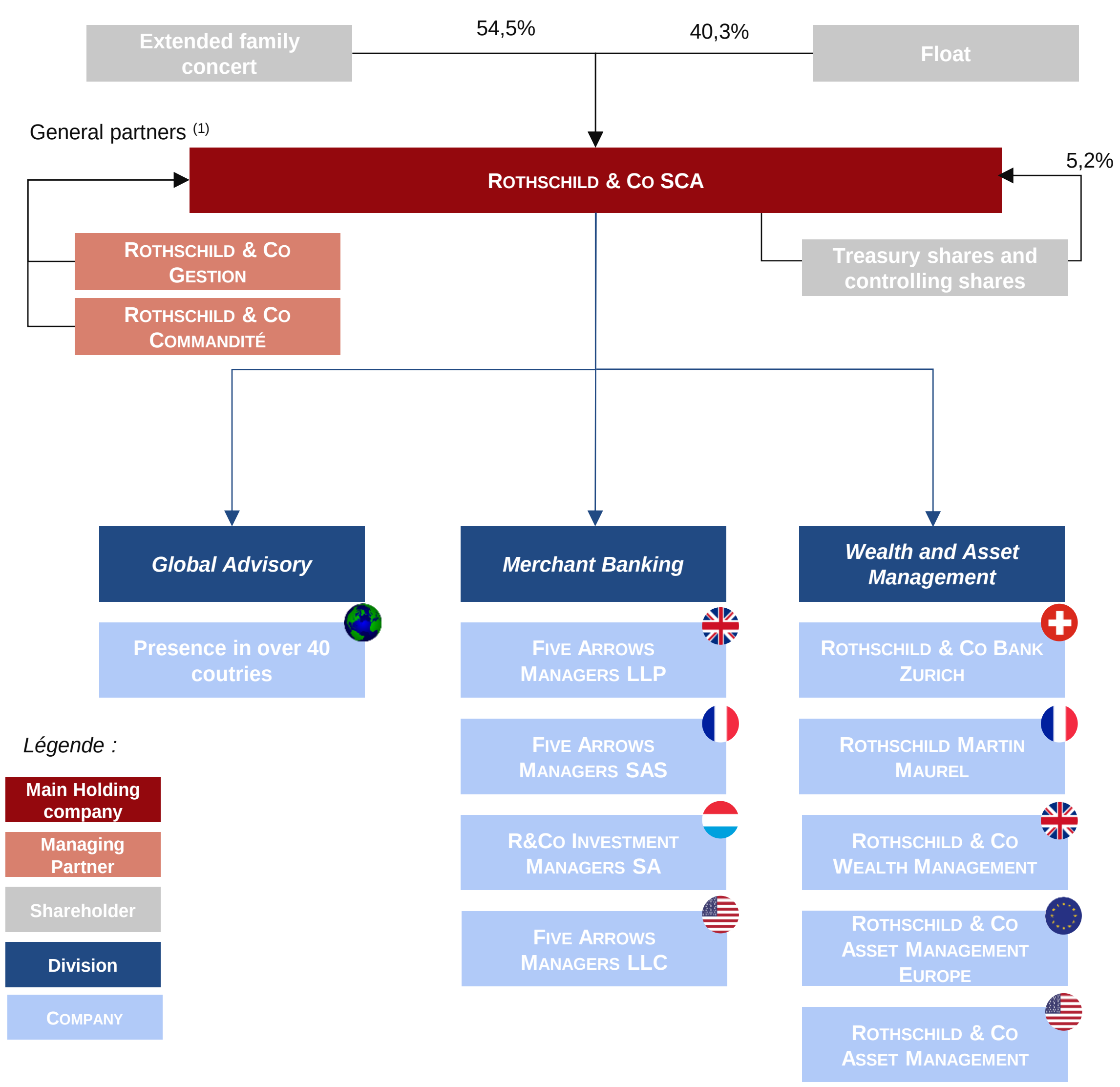
2. Presentation of ROTHSCHILD & CO's activities and business environment

2.1 Introducing ROTHSCHILD & CO

2.1.1 ROTHSCHILD & CO organizational chart

The legal structure of ROTHSCHILD & CO is presented below in simplified form:

Figure 1 - ROTHSCHILD & CO organization chart at 31 December 2022



(1) Companies controlled by the ROTHSCHILD family
(2) It should be noted that the Asset Management business in the United State was sold in April 2023
Source: Company

2.1.2 Legal form

We have obtained the updated articles of association of ROTHSCHILD & CO dated 26 May 2023. The Company was incorporated as a *société en commandite par actions* (partnership limited by shares) under French law in 2012 and is listed on EURONEXT in Paris.

The legal form of ROTHSCHILD & CO IS based on the existence of two categories of partners: (i) the general partners, ROTHSCHILD & CO GESTION[5] (Manager) and ROTHSCHILD & CO COMMANDITÉ[6], who participate in the management of the Company and are indefinitely and jointly and severally liable for the Company's debts, and (ii) the limited partners (or shareholders) who are not involved in the operational development of the Company and whose liability is limited to the amount of their contribution in the event of losses.

2.1.3 ROTHSCHILD & CO shareholders

At 31 December 2022, ROTHSCHILD & Co's share capital stood at €154,059,554 divided into 77,029,777 ordinary shares with a par value of two euros each. With registered office at 23 bis avenue de Messine 75008 Paris, the Company is registered with the Paris Trade and Companies Registry under number 305 519 228.

At 31 December 2022, 40,105,010 of the Company's 77,029,777 ordinary shares outstanding carried double voting rights.

We present below the breakdown of ROTHSCHILD & Co's shareholders and voting rights at 31 December 2022:

Table 1 - ROTHSCHILD & CO shareholders at 31 December 2022

Shareholders' details	Number of shares	% of share capital	% of exercisable voting rights
R&Co Concordia SAS	29 945 857	38,9 %	49,8 %
David de Rothschild Family	2 520	0,0 %	0,0 %
Eric & Robert de Rothschild Family	12	0,0 %	0,0 %
Jean Goujon Financial Holding	4 057 079	5,3 %	7,3 %
N.M. Rothschild & Sons Limited	1 357 342	1,8 %	-
Bernard Maurel Family	4 229 694	5,5 %	7,6 %
Other members of the extended Family Concert	2 382 189	3,1 %	4,2 %
Total Extended Family Concert	**41 974 693**	**54,5 %**	**68,8 %**
Treasury shares	3 533 785	4,6 %	-
Other controlling shares *	457 845	0,6 %	-
Other Supervisory Board members and Group Executive Committee	940 609	1,2 %	0,9 %
Free float and other	30 122 845	39,1 %	30,3 %
Total	**77 029 777**	**100,0 %**	**100,0 %**

Source: Company

The proportion of free float in ROTHSCHILD & CO's shareholder base is 39.1%.

[5] *Société par actions simplifiée* (simplified joint-stock company) registered in the Paris Trade and Companies Register, with capital of €60,000 and registered office at 3, rue de Messine, 75008 Paris.
[6] *Société par actions simplifiée* (simplified joint-stock company) registered in the Paris Trade and Companies Registry, with capital of €60,000 and registered office at 3, rue de Messine 75008 Paris.

At 31 December 2022, stock options and NCI are the only other securities through which it is possible to acquire an interest in the Company.

Below is Rothschild & Co's shareholding structure at 29 June 2023:

Table 2- ROTHSCHILD & CO shareholders at 29 June 2023

Shareholders' details	Number of shares	% of share capital	Exercisable voting rights	% of exercisable voting rights
Rothschild & Co Concordia	29 945 857	38,8 %	56 018 065	47,0 %
Rothschild & Co Gestion	1	0,0 %	2	0,0 %
Holding Financier Jean Goujon	4 057 079	5,3 %	8 114 158	6,8 %
Maurel Family	4 311 972	5,6 %	8 623 944	7,2 %
François Henrot (including FH GFA)	842 470	1,1 %	1 684 930	1,4 %
Groupe Industriel Marcel Dassault	1 800 000	2,3 %	3 600 000	3,0 %
Giuliani Investimenti S.A	556 086	0,7 %	556 086	0,5 %
Hubertus Von Baumbach	309 190	0,4 %	309 190	0,3 %
DKTRANS SARL	739 877	1,0 %	739 877	0,6 %
Rothschild & Co Partners	-	-	-	-
Norbert Dentressangle Investissements	-	-	-	-
Peugeot Invest Assets	-	-	-	-
Mousseshield, L.P.	-	-	-	-
Entities linked to the English Rothschild family (Hannah Rothschild)	-	-	-	-
Concert	**42 562 532**	**55,2 %**	**79 646 252**	**66,8 %**
Treasury shares	3 010 274	3,9%	3 010 274	2,5 %
Other controlling shares	1 815 187	2,4%	1 815 187	1,5 %
Free float and other	29 714 673	38,5%	34 753 779	29,1 %
Total	**77 102 666**	**100 %**	**119 225 492**	**100 %**

Source: Company

2.1.4 Dilutive instruments

The Company has three types of equity instruments:

- Stock options awarded under Stock Option Plans ("Equity Schemes") to Partners of the Company and its subsidiaries. In order to participate in an Equity Scheme, a Partner must purchase Rothschild & Co shares at market price and/or Restricted Share Units (hereafter 'RSUs') and, in return is granted four stock options for each share/RSU acquired. The four options distributed under each Equity Scheme are classified into four distinct tranches, it being specified that the terms of the exercise price applied to the options differ according to the tranche and are determined by the Managing Partner at the grant date.

  At 31 December 2022, seven Equity Schemes[7] had been set up:

[7] In accordance with article L. 225-181, the adjusted share subscription or purchase price will be calculated by taking into account the ratio between the amount per share of the exceptional distribution and the value of the shares that would have been obtained if the options had been exercised prior to the exceptional distribution date. This value will be equal to the weighted average share price for the [5] trading days preceding the exceptional distribution date. -The adjusted number of Shares underlying Stock Options shall be equal to the ratio between (i) the multiplication of the initial number of Shares underlying Stock Options by the initial price for the subscription or purchase of Shares underlying Stock Options and (ii) the adjusted price for the subscription or purchase of Shares underlying Stock Options.

- The **Equity Scheme 2013**, carried out on 11 October 2013, with the participation of 57 partners for a total of 3,120,000 options granted.
- The **Equity Scheme 2015**, implemented on 9 December 2015, with the participation of 10 new partners in the Private Banking and Merchant Banking businesses for a total of 460,000 options granted.
- The **Equity Scheme 2017**, implemented on 13 December 2017, with the participation of 20 new partners for a total of 1,110,000 options granted.
- The **Equity Scheme 2018**, implemented on 20 June 2018, with the participation of 1 partner within the Financial Consulting business for a total of 80,000 options granted.
- The ***Existing Partners Equity Scheme* 2019,** implemented on 11 October 2019, with the participation of 49 partners having already participated in previous Equity Schemes for a total of 830,000 options granted.
- The ***New Partners Equity Scheme* 2019,** implemented on 11 October 2019, with the participation of 6 new partners for a total of 320,000 options granted.
- The ***Equity Scheme 2021***, carried out on 11 October 2021, with the participation of 14 new partners for a total of 550,000 options granted.

- Non-cash instruments (hereinafter 'NCI'[8]) are financial instruments relating to Rothschild & Co shares awarded to Material Risk Takers[9] to comply with regulatory remuneration requirements. The NCIs vest over three to four years and, up to and including those vesting in 2022, all had been settled in shares. A small number of MRTs who are Partners will have the NCIs that are due to be released to them in 2023 settled in shares, with all remaining NCIs due for release in 2023, and all NCIs due to vest and be released from 2024 onwards, being cash settled.

- RSUs are granted to Partners under the Equity Schemes, with each RSU being a promise to grant the Partner a Rothschild & Co share upon vesting in the future. RSUs vest over three or four years depending on the Equity Scheme to which they relate.

Stock options, with the exception of those under the 2013 Equity Scheme, will be delivered in the form of treasury shares held by ROTHSCHILD & CO and will therefore not give rise to the issue of new shares.

At 31 December 2022, taking into account the various conditions of exercise of the above-mentioned instruments, there is a potentially dilutive effect of 4,384,950 shares on ROTHSCHILD & CO's share capital.

[8] For the tranches maturing on 30 September 2023, certain partners will receive shares in the Company subject to a non-tendering and lock-up commitment. These shares are intended to be transferred to ROTHSCHILD & CO PARTNERS, subject to the conclusion of reciprocal share transfer commitments, as described in Section [1.3.6] (Transfer of Shares to ROTHSCHILD & CO PARTNERS). For others, however, NCIs will be settled in cash rather than shares

[9] "Material Risk Takers, or 'MRTs', are members of staff whose professional activities have a significant impact on the Group's risk profile and/or the risk profile of the Group's regulated entities."

2.1.5 General and limited partners, and the managing partner

General partners

As indicated above, the general partners are (i) ROTHSCHILD & CO GESTION, A *société par actions simplifiée* (simplified joint stock company) with share capital of €60,000, which in accordance with the Company's bylaws has been appointed statutory manager ('Managing Partner'), and (ii) ROTHSCHILD & CO COMMANDITÉ, A *société par actions simplifiée* (simplified joint stock company) with share capital of €60,000.

General partners are indefinitely and jointly and severally liable for the Company's debts. In the event of losses and following a formal notice of default, the Company's debts will be divided equally between the two partners. In addition, in the event of distributable profits for a given year, the general partners are entitled to a 0.5% share of the profits for that year. In the event of loss of this status during the year, the allocation will be determined pro rata temporis.

In their capacity, the General Partners have the power to appoint or dismiss the Company's Executive Chairpersons at any time, with the exception of those designated by the Articles of Association. In addition, no decision may be taken by the Annual General Meeting without the approval of the General Partners, with the exception of decisions for which the legal or statutory provisions grant exclusive authority to the limited partners.

Any transaction that could have the purpose or effect of calling into question the independence of the Group or its tradition of excellence, its attachment to the ROTHSCHILD family or its role, the use of the ROTHSCHILD name or the preponderance of financial activities in the Group's core business must be submitted to the General Partners for approval.

Managing Partner

In addition to its role as General Partner, ROTHSCHILD & CO GESTION has been appointed by the company's Articles of Association as its first Managing Partner, and is the Group's sole Managing Partner and legal representative. In this capacity, ROTHSCHILD & CO GESTION has the broadest powers to act in all circumstances in the name and on behalf of the Company, in accordance with the law and the Articles of Association to ensure the general management of the Group's business. The Managing Partner (i) determines the Company's strategic direction, (ii) supervises accounting and financial reporting, (iii) oversees the Company's internal controls, (iv) determines the regulatory equity of the Company and its subsidiaries, (v) sets the agenda, convenes General Meetings and prepares draft resolutions.

Limited partners

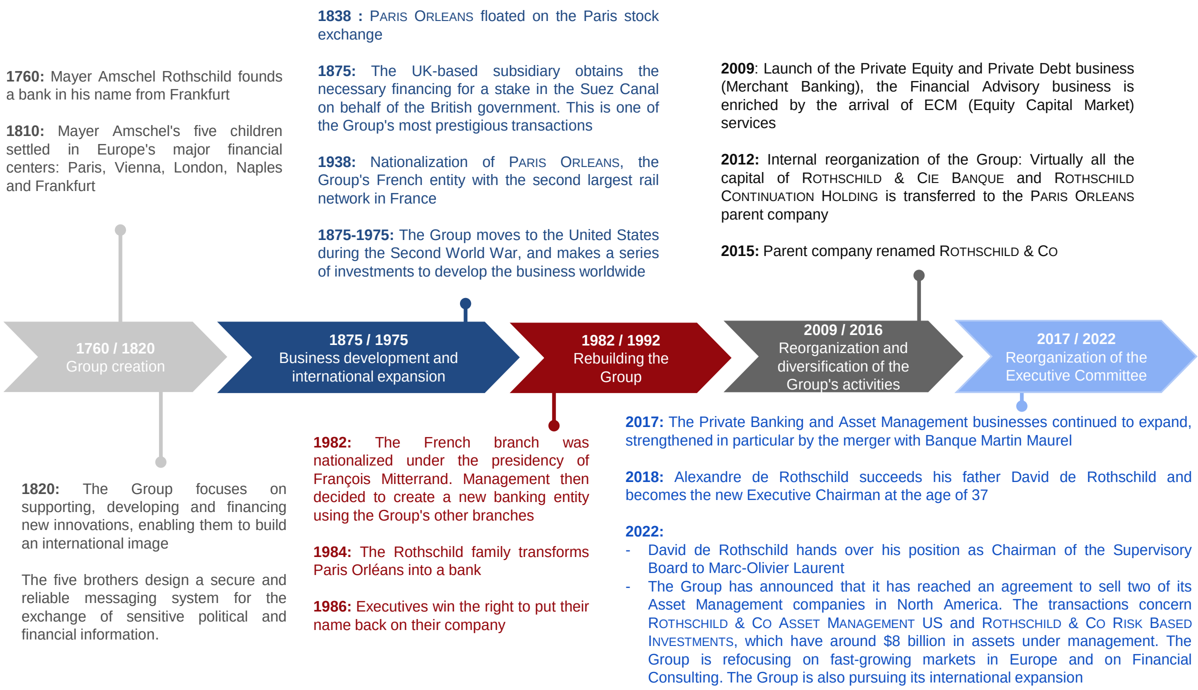
Limited partners are shareholders who do not take part in the day-to-day management of the Company, but who, in accordance with the law, are involved in the distribution of dividends, the approval of regulated agreements, and the appointment and dismissal of Supervisory Board members and Statutory Auditors.

2.1.6 Supervisory Board

The Supervisory Board is made up of 6 to 18 members representing the shareholders. They are elected and dismissed by the Annual General Meeting, which sets their term of office. The Supervisory Board is supported by the Risk Committee, Audit Committee, Remuneration Committee and Appointments and Sustainable Development Committee, which perform their various duties in relation to the Group's internal control system.

2.1.7 Group history

Figure 2 - History of ROTHSCHILD & CO



Source: Company

Rothschild & Co was founded in 1760 by Mayer Amschel ROTHSCHILD TO PROVIDE financial services. 50 years later, the five sons of Mayer Amschel ROTHSCHILD decided to establish themselves in Europe's leading stock markets: Frankfurt, Paris, London, Vienna and Naples.

Over the course of the 19th century, the company focused on innovation and new international markets. It quickly made a name for itself for its ability to identify and assess opportunities in the new projects of the day. These included the development of railroads in Europe, emerging economies such as Brazil and India, and gold mining in Australia and South Africa.

At the same time, the five brothers designed the most secure and fastest messaging system in Europe. This messaging system would be used to exchange political and/or financial information, enabling the Group to play a central role in the development of the sovereign debt market worldwide.

In 1875, ROTHSCHILD & CO's reliability and discretion were rewarded when it secured financing for the UK government to acquire a major stake in the Suez Canal.

During the 20th century, ROTHSCHILD & CO pursued its internal development and structured its product range around two core businesses (financial advisory services and asset management), moving to the United States during the Second World War.

The Group's French structure, PARIS ORLÉANS, acquired by James ROTHSCHILD in the 1850s, represented the railway company linking Paris and Orléans, and was the second largest railroad company in France. The network was nationalized in 1938 with the creation of the SNCF.

French President François Mitterand began a policy of mass nationalization in 1981. In 1982, he decided to nationalize the Group's French branch. However, with the help of the other branches of

ROTHSCHILD & CO and the PARIS ORLÉANS company, which had been listed on the stock exchange since 1838, a new banking entity was quickly created, and in 1986 the Rothschild family regained the right to use its name.

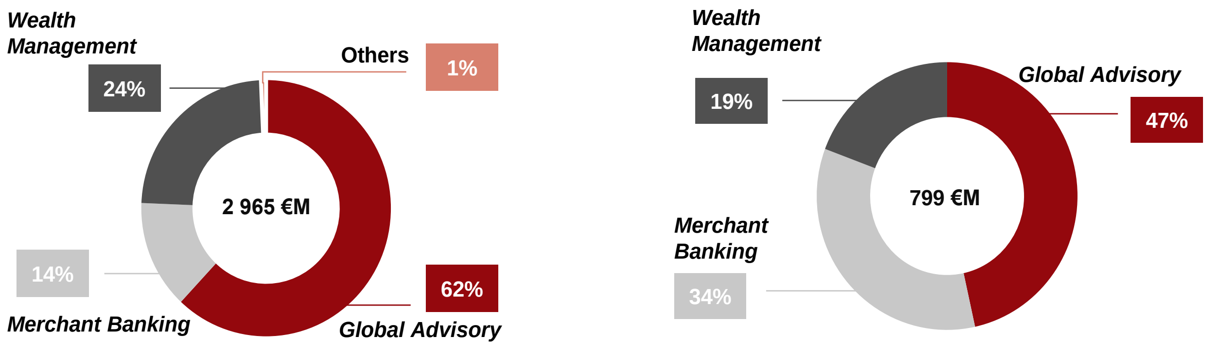
In 2008, the subprime mortgage crisis had a severe impact on the entire financial and banking sector. However, ROTHSCHILD & CO proved resilient in the post-crisis period, entering private equity and private debt in 2009, and enriching its financial advisory offering with ECM (Equity Capital Market) activities.

In 2017, the private banking and asset management businesses were strengthened by the merger with BANQUE MARTIN MAUREL.

2.1.8 Presentation of ROTHSCHILD & CO's activities

By 2022, ROTHSCHILD & CO's activities were organized around three main business lines: **Global Advisory**, **Wealth and Asset Management** and **Merchant Banking**, whose breakdown in terms of net banking income and pre-tax profit is shown below:

Figure 3 - Breakdown of net banking income and pre-tax profit by activity[10] 2022



Source: Company

The Group benefits from significant synergies between its different businesses. Between 10% and 20% of Wealth Management inflows come from the other businesses, while around 25% of capital raised in Merchant Banking comes from Wealth and Asset Management.

2.1.8.1 *Global Advisory*

Global Advisory is built around two service proposals:

[10] Excluding IFRS reconciliation and Holding

Figure 4 - Global Advisory division activity

Rothschild & Co
Global Advisory

Mergers-acquisitions

Financing Advisory

Mergers-Acquisition (M&A)

- One of the world's most active M&A advisors, with a significant track record in all roles and transaction types.
- By 2022, M&A consulting will account for 73% of the division's sales.

Equity Advisory (ECM)

- Capital Markets Consulting assists clients during the IPO process and helps listed companies optimize returns and maximize value when raising funds on the markets.
- In 2022, ROTHSCHILD & CO advised on around 70 capital market transactions with a total value of approximately $60 billion.
- This makes it one of Europe's leading ECM consultancies.

Debt Advisory and Restructuring (DCM)

- Teams provide strategic advice on capital raising and capital structure to obtain the best possible refinancing and restructuring solutions.
- The company, which is among the world leaders in this field, provides independent advice to clients on around 210 transactions with a total value of approximately $170 billion.
- The Group offers consulting services in sovereign debt, derivatives and hedging, Islamic finance, credit and ESG rating.

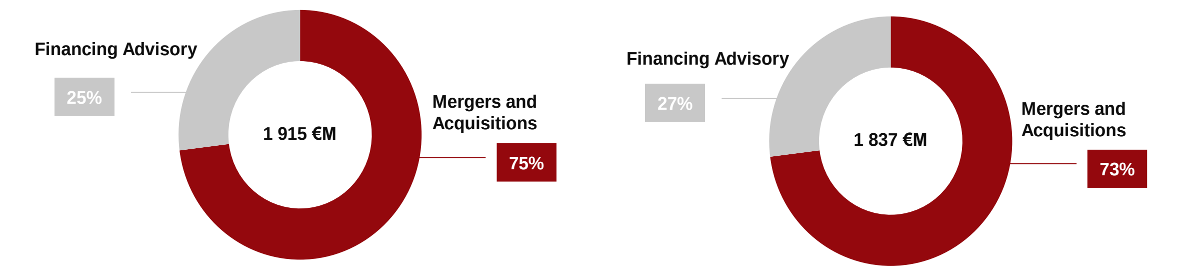
Source: FINEXSI company and analyses

- **Mergers & Acquisitions:** the main segment of the Global Advisory business (€1.3 billion in revenues in 2022). ROTHSCHILD & CO advises its clients on their external growth strategy by studying potential targets for acquisition, carrying out valuation work, designing business plans, and studying financing; and also provides support throughout the disposal process, from origination to execution. In 2022, the Group supported 425 transactions worth $417 billion in a wide range of sectors, including consumer goods, infrastructure, transport and industry;

- **Financing consulting:** the Company develops and implements strategic financing solutions on behalf of its customers. The segment comprises two activities, namely (i) debt financing and restructuring (DCM) and (ii) capital markets consulting (ECM). The division specializes primarily in financial ratings, derivatives and hedging, ESG ratings, sovereign debt and Islamic finance. With revenues of €488 million in 2022, ROTHSCHILD & CO is the ECM leader in Europe and one of the leaders in the debt advisory sector (no. 1 advisors by value in restructuring across EMEA). ROTHSCHILD & CO's financing advisory teams supported 281 deals in 2022 (including 210 restructuring and debt advisory deals and 70 in capital markets advisory), with a total value of $226 billion.

In 2022, the Global Advisory division generated revenues of €1,837 million (representing almost 62% of Group revenues), the second-best annual performance in the Group's history (under €1,915 million in 2021), thanks to dynamic activity supported by its main locations and sector expertise.

Figure 5 - Breakdown of Global Advisory revenues in 2021 and 2022



Source: Company

The business employs 1,465 bankers, including 276 Managing Directors, in over 40 countries. ROTHSCHILD & CO ranks 5th worldwide in terms of revenues, and 1st worldwide in terms of the number of M&A transactions advised.

The Group supported 706 transactions in 2022, down slightly (5%) on the previous year, for a total transaction value of $643 billion, compared with $694 billion in 2021.

Figure 6 - ROTHSCHILD & CO's main business sectors

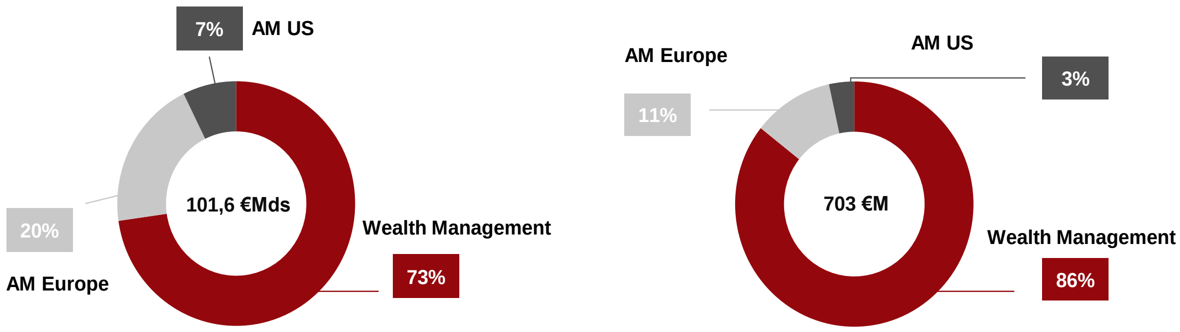
Source: Company

2.1.8.2 *Wealth and Asset Management*

The Wealth and Asset Management division is the Company's second largest business, with net banking income of €703 million in 2022 on total assets under management of €101.6 billion (down 2% on 2021). This slight decline is due in part to a €1.5 billion outflow from the Group's US business, which has been sold in April 2023.. The Company offers its customers investment, structuring and asset protection services, with the aim of increasing their wealth through diversified and innovative investment solutions. Over the past year, the Group has seen its level of net inflows decline, with net inflows of €1.4 billion in 2022 compared with €4.1 billion in 2021, including the US asset management business, now sold.

The Group's Wealth and Asset Management activities are segmented into two regions: in Europe, both businesses are present, while only asset management is offered in the United States.

Figure 7 - Breakdown of assets under management and net banking income 2022 for the Wealth and Asset Management division



Source: Company

Wealth Management

The private banking arm of ROTHSCHILD & CO helps its customers, whether individuals, entrepreneurs or foundations, to organize their wealth projects. ROTHSCHILD & CO operates mainly in Europe.

In 2022, the division has 305 bankers and €73.9 billion in assets under management, broken down as follows:

- France, where the ROTHSCHILD MARTIN MAUREL bank, born of the 2017 merger of the independent private banks MARTIN MAUREL and ROTHSCHILD, is located, has €25 billion in assets under management.
- Switzerland is the division's second-largest country in terms of assets under management, with a target of €20 billion by 2022.
- The United Kingdom, with assets under management of €15 billion.
- In Germany and Belgium, the Group manages a portfolio of €6 billion and €4 billion, respectively.
- In Italy and Monaco, the bank has a portfolio of €1 billion in assets under management.

Asset Management

The Company's asset management business in Europe is aimed at institutional investors, financial intermediaries and distributors. This activity offers a comprehensive range of products, covering all geographical zones and all asset classes. The 36 Investment Managers are committed to providing their clients with sustainable investment solutions that encourage them to integrate ESG issues into their investments. As at 31 December 2022, the European asset management business had €20.3 billion in assets under management, down 4% year-on-year due in particular to market movements linked to the geopolitical and macroeconomic context.

Finally, the US Asset Management division, operated by ROTHSCHILD & CO ASSET MANAGEMENT US INC. manages investments for clients of all sizes and strategies. It has 18 investment managers and €7.4 billion in assets under management. In November 2022, ROTHSCHILD & CO formalized the sale of its US asset management business to GREAT LAKES ADVISORS. It should be noted that the complete sale of this business was finalized in April 2023 (see Figure 7).

This division differs from some traditional asset managers in that its portfolio management activity is purely active. The business is divided into 4 management strategies:

- **'Conviction'** reflects active management through investments in European equities and bonds.
- **'Valor'** through management of diversified, unconstrained securities.
- **'Thematic',** where the manager identifies specific themes, such as sustainability, by composing a portfolio of securities in the real estate sector, the ageing population or gold mining funds.
- **'4 Change'** is a brand that combines performance with sustainable and responsible investment.

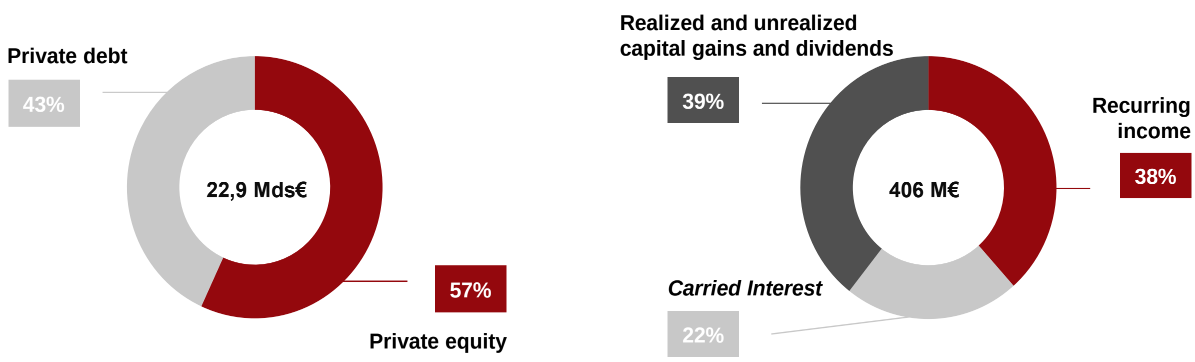
In order to continue its growth, the Group intends both to pursue development in its core management markets, and to support the growth of its other offices to achieve critical mass in all countries.

In particular, this involves developing the asset management business in Europe by rolling out its BtoBtoC offering and exploiting potential synergies with private banking.

2.1.8.3 Merchant Banking

Merchant Banking covers all investment activities (private equity, secondary funds, multi-management, direct financing and diversified credit funds). The division employs 140 investment professionals in six offices worldwide. In 2022, the Group generated revenues of €406 million, up 2%, the highest level ever recorded for this activity, thanks to growth in recurring revenues and revenues linked to investment performance.

Figure 8 - Breakdown of Merchant Banking division assets under management and 2022 revenues



Source: Company

The Merchant Banking division has assets under management totalling €22.9 billion by 2022, and brings together the Group's private equity (€13 billion) and private debt (€9.9 billion) activities. The division has offices in Paris, London, Luxembourg, New York, San Francisco and Los Angeles.

Corporate Private Equity focuses on investing in companies in Western Europe and the United States through four distinct and specialized investment strategies based on size and sector criteria:

- ***Five Arrows Principal Investments*** **('FAPI')**: comprises 5 funds specializing in medium-sized transactions in Europe, primarily targeting companies that are leaders or challengers in the Data and Software, Healthcare, and Technology-based Business Services markets.

- ***Five Arrows Capital Partners*** **('FACP')**: a strategy built around investments in small and medium-sized (enterprise value between $75 million and $100 million) middle-market companies, all located in North America. Like the 'FAPIs', these funds focus primarily on the healthcare, data and software, and technology-based business services sectors.

- ***Five Arrows Growth Capital*** **('FAGC')**: the objective of this fund is to invest in small and medium-sized European companies with significant potential for rapid growth (development capital), in the same sectors as the two above-mentioned strategies.

- ***Five Arrows Long Term*** **('FALT')**: this fund's strategy focuses on investing in larger mid-cap companies, with the aim of creating a more concentrated portfolio that can hold assets for longer.

Merchant Banking's second activity, Multi-Strategies, is characterized by strong expertise in European direct secondary funds, as well as in multi-manager mandates and global co-investments, with a differentiated angle on the middle market segment through five strategies described below:

- ***Five Arrows Secondary Opportunities*** **('FASO')**: the funds specialize in secondary market transactions in small-cap and mid-cap companies in Europe and the United States, purchasing assets from sellers wishing to dispose of non-strategic assets, or in search of liquidity.

- ***Five Arrows Private Equity Programme*** **('FAPEP')**: FAPEP is ROTHSCHILD & CO's co-investment and multi-management program, capitalizing on the Group's private equity expertise and over-the-cycle performance. These funds invest internationally in various private equity asset classes.

- ***Five Arrows Sustainable Investments*** **('FASI'):** this fund is the result of a partnership with AIR LIQUIDE and the SOLAR IMPULSE Foundation, and is dedicated to sustainable investments in sectors such as energy, agriculture and responsible food consumption.

- ***Five Arrows Minority Investments*** **('FAMI')**: these funds correspond to the co-investment activities operated alongside its own network of fund managers, and specialize in expansion capital and buyouts in Europe, North America and emerging markets.

- ***Five Arrows Global Tech I*** **('FAGT I')**: this fund of funds specializes in the 'Tech' sector, addressing a venture capital, growth capital and buyout investment strategy.

The Private Debt sub-activity, including direct financing, is divided into three strategies:

- ***Five Arrows Credit Solutions*** **('FACS')**: this European direct financing fund specializes in junior and subordinated financing solutions for mid-sized companies.

- ***Five Arrows Direct Lending* ('FADL')**: created in 2017, FADL is a direct financing fund that offers senior secured senior or subordinated financing to mid-sized companies. The fund primarily targets private companies in the European[11] middle market;

- ***Five Arrows Debt Partners III*[12] ('FADP III')**: this third-generation fund also reflects the strategy of the FACS and FADL funds, offering flexible financing solutions for private European companies in the mid-market segment.

Finally, the last sub-division of the Merchant Banking business concerns **Credit Management ('R&Co CM')**. This division operates in the secured debt market, with the aim of positioning itself in undervalued credits via specialized funds in Europe and North America. R&Co CM reflects three distinct strategies:

- **Management of Collateralized Loan Obligations ('CLOs')**: through its Five Arrows Global Loan Investments fund, R&Co CM invests in equity tranches of CLO vehicles in Europe and the United States;

- **The 'Oberon' senior debt strategy**: which comprises a series of funds investing in senior debt issued by large European or American companies; and

- **Elsinore' credit multi-strategy**: offering a combination of various credit solutions (including senior debt, bonds and structured products) in a single, actively managed portfolio.

[11] The fund focuses on companies with a value of between €50 and €750 million.
[12] The fund reached final closing in 2021 with a commitment of €1.4 billion.

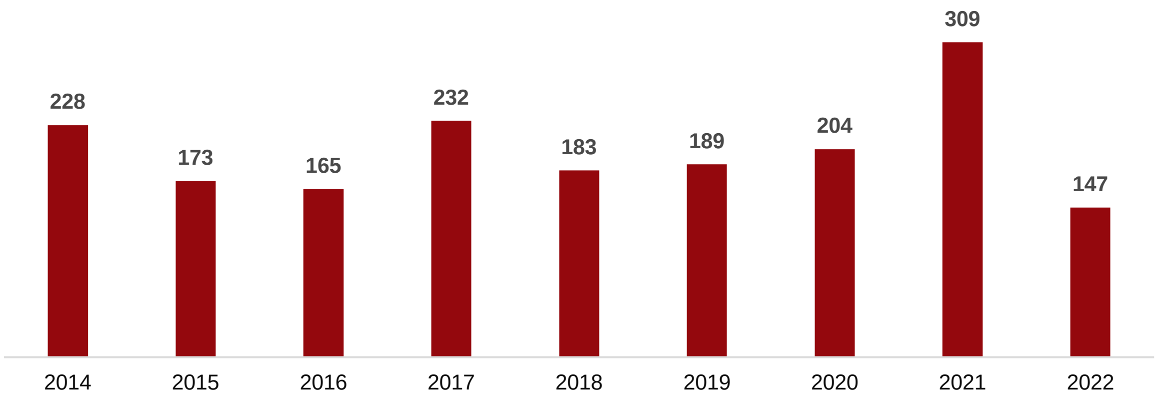
3. Presentation of ROTHSCHILD & Co's economic and competitive environment

We begin by presenting the financial advisory market, its players and structural trends. The analysis will then focus on asset management and private banking. Finally, a third section will focus on private equity and private debt.

3.1.1 Financial Consulting market overview

In 2021, the French mergers & acquisitions (hereafter '**M&A')** market enjoyed an exceptional year, with transaction value reaching $300 billion, up 51.3% on the previous year, the highest level since 2006. In contrast to 2021, the French market in 2022 experienced a marked slowdown in both volume and value, with total transactions amounting to €147 billion, down 52% year-on-year. The value of M&A transactions in France in 2022 is the lowest recorded since 2013, due to rising inflation and interest rates as a result of tensions on commodity prices and central bank monetary policies.

Figure 9 - Value of M&A transactions in France (in billions of dollars)

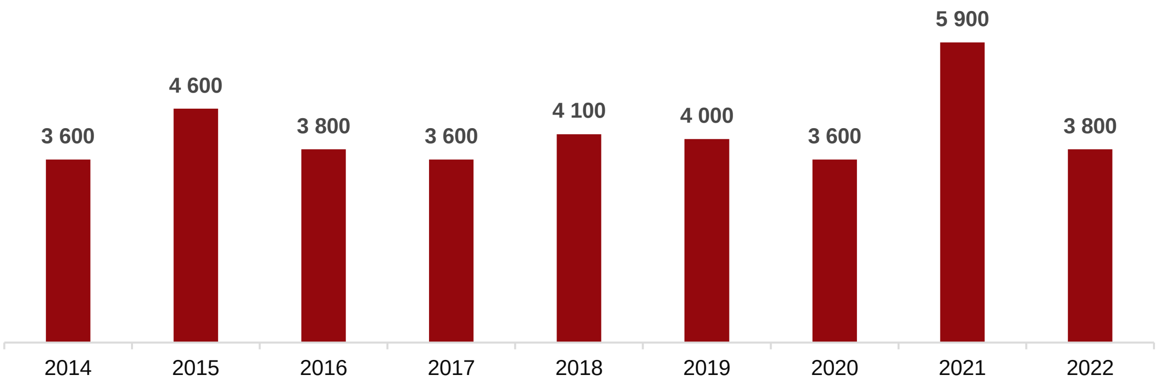


Source: XERFI 'MARCHE BANCAIRE EN FRANCE', November 2022, and REFINITIV

From a global perspective, transaction growth in 2021 was also unprecedented. According to BAIN & COMPANY's *Global M&A Report 2023,* the M&A market experienced exceptional growth both in volume (62,000 transactions recorded, up 24% on 2020), and in value ($5,900 billion, up 64% on 2020, well above the record $4,200 billion recorded in 2007[13]). 2022 has been a mixed bag, with the first five months marked by strong trading activity, followed by a slowdown from June 2022 onwards in the wake of the US Federal Reserve's interest rate hikes and a tense macroeconomic and geopolitical context. In the face of these uncertainties, Jumbo Deals (over $10 billion) came to a halt, impacting the market as a whole, with volume and value declining by 17% and 36% respectively.[13] (65,000 transactions) and 36% ($3,800 billion) respectively, compared to the record level of 2021.

[13] *Global M&A Industry Trends Outlook,* PwC

Figure 10 - Value of M&A transactions worldwide (in billions of $)



Source: Global M&A Report 2023, BAIN & COMPANY

While the magnitudes of the declines in values and transaction volumes are fairly heterogeneous across the world's regions, none reported an increase in either the number or value of transactions (India being the exception). What's more, the market's downward trend seems to be confirmed, with the M&A market falling by over 40% since the start of 2023[14] .

The market is therefore extremely volatile from one year to the next, and can experience extremely wide swings, as is currently the case.

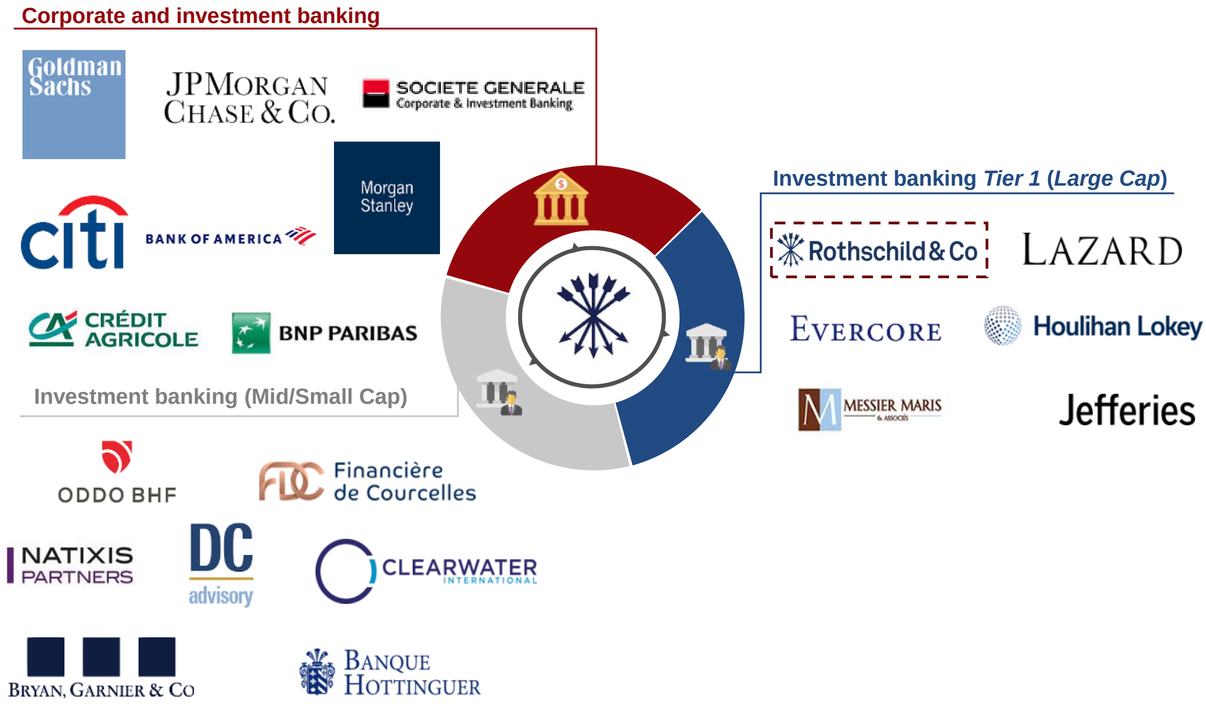
3.1.1.1 Global Advisory market players

We present below the competitive environment in which ROTHSCHILD & CO operates within the financial advisory market. The market is dominated by diversified players, mainly American, with significant scale effects, and to a lesser extent by smaller specialists. In this environment, two player profiles stand out:

- **Corporate and Investment Banks (CIBs),** such as GOLDMAN SACHS, JP MORGAN or SOCIÉTÉ GÉNÉRALE CORPORATE & INVESTMENT BANKING (SGCIB), offer services, financing solutions and financial products tailored to customer needs. CIBs have the advantage of being present across the entire banking value chain, from setting up investment plans to financing them. More specifically, CIBs can be divided into two activities:
    - Corporate banking, which involves offering each customer financing solutions tailored to their needs. This segment includes activities such as structured financing, *coverage* and syndicated loans;
    - Global Capital Markets, which includes all market financing and structuring operations, such as Equity Capital Markets and Debt Capital Markets.
- **Boutiques** that specialize in financial advisory services do not offer other services such as, for example, financing, account opening or hedging against exposure to various risks. Within this category, a distinction is made between **(i)** the Tier 1 'large boutiques', which are mainly involved in transactions involving companies with large market capitalizations (Large Caps), and **(ii)** the 'medium/small boutiques', which are more focused on the small and medium-sized enterprise segment (NATIXIS PARTNERS, DC ADVISORY in France in particular).

[14] 'M&A: les grandes banques d'affaires lancées dans une chasse aux « boutiques »', LES ECHOS

Figure 11 - Categories of players in the financial advisory market



Source: FINEXSI analyses,

Table 3 - The main global players in Financial Consulting

Companies	Country	NBI from Financial Consulting (December 2022)	% of total company NBI
Goldman Sachs	United States	4 478	10%
JP Morgan	United States	2 908	2%
Morgan Stanley	United States	2 792	5%
Evercore	United States	2 276	86%
Rothschild & Co	France	1 837	62%
Houlihan Lokey	United States	1 752	100%
Jefferies	United States	1 694	30%
Lazard	United States	1 575	60%
BoA/ Merrill Lynch	United States	1 565	2%
Citigroup	United States	1 301	2%
Total		**22 178**	

Source: Company

The global financial advisory market is dominated mainly by US investment banks, whose advisory business represents on average a relatively modest share of global net banking income. ROTHSCHILD & CO, ranked 5th, is the only European company in the top 10.

3.1.1.2 Global Advisory market challenges

A booming technology sector

Growing demand for technology and digital assets has led to a significant increase in M&A activity in the technology sector. With the digitalization of the economy, new technologies remain a priority for many companies. By 2022, M&A transactions in the technology sector will account for three quarters of the total value of transactions worldwide. The sector is set to remain the market's main growth driver in the years ahead, with the emergence of artificial intelligence (AI) and metaversels in particular.

Inflation and rising interest rates

After an excellent year in 2021 and the 1st half of 2022, the consulting market's momentum slowed in the second half of 2022 as a result of inflationary pressure, which in particular impacted corporate cost structures and the cost of debt, prompting companies to abandon plans for acquisitions or mergers. While rising interest rates have the advantage of improving interest margins for retail banking activities, they also reduce financing, investment and market opportunities for CIBs. Indeed, rising interest rates can lead to a sudden deterioration in corporate solvency, against a backdrop of very high private-sector indebtedness.

A quest for growth and profitability in an uncertain macroeconomic environment

Fears of recession prompted companies to review or postpone their external growth plans, and thus M&A transactions. However, these macroeconomic factors did not have a uniform impact across countries or regions. India, for example, was an exception, with its economy continuing to grow in 2022, thereby impacting the M&A sector's dynamic (16% year-on-year growth in activity). What's more, in the first quarter of 2023, the M&A market saw its activity continue to slow, with a 44% decline[15] in value and 23% in transaction volume. Although North America remains the largest region, with more than 3,209 transactions worth $208 billion, all regions saw their transaction values decline compared to the previous quarter. Assuming that the economic environment remains uncertain and volatile, investors will need to find growth opportunities in other markets with higher potential returns in order to stand out from the crowd.

The first few months of the 2023 financial year saw a more difficult market environment for the Financial Advisory and Merchant Banking businesses, leading to a significant revision of analyst consensus on banking stocks and a fall in share prices.

3.1.2 Presentation of the private banking and asset management market

By 2021, asset management and wealth management accounted for $127,500 billion in assets under management. North America is the leading region with $67,000 billion, followed by Europe ($34,800 billion), Asia-Pacific ($22,000 billion), Latin America ($2,700 billion) and the Middle East/Africa ($1,000 billion). With annual growth of 8.9%[16] between 2015 and 2021, asset and private management remains a highly dynamic sector. This momentum is set to continue through to 2030, with some $230,000 bn[17] of assets under management expected, representing average annual growth of 6.8% over the period.

The industry is dominated by **Mutual Funds** (60,900 billion[16] in assets under management, i.e. 51.1% of total assets), which are funds managed by an investment company that receives funds from various investors who become its shareholders.

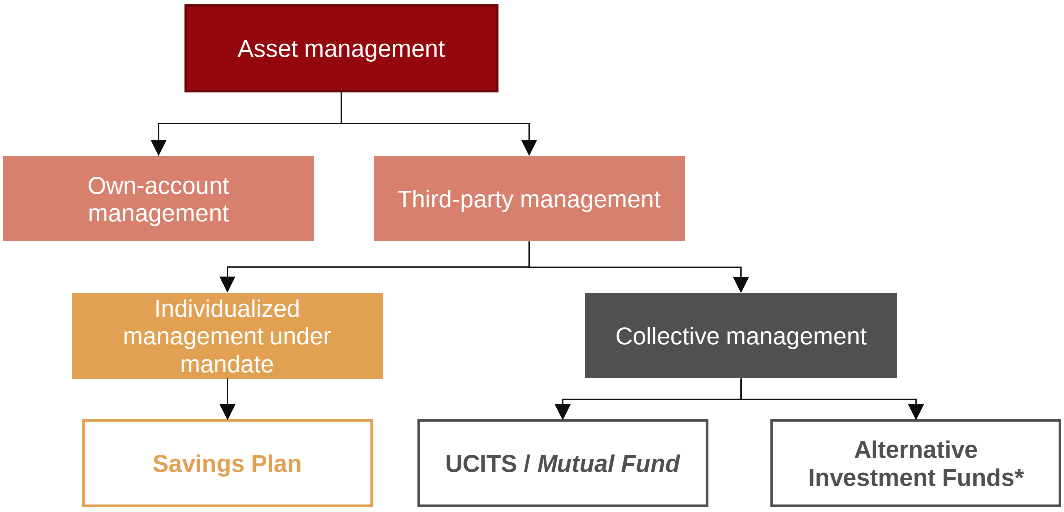
Mandated management is the second most common model, accounting for 39.3% of total assets under management in 2021. Investment mandates, also known as mandates or fund mandates, ensure that investment managers adhere to the desired strategy and remain within specific risk parameters. Fund mandates achieve this by providing instructions on specific aspects of the

[15] 'M&A market has a sluggish start to 2023'. Verdict
[16] *Asset and wealth management revolution 2022*, PwC
[17] 'Wealth management booms as the rich get richer but markets get choppy' FINANCIAL TIMES / BAIN & COMPANY

management approach, including portfolio priorities and objectives, benchmarks to be used, and different investments or product types to be included or avoided.

Alternative investment represents $16,400 billion[16] in assets under management in 2021 (12.9% of total assets under management). This activity encompasses all types of investment other than publicly traded equities or bonds. These include hedge funds, real estate funds, debt funds and private equity funds. Under this management model, funds generally use complex financial structures and risk management techniques to enhance performance (short selling, leverage, derivatives, etc.).

Figure 12 - Asset management operating diagram

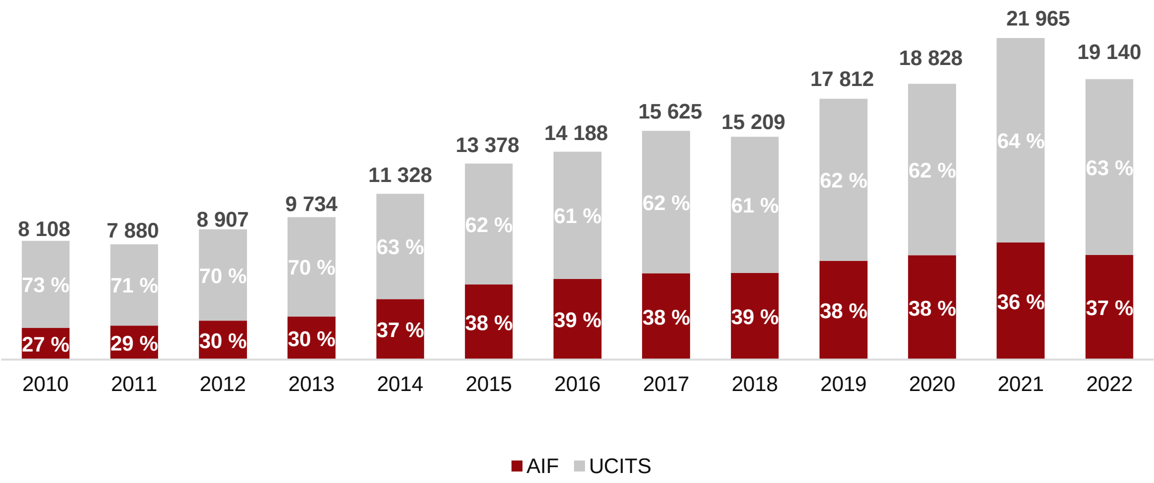


(*): Alternative Investment Funds, according to the AMF classification, are by exclusion all collective investment funds that do not comply with the UCITS directive.
Source: French Financial Management Association

On a European scale, fund assets under management are estimated at around €19,000 billion at the end of 2022, down -12.6% year-on-year due to negative net inflows resulting from substantial net outflows from Collective Investment Schemes (CIS)[18] .

[18] UCIs (Undertakings for Collective Investment) invest in transferable securities (shares, bonds, etc.) on behalf of a large number of investors. By purchasing a share in a mutual fund, each investor gains access to a diversified portfolio managed by a professional (an accredited management company).

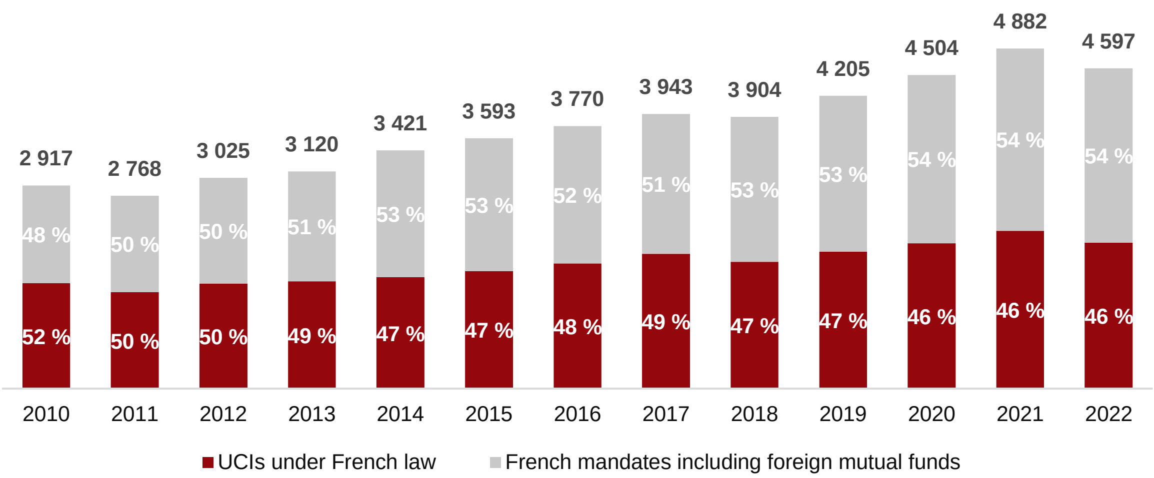
Figure 13 - Mutual fund assets in Europe (€ billion)



Source: 'Panorama du marché de la gestion pour compte de tiers', AFG

French portfolio management companies rank first in Europe, with a market share of around 24% for UCIs (French UCIs and mandates, including foreign UCIs). Total assets under management (mandates and UCIs) on behalf of third parties in France will amount to €4,597 billion in 2022, representing a year-on-year decrease of 5.8%.

Figure 14 - Assets managed on behalf of third parties in France (in € billions)



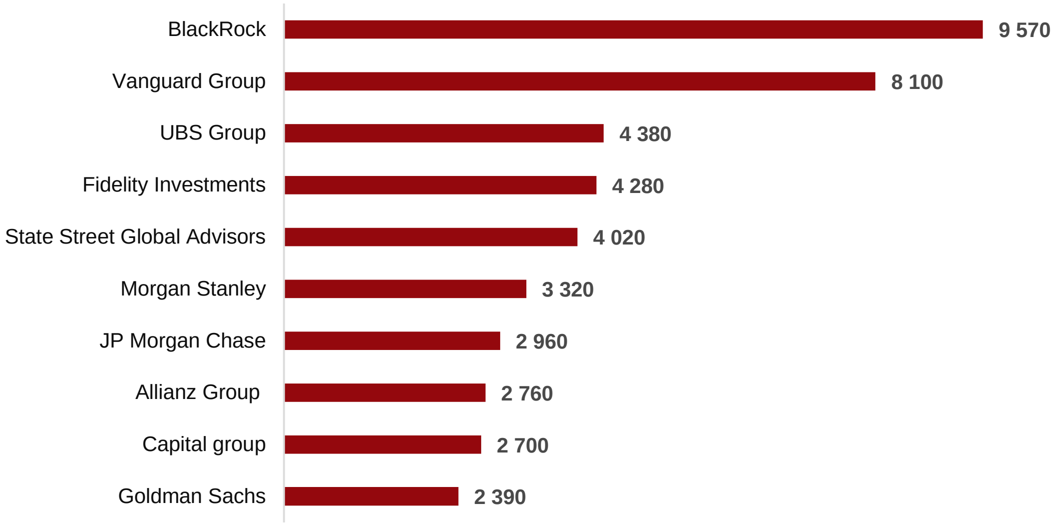
Source: 'Panorama du marché de la gestion pour compte de tiers', AFG

In terms of growth prospects, according to the *Asset & Wealth Management revolution 2022* report, average annual growth of 4.3% in assets under management is expected between 2021 and 2026.

3.1.2.1 Private banking and asset management market players

Like financial consulting, the asset management market is dominated by American companies. Still, a number of European companies, such as ALLIANZ GROUP and UBS GROUP, HAVE MADE IT INTO THE world's top 10 asset managers.

Figure 15 - Largest asset managers worldwide at 31 March 2022, by assets under management (€ bn)



Source: STATISTA 2023

In comparison, ROTHSCHILD & CO's Wealth and Asset Management division had €101.6 billion in assets under management in 2022.

The competitive environment is made up of four types of players, which can be presented as follows:

- **Banks and insurance companies**, often operating through dedicated subsidiaries, manage assets using their own funds or those of external investors. Banks and insurance companies such as JP MORGAN, GOLDMAN SACHS, HSBC AND ALLIANZ have significant asset management activities. Some companies better known for their financial advisory activities, such as ROTHSCHILD & CIE, also have a division specializing in asset management. In addition, some banks, such as CRÉDIT AGRICOLE CIB and SOCIÉTÉ GÉNÉRALE, have outsourced part of their asset management activities to quasi-autonomous subsidiaries (AMUNDI ASSET, LYXOR ASSET MANAGEMENT, NATIXIS, ALLIANZ ASSET MANAGEMENT);
- **Family offices**, which are investment funds whose role is to invest and manage the wealth of one or more families. The players are (i) banks (UBS GLOBAL FAMILY OFFICE); (ii) private banks (NORTHERN TRUST, ATLANTIC TRUST PRIVATE WEALTH MANAGEMENT) or independent players (ROCKEFELLER FINANCIAL, ARTÉMIS).
- **Investment funds/pure players**, whose core business is asset management. They come in many shapes and sizes:
  - Major fund managers such as BLACKROCK, VANGUARD GROUP, FIDELITY and AMUNDI manage several trillion euros in assets (Figure 15), and are often called upon by banks, insurance companies and corporations to take on part of their management (fund-of-funds), thanks to their expertise in certain types of management.

   - Smaller managers, such as MONETA ASSET MANAGEMENT, SYCOMORE and LA FINANCIÈRE DE L'ECHIQUIER, are generally active in specific types of management and enjoy greater flexibility in their activities.

   - Sovereign Wealth Funds (SWFs), whose mission is to manage the assets of governments, are among the best-known of these funds. Some notable examples are those of Norway, China and Saudi Arabia.

- Corporates also have asset management activities**,** such as EDF, which through its subsidiary EDF INVEST manages several billion euros invested in various fields such as real estate, private equity and infrastructure.

Figure 16 - Categories of asset management market players

Sources: FINEXSI analyses,

The Wealth Management competitive environment is made up of several categories of players, which can be classified into the following three categories:

- **Private banks** are often a division of a general bank. Their services are reserved for customers (entrepreneurs or individuals) with assets worth at least €250,000. Leading banks include UBS, BNP PARIBAS WEALTH MANAGEMENT, SOCIÉTÉ GÉNÉRALE PRIVATE BANKING and NATIXIS WEALTH MANAGEMENT.

- **Independent banks** specialize or have a division dedicated to professional and family wealth management. They offer investment banking services, and their main competitors in this segment are international banks such as UBS, JP MORGAN, NEUFLIZE OBC, ROTHSCHILD &CO, LOMBARD ODIER, LAZARD AND others.

- **Family offices** are external structures whose function is to act as a single point of contact for a family. They are usually attached to private banks such as COMPAGNIE FINANCIÈRE

EDMOND DE ROTHSCHILD or ROTHSCHILD &CO. To be eligible for this service, a family must have around €10 million in assets, although management will be shared with other families of equivalent net worth. €100 million is the minimum threshold for a single family office *to* safeguard the wealth interests of a single family.

Figure 17 - Categories of players in the asset management market

Sources: FINEXSI analysis; 'GESTION de fortune: principe et intervenants', Capital

3.1.2.2 Issues and challenges in private banking and asset management

Active management and performance

Over the period 2009 - 2019, less than 50%[19] of actively managed funds on the US market managed to outperform their benchmark index. Furthermore, only 23% of actively managed funds outperformed their passive counterparts (e.g. Exchange Traded Funds or ETFs[20]). In Europe, the majority of active funds underperform the equity market over the time horizons studied by STANDARD & POOR'S (1 year, 3 years, 5 years and 10 years). Over 10 years, almost 90% of asset managers underperform their benchmark index[21] . Some practitioners and academics have attributed this phenomenon to market conditions, with low stock dispersion and a concentration of indices on a few technology stocks.

Continued development of passive management and private equity

In 2021, ETFs continued to grow, with cumulative flows reaching nearly $900 billion[22] over the year. Despite the economic climate in fiscal 2022, ETFs proved to be particularly robust, as investors decided to turn to these tools as a strategy for repositioning their portfolios. Active management,

[19] *Morningstar Active/Passive Barometer December 2019*
[20] Or index funds or trackers.
[21] Source: SPIVA Europe Scorecard
[22] 'Asset Management industry trends: Confirmation of a new paradigm', Quantalys Harvest Group.

and asset management in particular, has also had to contend with the boom in private equity markets. Falling stock markets have led investors to adopt a more cautious stance, favoring long-term investments. In the first half of 2022, private capital market inflows reached over €600 billion.[22].

The emergence of new tools and solutions as a source of added value

The emergence of new regulatory requirements, portfolio construction or the rise of ETFs and private markets have created new needs. The development of digital and data solutions has made it possible for portfolios to be customized on a much larger scale, and for market shares to increase, particularly with retail investors. In addition, with the arrival of new types of investors (crypto-currencies, etc.) managers are devising new approaches to selling their funds. In fact, with the emergence of new technologies (data analysis, artificial intelligence, robo-advisors[23] etc...) managers are able to improve their understanding of customer needs and thus provide a personalized investment offer.

A concentration strategy to create strong, cross-functional entities

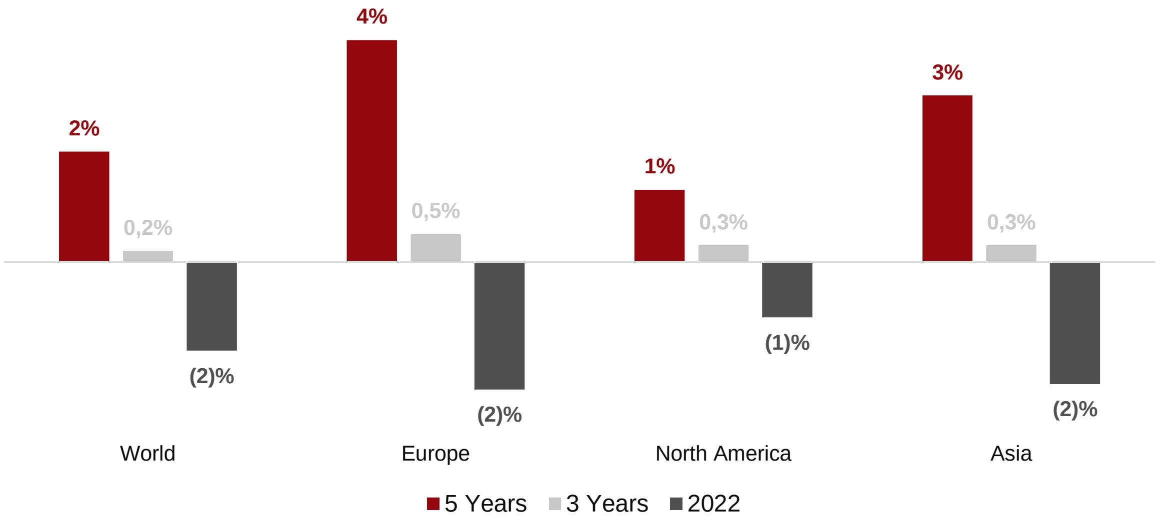
In order to benefit from major industry trends (the rise of private markets, ETFs, management solutions and digital transformation), portfolio managers must constantly maintain the repositioning of their brands. Nevertheless, the current macroeconomic context offers numerous opportunities for mergers and acquisitions, talent transfers and partnerships. Faced with these numerous challenges, the competitive environment in asset management is evolving, giving rise to so-called ‘hybrid’ managers[24].

The future of ESG

Following several years of strong growth, the ESG approach slowed significantly in 2022, in a macroeconomic and geopolitical context marked by rising energy prices and interest rates. This trend can be explained by an underweighting of the energy sector and an overweighting of technology companies. In Europe 1,330 billion euros invested in ESG funds, i.e. 10% of the European Union’s GDP in 2020, and by 2025, ESG assets should represent between €7,400 billion and €9,000 billion[25] in Europe.

[23]Platforms that offer automated investment advice to clients. These platforms use algorithms to personalize recommendations according to each individual’s investment profile.
[24] This environment is evolving in a number of ways: (i) the development of a brand identity specific to an activity, such as Financière de l’Echiquier, which has created a new brand identity for its Echiquier Gestion Privée private asset management business; (ii) the merger of financial advisory firms and asset managers, such as Cyrus Conseil with Amplegest and Herez with Fourpoints Investment Managers.
[25] *The ESG opportunity in Europe,* June 2022, PwC

Figure 18 - Relative performance of ESG indices (MSCI)



Source: ALL NEWS '2022, FINANCE AND ESG, A pivotal year?

In summary, the private banking and asset management markets are facing a number of challenges in terms of (i) technology, with the rise of passive management, and (ii) clients, with changing investor preferences. However, solutions are gradually being developed to meet these new needs, such as the increased integration of ESG factors in portfolio composition and the emergence of new technologies like artificial intelligence or blockchain, which will profoundly transform the way assets are managed. ROTHSCHILD & CO has demonstrated a certain adaptability, notably through its 4 Change and Thematic management strategies and its external growth operations with the acquisition of BANQUE PÂRIS BERTRAND.

3.1.3 Private equity and private debt market overview

3.1.3.1 Private equity and private debt

Private equity involves investing in unlisted companies. Investments are made either directly or through companies or funds. There are different forms of investment, depending on the company's size and level of development.

- **Venture capital** covers all investments in companies that are still in the seed or early-growth phase, such as startups.
- **Growth capital**, also called expansion capital, corresponds to investments in mature companies that have already achieved a certain level of profitability and wish to increase their market share.
- **Distressed private equity**, which consists of investing in and supporting troubled companies in order to turn them around.
- **Buyout capital**, which is the process of changing a company's shareholder base. When majority shareholders wish to sell their shares, other investors may come forward. In this context, buyout capital is often involved in leveraged buyouts, or LBOs.

Private debt consists of financing companies via specialized funds, using debt instruments that are alternatives to traditional sources. The main levels of financing offered, by increasing levels of risk, are:

- Senior debt, often referred to as preferential debt, benefits from specific guarantees enabling it to be repaid before any subordinated debt. Given its relative security, senior debt typically carriers or offers lower interest than other debt. Senior debt is generally divided into three tranches: **(i)** tranche A, which is often short-term and amortisable, and is usually repaid on a straight-line basis over 6 to 7 years**; (ii)** tranche B, which has a significantly longer maturity and is repaid or refinanced at maturity, and has a higher cost than tranche A; and **(iii)** tranche C, which has a lower seniority ranking, and is therefore more expensive than tranches A and B.

- Unitranche debt is a hybrid debt product because of its mixed composition of senior and subordinated debt in a single tranche. It has a maturity of up to 8 years and a higher yield than senior debt.

- Subordinated debt (or mezzanine debt) is debt that is not repaid until senior debt is paid in full. It comprises two types of debt, as follows:

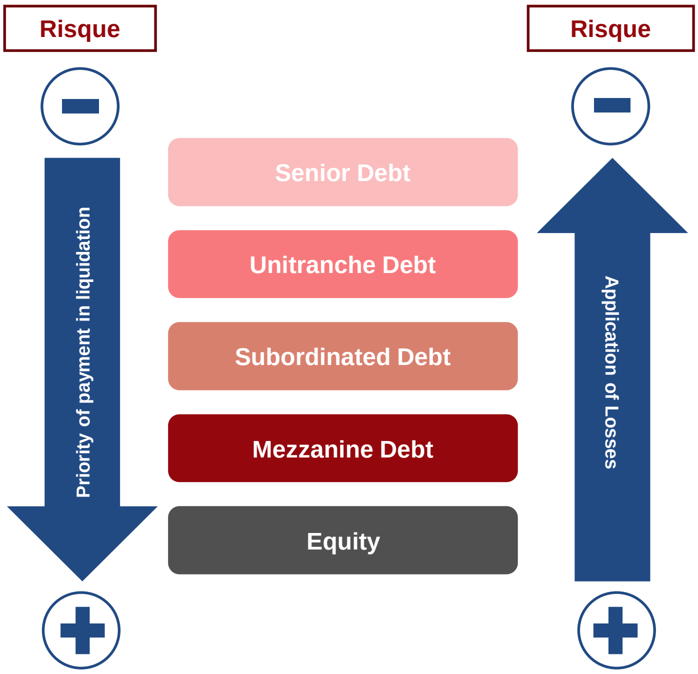
  - High-yield bonds, that is debt issued via the bond markets to finance the largest LBOs. These bonds are rated between BB+ and D, a 'risky' rating that reflects the issuing company's creditworthiness. Unlike senior debt, which can be repaid in several different ways according to the above-mentioned tranches, high-yield bonds have the advantage of being redeemable only at maturity.

  - Mezzanine debts are generally hybrid securities similar to convertible bonds (such as convertible bonds and warrant bonds[26]). The yield on this debt is based on **(i)** interest (coupon) paid in cash each year, plus **(ii)** deferred coupons (or payment-in-kind, PIK)[27], and in some cases **(iii)** a share in any capital gains realized. Given the relatively risky nature of these instruments, investors demand a higher return than the aforementioned debts, as well as a say in the Company's management.

[26] Warrant bonds are bonds sold along side a warrant (French acronym: OBSA)

[27] PIK debt (a form of bullet debt) requires no repayment of principal during the term of the transaction, so it is a particularly effective way of limiting cash flow requirements for SMEs.

Figure 19 - Classification of different types of debt by level of risk

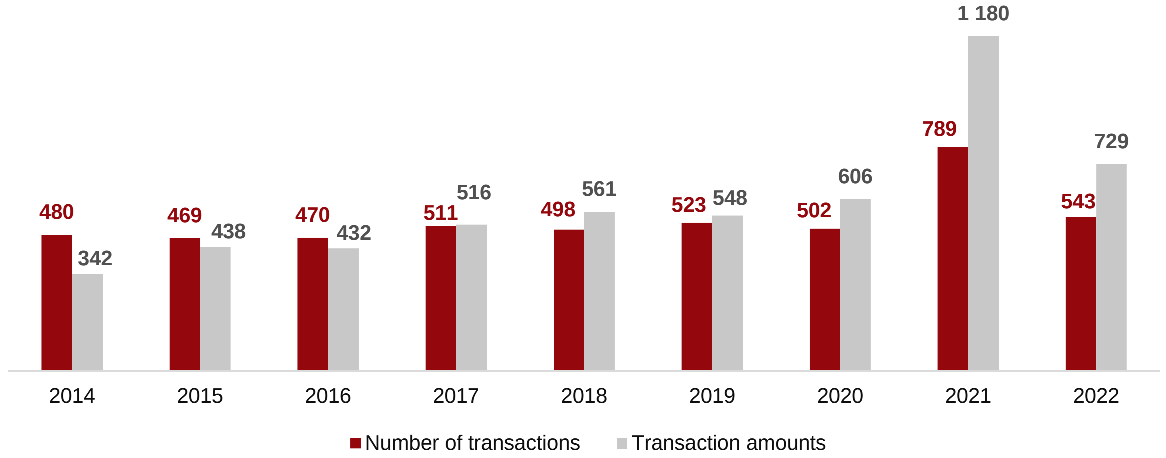


Source: PREQIN

2022 was a mixed year, with the first half of the year maintaining momentum close to the record levels of 2021. However, in the second half of the year, private equity firms were more cautious in the face of rising inflationary pressures, rising interest rates and the tightening of financial markets, which restricted access to traditional sources of private equity financing. Private equity activity therefore declined from a transaction value of $1,180 billion in 2021 to $729 billion in 2022[28] (see Figure 20).

[28] *Private Equity Pulse: Fivetakeaways from 4Q 2022*, EY

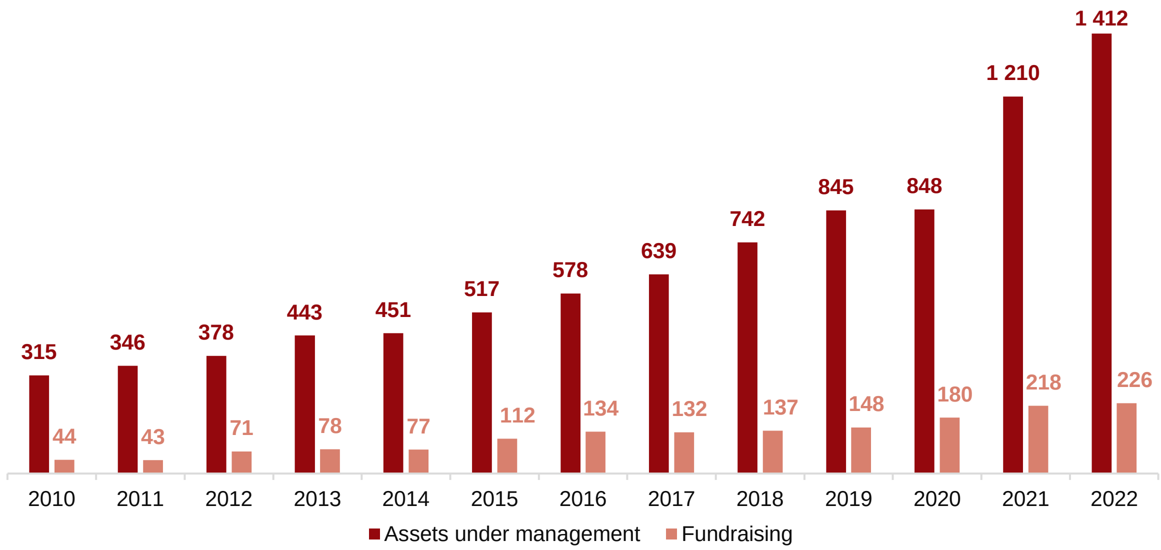
Figure 20 - Worldwide private equity transactions in volume and value (in $bn)



Source: *Private Equity Pulse: Five takeaways from 4Q 2022*, EY

Nevertheless, private debt fundraising reached nearly $225.7 billion in 2022, higher than the $218.3 billion observed the previous year. According to a recent report published by private investment data company PREQIN, private debt is one of the fastest-growing asset classes in recent years. In fact, assets under management within this asset class grew at an average annual rate of 13.3% between 2010 and 2022 worldwide.

Figure 21 - Private debt assets under management and fundraising worldwide (in $bn)



Source: PREQIN

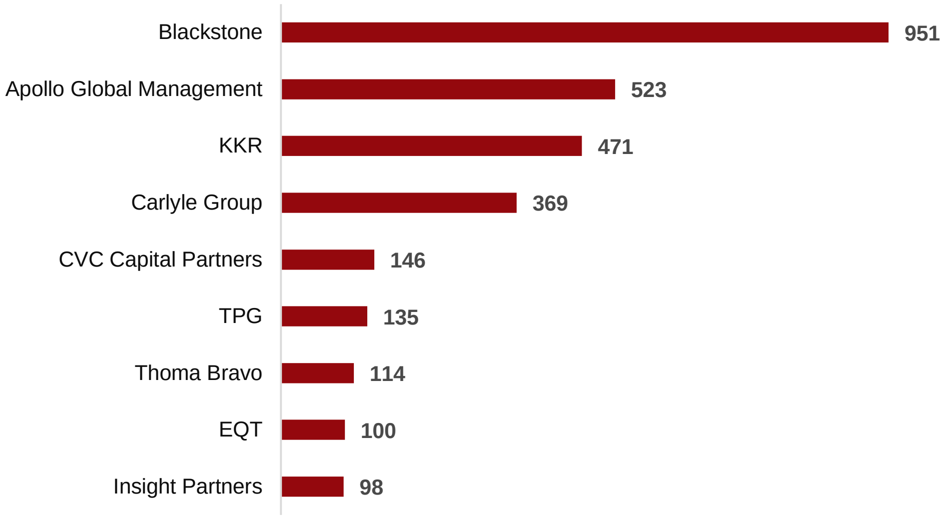
By the end of 2022, the number of private debt funds worldwide had risen from 710 to 837[29] - an increase of 18%.

[29] PREQIN

3.1.3.2 Private equity players

The private equity market is made up of multiple players, dominated by American fund managers. CVC CAPITAL PARTNERS (a Luxembourg fund) and EQT PARTNERS (a Swedish fund) are the only European companies in the top 10. There is also a wide gap between the main market players, with BLACKROCK dominating the market with over $7 trillion in assets under management.

Figure 22 - Leading private equity asset managers, by value of assets under management (in $bn)



Source: DEALROOM

The French market is dominated by national players such as ARDIAN (€120 billion in assets under management or advisory), BPIFRANCE (€27.5 billion), EURAZEO (€27.0 billion), ANTIN INFRASTRUCTURE PARTNERS, MERIDIAM (€15 billion), PAI PARTNERS (€13.9 billion), ACCESS CAPITAL PARTNERS (€13.0 billion), AMUNDI PEF (€10.4 billion), WENDEL (€10 billion) and NATIXIS IM (€8.7 billion).

The competitive environment of private equity is made up of players with diversified profiles according to the following four groups:

- **Independent managers** are the most numerous on the market, and are characterized by their great diversity, with both global players and national champions.
- Although **banks and insurance companies** have gradually reduced their exposure to private equity in recent years, some of them continue to stand out, such as CRÉDIT AGRICOLE (AMUNDI PRIVATE EQUITY FUNDS), BPCE (NATIXIS INVESTMENT MANAGERS) and CREDIT MUTUEL (CRÉDIT MUTUEL EQUITY). AMONG insurers, only AXA and ALLIANZ are significant players in the French market.
- **Venture Capital funds** are business angels or investment funds specialized exclusively in this segment, to support startups as they roll out.
- **Public-sector players,** such as BPIFRANCE via its dedicated subsidiary, are also involved in supporting companies across the entire value chain, from innovation capital to buyout capital.

Figure 23 - Categories of private equity market participants

Source: FINEXSI ANALYSES, XERFI

3.1.3.3 Private equity issues and challenges

Monetary policies and interest rates

Private equity is sensitive to the monetary policies and forward guidance of central banks, making interest rates a decisive factor for the various players. Thus, an expansionary monetary policy with low interest rates will tend to stimulate the economy by increasing investment opportunities and leveraged transactions such as leveraged buy-outs[30]. Against a backdrop of rising interest rates, banks are more reluctant to lend, and to do so at much higher rates, thereby penalizing the private equity market, as evidenced by the 66% year-on-year fall in the leveraged finance market in Europe between the beginning of January and mid-March 2023[31] .

Changes in the regulatory and tax framework

The European private equity market is subject to regulatory constraints that are having a major impact on the business. In fact, changes in prudential standards applicable to financial players, such as Basel III or IV for banks, Solvency II for insurance companies, and new tax regulations for PEAs and corporate ventures, are leading investors to change their investment decisions. In France, for example, the public authorities have introduced tax incentives for large corporations supporting innovative companies. These companies will be able to write off over 5 years, up to a limit of 1% of their assets, their minority subscriptions to the capital of innovative SMEs. In the same vein, the Macron Act of 6 August 2015 introduced a scheme enabling private individuals to invest in private equity via their life insurance.

[30] A leveraged buy-out (LBO) is a financial arrangement that enables a company to be bought out with a high level of debt.
[31] 'La hausse des taux grippe les fusions-acquisitions dans le private equity' LES ECHOS, April 2023

Business diversification

An increasing number of operators in the sector have decided to diversify their activities by investing in other private equity segments or in new growth markets such as healthcare or digital. Others have decided to move into other asset classes, notably private debt through mezzanine debt funds or buyouts of discounted debt. According to FRANCE INVEST in 2021, out of 400 active members in France, around 40 will be investing in private debt and infrastructure.

Action by public institutions

In addition to regulatory or tax measures, public authorities have a direct impact on the private equity sector in the image of BPIFRANCE created in 2013, which has boosted private equity activity in France. The arrival of this type of player has helped to structure the sector and finance a number of projects.

The rise of ESG

Against a backdrop of regulations, ESG issues are becoming increasingly important in managers' investment strategies. Indeed, according to a survey conducted by BAIN & COMPANY and the INSTITUTIONAL LIMITED PARTNERS ASSOCIATION (LP), 70% of investors claim to be aware of the issue. Among these investors, 85% have developed a specific strategy for their private equity portfolio, covering on average 76% of their assets. According to the study carried out by DELOITTE and FRANCE INVEST, 42% of deals completed by 2022 will have integrated ESG indicators with interest rate variations.

To reinforce their commitment and attractiveness, some management teams have decided to index part of their carried interest to the sustainability objectives of the fund under management. Nevertheless, the integration of extra-financial data in private equity remains more difficult than for listed companies, despite the extension of European regulations, due to the wide disparity in methodologies and benchmarks.

New challenges for LP[32]-GP relations[33]

The 2007–2008 crisis had a considerable impact on the industry and on LBO funds. Against a backdrop of significant losses and reduced investment liquidity, LPs have since stepped up their due diligence when selecting funds, and have demanded greater transparency of information from GPs in terms of risk management, fees and investment performance (increasingly precise reporting including extra-financial ESG aspects, creation of investor relations teams, etc.). The relationship between LPs and GPs is based on a contractual agreement, generally formalized in a document called the Limited Partnership Agreement (LPA), which sets out the rights and responsibilities of each party.

In addition to ESG reporting, other measures aimed at strengthening the presence of LPs in fund governance have been put in place, such as the creation of *sociétés de libre partenariat* (SLP), which are highly flexible legal investment structures implemented by the Macron Act, providing legal certainty for managers and investors alike. Nevertheless, the challenges of these relationships based on governance remain central. Despite the range of measures put in place, certain conflict situations often highlight the powers of GPs, particularly when it comes to organizing

[32] Limited Partners (LPs) are generally individuals or institutions who commit to invest in a fund. LPs generally invest for a much longer period.
[33] The fund's 'General Partner' (GP) is the management company, and by extension, its partners or managing partners. The GP manages the fund, in particular by selecting investments from the fund portfolio.

investments, to the detriment of LPs, who have only partial control over investment cases and the resulting timetable.

3.1.4 SWOT matrix

The Company's strengths and weaknesses, as well as the threats and opportunities it faces in its markets, are summarized in the matrix below:

Strengths

- Diversified services and products with excellent brand recognition

- A leading position in Europe in financial advisory services for 15 years (in terms of the number of mergers and acquisitions carried out)

- A prestigious track record in mergers and acquisitions

- A solid level of regulatory capital, offering significant growth potential

- A long-term relationship with and commitment to its clients

- Strong synergies between the Group's different divisions

- A diversified private equity and private debt portfolio across different asset classes, enabling the Group to achieve strong investment performance returns and significant growth in recurring revenues

Weaknesses

- Cyclicality of the mergers and acquisitions market and the Group's dependence on this business

- Banking regulations and the CET1 target of 20%, which could impact the Group's fundamentals, particularly in terms of risk, remuneration (capped and deferred), attractiveness and profitability (ROE)

- A historically high level of turnover among young M&A teams

- High costs associated with replacing certain key skills and expertise, particularly at the highest levels (Director, Managing Director)

- High volatility in Merchant Banking revenues

- Modest size of the WAM business, limiting growth and profitability

- Critical mass not achieved in the US

Opportunities

- Macroeconomic environment of rising interest rates favourable to the Wealth and Asset Management business

- Development of the Financial Advisory business in the United States

- Acceleration of technological innovations (Data, Artificial Intelligence) enabling us to offer a wide range of personalised services

- Merger or acquisition opportunities in a complex economic environment

- Opportunity for long-term investment and growth in the Merchant Banking segment, to ensure sustainable recurring revenues

- Growth and acquisition of new market share in the sustainable investment and ESG standards segment (SRI-labelled funds, etc.)

Threats

- An uncertain macroeconomic environment increasing the volatility of underlying assets

- Restrictive monetary policy and rising interest rates having a negative impact on financial markets and external growth

- Banking regulations that could reduce competitiveness, impacting in particular the return on equity of European banks to the benefit of American banks

- Increased competition, linked in particular to concentration in the sector (competition in recruitment and in the ability to retain talent)

Source: FINEXSI analyses

4. Financial analysis of ROTHSCHILD & CO

The consolidated financial statements of ROTHSCHILD & CO, as presented in the 2018 to 2022 annual reports, are summarized below.

The summarized consolidated financial statements below for the years 2018 to 2022 have been certified without qualification by ROTHSCHILD & CO's Statutory Auditors, KPMG SA and CAILLIAU DEDOUIT ET ASSOCIÉS.

We remind you that ROTHSCHILD & CO closes its financial year on 31 December each year and that the data for financial years 2019 to 2021 take into account the application of IFRS standards, in particular IFRS 16, which came into force on 1 January 2019. It should be noted that the application of IFRS 16 has had a limited impact[34] on the Group's financial statements.

[34] On transition to IFRS 16, the Group recognized €240 million in rights of use and €266 million in lease liabilities.

4.1 Consolidated income statement from 2018 to 2022

Table 4 - ROTHSCHILD & CO consolidated income statement from 2018 to 2022

In €M - At December 31	Before IFRS-16	After IFRS-16			
	2018	2019	2020	2021	2022
Interest income	137,4	143,1	101,5	88,9	179,8
Interest expense	(59,5)	(74,6)	(48,2)	(43,9)	(56,6)
Net fee	1 768,3	1 664,8	1 681,4	2 550,0	2 544,2
Net gains/(losses) on financial instruments at fair value through profit or loss	129,4	135,4	65,4	330,5	297,8
Net gains/(losses) on derecognition of assets held at amortised cost	(0,3)	0,3	(1,1)	(1,5)	(0,0)
Other operating	0,4	3,1	(0,0)	0,9	0,2
Net banking income	**1 975,8**	**1 872,0**	**1 798,9**	**2 925,0**	**2 965,4**
% growth	*38,9 %*	*(5,3)%*	*(3,9)%*	*62,6 %*	*1,4 %*
Staff costs	(1 097,8)	(1 064,7)	(1 096,1)	(1 452,5)	(1 575,4)
Administrative expenses	(308,7)	(289,0)	(254,8)	(267,3)	(333,0)
Depreciation, amortisation and impairement of tangible and intangible fixed assets	(30,2)	(66,5)	(67,3)	(72,6)	(87,3)
Gross operating income	**539,1**	**451,8**	**380,7**	**1 132,5**	**969,7**
% growth	*58,6 %*	*(16,2)%*	*(15,7)%*	*197,5 %*	*(14,4)%*
% of Net banking income	*27,3 %*	*24,1 %*	*21,2 %*	*38,7 %*	*32,7 %*
Cost of risk	(4,3)	(5,9)	(7,3)	(1,5)	(2,9)
Operating Income	**534,8**	**445,8**	**373,4**	**1 131,0**	**966,8**
% growth	*59,5 %*	*(16,6)%*	*(16,2)%*	*202,9 %*	*(14,5)%*
% of Net banking income	*27,1 %*	*23,8 %*	*20,8 %*	*38,7 %*	*32,6 %*
Net income from companies accounted for by the equity method	0,3	0,3	0,5	0,5	(2,1)
Impairment of goodwill	(0,6)	-	-	-	-
Net income/(expense) from other assets	(3,9)	18,4	(5,0)	(0,6)	(6,2)
Profit before tax	**530,6**	**464,5**	**369,0**	**1 130,9**	**958,6**
Income tax expense	(76,8)	(68,0)	(59,7)	(169,8)	(157,8)
Consolidated net income	**453,8**	**396,5**	**309,2**	**961,1**	**800,8**
Non-controlling interests	*(167,5)*	*(153,8)*	*(148,7)*	*(195,3)*	*(195,2)*
Net Income - Group Share	**286,3**	**242,7**	**160,5**	**765,8**	**605,6**
% growth	*50,2 %*	*(15,2)%*	*(33,9)%*	*377,1 %*	*(20,9)%*
% of Net banking income	*14,5 %*	*13,0 %*	*8,9 %*	*26,2 %*	*20,4 %*

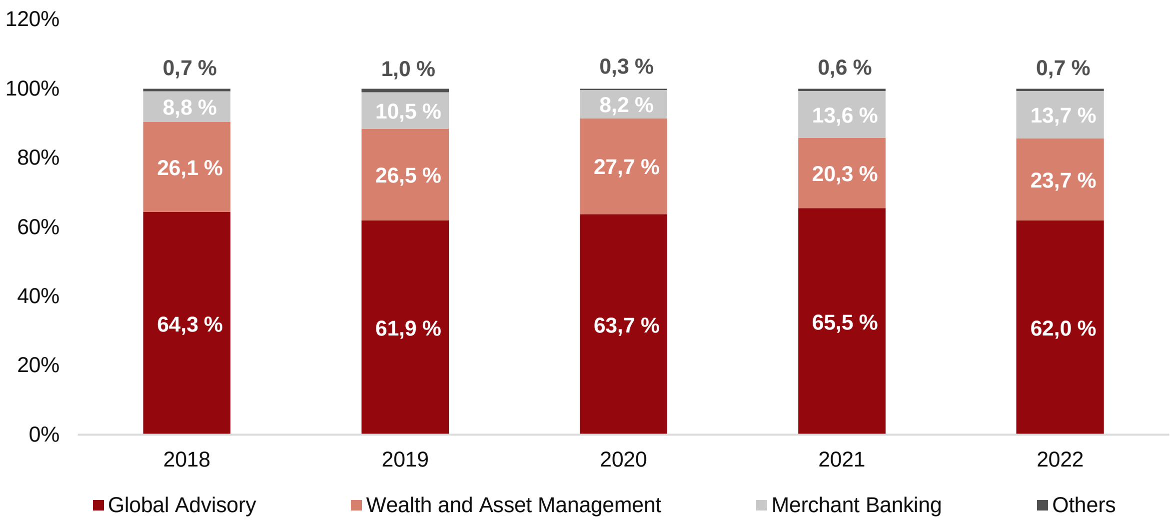
Sources: Annual reports and URD for 2018, 2019, 2020, 2021, 2022, and the Company.

We analyse below the evolution of the main income statement figures over the 2018–2022 period.

4.1.1 Net Banking Income

The breakdown of the Group's Net Banking Income (hereinafter referred to as 'NBI') by division for the period under review is shown below:

Figure 24 - Breakdown of Group NBI by division from 2018 to 2022 (in %)

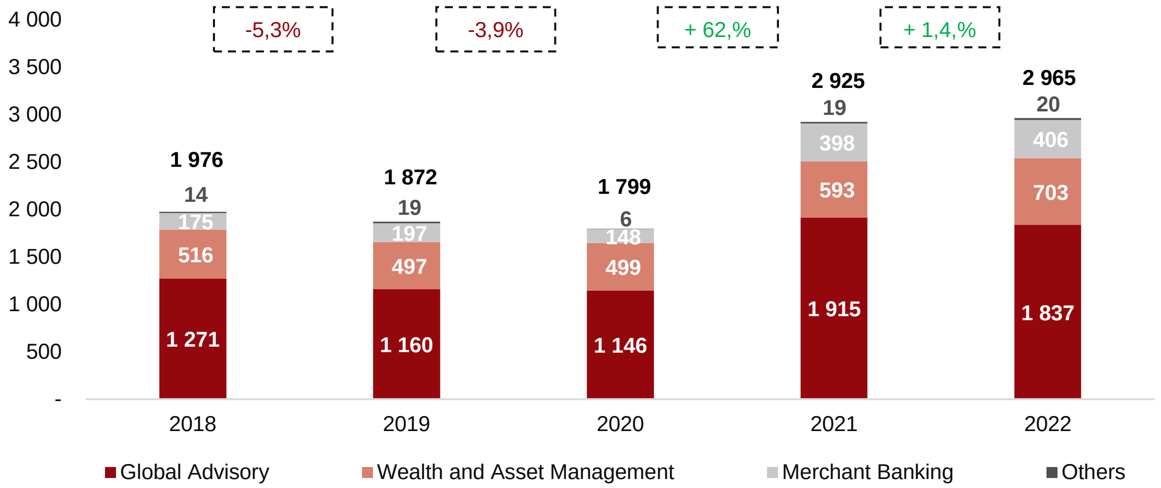


Sources: Annual reports for 2018, 2019, 2020, 2021, 2022 and the Company.

The weighting of Merchant Banking activities in the Group's business mix changed favourably over the period under review, rising from 8.8% of NBI in 2018 (€175 million) to 13.7% in 2022 (€406 million). The weight of the Global Advisory and Wealth and Asset Management businesses was reduced from 64.3% to 62.0% and from 26.1% to 23.7% respectively over the period. This trend is explained in particular by the growth in revenues linked to investment performance, which between 2018 and 2022 grew at an average annual rate of 23.4%, as well as by the consolidation of recurring revenues.

We present below the evolution of the Group's total NBI over the period under review:

Figure 25 - Evolution of Group NBI between 2018 and 2022 (in €m)



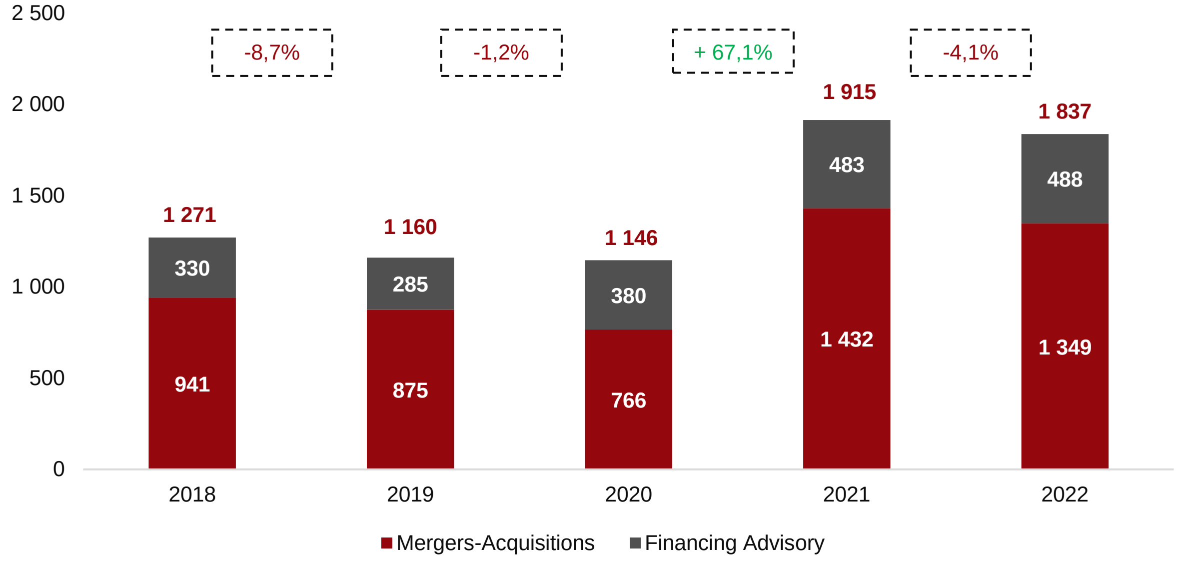
Sources: Annual reports for 2018, 2019, 2020, 2021, 2022 and the Company.

Between 2019 and 2022, the Group recorded significant growth in NBI, underpinned by its three divisions. However, the strongest growth came from Merchant Banking, with average annual growth of 24% over the period. This performance is attributable to a significant expansion in assets under management, resulting from an ambitious fund-raising policy. The Global Advisory and Wealth and Asset Management divisions also recorded significant growth, at 10% p.a., underpinned by a favourable economic environment and an ambitious external growth strategy to integrate new markets, as illustrated by the acquisition of BANQUE PÂRIS BERTRAND.

IN the last financial year, ROTHSCHILD & CO REPORTED NBI of €2,965 MILLION, up 1.4% on 2021, driven in particular by Wealth and Asset Management, against a backdrop of rising interest rates.

Global Advisory

Figure 26 - Breakdown of Global Advisory division NBI between 2018 and 2022 (in €m)



Sources: Annual reports for 2018, 2019, 2020, 2021, 2022 and the Company.

In 2019, although the Group outperformed the market, the division's NBI (€1,160 million) contracted by around 9% compared with 2018 due to lower activity in terms of value (€331 billion v €381 billion) and transaction volume (€338 billion v €383 billion)[35] but also due to a 14% drop in financing advisory revenues (€285 million v €330 million in 2018). The trend observed in financing advisory is mainly due to macroeconomic factors, including a volatile equity market and sluggish corporate restructuring activity.

In 2020, the Global Advisory division proved particularly resilient against the backdrop of the COVID-19 crisis, with revenues down just 1% to €1,146 million. The division's two segments experienced contrasting trends. M&A consulting reported a 14% decline, with revenues falling from €875 million to €766 million in 2020. However, this decline was offset by growth in financing advisory business (+33% compared with 2019), which benefited throughout the year from a favourable trend in terms of advice on working capital management, liquidity, restructuring, financing and, more generally, balance sheet turnaround.

The year 2021 then saw a strong rebound, resulting in a historic year for the Global Advisory division, with revenues of €1,915 million, up 67% year-on-year, reflecting the resurgence of activity in the global M&A advisory market, which had its most prolific year ever, with the cumulative total value of transactions exceeding $5 trillion[36]. In mergers & acquisitions, ROTHSCHILD & CO advised on 456 transactions (up 162 on the previous year), generating NBI of €1,432 million (up €666 million), an increase of 87%, making the Group not only no. 1 in Europe but also no. 4 worldwide in terms of the number of deals completed during the year. As for the financing advisory business, it continued its growth, with revenues reaching €483 million (+27%). This performance was

[35] The decline in activity is more due to a volume effect than a value effect, as the ratio of transaction value to number of transactions is relatively stable.
[36] Source: Les Echos

underpinned by a number of innovative financing operations, linked in particular to the boom in sustainable development, as well as significant fund-raising in the renewable energies sector.

The division was marked by a slower-than-expected slowdown in 2022 (limited decline of 4% compared with 2021). Nevertheless, 2022 remained an exceptional year, with the second-best performance in the Group's history. Revenues from M&A advisory services amounted to €1,349 million (-5.8% compared with 2021), with 425 deals completed, representing a limited decline (-6.8% compared with 2021). It should be noted that the M&A advisory market as a whole saw a 28% drop in the number of deals completed. Financing advisory business remained broadly stable compared with 2021.

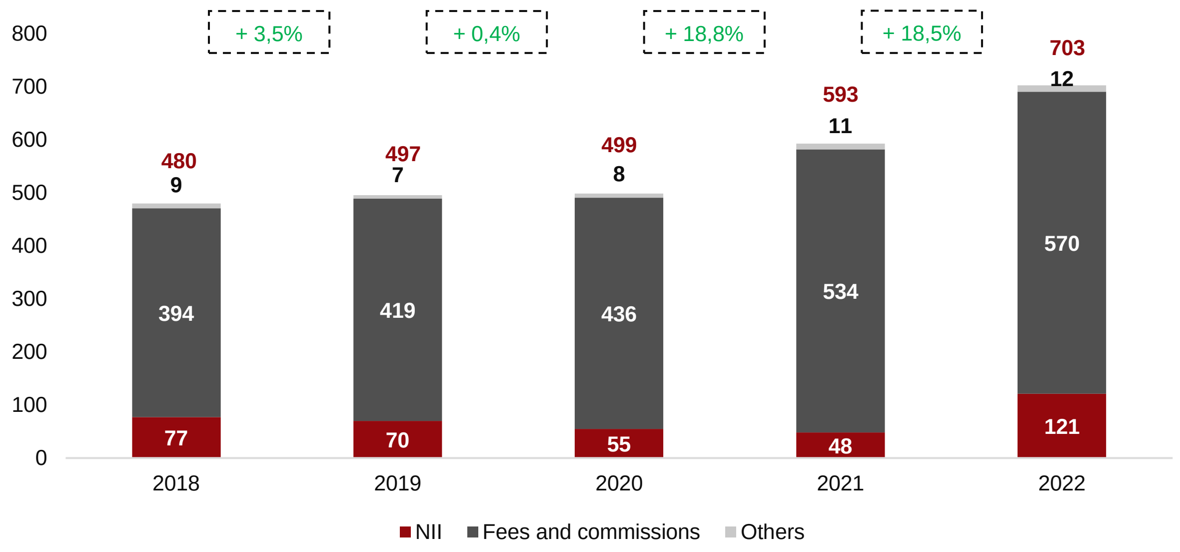
Figure 27 – Key performance indicators for the Global Advisory division

			2018	2019	2020	2021	2022
Global Advisory	Mergers - Acquisitions	NBI	941 €M	875 €M	766 €M	1 432 €M	1 349 €M
		Number of transactions	383	338	294	456	425
		Transaction value	381 $Mds	331 $Mds	262 $Mds	413 $Mds	417 $Mds
		European ranking	1st	1st	1st	1st	1st
	Financing Advisory	NBI	330 €M	285 €M	380 €M	483 €M	488 €M
		Number of transactions	243	243	284	285	281
		Transaction value	203 $Mds	149 $Mds	218 $Mds	281 $Mds	226 $Mds
		European ranking	2ème	2ème	2ème	1er	1er
	Total	Total NBI	1 271 €M	1 160 €M	1 146 €M	1 915 €M	1 837 €M

Sources: Annual reports and URD for 2018, 2019, 2020, 2021, 2022, and the Company.

Wealth and Asset Management

Figure 28 - Breakdown of NBI for the Wealth and Asset Management division between 2018 and 2022 (in €m)



Sources: Annual reports and URD for 2018, 2019, 2020, 2021, 2022, and the Company.

In 2019, net banking income rose by +3.5% to €497 million, thanks to an increase of around 8% in commissions in line with rising markets. However, this upward trend was offset by a net interest margin down 10%, notably due to a contraction in FED interest rates[37] and the growing weight of negative interest rates[38] on deposits with the European Central Bank. In fact, the low interest rate environment led to a 27% drop in treasury income, explaining the above-mentioned 10% fall in net interest margin, partly offset by growth in loans to private clients.

The year 2020 was marked by heightened market volatility in the context of the COVID-19 crisis, and lower interest rates. However, 2020 revenues remained broadly stable at €499 million due to:

- (i) Increase in commissions (+8%) reflecting high transaction volumes;
- (ii) A contraction in net interest margin of around 20% as a result of the interest-rate cut policy pursued by the European Central Bank and the Federal Reserve, despite growth in interest income from loans to private customers.

In 2021, the Wealth and Asset Management division reported an increase in revenues of around 19%, to €593 million, a record level for the Group as a whole. Growth was driven by a 22% increase in commissions (€534 million v €436 million in 2020) related to growth in assets and outperformance fees, as well as positive net inflows of €4.1 billion, mainly from private banking activities. In addition to net inflows and the market effect, the significant increase in assets under management (+25%) was also due to the acquisition of BANQUE PÂRIS BERTRAND (€6.7 billion in assets under management), which was finalized in July 2021, thereby strengthening the private banking share within the division. Revenues from treasury activities fell by 13%, reflecting lower interest rates in dollars and pounds sterling, as well as continued negative rates for the euro and

[37] Which remained in positive territory (1.5% and 1.75%).
[38] The deposit facility rate at the end of 2019 was therefore -0.5%.

Swiss franc. As in 2020, the decline in net interest margins was partly offset by growth in the private customer loan portfolio.

In 2022, against a backdrop of rising interest rates, the Group enjoyed another record year, with net banking income up by around 19%. This performance was due in particular to (i) the rise in interest rates, and (ii) the increase in fees, which reached €570 million (+€36 million), despite a 2% decline in assets under management due to the negative impact of markets, currencies and outflows in the US asset management business[39] .

Figure 29 - Key performance indicators for the Wealth and Asset Management division

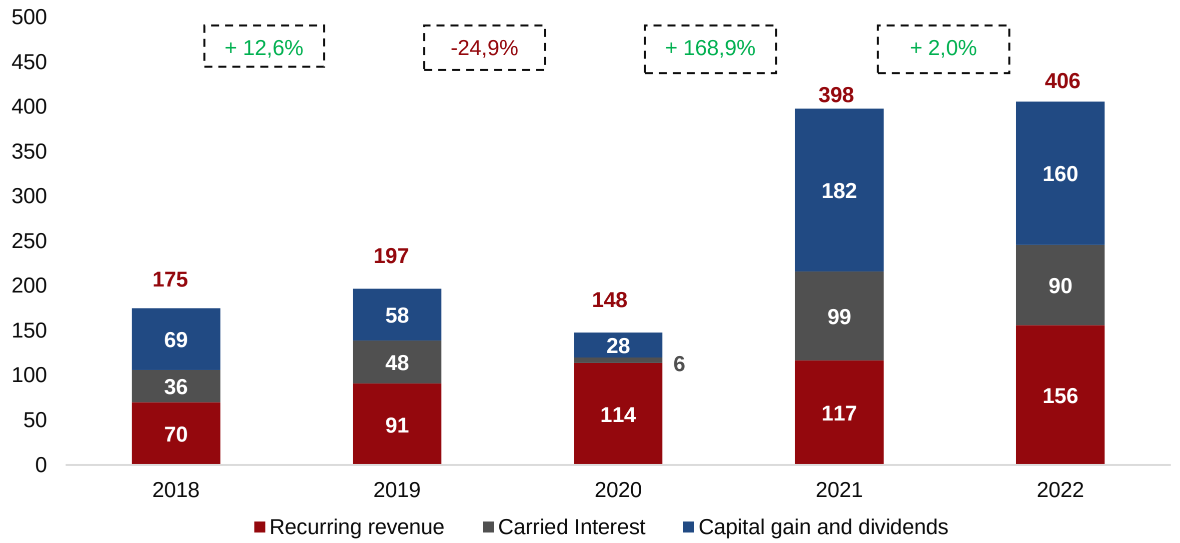
			2018	2019	2020	2021	2022
Wealth and Asset Management	*AUM*	Wealth Management	42,5 €Mds	50,5 €Mds	55,8 €Mds	73,9 €Mds	73,9 €Mds
		Asset Management Europe	18,1 €Mds	20,8 €Mds	19,4 €Mds	21,1 €Mds	20,3 €Mds
		Asset Management United States	8,5 €Mds	10,1 €Mds	8,2 €Mds	8,9 €Mds	7,4 €Mds
	PNB	*Others* +	*9 €M*	*7 €M*	*8 €M*	*11 €M*	*12 €M*
		Net interest income +	*77 €M*	*70 €M*	*55 €M*	*48 €M*	*121 €M*
		Fees and commissions +	*394 €M*	*419 €M*	*436 €M*	*534 €M*	*570 €M*
		PNB Total =	480 €M	497 €M	499 €M	593 €M	703 €M

Sources: Annual reports and URD for 2018, 2019, 2020, 2021, 2022, and the Company.

[39] In November 2022, the Company announced the sale of its asset management activities in the Americas to GREAT LAKES ADVISORS, LLC, a subsidiary of WINTRUST FINANCIAL CORPORATION, WITH the transaction finalizing in April 2023.

Merchant Banking

Figure 30 - Breakdown of Merchant Banking division NBI between 2018 and 2022 (in €m)



Sources: Annual reports and URD for 2018, 2019, 2020, 2021, 2022, and the Company.

In 2019, the division's NBI rose by 13% to €197 million. This increase was driven by a 30% rise in recurring revenues (to €91 million) due to growth in assets under management (+€2.9 billion) following the launch of the new FAPI III and FASO V funds. The division also benefited from a 33% increase in carried interest, as several funds, such as FAPI II, reached their hurdle rates during the year. On the other hand, realized and unrealized capital gains, as well as dividends, fell by 16%.

In 2020, although the Global Advisory and Wealth and Asset Management businesses were resilient as mentioned above, NBI for the Merchant Banking division fell by 25% (to around €148 million) due to the COVID-19 crisis. The Group experienced:

- A rise of around 25% in management fees, due in particular to the increase in assets under management (+12%) linked to the launch of the FADP III and FAGC I funds and the launch of new CLOs[40] in Europe and the United States;
- A sharp 88% drop in performance fees, i.e. carried interest (€6 million v €48 million the previous year); and
- A drop of around 51% in unrealized capital gains (€28 million v €58 million in 2019) due to lower revaluations in the various funds over the year.

In 2021, like the other divisions, the Merchant Banking business enjoyed a record year, with revenues up 169% to €398 million, driven in particular by investment performance. The Group generated €99 million of carried interest (up from €6 million a year earlier), significant capital gains (€182 million v €28 million) following successful exits from the investment portfolio, and favourable variations in private debt positions. With an increase of 3% reflecting the growth in the Group's

[40] Collateralized Loan Obligations

assets under management (+€2.6 billion), recurring revenues also contributed, to a lesser extent, to the division's improved income.

In 2022, the division's revenues amounted to €406 million, the highest level it has ever recorded, driven both by over 30% growth in recurring revenues and by a significant contribution from performance-related revenues (albeit down 11% to €250 million). The division saw its recurring revenues grow significantly thanks to the increase in assets under management, linked to the launch of new funds and the 2022 closings.

Figure 31 - Key performance indicators for the Merchant Banking division

			2018	2019	2020	2021	2022
Merchant Banking	AUM	Private Equity	4,9 €Mds	6,2 €Mds	6,8 €Mds	8,2 €Mds	13,0 €Mds
		Private Debt	6,2 €Mds	7,8 €Mds	8,9 €Mds	10,1 €Mds	9,9 €Mds
	NBI	*Carried Interest*	*36 €M*	*48 €M*	*6 €M*	*99 €M*	*90 €M*
		Capital gains	*69 €M*	*58 €M*	*28 €M*	*182 €M*	*160 €M*
		+ Investment performance related revenue	105 €M	106 €M	34 €M	281 €M	250 €M
		+ Recurring revenue	70 €M	91 €M	114 €M	117 €M	156 €M
		= Total NBI	175 €M	197 €M	148 €M	398 €M	406 €M

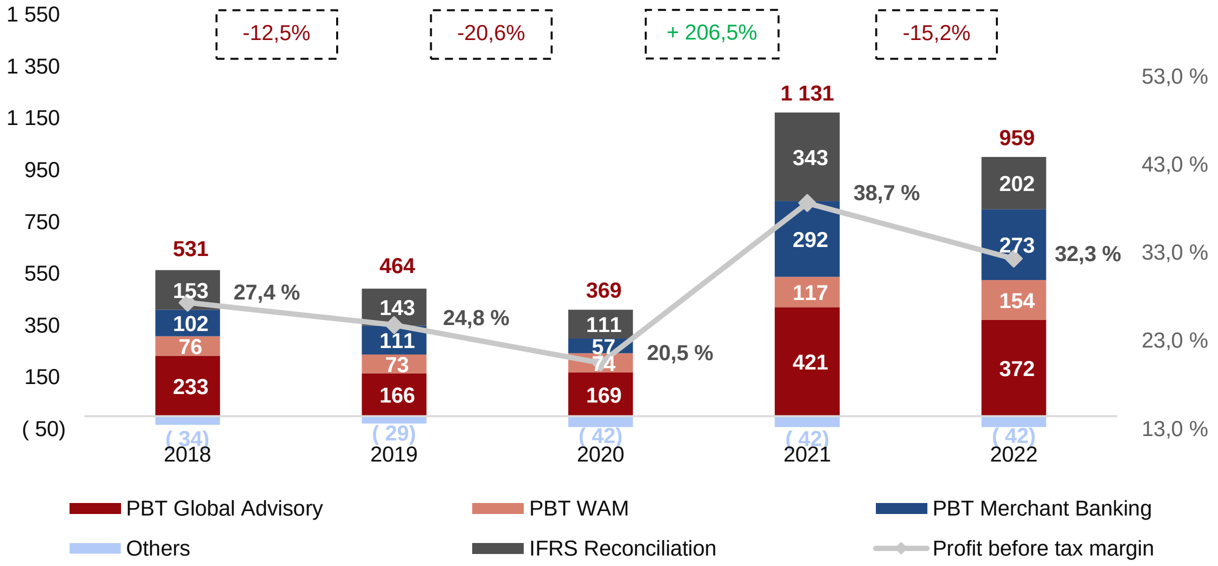
Sources: Annual reports for 2018, 2019, 2020, 2021, 2022 and the Company.

4.1.2 Profit before tax

We present below the evolution of the Group's pre-tax income[41] over the period under review:

[41] After IFRS reconciliation corresponding in particular to the priority allocation (*préciput*) paid to managing partners in France, the recognition of normal and special deferred bonuses (in 2021), employee benefits relating to the pension scheme in application of IAS 19, the addition of non-operating gains and losses or administrative expenses excluded from the management accounts, and the reallocation of impairment losses and certain general operating income and expenses.

Figure 32 - Evolution and breakdown of ROTHSCHILD & Co's pre-tax earnings between 2018 and 2022 in (€m)



Sources: Annual reports for 2018, 2019, 2020, 2021, 2022 and the Company.

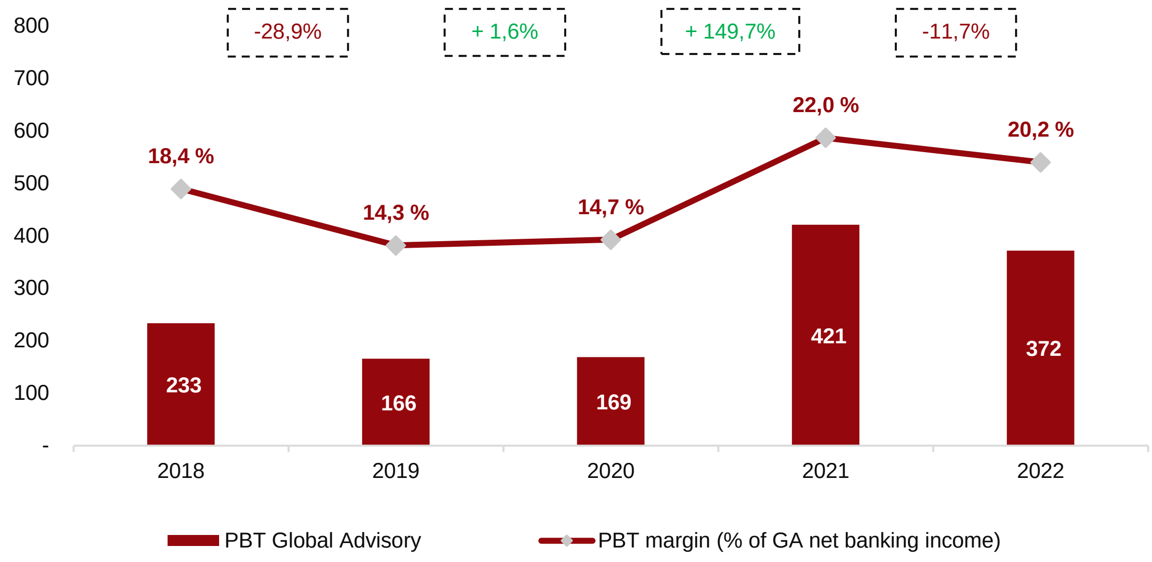
Over the period under review, the Company's pre-tax income reached its lowest level in 2020 against the backdrop of the COVID-19 crisis (at €369 million, i.e. a margin of 20.5% of NBI). Its highest level was reached in 2021 (at €1,131 million, i.e. a margin of 38.9% of NBI), due in particular to the development of the Merchant Banking business and its operating performance.

Last year's pre-tax profit amounted to €959 million, representing a margin of 32.3% of Net Banking Income (NBI). However, it was down 15.6% on the previous year. The main reason for this decline is the reduction in the amount of reallocated general operating expenses, from €343 million in 2021 to €202 million in 2022, following the IFRS adjustments made during the reconciliations.

These different analyses reveal a volatility of results due to the volatility of the different businesses, which are exposed to different development factors. However, the recent period under review corresponds to the peak of the cycle, given the exceptional levels of activity in 2021 and 2022, particularly in Global Advisory, as we shall see below.

Global Advisory

Figure 33 - Earnings before tax (EBT) between 2018 and 2022 (in M€)



Sources: Annual reports for 2018, 2019, 2020, 2021, 2022 and the Company.

In 2019, the Global Advisory division's pre-tax profit was down 28.8% on the previous year due to the contraction in the M&A and financing advisory markets, but also to rising costs. Indeed, the Group was hit by rising costs in marketing, technology, market data and IT infrastructure, as well as in recruiting and retaining talent. The share of general operating expenses in NBI rose from 81.6% in 2018 to 85.7% in 2019.

Like revenues, the pre-tax margin in 2020 showed a degree of resilience in an unprecedented economic context. This slight improvement is linked to a controlled reduction in total costs due to (i) low travel and other non-staff costs in the context of health restrictions (ii) as well as relative stability in personnel expenses.

We recall that 2021 was an exceptional year for Global Advisory's business, with a record pre-tax margin of 22.0% (to €421 million v €169 million), due to:

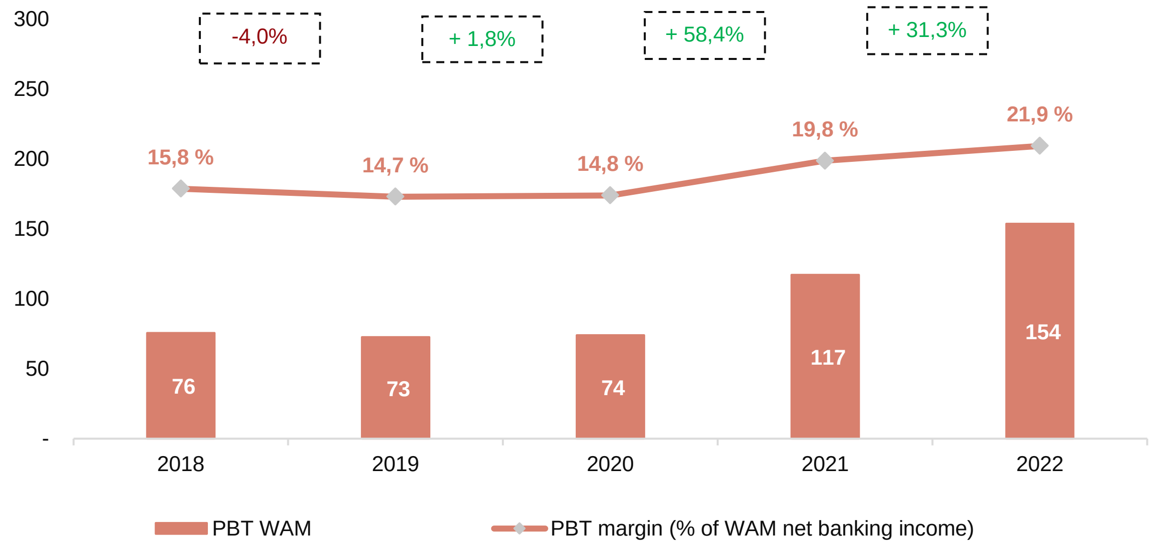
- An increase in activity, with a significant rise in the number of M&A deals (456 deals in 2021 v 294 deals in 2020);

- A controlled increase in costs, against a backdrop of rising variable compensation, given the level of activity.

Finally, the pre-tax margin contracted slightly by 1.8 points in 2022 to 20.2%, while remaining the Group's second-best annual performance. This decline is mainly due to lower revenues (-4.1%).

Wealth and Asset Management

Figure 34 - Earnings before tax between 2018 and 2022 (in €m)



Sources: Annual reports for 2018, 2019, 2020, 2021, 2022 and the Company.

In 2019, pre-tax income stood at €73 million, giving a margin of 14.7%, down 0.9 points on 2018 due to higher operating expenses, notably (i) personnel costs (recruitment of account managers and opening of office in Düsseldorf), (ii) compliance and IT application costs, in addition to the reduction in the net interest margin in line with the accommodating policy of central banks.

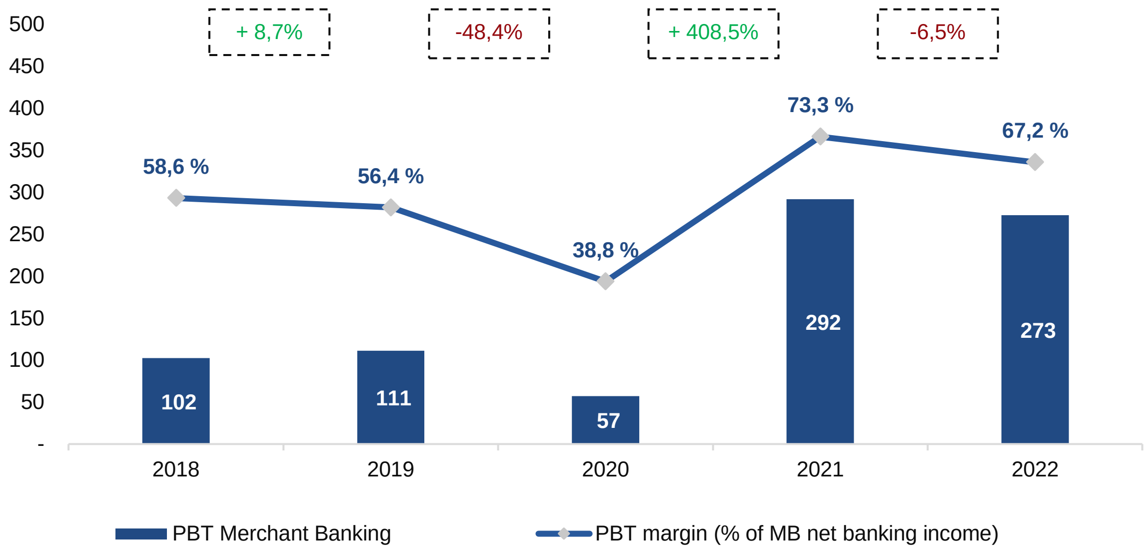
In 2020, pre-tax income was stable overall at €74 million. The rise in private banking business, with net inflows of €2.9 billion, offset the slowdown in asset management, with outflows of €1.8 billion in North America and €0.4 billion in Europe.

In 2021, pre-tax income rose sharply (+58%) to €117 million, giving a pre-tax margin of 19.8%, thanks to a favourable market effect, positive net inflows (+€4.1 billion) partly linked to the acquisition of BANQUE PÂRIS BERTRAND, and cost savings, notably in travel expenses in the context of health restrictions.

In 2022, the pre-tax margin continued to rise (to 21.9%, up 2.1 points on 2021) due to controlled cost trends, with a share representing 78.1% of NBI, down 2.5 points on 2021.

Merchant Banking

Figure 35 - Earnings before tax from 2018 to 2022 (in €m)



Sources: Annual reports for 2018, 2019, 2020, 2021, 2022 and the Company.

Generally speaking, the Merchant Banking division generates structurally higher margins than the Global Advisory and Wealth Asset and Management businesses.

Merchant Banking's pre-tax income rose by 8.8% in 2019 to €111 million, representing a pre-tax margin of 56.4% of NBI, mainly linked to the increase in assets under management and income linked to investment performance (disposals and unrealized capital gains on portfolio investments) through the FAPI I and FAPI II funds.

As mentioned above, the Merchant Banking business slowed sharply in 2020 as a result of the COVID-19 crisis, leading to a significant drop in pre-tax margins.

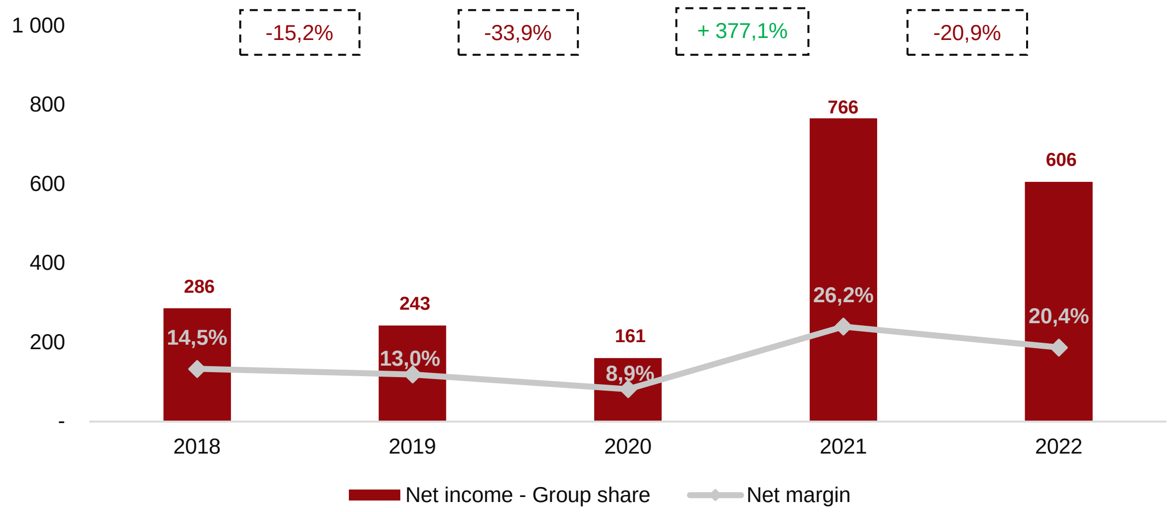
Although the margin linked to the fund management business[42] contracted in 2021 due to higher personnel costs, 2021 was a record year for the division in terms of profitability, with a pre-tax margin of 73.3%. This level reflects a high business volume driven by performance-related income, notably realized and unrealized capital gains and portfolio dividends.

In 2022, with a pre-tax profit of €273 million, Merchant Banking recorded the second-best result in its history (with a pre-tax margin of 67.2%), thanks to a sustained level of performance-related income (realized and unrealized capital gains, dividends and carried interest), in addition to a significantly improved margin from fund management activities compared with 2021.

[42] The fund management business includes all revenues except those linked to investment performance.

4.1.3 Net income

Figure 36 - Change in net income from 2018 to 2022 (in €m)



Sources: Annual reports for 2018, 2019, 2020, 2021, 2022 and the Company.

Notwithstanding the heterogeneous nature of the Company's operating performance, given the volatility of each business line, particularly Global Advisory and Merchant Banking, tax-related items have not distorted the level of net income over the past five years. As a result, changes in net margin mirror those in pre-tax margin.

As a result, ROTHSCHILD & Co's consolidated net income, group share, came to €606 million at 31 December 2022, representing a net margin of 20.4%, down 5.8 basis points on the previous year.

Historical analysis shows the volatility of the Global Advisory business, which is correlated with the global economic climate and the M&A market in particular. Wealth Asset Management, on the other hand, is less developed and contributes less to earnings, but is more recurrent. Finally, Merchant Banking's performance remains linked to the performance of its vehicles (performance fees and capital gains), even though recurring fees are tending to increase.

4.2 First-quarter 2023 results and 2023 forecasts

Table 5 - ROTHSCHILD & CO first quarter 2023 results

In €M	Q1 2023	Q1 2022	Var	% var
Global Advisory	326,8	413,5	(86,7)	(21)%
Wealth and Asset Management	196,5	163,3	33,2	20 %
Merchant Banking	72,3	95,5	(23,2)	(24)%
Others businesses	14,9	11,7	3,2	27 %
Total	**610,5**	**684,0**	**(73,5)**	**(11)%**
IFRS Reconciliation	(4,3)	(8,7)	4,4	(51)%
Total Group revenue	**606,2**	**675,3**	**(69,1)**	**(10)%**

Source: Company

Revenues for the first quarter of 2023 came to €606.2 million, down 10% on 2022 (€675.3 million), due in particular to a contraction in Global Advisory and Merchant Banking activities of 21% and 24% respectively.

The slowdown in the Global Advisory business reflects a lower level of transactions in the M&A segment, partly offset by growth in Financing Advisory revenues. This trend is part of a general and uncertain market trend, although the Company is resisting better than the market as a whole, thus limiting its decline. With regard to the Company's outlook, the portfolio under investment mandates remains resilient, in a context where transaction completion times have become longer. The division's level of activity will depend on that of the capital markets, valuation expectations and management confidence in a volatile macroeconomic context.

The decline in Merchant Banking revenues (-69%) has been mainly due to the performance of investments, bearing in mind that the previous financial year had been marked by capital gains on vehicles that had reached maturity, and that it is now necessary to renew and develop inflows to ensure future performance. This decline in early 2023 was partly offset by a sharp rise in recurring revenues of €19.6 million (+59%) to €52.7 million. Growth in recurring revenues is set to continue, albeit at a slower pace, in line with fund-raising and capital deployment plans. The Company remains confident in its ability to realize the full value-creation potential of its portfolios.

Last but not least, the Wealth and Asset Management division had a very favourable first quarter, with NBI of €196.5 million, up 20% on Q1 2022. This performance was driven by positive net inflows of €1.5 billion, as well as by the current environment of rising interest rates, which is favourable to revenues. Despite an uncertain market environment, the Group remains optimistic in view of the favourable outlook for new business following the investments undertaken in all its locations.

On 19 June 2023, the Group published a press release setting out its forecasts for the 2023 financial year, recalling the intrinsic volatility that characterizes each of the Group's three businesses. The estimates reflect a more difficult market environment for the Financial Advisory and Merchant Banking businesses, partly offset by performance in Private Banking and Asset Management.

The forecasts are as follows:

- 'Net income - Group share for the first half of 2023 is expected to be around €125 million (down from €249 million for the first half of financial 2022, a drop of almost 50%);
- Group shareholders' equity at 30 June 2023 is expected to be around €3.6 billion (before the Exceptional Distribution);
- Operating profit before tax for the Group's three business lines for 2023 is expected to be around €540 million (down from €959 million for 2022, a 44% decline);
- Net income - Group share for the year 2023 should be around €280 million' (down from €606 million for the year 2022, a drop of more than 50%).

4.3 Consolidated balance sheet from 2018 to 2022

We present below the Company's consolidated balance sheet for the period 2018 to 2022.

Table 6 - Simplified consolidated balance sheet of ROTHSCHILD & CO between 2018 and 2022

In €M - At December 31	Before IFRS-16	After IFRS-16			
	2018	2019	2020	2021	2022
Loans and advances to banks	2 043,1	2 001,7	2 250,8	2 144,1	1 927,9
Loans and advances to customers	2 929,3	3 264,0	3 491,2	4 462,0	4 971,2
Financial assets at fair value through profit or loss	1 087,1	1 347,1	1 394,1	1 942,1	2 177,2
Securities at amortised cost	1 037,1	1 520,9	1 346,8	1 336,7	3 649,1
Hedging derivatives	-	1,0	0,6	2,6	6,0
Financial assets at fair value through other comprehensive income	1,7	-	-	-	-
Other financial assets	2 126,0	2 869,0	2 741,5	3 281,4	5 832,3
Total financial assets	**7 098,4**	**8 134,7**	**8 483,6**	**9 887,5**	**12 731,4**
Cash and amounts due from central banks	4 692,1	4 382,1	4 697,4	6 005,1	2 521,7
Investments accounted for by the equity method	7,8	25,6	17,5	17,6	4,3
Tangible fixed assets	336,2	306,9	275,1	268,7	253,1
Right of use assets	-	221,8	196,8	187,6	213,9
Goodwill	124,3	140,3	135,1	197,4	250,8
Intangible fixed assets	172,1	171,2	183,9	209,1	241,5
Intangible assets	296,4	533,2	515,8	594,0	706,1
Other assets	780,1	774,0	694,1	877,1	1 159,9
Total assets	**13 210,9**	**14 156,5**	**14 683,3**	**17 650,1**	**17 376,5**
Due to banks and other financial institutions	585,1	448,6	513,5	512,5	517,5
Customer deposits	8 725,7	9 486,6	9 873,1	11 655,5	10 414,5
Other bank debts	37,8	80,4	158,7	114,7	344,4
Total bank liabilities	**9 348,6**	**10 015,5**	**10 545,3**	**12 282,7**	**11 276,5**
Non-banking debts	1 367,4	1 456,5	1 430,2	1 766,2	2 082,8
Total liabilities	**10 715,9**	**11 472,1**	**11 975,5**	**14 048,9**	**13 359,3**
Share capital	155,0	155,2	155,3	155,5	154,1
Share premium	1 142,3	1 144,0	1 144,6	1 145,7	1 122,4
Consolidated reserves	516,5	740,3	928,2	1 096,1	1 740,7
Unrealised or deferred capital gains and losses	(61,4)	(43,3)	(85,7)	(30,3)	(57,8)
Net income - Group share	286,3	242,7	160,5	765,8	605,6
Shareholders' equity - Group share	**2 038,7**	**2 238,9**	**2 302,9**	**3 132,8**	**3 565,1**
Non-controlling interests	456,2	445,6	404,9	468,4	452,1
Shareholders' equity	**2 495,0**	**2 684,5**	**2 707,8**	**3 601,2**	**4 017,2**
Total liabilities and shareholders' equity	**13 210,9**	**14 156,5**	**14 683,3**	**17 650,1**	**17 376,5**
Return on Equity (ROE)	**14,0 %**	**10,9 %**	**7,0 %**	**24,4 %**	**17,0 %**
Return on Tangible Equity (ROTE)*	**18,0 %**	**12,6 %**	**8,8 %**	**32,3 %**	**20,7 %**

* excluded from exceptional items

Sources: Annual reports for 2018, 2019, 2020, 2021, 2022 and the Company.

4.3.1 Assets

At 31 December 2022, ROTHSCHILD & CO had a balance sheet total of €17.4 billion. Its assets consisted mainly of financial assets (around €12.7 billion), cash (€2.5 billion) and fixed assets (around €1.0 billion).

Financial assets

At 31 December 2022, the Group's financial assets included 'Other financial assets' (€5.8 billion), 'Loans and advances to customers' (€5.0 billion) and 'Loans and advances to credit institutions' (€1.9 billion).

Other financial assets' include securities at amortized cost, and securities at fair value held for liquidity and investment purposes. They represent a significant portion of the Company's book value.

'Loans and advances to clients' mainly relate to private loans taken out by Wealth and Asset Management clients in connection with their investments, amounting to around €4.9 billion, up since 2018 due to the expansion of private banking business.

Lastly, 'Loans and advances to credit institutions' correspond mainly to:

- securities received under repurchase agreements (€914 million), corresponding to all temporary sales of full ownership of securities[43];
- overnight receivables and loans (€749 million), corresponding to immediately liquid assets held with credit institutions and loans granted with other credit institutions for periods of up to one business day;
- very short-term accounts and loans (€257 million), corresponding to loans granted to credit institutions for periods of more than one business day. This item also includes savings bonds and savings certificates issued by other institutions.

Cash and cash equivalents

Cash and cash equivalents (€2.5 billion) consist solely of cash on hand[44] and demand deposits with credit institutions and central banks. It should be noted that these are mainly short-term, low-risk, liquid investments, easily convertible into a known amount in advance.

Non-current assets

Intangible assets

Intangible assets at 31 December 2022 include in particular:

(i) The Group's goodwill amounted to €250.8 million[45] at 31 December 2022, with the increase mainly related to the acquisition of an independent French wealth

[43] The transferor and transferee make a firm commitment, respectively, to buy back and sell back the securities, all at a pre-agreed date and price. In this case, the transaction is a financing operation, with the transferee-lender having ownership of the securities received from the transferor-borrower as collateral, it being understood that the repurchase price of the securities generally includes the lender's remuneration.
[44] Cash available to the business.
[45] €144.4 million in Global Advisory, €101.9 million in Wealth and Asset Management, and €4.4 million in Merchant Banking.

management advisor and REDBURN[46]. It should be noted that goodwill impairment tests did not result in the recognition of any impairment losses;

(ii) Brands (€163.5 million), mainly the 'Rothschild & Co' trade name, which is subject to annual impairment tests given its indefinite life. No brand impairment was recorded during the period under review;

(iii) Other intangible assets (€77.8 million) comprise software, intellectual property rights and assets acquired through business combinations.

Rights of use, in accordance with the application of IFRS 16 from 2019, amount to €213.9 million.

Property, plant and equipment

Property, plant and equipment at 31 December 2022 amounted to €253 million, consisting mainly of (i) land and buildings (€222 million) and miscellaneous tangible fixed assets (€31.0 million).

Other assets (around €1.2 billion) mainly comprise accruals and miscellaneous assets, including non-bank trade receivables, defined-benefit pension plan assets, accrued income, securities settlement accounts, prepaid expenses, guarantee deposits paid, as well as deferred and current tax assets.

Over the entire period under review, balance sheet growth was driven by increases in customer loans and receivables and other financial assets, reflecting the significant growth in the Group's business activities, particularly in the 2021 and 2022 financial years.

4.3.2 Liabilities

Financial liabilities

At 31 December 2022, ROTHSCHILD & Co's financial liabilities of €13.4 BILLION WERE mainly made up of client debt (€10.4 billion) and non-bank debt (€2.1 billion).

Customer deposits decreased by €1.2 billion at 31 December 2022, and are mainly made up of client demand deposits of €8.5 billion and client term deposits of €1.8 billion. We note that movements in customer deposits are in line with trends seen in a normal business cycle. The client deposit portfolio remained broadly stable over the full 2022 financial year.

Amounts owed to credit institutions, mainly arising from repurchase agreements and forward accounts and loans, totalled €517.5 million at end-2022.

At 31 December 2022, other financial liabilities mainly comprise:

- Accruals (accrued employee expenses (€932million), accrued expenses and deferred income (€127 million)) and miscellaneous liabilities, which include guarantee deposits received, securities settlement accounts, miscellaneous financial payables and other payables;

[46] Independent producer of European equity research and top-tier agency execution services.

- Rental liabilities (€240.7 million) in line with IFRS 16, up by around €29 million due to the rental of new premises for around €61 million.

Provisions

Provisions amounted to €34.7 million at 31 December 2022, comprising provisions for litigation (€14 million), provisions for personnel expenses (€6.9 million), provisions for building improvements (€4.2 million), provisions for counterparty risks (€0.2 million) and defined-benefit pension plan liabilities[47] (€9.1 million).

Shareholders' equity and minority interests

Over the past 5 years, ROTHSCHILD & CO has paid a dividend per share of €0.79 in 2018, €0.0[48] in 2019, €0.70[48] in 2020 and €3.79[48] (including €1.15 ordinary dividend, €1.60 special dividend and €1.04 exceptional dividend) in 2021. A ordinary dividend of €107 million (€1.40 per ROTHSCHILD & CO share) was paid to the Company's shareholders on 31 May 2023.

At 31 December 2022, shareholders' equity (Group share) stood at around €3.6 billion, up €432 million due to the increase in consolidated reserves, against the backdrop of exceptional performances in 2021 and 2022 (as a reminder, consolidated net income of €961 million in 2021 and €801 million in 2022 respectively - see §.4.1.3)

At 31 December 2022, minority interests, mainly comprising equity securities (€153.4 million) and perpetual subordinated debt (€297.2 million), amounted to €452.1 million, down €16.3 million.

Over the entire analysis period, the Company's ROE ranged from 7.0% to 24.4%, due in particular to the exceptional years 2021 and 2022. It averaged 14.7%.

[47] This provision covers the present value of unfunded pension obligations. Some Group companies have unfunded commitments in respect of pensions and other long-term benefits, or in respect of former employees.
[48] Given the regulatory restrictions put in place due to the pandemic, the €0.85 for 2019 and €0.19 for 2020, or €1.04, were paid in October 2021. The remaining €0.70 for 2020 was paid in May 2021 (recognized in financial 2020).

4.4 Banking regulations

The Group is regulated at consolidated level by the Autorité de Contrôle Prudentiel et de Résolution (ACPR) as an authorised financial holding company, and not just for its Wealth & Asset Management activities, which is a very special feature given that some of its competitors (particularly in the Global Advisory business) does not have this status. As a result, the Group is subject to a number of prudential constraints.

4.4.1 Presentation of the Basel Accords

We recall that the Basel Committee aims to strengthen the security and reliability of the international banking system, by ensuring the exchange of information and collaboration between supervisory authorities, while dictating a number of standards and guidelines.

The Basel framework is implemented by Regulation (EU) no. 575/2013 on prudential requirements (Capital Requirements Regulation or 'CRR') and Directive (EU) no. 2013/36 on access to the business and prudential supervision (Capital Requirements Directive or 'CRD'), as amended. The main agreements are as follows:

- **Basel I,** also known as the Cooke ratio, was the first ratio created in 1988. This ratio measures a bank's level of solvency by comparing its level of commitments (loans and other investments) with its level of equity capital. The regulations impose constraints on the breakdown of capital levels, with a Tier 1 ratio of 4% (including 2% Core Tier 1 and 2% Tier 1) and a Tier 2 ratio of 4%. It should be noted that the minimum solvency requirement is 8%.

$$\boldsymbol{Cooke\ Ratio} = \frac{\boldsymbol{Equity\ Capital}^{49}}{\boldsymbol{Risk}^{50}} \geq \mathbf{8}\%$$

- **Basel II** was introduced in 2004 to keep pace with changes in the banking industry, as the *Cooke* ratio had been limited to credit and market risk since 1996. In fact, risk measurements were insufficiently refined, with a uniform weighting of companies irrespective of their creditworthiness (rating agencies), and no risk weighting for governments.

  Basel II introduced a solvency ratio between shareholders' equity (Common Equity Tier 1 Capital) and the amount of distributed loans weighted by the associated risks (Risk Weighted Assets, RWAs), which now takes operational risks into account and incorporates new elements in the calculation of credit and market risks. Within the framework of these agreements, the minimum required level is still maintained at 8%.

$$\boldsymbol{Basel\ II\ Ratio} = \frac{\boldsymbol{Regulatory\ Equity\ Capital}}{(\boldsymbol{Credit\ risk} + \boldsymbol{Market\ risk} + \boldsymbol{Operating\ risk})^{51}} \geq \mathbf{8}\%$$

  On this occasion, the Basel Committee established the 3 pillars of banking regulation as follows:

[49] Shareholders' equity comprises 2% *Core Tier 1* (share capital, reserves and reinvested earnings), 2% Additional Tier 1 (hybrid securities and convertible instruments) and 4% *Tier 2* (perpetual or fixed-term subordinated securities).
[50] Weighted market and credit risk by type of product (State 0%, Bank 20%, Mortgage 50%, Other loans 100%)
[51] Also known as *Risk-Weighted Assets (RWA).*

Figure 37 - The three pillars of banking regulation

Basel II

Pillar 1 Minimum capital requirements	Pillar 2 Supervision by supervisory authorities	Pillar 3 Transparency and market discipline
➢ Credit risk ➢ Market risk ➢ Operational risk	➢ Risk assessment and additional capital requirements ➢ More sustained and regular exchanges with banks	➢ Increased publication requirements on : ▪ shareholders' equity; and ▪ different risk assessment methods

Source: ACPR

As indicated above, Pillar 1 determines minimum capital requirements and RWA weighted according to credit risk, market risk and operational risk.

Basel II also gives rise to two valuation approaches: the standard approach and the internal approach. The standard approach for credit risk enables counterparty risk to be measured by taking into account the ratings given by rating agencies. Internal systems, on the other hand, are based on banks' own data and must be validated in advance by supervisors (Pillar 2):

- A measurement system in which the bank determines the probability of counterparty default, to which it applies a loss given default (LGD) as set out in the regulation.
- An advanced measuring system where the bank determines all the parameters.

Pillar 3 defines banks' disclosure obligations in terms of transparency of information.

- The 2007/2008 crisis revealed the inadequacies of the rules governing solvency ratios. It highlighted the inadequate coverage of certain risks, notably market (securitization) and liquidity risks, as well as the pro-cyclical nature of the measures taken under Basel II. In response, in November 2010 the Basel Committee approved the **Basel III Accords**[52] with a new definition of regulatory capital and four new measures:
  - CET1 ratio increased to 7%[53] .

To which have been added:

- A countercyclical margin (between 0% and 2.5% of CET1 ratio);

[52] The Basel III Accords are transposed into European law by the CRD IV and the CRR (Capital Requirements Regulation).
[53] 4.5% + 2.5% safety margin.

- For institutions of international systemic importance, a supplement of 1% to 3.5% of CET1 (from 0% to 2.5% for institutions of domestic systemic importance);
- A systemic risk safety margin may also be required (generally between 0% and 5%) to regulate structural systemic risk.

$$\boldsymbol{Basel\ III\ Ratio} = \frac{\boldsymbol{Regulatory\ Equity\ Capital}^{54}}{\boldsymbol{Risk - Weighted\ Assets}} \geq \mathbf{10,5\%}$$

The current risk-weighted asset ratios used in the business plans presented below do not take into account the full application of Basel III, which implies the future revision of certain asset weighting levels. For example, the risk weighting of Merchant Banking's equity investments is expected to increase from 150% to 250%.

Insofar as the business plans did not incorporate all the prudential constraints associated with Basel III, we have taken them into account in our analyses, from 2025 until its full application in 2029 (i.e. with gradual and proportional implementation over 5 years). It should be noted that its full application will lead to an increase in the Group's risk-weighted assets, and therefore to an additional need for CET1 capital.

[54] A regulatory minimum of 8% + a safety cushion of 2.5%.

4.4.2 Key regulatory indicators

We present below the evolution of the Company's key regulatory indicators between 2018 and 2022.

Table 7 - Key regulatory indicators between 2018 and 2022

In €M	31/12/2018	31/12/2019	31/12/2020	31/12/2021	31/12/2022
Risk-Weighted Assets (RWA)					
Risk-Weighted Assets (RWA)	7 997	9 069	9 201	10 707	12 044
Credit risk	*4 345*	*5 532*	*5 591*	*6 466*	*7 077*
Operational risk	*3 310*	*3 307*	*3 279*	*3 846*	*4 706*
Market risk	*342*	*230*	*331*	*395*	*261*
Available own funds					
Common Equity Tier 1 (CET1) capital	1 628	1 832	1 850	2 276	2 683
Common Equity Tier 1 ratio (%)	*20,4 %*	*20,2 %*	*20,1 %*	*21,3 %*	*22,3 %*
Overall capital requirements	*10,5 %*	*10,7 %*	*10,7 %*	*10,6 %*	*10,8 %*
Leverage ratio*					
Leverage ratio total exposure measure	13 780	14 785	15 370	18 392	18 337
Leverage ratio (%)	*11,8 %*	*11,9 %*	*12,0 %*	*12,4 %*	*14,6 %*

* Leverage Ratio = Common Equity Tier 1 / total exposure measure

Source: Company,

With regard to RWAs, credit risk increased in 2019 by 27.3% compared with 2018 due to (i) the first-time application of IFRS 16, (ii) new commitments within Merchant Banking, (iii) cash investments and the increase in the loan portfolio.

In 2020, RWAs remained broadly stable (+1.5% v 2019). RWAs increased by 16.4% in 2021, due in particular to two factors:

- Credit risk (€6.5 billion in 2021 v €5.6 billion in 2020), the growth of which is explained by an increase in the Merchant Banking business and Wealth & Asset Management loans to private clients; and

- Operational risk increased by 17.3% due to higher revenues.

In 2022, the increase in RWAs reflects the greater weight of Merchant Banking activities in the Group's business mix, in line with recent fund-raising and the resulting rise in operational risk requirements.

On the basis of the ECB's *Supervisory Review and Evaluation Process 2022,* we remind you that the Group's total capital requirements amount to a minimum of 10.8%[55] at the end of 2022, and a minimum of 11.2% at the end of 2023.

In fact, over the last 5 years, the Company's CET1 ratio has evolved well above the minimum regulatory requirement, between 20.1% and 22.3%, i.e. an average of 20.9%, and bears witness to the Company's prudential policy. This policy is also in line with market practices observed in a sample of European private banks concerning Tier 1 capital[56].

[55] Total CET1 capital requirement in the absence of AT1 and T2.
[56] The Tier 1 ratio for the sample (see 5.5.4.2) averaged 21.8%.

This ratio of around 20% of CET1 has been observed at least since the introduction of Basel III, and corresponds to a management choice that is not likely to be called into question following the Offer, as confirmed to us by the Company and the Offeror.

The 20% guideline reflects the desire of the controlling family shareholders to have robust equity capital which, in addition to preserving their assets, helps to reassure customers in the face of repeated concerns about the soundness of banks, and to finance the Group's development, as is the case with the RWA-intensive Merchant Banking business.

By way of illustration, according to our analyses, ROTHSCHILD & CO EXHIBITED significantly lower volatility than LAZARD, which has lower equity capital, during the financial crises of 2008 and 2011, without this situation being the result of differences linked to the business mix or listing places, which are also different, as we will discuss later.

We also point out that it is on this regulatory indicator that the Company has notified the ACPR of the impact of Exceptional Distribution, including in the event of a stress test. The Company has communicated the CET1 ratio trajectories in the absence of and including the Exceptional Distribution. These projections were analysed in our report of 7 March 2023.

It should be noted that while this Exceptional Distribution has brought our CET1 level to just under 20%, the planned trajectory is to return in the near future to a level above 20%, with a CET1 of around 19% by the end of the 2023 financial year, according to the Company's latest estimates. The Group's objective is to maintain a consolidated leverage ratio well above the minimum ratio of 3.0% set by the CRR (Capital Requirement Regulation). The leverage ratio stood at 14.6% at 31 December 2022, compared with 12.4% at 31 December 2021 (and 11.8% at 31 December 2018), due to an increase in Tier 1 capital, partially offset by an increase in exposure due mainly to growth in liquidity with central banks.

5. Valuation of ROTHSCHILD & CO shares

In accordance with the provisions of Article 262-1 of the AMF's General Regulation, we have carried out our own multi-criteria valuation of the ROTHSCHILD & CO shares, the methods and results of which are set out below.

All the analyses below have been carried out with reference to an Offer price of €48 per share (cum-distributions) as initially announced on February 6, 2023, in order to be consistent with the market data prevailing at the announcement date.

5.1 Discarded valuation methods

Our work led us to discard the following methods:

5.1.1 Net asset value

The Adjusted Net Asset Value (ANAV) method consists of adjusting the Net Asset Value for unrealized capital gains or losses identified on assets, liabilities or off-balance sheet. This method, often used to value companies in certain sectors (holding companies, real estate companies), is particularly well-suited to companies whose main assets have a market value, and for whom acquisitions and disposals of such assets constitute their operating process, which is not the case for all ROTHSCHILD & Co's businesses.

In this case, we have opted for the sum-of-the-parts method to take account of the specific features of each of our activities (see 5.5.2).

5.1.2 Market comparison method

The market comparison method consists in determining the value of a company by applying multiples observed on a sample of other comparable listed companies in the same business sector (known as peers), to metrics deemed relevant.

Given the specific characteristics of the ROTHSCHILD & CO group as a whole, we have not identified any listed company that is fully comparable in terms of size, business mix and geographic positioning.

Consequently, we do not feel that this method, based on a global approach, is suitable for valuing ROTHSCHILD & CO insofar as it does not allow us to grasp the specific features of its various activities.

For these reasons, we have rejected this method.

Listed companies with activities comparable to those of ROTHSCHILD & CO's divisions WERE nevertheless used as part of the 'sum of the parts' approach.

5.1.3 Comparable transaction method

The comparable transactions method is based on the analysis of multiples generated by total or partial buyouts of companies in the business sector of the entity being valued. The application of this approach is limited by the difficulty of identifying transactions that are fully comparable to ROTHSCHILD & CO IN terms of size, business mix and geographical positioning, as well as the lack of complete information on the targets and terms of the transactions.

Overall approach

We have identified transactions involving companies whose characteristics are not sufficiently similar to those of ROTHSCHILD & CO AS A whole, in terms of size, business mix and geographical positioning, to enable a relevant comparison. These transactions only partially represent ROTHSCHILD & CO's activities, as Wealth & Asset Management's activities are better represented. Lastly, most of the transactions identified are relatively old (more than ten years) and involve non-regulated companies with a predominant geographical focus outside Europe.

For these reasons, this method has not been applied.

Sum of the parts

Although we were able to identify certain recent transactions (Greenhill[57], Arma Partners[58], Numis[59])[60] at divisional level, a sum of the parts based on the comparable transactions method was not retained either, as this would suggest a net asset value for each of the Group's three businesses, not relevant in a context where the Group has no strategic intention of disposing of these activities, and operates them in synergy and as a going concern, which leads to the application of approaches consistent with this principle, enabling ROTHSCHILD & CO. shares to be valued appropriately..

It should be remembered that the Group benefits from significant synergies between its different businesses. Indeed, between 10% and 20% of Wealth Management inflows come from other activities, while around 25% of Merchant Banking capital raised comes from Wealth and Asset Management.

Moreover, given the constraints imposed by the company's articles of association and the brand's family name, which is closely linked to the controlling shareholder family, independent sales of divisions would be made without the ROTHSCHILD & CO brand, which would greatly reduce the strategic interest and value of such transactions.

We have therefore chosen not to use the sum of the parts method based on comparable transactions, as it corresponds to a theoretical scenario given that the Group intends to continue its strategy within its current scope of activities, without any break-up leading to the disposal of certain assets or activities, which would then have to take into account the consequences of such disposals on performance, notably due to the loss of associated synergies.

5.1.4 Net asset value

For the same reasons as for the sum of the parts according to the comparable transactions method, the net asset value method has not been used, as the Group operates as a going concern and has no plans for a strategic change.

[57] Greenhill is an independent consulting firm (pure-player model) in mergers and acquisitions, restructurings and capital raising, with no regulated activity and which is mainly active in the United States.
[58] Arma Partners is a pure-player consulting firm with no regulated activities.
[59] Numis is an independent UK-based investment bank providing research, execution, capital markets, brokerage and advisory services (ECM, M&A and debt), with no regulated activities, mainly active in the UK.
[60] the multiples generated by the transactions are not very relevant (85.5x net income to 12/31/2022 for Greenhill and nearly 212x estimated net income to 03/31/23 for Numis), reflecting the difficulties encountered by the targets in an uncertain environment. These multiples cannot be used because they correspond to circumstances specific to each transaction and cannot be transposed.

5.1.5 Recent equity transactions

This approach consists of determining a company's value by reference to recent significant transactions in its capital. We did not use this method due to the absence of any significant equity transactions over the last 18 months.

For information purposes only, it should be noted that CONCORDIA acquired shares in 2021 for between €28.0 and €36.5 per ROTHSCHILD & CO share.

5.2 Indicators examined

5.2.1 Consolidated Net Asset Value

Net Asset Value (NAV) is generally not considered to be representative of a company's intrinsic value, as it corresponds to the application of an accounting framework that constitutes a convention of principles and methods whose objective is not to measure the overall value of the company.

For information, the consolidated NAV at 31 December 2022 is €3,565 million, representing a value per ROTHSCHILD & CO share of €49.7 on a non-diluted basis[61] and €48.5 on a diluted basis (see §5.4.1). The Offer price therefore represents a slight discount of 1% compared with the last published NAV on a fully-diluted basis.

Since the subprime crisis, the market value of most regulated banks is structurally lower than their NAV[62] .

This situation is explained in particular by the weight of regulation, which forces regulated banks to have substantial prudential capital – and therefore equity – to face up to the risks to which they are exposed, with the consequence of reducing the return on equity invested by shareholders and therefore value.

The use of Price-to-Book multiples[63] could prove more relevant in the case of a direct reference to the book value of shareholders' equity. However, in the absence of companies fully comparable to ROTHSCHILD & CO, this reference cannot be implemented. IN FACT, using stock market references for European banks would result in significant discounts on the net book value[64].

Moreover, as we have already seen, the Company favours prudent management of its equity capital, with CET1 managed at 20%, to ensure greater robustness of the stock in times of crisis and security for customers. As a result, depending on the observation period, return on equity can fall and has fallen below the rate of return expected by a shareholder. In principle, this situation justifies the existence of an NAV discount, which is also reflected in ROTHSCHILD&CO's share price, which is generally lower than its NAV.

We note, however, that the discount remains very limited, standing at 1% compared with the last published NAV on a fully-diluted basis, and should be around 5% compared with the landing at 30 June 2023 established by the Company's financial management.

[61] On the basis of the 77,029,777 shares making up the share capital at 31 December 2022, restated for the 5,348,972 treasury shares held by NM ROTHSCHILD (NMR) and treasured at the same date.
[62] the application of a criterion linked to the NAV would be irrelevant if it were applied indiscriminately to companies such as banks, an investment holding company or a company in the biotech sector. Indeed, while this criterion is relevant for investment holding companies, it is much less so for the banking sector at present. This is why the working group did not want to impose a floor price as a general rule.
[63] Market value divided by book value of shareholders' equity.
[64] Average price to book of 0.6x observed on a large sample of listed European banks (source: Capital IQ)

It should also be noted that NAV includes around 30% of the value of Merchant Banking's own portfolio, whose accounting value is determined in accordance with the fair value valuation principles set out in the accounting standards, and in relation to which the market values of the portfolios show significant discounts, as we shall see in section 5.5.4.3 ownership of a private equity portfolio also justifies a discount.

While this reference information cannot be disregarded without explanation, as stipulated in the AMF regulations, we must point out the small difference with the offer price, and the fact that this can be explained by the specific characteristics of the banking sector, and of ROTHSCHILD&CO, as mentioned above. In our opinion, this data is therefore not relevant for valuing ROTHSCHILD&CO.

We also note that tangible consolidated net asset value at 31 December 2022, corresponding to tangible equity attributable to equity holders of the parent, i.e. adjusted for intangible assets and goodwill, is €3,097 million, representing a value per ROTHSCHILD & CO share of €43.2 on a non-diluted basis and €42.4 on a diluted basis.

5.3 Valuation methods used

We have adopted a multi-criteria approach comprising the following main valuation methods:

- The reference to ROTHSCHILD & CO's share price
- Discounted Dividend Model (DDM)
- The sum-of-the-parts method, based ON GORDON'S GROWTH approach and the return on capital allocated to each of the underlying businesses (Global Advisory, Wealth and Asset Management, and Merchant Banking)

We have also selected as secondary criteria:

- Analysts' price targets for ROTHSCHILD & CO

And for indicative purpose :

- The sum-of-the-parts method, based on an analogous approach to market comparables for the underlying businesses (Global Advisory, Wealth and Asset Management, and Merchant Banking)

Our assessment of the relative relevance of each of these criteria is set out below.

5.3.1 Reference to ROTHSCHILD & CO share price (as main method)

The market price is an instrument used to measure the price of the Company's shares, which are freely traded provided there is sufficient free float and liquidity.

ROTHSCHILD & CO shares are listed on Compartment A of EURONEXT PARIS (ISIN code: FR0000031684).

5.3.2 Analysis of Rothschild & Co share price performance

We have analysed the evolution of the ROTHSCHILD & CO share price between the beginning of February 2021 and January 2023.

Figure 38 - ROTHSCHILD & CO share price trend since February 2021

Sources: CAPITAL IQ, FINEXSI analysis

Comments:

1. **11 May 2021:** first-quarter earnings call, (up 53% on first-quarter 2020). The Company benefited from its three main activities, notably its Global Advisory segment reporting year-on-year growth of +47%, and its Merchant Banking business, which saw the strongest year-on-year growth (+400%), with sales of €103.4 million.
2. **22 June 2021**: Redemption of 1,208,138 ROTHSCHILD & CO shares by CONCORDIA, corresponding to the 'Jardine' block, at €29.3/share.
3. **15 July 2021:** the Group announced the conclusion of an agreement to acquire BANQUE PÂRIS BERTRAND, A Swiss private bank specializing in wealth and asset management. The bank has assets under management of 6.5 billion Swiss francs.
4. **15 September 2021:** publication of first-half revenues for financial year 2021. Up 61% on the previous year. This increase is due in particular to the half-year results of the Global Advisory and Merchant Banking businesses, which reported revenues of €833 million (+57%) and €235 million (+345%) respectively.
5. **09 November 2021:** release of third-quarter revenue, up 65% year-on-year, reflecting buoyant markets in all three divisions, with revenues up 78% in Merchant Banking, 77% in Global Advisory and 29% in Wealth and Asset Management.

6. **24 February 2022:** conflict breaks out in Ukraine. The outbreak of war causes stock and bond markets to plummet.
7. **28 February 2022:** ROTHSCHILD & CO announces record earnings. NBI for the 2021 financial year is up 63% on 2020, with record annual revenue in Global Advisory (€1,915 million, +67%) and Merchant Banking (€398 million, +169%). The Wealth and Asset Management division also reported a 19% increase in revenue. This historic year for the Group was marked by an increase in net income of almost 300% compared to financial 2020.
8. **12 May 2022:** earnings release for the first quarter of financial 2022, with revenue up 16% to €675.3 million.
9. **04 August 2022:** the Company reports its first-half earnings, which are relatively stable despite the economic context, with revenue of €1,375 million v €1,350 million in the first half of 2021 (+2%).
10. **08 November 2022:** publication of third-quarter earnings. Group NBI of €863.7 million v €666.7 million (+30%).
11. **14 November 2022:** the Group announces the sale of two of its North American asset management businesses. The transaction concerns ROTHSCHILD & CO ASSET MANAGEMENT US and ROTHSCHILD & CO RISK BASED INVESTMENTS, which represent around $8 billion in assets under management.
12. **06 February 2023:** CONCORDIA announces its intention to file a Simplified Public Tender Offer for the Company at a price of €48.0 per share. The offer price represents a premium of +19.3% to the last closing price.

Over the period studied, we have identified three phases in the evolution of the ROTHSCHILD & CO share price:

1st phase: between the beginning of 2021 and the end of December 2021, ROTHSCHILD & CO'S share price was mainly driven by the Group's published results, which showed a very significant increase in net banking income. Over this period, the share price rose by 47%, while the market gained 19.8%. The period was also marked by the acquisition of BANQUE PÂRIS BERTRAND.

2nd phase: the first half of 2022 was marked by the outbreak of war in Ukraine, which led to a general decline in equity markets (over the 6 trading sessions that followed, the SBF 120 fell by 7.1%). This event also led to a decline in bond markets, following general increases in central bank key interest rates. Despite this, the ROTHSCHILD & CO share price remained relatively stable (-5.1%) over the period 01/2022 to 08/2022).

3rd phase: since August 2022, and until the announcement of the Offer, the share price has been on an almost continuous upward trajectory, reaching its highest level in a year on the eve of the announcement (+12.9% on the eve of the announcement of the Offer).

5.3.3 ROTHSCHILD & CO share liquidity analysis

Based on the last trading price, i.e. prior to CONCORDIA's announcement of its intention to file a Simplified Public Tender Offer for ROTHSCHILD & CO shares on 6 February 2023 before trading (i.e. the close of trading on 3 February 2023), the volume-weighted average trading price (hereinafter referred to as the 'VWAP'), the volume traded on the stock and the resulting turnover rate are as follows over a 24-month period:

Table 8 - Analysis of intraday WACV and liquidity of ROTHSCHILD & CO shares until 3 February 2023

VWAP	In €/share	Premium / (discount) induced by the Offer price of €48	Volumes traded (in Thousand)		Capital exchanged (in Thousand)		% of capital		% of free float	
			Mean	Cumulated	Mean	Cumulated	Volume exchanged	Capital rotation	Volume exchanged	Capital rotation
Spot (3/2/2023)	40,25	+19,3 %	22	22	875	875	0,0 %	0,0 %	0,1 %	0,1 %
VWAP 1 month	38,34	+25,2 %	18	385	671	14 761	0,0 %	0,5 %	0,1 %	1,2 %
VWAP 60 days	37,79	+27,0 %	15	901	577	34 038	0,0 %	1,2 %	0,0 %	2,8 %
VWAP 3 months	37,79	+27,0 %	17	1 119	651	42 290	0,0 %	1,5 %	0,1 %	3,4 %
VWAP 6 months	35,88	+33,8 %	20	2 651	732	95 114	0,0 %	3,6 %	0,1 %	8,1 %
VWAP 12 months	35,40	+35,6 %	23	5 952	817	210 679	0,0 %	8,0 %	0,1 %	18,1 %
VWAP 24 months	34,81	+37,9 %	28	14 195	958	494 159	0,0 %	19,1 %	0,1 %	44,4 %
High 12 months (3/2/2023)	40,25	+19,3 %								
Low 12 months (5/7/2022)	30,70	+56,4 %								
High 24 months (13/1/2022)	41,85	+14,7 %								
Low 24 months (19/2/2021)	28,75	+67,0 %								

* The above figures represent trading volumes on the EURONEXT platform only and reflect only a portion of the ROTHSCHILD & CO shares traded.

Sources: CAPITAL IQ, FINEXSI analysis

Over the last 60 trading days (prior to 3 February 2023), the cumulative volume of ROTHSCHILD & CO shares traded was 901 thousand shares (i.e. around 15 thousand shares per trading day).

Over the last 24 months (prior to 3 February 2023), the cumulative volume of ROTHSCHILD & CO shares traded was 14.2 million shares (i.e. around 28 thousand shares per trading day). Over the same period, capital turnover was 19.1% and free float 44.6%.

On this basis, we consider that liquidity is sufficient vis-à-vis the volumes traded. As a reminder, the Company had a market capitalization of around €3 billion prior to the announcement of the Offer, with free float representing 39.1% of the share capital at 31 December 2022 (i.e. around €1.2 billion at €40.25 per ROTHSCHILD & CO share at the close of 3 February 2023).

Consequently, while free float turnover may appear low in relative terms, in absolute terms trading volumes appear sufficient to offer liquidity to free float shareholders. We therefore consider ROTHSCHILD & CO's share price to be a relevant valuation benchmark.

In the 24 months prior to the announcement of CONCORDIA's intention to file a Simplified Public Tender Offer for ROTHSCHILD & CO shares, the ROTHSCHILD & CO share price fluctuated between a all time high of €41.85[65] reached on 13 January 2022, and a low of €28.75[2] reached on 19 February 2021.

Based on the closing price on 3 February 2023 (last trading price unaffected by the announcement of the offer), the 60-day VWAP and the 12-month VWAP, the €48 offer price generates premiums of +19.3%, +27.0% and +35.6% respectively.

During the period from 6 February 2023, when the Offer was announced, to 31 May 2023, when the ordinary dividend was paid, the ROTHSCHILD & CO share price remained relatively stable, declining by 1.7%. During this period, the share price fluctuated between a peak of €48.05 reached on 21 February 2023 and €46.10 reached on 30 May 2023, the date between 25 May 2023, when the ordinary dividend of €1.40/share was approved by the Annual General Meeting, and 31 May 2023, when it was paid.

[65] Share price before payment of €1.40 ordinary dividend

In comparison, during the period from 6 February 2023 to 31 May 2023, the Stoxx Europe 600 Banks index, which groups the main European banking institutions, fell by 9.0% due to a difficult market environment, which the stock has found itself immune to since the announcement of the Offer. Indeed, the bankruptcy of several banks (First Republic Bank, Silicon Valley Bank and Signature Bank in the USA), the urgent restructuring of Credit Suisse and the announced losses of VTB are just some of the events that have since rekindled concerns about financial institutions.

5.4 Company reference data ROTHSCHILD & CO

5.4.1 Number of shares held

Our calculations are based on the number of shares making up the share capital at 31 December 2022 (77,029,777 shares):

- Less the treasury shares held by NM ROTHSCHILD (NMR) and treasury stock at 31 December 2022 (i.e. a total of 5,348,972 shares);
- Plus shares resulting from the exercise of stock options (i.e. 3,630,000 shares), shares resulting from NCIs (i.e. 652,450 shares) and shares resulting from RSUs (i.e. 102,500 shares).

The number of shares thus used is 76,065,755.

5.5 Valuation of ROTHSCHILD & CO shares

5.5.1 The discounted future dividend method (main application)

This method, which consists in determining the value of the Group's shareholders' equity on the basis of dividend distribution assumptions under regulatory capital constraints, is both dependent on prudential rules and on the prudential policy decided by management. We have retained this approach in the context of the Group's ability to pay out sufficient funds, and its policy of continuous and assertive management of its regulatory capital, which has been consistently demonstrated over the past five years. Future cash flows to shareholders correspond to capital in excess of the Company's target management level.

This method makes it possible to recognize the value attributable to the Company's development prospects, and seems to us to be appropriate to ROTHSCHILD & CO's situation. It also seems to us to be all the more relevant in assessing the value of a Group regulated on a consolidated basis.

For these reasons, we have chosen this method as our main one.

5.5.1.1 Presentation of business plans

Management has drawn up a 'Base Case' business plan reflecting the Group's objectives and strategy over the period 2023 - 2025, which was presented to the Supervisory Board of ROTHSCHILD & CO on 13 December 2022. As part of this presentation, management shared with the Supervisory Board the potential risks identified in the uncertain and volatile macroeconomic environment at the end of 2022.

The fundamental assumptions of this 'Base Case' business plan were adjusted to reflect the uncertainties linked to the said market conditions and draw up an 'Adjusted Case' business plan, which was also presented to the Supervisory Board on 16 January 2023.

Management has provided us with these two business plans, the 2023 Budget and projections for 2024 and 2025, which are reflected in the income statement and balance sheet, from which the regulatory CET1 ratios are calculated, as well as various performance and value-creation ratios.

As a reminder, and in line with the Company's usual budgeting process, the budget is drawn up in October/November of each year, using a 'bottom-up' approach by the heads of each division (Global Advisory, Wealth & Asset Management, and Merchant Banking) before being consolidated at Group level, after taking into account central costs and any adjustments required[66].

The business plans are standalone and do not include any significant external growth projects or future divestments. Nevertheless, it should be noted that the cash flows are pro forma for the recent majority acquisition of REDBURN, consolidated from 1 December 2022, and for the disposal of the US asset management business announced at the end of the 2022 financial year[67].

The Group has confirmed that it intends to develop its activities and businesses within the current strategic scope.

Due to changes in the macroeconomic, banking and financial environment in the first half of the year, following the publication of sales figures for Q1 2023, and in preparation for the landing on 30 June 2023, the 'Base Case'[68] forecasts for the 2023 financial year alone have been revised downwards. Nevertheless, they remain higher than those in the 'Adjusted Case' plan. The 2024 and 2025 forecasts have therefore been left unchanged.

Only the 'Base Case' business plan has been used to value the Group. However, for information purposes only, we present below the results of the 'Adjusted Case' business plan, which factors in the potential negative effects of a highly uncertain macroeconomic environment.

The main assumptions underlying the 'Base Case' business plan by division are summarized below.

Global Advisory

As indicated in the first-quarter 2023 earnings release dated 9 May 2023, the Group is experiencing a lower level of M&A activity in 2023, against a backdrop of a general decline in this business. This is reflected in (i) a significant drop in the number of announced transactions, and (ii) longer transaction completion times. Indeed, mandate negotiations remain more difficult than in the last two years, which were exceptional, given the recent volatility in the banking sector and rising interest rates. However, management is maintaining its assumption of a recovery from 2024 and for 2025.

With regard to the financing advisory business, the business plan flows take into account a positive performance over the horizon, driven by refinancing and debt restructuring, the pace of which has increased following the economic shock experienced during the COVID-19 crisis (March 2020). Indeed, management anticipates an increase in the Group's activity on the capital markets (Debt Advisory, restructuring in distress situations, IPOs, etc.).

[66] Deferred bonuses, interest on subordinated debt, préciput, etc.
[67] As a reminder, the Company finalized the sale of its North American management entities to Wintrust in April 2023.
[68] Presented to the Supervisory Board of ROTHSCHILD & CO on 13 December 2022.

The projections also take into account management's ambitions to develop business in the United States, including the recruitment of several investment bankers in 2024 and 2025. Also, flows underpin natural attrition in the UK and France, with the rest of Europe and the rest of the world remaining stable.

The main assumptions for this division are as follows:

- Average annual growth of around +8.0% in net banking income between 2023 and 2025
- Pre-tax net income generation over the horizon higher than historical levels (with the exception of 2021 and 2022, which are considered exceptional)

Wealth & Asset Management

As a reminder, net income before tax 2022 exceeded €150 million for the first time, thanks to strong sales momentum in Europe (€2.5 billion in net new assets in private banking in particular) and a sharp rise in interest rates. These activities benefit from high returns on capital investments as well as inflation. Cash invested without risk is remunerated at levels currently in excess of 300 bps.

Management is confident in its ability to repeat in 2023 the good performance seen in 2022 in this business, which is less volatile than Global Advisory and Merchant Banking, and benefits from more recurring results.

The main assumptions for this division are as follows:

- Revenue will remain stable between 2023 and 2025, with an increase in assets under management
- Net income before tax expected to reach a record level in 2025, mainly due to the effect of scale and the limited increase in the cost base

Merchant Banking

In terms of governance, we remind you that the investment strategy (strategic entry and exit decisions) of Merchant Banking funds is discussed within the investment committees, in accordance with the respective processes of each fund. As a reminder, exit prices are determined on the basis of estimates provided by the investment teams, it being specified that standard and similar exit price assumptions are retained for all positions. These assumptions change throughout the life cycle of each fund, as the various holdings are revalued in line with performance and market conditions.

In terms of private equity investments, management plans to focus on deploying the FAPI IV, FALT, FAGC I and FAGC II funds over the next three years.

We would point out that a significant proportion of the Group's value creation is linked to the performance of the FASO multi-strategy funds, which specialize in secondary market operations. Most of the value creation would come from the FASO V and FASO VI funds, the latter of which is due to be deployed over the next three years.

Finally, management anticipates lower levels of capital invested by the Group in Credit Management products, as their returns remain lower than those of equity products, for example.

The main assumptions for this division are as follows:

- Significant average annual growth in assets under management between 2023 and 2025, driven in particular by an ambitious fund-raising strategy

- Continued growth in management fees of around 18% a year between 2023 and 2025, thanks in particular to a significant increase in carried interest

- Investment profit (generated by the Group's own funds invested directly in Merchant Banking funds) is expected to be above historical levels (with the exception of the exceptional years 2021 and 2022, which benefited from very sharp rises in Merchant Banking valuation levels)

- Average annual growth of around 30% in pre-tax net income between 2023 and 2025 to reach a level close to the historical high, which corresponds to years of significant capital gains on the portfolio

In summary, the main consolidated and structuring assumptions of the 'Base Case' business plan are as follows:

- A positive trend in the CET1 ratio

- An average adjusted return on allocated capital of around 13.0% over the period 2023–2025.

- Net profit generation at levels significantly higher than those seen historically (with the exception of 2021 and 2022, which are considered exceptional):

  - For Global Advisory: net profit close to the average level achieved in recent years. It should be noted that 2021 and 2022 are considered exceptional years.

  - For Wealth & Asset Management: higher net income levels than those seen historically

  - For Merchant Banking: a level close to the historical high, bearing in mind the cyclical nature of this business.

On this basis, the 'Base Case' business plan remains the scenario that reflects the Group's ambitious strategic objectives, in a volatile and uncertain macroeconomic context.

As mentioned above, this business plan was drawn up at the end of 2022, prior to the first half of 2023, when the banking sector was particularly hard hit, leading to a downward revision of market consensus. It is against this backdrop that the Company has drawn up a less ambitious 'Adjusted Case' business plan.

On this basis, the 'Base Case' business plan remains the scenario that reflects the Group's strategic objectives, which can be described as ambitious in a volatile and uncertain macroeconomic environment. We therefore believe that this plan enables us to extract the full value of the Company in the context of the Offer.

5.5.1.2 Determining dividend flows

Fundamental assumptions

We have determined theoretical future dividends on the basis of earnings generation under regulatory capital constraints anticipated by the Company over the business plan horizon. We have taken into account the excess capital distributable to shareholders above the target CET1 ratio of 20%, in line with the Group's regulatory capital management policy. Management aims to maintain a level of capital that is resilient and consistent with the Group's risk profile, as monitored by the Internal Capital Adequacy Assessment Process (ICAAP). As a reminder, over the past five years, the CET1 ratio has averaged 20.7% (see 4.4.2).

The valuation was carried out as at 31 May 2023 and takes into account the solvency position as at 31 December 2022 (i.e. Cum dividends).

Value adjustments

We have independently taken into account various value adjustments in valuing the Group:

- The positive cash impact of the exercise of stock options, NCIs and RSUs has been taken into account, in line with the diluted number of shares used elsewhere (see §.5.4.1)

- The present value[69] of future interest expenses payable in respect of perpetual subordinated debt issued by the Company or its subsidiaries. We have only taken into account the exercise of the early redemption option at the nominal value of the £125 million (9.0%)[70] issue in February 2024;

- Present value[67] of the timing difference between the grant and the effective accounting charge relating to the IFRS adjustment of deferred compensation (timing difference consisting in recognizing the charge relating to variable compensation over the period of service rather than at the time of grant). It should be noted that variable compensation in respect of year N is recorded within each division.

- Present value[67] of the *préciput* dividend allocated to general partners[71] (as a reminder, €6.3 million was distributed in respect of the 2022 financial year);

- Insofar as business plans do not incorporate all the prudential constraints associated with 'Basel 3' (see chap.4.4), we have taken them into account in our analyses, from 2025 until their full application in 2029 (i.e. with a progressive and proportional implementation over 5 years. It should be noted that its full application will lead to an increase in the Group's risk-weighted assets, and therefore to an additional need for CET1 capital[72].

[69] At cost of equity.
[70] Repayment of the other two issues was not anticipated.
[71] In accordance with article 14.1 of the Company's bylaws, a pre-distribution equal to 0.5% of distributable profits is allocated to the general partners.
[72] It should be noted that the estimate of this impact has been calculated all other things being equal, without any optimisation of risk-weighted assets or application of corrective measures on the Group's profitability, as we understand that these remedial measures would be limited.

5.5.1.3 Discount rate

We have used ROTHSCHILD & CO's cost of equity to discount theoretical future dividends.

This cost has been estimated at 11.8% on the basis of:

- A risk-free rate of 2.83% corresponding to the average OAT TEC 10-year rate (6-month average calculated on 31 May 2023, source: BANQUE DE FRANCE);
- A risk premium of 4.88% (6-month average of ASSOCIÉS EN FINANCE risk premiums at 31 May 2023)
- A beta of 1.53 (source: Capital IQ at 31 May 2023, corresponding to the one-year average and determined by weighting the beta of each division (Global Advisory, Wealth & Asset Management and Merchant Banking) according to the contribution of each to the Group's overall net income expected in 2025 by management according to the 'Base Case' business plan);
- A size premium of 0.5% (source: KROLL[73]) reflecting the Company's additional risk due to its smaller size compared to the companies in the samples used to determine the beta of each division (Global Advisory, Wealth & Asset Management and Merchant Banking);
- A specific risk premium[74] of 1.0% to reflect the Group's geographic exposure. We have taken into account the spreads observed between the risk-free rate and the risk premium in the various regions where the Company operates.

In our view, this rate is favourable, given i) the ambitious 'Base Case' business plan, which could have justified the inclusion of an additional risk premium for the realization risk, ii) the current uncertain macroeconomic context, which is not factored into 2024, 2025 and perpetual cash flows, and iii) the resulting volatility in Global Advisory and Merchant Banking.

5.5.1.4 Normative flow

In order to capture the volatility of the businesses and their long-term profitability on a normalized capital basis, the normative flow was calculated at the end of the business plan horizon on the basis of a normative allocated capital multiple (P/CapAl) derived from the GORDON-SHAPIRO formula (Warranted Equity Value method - WEV) to determine induced equity as a function of the cost of equity and the normative return on allocated capital[75] (RoCapAl), according to the following assumptions:

[73] Formerly DUFF & PHELPS.

[74] The specific risk premium has been calculated by taking into account the difference between the risk premium for France and that for the various regions in which the Company operates, i.e. the United Kingdom (+0.1%), the United States (-0.9%), Asia and Latin America (+5.5% and +8.7%). To ensure consistency between the risk premium and the risk-free rate for each geographical zone, we have added to each of these spreads the yield differential between 10-year bonds in the above-mentioned geographical zones and that of France. Finally, we summed these spreads, weighted by their contribution to Rothschild & Co's NBI at December 31, 2022. The result is an additional risk premium of 1.0%. Source : Damodaran.

[75] Allocated capital is defined at Group level as CET1 target capital of 20% of risk-weighted assets, to which are added intangible assets (goodwill and intangible assets) and other applicable prudential deductions. Return on allocated capital is the ratio of net income to allocated capital.

- A perpetual growth rate of 1.60%, in line with the IMF's long-term inflation outlook[76] according to the geographical breakdown[77] of the Group's activities;
- A cost of equity of 11.80% (see above);
- A return on allocated capital (RoCapAl) of 13%, corresponding to the adjusted average observed over the 2023–2025 period of the 'Base Case' business plan, excluding remuneration of excess capital and after taking into account the 15% worldwide minimum tax[78] on profits from Merchant Banking activities. It should be pointed out that the 13% return on allocated capital is voluntarist in nature, giving full value by immunizing against the risks of financial crises. We have therefore established a normative return on allocated capital sensitivity of 11.9% (calculated on the basis of historical returns on allocated capital between 2019 and 2022, as well as the returns on allocated capital drawn from the management's 'Base Case' and 'Adjusted Case' business plans, to better reflect a full cycle).

5.5.1.5 Valuation results and sensitivity analyses

The value of ROTHSCHILD & Co's shareholders' equity came to €3,608 million, 80% of which was derived from terminal value beyond the explicit horizon, illustrating the importance of long-term trends.

The sensitivity of ROTHSCHILD & CO's equity value to a combined change in i) the cost of equity (from -0.25 points to +0.25 points) and the perpetual growth rate (from -0.25 points to +0.25 points) is shown below on the value per share in euros:

Figure 39 - Sensitivities to a combined variation in the cost of equity (from -0.25 points to +0.25 points) and the perpetual growth rate (from -0.25 points to +0.25 points)

		Cost of equity (%)				
		11,30%	**11,55%**	**11,80%**	**12,05%**	**12,30%**
Perpetual growth (%)	*2,1%*	50,1	48,8	47,5	46,3	45,2
	1,9%	50,0	48,7	**47,5**	46,3	45,2
	1,6%	49,9	**48,6**	**47,4**	**46,3**	45,2
	1,4%	49,8	48,6	**47,4**	46,3	45,2
	1,1%	49,7	48,5	47,4	46,3	45,2

Source: FINEXSI analyses

Based on this analysis, we have selected a value range of between €46.3 and €48.6 per ROTHSCHILD & CO share using the discounted future dividend method, with a central value of €47.4.

[76] World Economic Outlook - April 2023
[77] Based on the contribution of the main regions (France, UK, Switzerland, America, Asia) to the Group's 2022 pre-tax profit.
[78] It should be noted that carried interest and valuation uplifs are not currently taxed. However, 'to ensure large multinational corporations pay a minimum level of tax on the income arising in each of the jurisdictions where they operate, the Organisation for Economic Co-operation and Development (OECD) released a draft legislative framework in December 2021, followed by detailed guidance released in March 2022, that is expected to be used by over 135 individual jurisdictions that signed the agreement to amend their local tax laws and introduce a global minimum tax of 15%. Such regulation is widely referred to as Pillar 2. The EU Council formally approved the EU directive transposing the OECD proposed framework into the EU regulatory environment on 15 December 2022. The Directive must be endorsed by the legislative arms of EU member states before 31 December 2023, with application starting from 1 January 2024'. ROTHSCHILD & CO Annual Report 2022 section 7.1.5.

The Offer price of €48.0 per ROTHSCHILD & CO share represents a premium of +3.7% to the lower limit (€46.3), +1.3% to the central value (€47.4) and a haircut of 1.2% to the upper limit (€48.6).

We have also carried out this approach on the basis of the same assumptions, but with a return on allocated capital (RoCapAl) of 11.9% (see above), corresponding to a more normative level and taking into account cyclical effects.

The value of ROTHSCHILD & Co's shareholders' equity was €3,321 million, 79% of which was derived from the terminal value beyond the explicit horizon, illustrating the importance of long-term trends.

The sensitivity of ROTHSCHILD & CO's equity value to a combined change in i) the cost of equity (from -0.25 points to +0.25 points) and the perpetual growth rate (from -0.25 points to +0.25 points) is shown below on the value per share in euros:

Figure 40 - Sensitivities to a combined variation in the cost of equity (from -0.25 point to +0.25 point) and the perpetual growth rate (from -0.25 point to +0.25 point)

		Cost of equity (%)				
		11,30%	**11,55%**	**11,80%**	**12,05%**	**12,30%**
Perpetual growth (%)	*2,1%*	45,8	44,6	43,5	42,5	41,4
	1,9%	45,8	44,7	**43,6**	42,5	41,6
	1,6%	45,9	**44,7**	**43,7**	**42,6**	41,7
	1,4%	45,9	44,8	**43,7**	42,7	41,7
	1,1%	45,9	44,8	43,8	42,8	41,8

Source: FINEXSI analyses

Based on this analysis, we have selected a value range of between €42.6 and €44.7 per ROTHSCHILD & CO share using the discounted future dividend method, with a central value of €43.7. The Offer price of €48.0 per ROTHSCHILD & CO share represents a premium of +12.7% over the lower limit (€42.6), +9.8% over the central value (€43.7) and a premium of 7.4% over the upper limit (€44.7).

For information purposes only, it should be noted that the same analysis based on the "Adjusted Case" business plan (average RoCapAl observed over the duration of the plan), which we do not consider an appropriate reference in a Squeeze Out context, highlights a range of values between €22.3 and €23.3 per ROTHSCHILD & CO share, with a central value of €22.8.

As part of our DDM valuation, we took into account the present value of the dividends payable to the General Partners. We wondered about the discount linked to the political rights of the general partners' shares, which should be applied to the limited partners' shares. There are few references, and each may correspond to a specific context[79]. In this context, no discount has been applied which may be considered favorable to the limited partner shareholder.

[79] Discount linked to LAGARDERE's status as a limited partnership of between 6% and 10% (source: LEDOUBLE report, April 30, 2021).

5.5.2 GORDON' GROWTH S sum-of-the-parts approach (as a main method)

The sum of the parts according to the GORDON-GROWTH APPROACH IS based on contributory data for each of the Group's divisions and a normative capital allocation to each of them.

5.5.2.1 Determining flows

Using the same methodology as the DDM normative flow (Warranted Equity Value - WEV), the equity value of each Group division has been determined on the basis of a normative allocated capital multiple (P/CapAl) derived from the GORDON-SHAPIRO formula applied to the average allocated capital (CapAl) observed over the explicit horizon of the 'Base Case' business plan. The calculation of the multiple by division takes into account the specificities of each division, notably the cost of equity and the average return on allocated capital (RoCapAl) observed over the explicit horizon of the 'Base Case' business plan. [80] We have also established a sensitivity of the normative return on allocated capital to 11.9% to take account of a full cycle.

Allocated capital is defined at Group level as the CET1 capital target of 20% of risk-weighted assets, to which are added intangible assets (goodwill and intangible assets) and other applicable prudential deductions. Net income, Group share, has been adjusted:

- The neutralization of the impact of the deferral of bonuses and interest on perpetual subordinated debt
- The restatement of income from Merchant Banking activities whose tax rate is below the minimum 15% rate
- The deduction of the estimated return on excess capital in relation to the target CET1 ratio (2.0% pre-tax, corresponding to the ECB deposit rate in force on 7 December 2022, i.e. before presentation of the 'Base Case' business plan to the Company's Supervisory Board)

5.5.2.2 Discount rate

We present below the cost of equity calculated for each of the Group's divisions.

Global Advisory

The Global Advisory division's cost of equity was estimated at 10.80% on the basis of:

- A risk-free rate of 2.83% corresponding to the average OAT TEC 10-year rate (6-month average calculated on 31 May 2023, source: BANQUE DE FRANCE);
- A risk premium of 4.88% (6-month average of ASSOCIÉS EN FINANCE risk premiums at 31 May 2023)
- A beta of 1.32 (source: CAPITAL IQ at 31 May 2023 – 1 year), based on the sample of stock market comparables used for the Global Advisory division (see §.5.5.4.1)
- A size premium of 0.5% (source: KROLL) in line with the overall approach described above (see §5.5.1.3)

[80] 21.7%, 13.3% and 21.9% for the Global Advisory, WAM and Merchant Banking divisions, respectively.

- A specific risk premium of 1.0%, in line with the overall approach described above (see § 1.4.1.3).5.5.1.3).

Wealth and Asset Management

The Wealth and Asset Management division's cost of equity was estimated at 10.40% on the basis of:

- A risk-free rate of 2.83% corresponding to the average OAT TEC 10-year rate (6-month average calculated on 31 May 2023, source: BANQUE DE FRANCE);
- A risk premium of 4.88% (6-month average of ASSOCIÉS EN FINANCE risk premiums at 31 May 2023)
- A beta of 1.25 (source: CAPITAL IQ at 31 May 2023 – 1 year), on the basis of the sample of stock market comparables used for the Wealth and Asset Management division (see par.5.5.4.2);
- A size premium of 0.5% (source: KROLL) in line with the global approach described above (see §5.5.1.3)
- A specific risk premium of 1.0%, in line with the overall approach described above (see § 1.4.1.3).5.5.1.3).

Merchant Banking

The Merchant Banking division's cost of equity was estimated at 13.0% on the basis of:

- A risk-free rate of 2.77% corresponding to the average OAT TEC 10-year rate (6-month average calculated on 28 April 2023, source: BANQUE DE FRANCE);
- A risk premium of 4.87% (6-month average of ASSOCIÉS EN FINANCE risk premiums at 28 April 2023)
- A beta of 1.80 (source: CAPITAL IQ at 31 May 2023 – 1 year), based on the sample of stock market comparables used for the Merchant Banking division (see §.5.5.4.3)
- A size premium of 0.5% (source: KROLL) in line with the overall approach described above (see §5.5.1.3).
- A specific risk premium of 1.0%, in line with the overall approach described above (see § 1.4.1.3).5.5.1.3).

5.5.2.3 Central costs and value adjustments

Our work is based on the capital allocated to each of the Group's divisions (Global Advisory, Wealth and Asset Management, Merchant Banking), as well as on the various items that are not directly attributable to the divisions, such as central costs. We have also taken into account the other value adjustments described in section5.5.1.2 according to their value derived from a cash-flow approach:

- The present value of future interest expense payable on subordinated debt

- The present value of the timing difference between the grant and the actual accounting expense arising from the IFRS adjustment to deferred compensation

- The present value of the dividend allocated to the general partners

- The impact of the full application of Basel 3 until 2029, which requires additional CET1 capital to be mobilized

We have also taken into account the positive cash impact of the exercise of stock options, NCI and RSU, in line with the diluted number of shares used elsewhere.

The valuation, including dividends, takes into account the solvency position at 31 December 2022 (i.e. the excess capital corresponding to the difference between the CET1 ratio of 22.3% at 31 December 2022 and the target CET1 ratio of 20% reflecting the Group's management policy).

5.5.2.4 Valuation results and sensitivity analysis

ROTHSCHILD & CO's equity value per share was €48.2.

As with the discounted dividend valuation approach, we have also based this approach on more normative levels of return on allocated capital, as observed at Group level and yielding a level of 11.9%. On this basis, ROTHSCHILD & CO's equity value per share is €45.5.

Based on this analysis, we have selected a value range of between €45.5 and €48.2 per ROTHSCHILD & CO share. The Offer price of €48.0 per ROTHSCHILD & CO share represents a premium of +5.5% to the lower limit, and a discount of 0.4% to the upper limit.

5.5.3 Analysts' price targets (secondary method)

The analysis of financial analysts' price targets does not in itself represent a valuation method, but synthesizes opinions on value and constitutes a value benchmark.

ROTHSCHILD & Co is closely monitored by 4 analysts (ODDO BHF, CIC MARKET SOLUTIONS, EXANE and KEPLER CHEUVREUX). IN ADDITION, these financial analysts communicate in varying degrees of detail about the Company's forecasts and those used for their valuation work. For these reasons, the analysis of analysts' price targets is presented on a secondary basis.

We based our analysis on financial analysts' target prices for ROTHSCHILD & CO shares published prior to CONCORDIA's announcement of its intention to file a simplified tender offer for ROTHSCHILD & CO shares.

The latest publications identified by the 4 analysts who follow the ROTHSCHILD & CO share prior to 6 February 2023, the date of the announcement to the market of CONCORDIA's aforementioned intention, are presented below:

Table 9 - Analysis of analysts' notes published prior to CONCORDIA'S announcement

Date	Analyst	Target price (€)	Recommandation	Last closing price before publication of the note(€)	Premium/(discount) induced by the €48.0 offer price
08/11/2022	Oddo BHF	48,0	Buy	37,1	-
09/11/2022	CIC Market Solutions	46,0	Buy	37,1	4,3 %
11/11/2022	Exane	42,5	Buy	37,7	12,9 %
15/11/2022	Kepler Cheuvreux	55,0	Buy	38,5	(12,7)%
Min		**42,5**		**37,1**	**12,9 %**
Median		**47,0**		**37,4**	**2,1 %**
Average		**47,9**		**37,6**	**0,3 %**
Max		**55,0**		**38,5**	**(12,7)%**

Sources: Analysts' notes, CAPITAL IQ

This analysis shows that the latest price targets published by analysts for this period range from €42.5 to €55.0, with an average target price of €47.9.

It should be noted that pre-announcement price targets fall within a relatively wide range, between €42.5 and €55, which does not allow us to characterize a true market consensus and justifies this reference being presented on a secondary basis.

Il convient donc d'examiner les raisons de ces écarts d'appréciation.

For information purposes, we present below the evolution of share price targets published after 6 February 2023, i.e. subsequent to the announcement of the terms of the Offer.

Table 10 - Analysis of analysts' notes published after the announcement of the Offer

Date	Analyst	Target price (€)	Recommandation	Last closing price before publication of the note(€)	Premium/(discount) induced by the €48.0 offer price
07/02/2022	Oddo BHF	48,0	Neutral	47,0	-
07/02/2023	CIC Market Solutions	46,0	Buy	47,0	4,3 %
08/02/2023	Exane	48,0	Neutral	47,0	-
07/02/2022	Kepler Cheuvreux	51,0	Buy	47,0	(5,9)%
Min		**46,0**		**47,0**	**4,3 %**
Median		**48,0**		**47,0**	**0,0 %**
Average		**48,3**		**47,0**	**(0,5)%**
Max		**51,0**		**47,0**	**(5,9)%**

Sources: Analysts' notes, CAPITAL IQ

Reactions to the announcement of the Offer

Following CONCORDIA's announcement of its intention to file a Simplified Public Tender Offer for the shares, half of the analysts kept their price targets unchanged, with the exception of KEPLER CHEUVREUX, which lowered its target price from €55 to €51, and EXANE, which adjusted its target price to the offer price of €48.

We have analyzed recent analysts' valuation notes on the stock, to extract the main comments and opinions expressed following the announcement of the Offer.

Offer price:

With the exception of KEPLER CHEUVREUX, which believes that the Offer price proposed by CONCORDIA is below the intrinsic value of the share:

- *'We believe the offer price does not fairly compensate minority shareholders "*
- *'We do not see the tender offer price at EUR48 per share cum dividend as fair for minority shareholders."*

Other analysts are unanimous on the Offer price. Some of them believe that the market has long undervalued the share, as shown by the following comments:

- CIC MARKET SOLUTIONS:
  - 'The *exit price proposed [i.e. 48€] would, in our view, allow the current shareholders (who are mostly long-term) to value this strategy correctly.*"
  - 'We *have long believed that the market was failing to adequately price the value created by the company's strategic shift. This led to the strong development of the private equity & debt businesses initiated by Alexandre de Rothschild and their synergies with the advisory and private management activities.*" (07/02/2023)

- ODDO BHF: 'THIS *price represents a premium of 19% compared to the closing price on 3 February 2010 and a premium of 27%, 34% and 36% respectively compared respectively compared to the volume-weighted average prices 60, 120 and 180 days prior to that date, as well as a 15% premium to the historical high price'.* (07/02/2023)

- EXANE: '*SOME minority investors view the offer price as low, with EUR8 special dividend (giving shareholders back their own money) and an effective EUR40 offer price (nil premium). On the other hand the offer is being made with the shares near their all-time high, so it is not being snatched at a low point'. "*(08/02/2023)

<u>Squeeze-out</u>

KEPLER CHEUVREUX's analyst assesses the relevance of the delisting of ROTHSCHILD & CO shares:

- 'We *think there is good rationale for the company to go private'.*
- 'We *were not surprised by the announcement of* CONCORDIA *being willing to take ROTHSCHILD & CO PRIVATE'.*
- 'We *believe that a listing represents more of a burden than an opportunity for the Group*'. (07/02/2019)

Publications subsequent to the filing of the Offer

The analysts at Kepler Chevreux and Exane published notes on 15 and 19 June 2023, after the Offer was filed and the Company communicated its 2023 forecasts, the contents of which are detailed below.

Analysis of KEPLER CHEUVREUX's 15 June 2023 note

On 15 June 2023, KEPLER CHEUVREUX's analyst published a note in which he raised his price target from €51 to €66 per ROTHSCHILD & CO share, and now considers that 'Taking Rothschild & Co private will be an important loss for minority shareholders, and we believe there is a fair price for it, albeit much higher than the EUR48 cum dividend offered by Concordia'.

The publication of this note comes several months after the announcement of the Offer, at a time when the analyst had lowered its price target (from €55 to €51). In the analyst's own words: '*We do not see the offer price at EUR48 per share cum dividend as fair for minority shareholders' and 'We believe the offer price does not fairly compensate minority shareholders*'.

We present below the main structuring financial assumptions now retained by the analyst and our analysis of these.

<u>Capital structure:</u>

In the analyst's opinion, the Company's capital structure is not optimized, which adversely affects returns:

'*However, if we were to normalise Rothschild & Co's tangible equity based on a CET1 ratio of 15% then the ROTE would increase by 6pps on average over 2016-22*'.

In practice, the Group manages its capital on the basis of a target CET 1 ratio of 20%, as evidenced by the financial analysis presented above (see 4.4.2). This level has been confirmed for the long-term future. We therefore believe that the estimates mentioned in the analysis are theoretical, since they appear to be far removed from the Group's operating reality and its confirmed strategy in this area.

<u>The structure of the Offer:</u>

With regard to the structure of the Offer, it considers that the price that should be considered by shareholders is the ex-distributions price, i.e. €38.6*.*

'We consider the genuine tender offer to be the price ex-dividend, i.e. EUR38.6 per share. Dividend distributions are company money that is paid out to shareholders, i.e. capital that is owned by shareholders. We do not think it makes financial sense to include capital that belongs to shareholders in the tender offer.

'Therefore, we believe the underlying offer from Concordia stands at EUR38.6 and not EUR48. EUR38.6 is below Rothschild & Co's share closing price the week before the tender offer announcement'.

Dividends correspond to a transfer of value from the Company to each of its shareholders in proportion to their share in the capital, and we do not believe that this is a matter of principle.

The distribution of dividends represents an outflow of resources for the Company, reducing its assets and therefore its value, which must be taken into account, particularly in the case of significant distributions, as is the case here. Where a shareholder's pre-distribution value was €48.0 based on the Offer price, he will receive exactly the same amount of €48.0 by tendering his shares to the Offer, broken down into €9.4 in dividends received and a price per share offered of €38.6.

The value is always considered cum or ex-distributions, and a distinction must necessarily be made as to whether the value is before or after detachment of the coupon.

Each shareholder receives dividends in proportion to his or her share of the capital, whether or not he or she contributes to the Offer.Thus, reasoning on the basis of an Offer price of €38.6 (ex-distributions), would mean comparing the price with the Company's share price before the announcement, from which the dividends paid (i.e. €9.4 per share), which payment would reduce the Company's assets, would have to be subtracted to ensure a consistent and relevant comparison. On the basis of a pre-announcement share price of €40.25 (cum-distributions), the adjusted share price would be €30.85 (ex-distributions), and the theoretical premium generated by the ex-distributions offer price would be 25.1%.

<u>The valuation of ROTHSCHILD & CO:</u>

As mentioned above, the analyst has raised his price target from €51 to €66. The use of the following structuring valuation parameters calls for a few comments on our part:

- The analyst uses a CET1 ratio of 17% ('*Therefore, we have decided to take into account only the capital exceeding the 17% CET1 ratio*'). As mentioned above, this assumption seems far removed from the Group's operating reality, which manages its capital on the basis of an observed ratio close to 20%, illustrating the limits of the comparison made, as we have also noted.
- Furthermore, in its previous publication, the analyst considered that only 50% of surplus capital in excess of a target CET 1 ratio of 17% was distributed. He now considers the entire amount to have been distributed, with no particular explanation. '*We also remove the 50% "conservative"* discount *we used to apply on this excess capital*'.

- In its last publication, the analyst used a sum-of-the-parts multiple of 8x net income to value Global Advisory's business. This multiple corresponded to the multiple inferred from a sample of companies in the United States, to which a 20% discount was applied.

  '*For Global Advisory, we have looked at all the peers that Rothschild & Co traditionally lists as its peers in its earnings presentation. These are US companies exclusively. The 2024E consensus P/E multiples for these names is 10.7x. We use an arguably conservative P/E multiple of 8x, 20% lower than the peers' average in our SOP valuation'.*

  We understand that the analyst has revised its position by no longer applying a discount to the multiple, to take account of the levels of transaction multiples observed on M&A of consulting companies in recent months[81]. As presented in our valuation, the unregulated, US-based nature of the companies in the sample requires a discount to take account of the Company's different regulatory and market characteristics.

- As part of the valuation of the *Merchant Banking* business, the analysis uses the value of the 100% NAV.

'*We use the last disclosed NAV from Rothschild & Co (Q1 2023, EUR942m) for our valuation*'

As mentioned above, the stock market prices of listed holding companies are mostly at a discount to their Net Asset Value. In this respect, as we have implemented as part of our sum-of-the-parts valuation, the value of the NAV of the Group's own investment portfolio seems to us to need to be discounted to correspond to market values (see5.5.4.3).

<u>Company forecasts:</u>

The Company's business forecasts on which the analyst's work is based have been revised upwards since its last publication in February 2023. As stated in the Company's Q1 earnings release, the M&A market declined sharply (by almost 50%), as did the Merchant Banking market. In this respect, all things being equal, it seems surprising that in such a context, the analyst revised his forecasts upwards, notably for the 2023 financial year, and did not take into account the press release of 19 June 2023.

Analysis of KEPLER CHEUVREUX's 19 June 2023 note

Kepler Cheuvreux's analyst noted that the Company had published guidance for the 2023 financial year, the level of which differed significantly from its forecasts for the same year (estimated net income attributable to equity holders of the parent of around €280 million, compared with the analyst's forecast of €396 million, which was also provided for in its 15 June report).

If it seemed surprising that the analyst, in view of the market trends observed in the first half of 2023, should not revise his forecasts downwards in his previous note (but even increase them), it is even more surprising that he should maintain them following a Company publication showing a 29% lower short-term aggregate forecast.

The analyst has therefore kept its target price unchanged at €66.

[81] Numis, Greenhill, Arma Partners.

Analysis of Exane's 19 June 2023 note

Exane's analyst mechanically adjusted its price target (from €48 to €46.6) to take account of the ordinary dividend payment.

Regarding the Offer, the analyst said: '*We have a neutral view on the shares, expecting the takeover to be completed'.*

5.5.4 The sum-of-the-parts method based on an analogical approach to market comparables (for indicative purpose)

The sum-of-the-parts valuation method consists in valuing the various businesses that make up a group separately in order to assess their value. We consider this method to be appropriate for the valuation of the ROTHSCHILD & CO Group, which operates in different businesses and geographical areas, insofar as it enables us to value each of the Group's assets on the basis of criteria adapted to its development prospects, as well as its specific profile and risks, assessed according to the nature of the business and its location.

We have applied the sum-of-the-parts method, using an analogical approach based on homogeneous stock market comparables for each of the Group's businesses.

As indicated above, the market comparison method consists in determining the value of a company by applying multiples observed on a sample of other comparable listed companies in the same business sector (known as peers), to metrics deemed relevant.

Given the specific features of each of the ROTHSCHILD & CO group's divisions, we have not identified any listed company that is fully comparable to each of its three divisions (Global Advisory, Wealth and Asset Management, and Merchant Banking) in terms of size, business mix and geographic positioning.

For these reasons, we have selected this method on a secondary basis. Furthermore, the sum of the parts according to an analogical approach of stock market comparables could suggest the possibility of divesting each of the divisions, which would result in the destruction of synergies between the Group's businesses.

It should be noted that this method was applied on the basis of continuity with the Group's current structure, i.e. without any assumption of asset disposals.

We independently valued the Company's three divisions, before adjusting the total value of the equity obtained:

- various items not directly attributable to the divisions, such as i) central costs (overheads, non-segment activities, remuneration of excess capital), and ii) the amount of the Company's excess capital at 31 December 2022 compared with the target CET1 ratio (20%);

- value adjustments as described in section5.5.1.2 assessed on the basis of stock market multiples for the sake of methodological consistency, with the exception of the positive cash impact of the exercise of stock options, NCIs and RSUs, and of the gradual implementation of 'Basel III' between 2025 and 2029, the impact of which has been assessed on the basis of cash flows.

5.5.4.1 Global Advisory

In the absence of any listed European companies considered to be comparable, we have identified six boutique US investment banks operating mainly in the financial advisory sector (M&A, financing advisory, etc.). In addition to the fact that they do not operate in the same markets, since ROTHSCHILD&CO currently has limited activities in the USA, these companies are not regulated, which affects their comparability and should be taken into account. The six companies are as follows:

- **LAZARD LTD** is an American firm providing financial advisory services (60% of sales) and asset management services (40%). It operates mainly in the Americas (54%), Europe (41%) and Asia (5%). For the year ended 31 December 2022, LAZARD LTD GENERATED SALES of $2,785 million (or €2,606 million[82]), and net income of $392 million (or €367 million), giving an ROE of 27%
- **EVERCORE INC.** is an American firm specializing in financial consulting (98% of sales) and wealth management services (2%). It operates mainly in the United States (71%) and Europe (28%). For the year ended 31 December 2022, EVERCORE INC GENERATED SALES of $2,786 million (€2,607 million), and net income of $531 million (€497 million), giving an ROE of 32%
- **MOELIS & COMPANY** is an American firm providing a wide range of financial consulting services. It operates mainly in the United States (79%), Europe (13%) and other international markets (8%). For the year ended 31 December 2022, MOELIS & COMPANY GENERATED SALES of $985 million (€921 million), and net income (Group share) of $169 million (€158 million), giving an ROE of 32%
- **HOULIHAN LOKEY** is an American firm providing general corporate finance consulting (70%), financial restructuring (17%) and valuation (13%) services. It operates in the United States (74%) and Europe (26%). For the year ended 31 March 2023, HOULIHAN LOKEY GENERATED SALES of $1,836 million (€1,758 million), and net income of $254 million (€234 million), giving an ROE of 17%
- **PJT PARTNERS** is a U.S.-based company offering a wide range of financial consulting services, particularly in the fields of strategy and capital markets. It operates mainly in the United States (90%) and internationally (10%). For the year ended 31 December 2022, PJT PARTNERS GENERATED SALES of $1,016 million (€951 million), and net income (Group share) of $165 million (€154 million), giving an ROE of 24%;
- **PERELLA WEINBERG PARTNERS** is an American firm providing strategic and financial consulting services. It operates mainly in the United States (76%) and internationally (24%). For the year ended 31 December 2022, PERELLA WEINBERG PARTNERS generated sales of $632 million (€591 million), and net income (Group share) of -$32 million (€30 million).

We present below the main metrics (ROE in particular) of the Global Advisory division's comparables.

[82] Based on a EUR/USD parity of 0.93570.

Table 11 - Main metrics* of the Global Advisory division comparables

Comparables	Country	Sales (mEUR)	Market capitalisation (mEUR)	ROE		xPER		xP/BV	
				2023e	2024e	2023e	2024e	2023e	2024e
Lazard Ltd	Bermuda	2 606	2 583	18 %	72 %	20,2x	8,0x	6,6x	5,5x
Evercore Inc.	United States	2 607	4 100	26 %	36 %	11,2x	8,4x	2,8x	2,6x
Moelis & Company	United States	921	2 320	6 %	45 %	81,4x	14,3x	6,6x	7,2x
Houlihan Lokey, Inc.	United States	1 758	5 674	21 %	24 %	18,2x	15,3x	3,5x	3,1x
PJT Partners Inc.	United States	951	1 589	88 %	234 %	13,2x	8,4x	14,1x	40,6x
Perella Weinberg Partners	United States	591	332	17 %	24 %	7,3x	4,1x	n/a	n/a
Average				**29 %**	**72 %**	**25,2x**	**9,7x**	**6,7x**	**11,8x**
Median				**20 %**	**40 %**	**15,7x**	**8,4x**	**6,6x**	**5,5x**

* *The metrics presented above have been calendarized on the closing date of the company being valued.*
Sources: CAPITAL IQ, latest available annual reports of companies in the sample, FINEXSI analyses

The main multiples for companies in the Global Advisory sample are summarized in the table below:

Table 12 -Observed multiples* for listed companies comparable to the Global Advisory division

Comparables	Country	CA (mEUR)	Market capitalisation (mEUR)	ROE		Sales growth (%)		Net income growth (%)	
				2023e	2024e	2023e	2024e	2023e	2024e
Lazard Ltd	Bermuda	2 606	2 583	18 %	72 %	(12)%	16 %	(65)%	154 %
Evercore Inc.	United States	2 607	4 100	26 %	36 %	(9)%	14 %	(27)%	34 %
Moelis & Company	United States	921	2 320	6 %	45 %	(13)%	32 %	(82)%	468 %
Houlihan Lokey, Inc.	United States	1 758	5 674	21 %	24 %	2 %	15 %	3 %	19 %
PJT Partners Inc.	United States	951	1 589	88 %	234 %	1 %	20 %	(22)%	56 %
Perella Weinberg Partners	United States	591	332	17 %	24 %	(2)%	20 %	(40)%	77 %
Average		**1 553**	**2 766**	**29 %**	**72 %**	**(5)%**	**19 %**	**(39)%**	**135 %**
Median		**1 312**	**2 452**	**20 %**	**40 %**	**(5)%**	**18 %**	**(33)%**	**67 %**

* *Multiples induced by (i) market capitalization calculated on the basis of the 3-month WACV at 31 May 2023, and an average number of shares over 3 months, and (ii) comparable metrics calendarized over the closing date of the company being valued.*
Sources: CAPITAL IQ, latest available annual reports of companies in the sample, FINEXSI analyses

We used the average 2024E P/E multiple derived from the consensus of the companies in the sample. We have rejected the 2023E P/E multiples in the current macroeconomic context, which is particularly volatile in the banking sector, highlighting non-normative valuation multiples, as shown in particular by MOELIS & COMPANY's implied 2023E P/E. Indeed, the downward revision of analyst consensuses in the less favourable market context of the first half of 2023 for the M&A market was greater than the fall in share prices, which explains the insignificant multiples observed in 2023E.

In addition, given the unregulated US sample selected, we have taken into account a discount to reflect the valuation differential observed between European and US banks. In principle, the discount is justified by:

- Significant differences in market valuation between American and European players. ROTHSCHILD & CO is mainly exposed to European markets, where fees and market depth are much lower than in the US. Performance and, above all, growth expectations are not the same in the two markets.

- Banking regulations. As a reminder, ROTHSCHILD & CO is a company whose activities are partly regulated and on a consolidated basis, banking activities in particular being capital-intensive. The discount therefore takes into account ROTHSCHILD & Co's regulated status (BCE) and the resulting requirements, notably in terms of risk, remuneration (capped and deferred), attractiveness and profitability.

The valuation of ROTHSCHILD&CO must take account of these two major characteristics, which determine its profile and that of its activities in relation to its peers.

This comparison is reflected in the P/BV multiples[83] (see Table 12) and ROE (see Table 12) for American players are significantly higher than those of European players;

We present below the broad sample of American and European banks used to calculate the discount:

[83] For these reasons, we have not used P/BV multiples.

Table 13 - Observed multiples* on the broad sample of US and European banks used to calculate the discount

US banks	Country	CA (mEUR)	Market capitalisation (mEUR)	xPER		
				2023e	2024e	2025e
Jefferies Financial Group Inc.	United States	5 663	6 665	13,4x	7,2x	6,5x
JPMorgan Chase & Co.	United States	114 442	362 737	9,4x	9,8x	9,4x
Wells Fargo & Company	United States	67 602	137 995	8,3x	8,3x	7,8x
The Goldman Sachs Group, Inc.	United States	41 779	105 081	10,0x	8,4x	7,7x
Citigroup Inc.	United States	66 023	84 114	7,2x	6,8x	5,5x
Morgan Stanley	United States	49 955	131 255	12,5x	10,8x	9,8x
Bank of America Corporation	United States	86 465	213 664	8,1x	8,2x	7,7x
Fifth Third Bancorp	United States	7 320	16 586	7,0x	6,9x	7,0x
M&T Bank Corporation	United States	7 169	19 130	7,2x	7,2x	7,3x
The PNC Financial Services Group, Inc.	United States	19 316	46 285	8,4x	8,5x	7,8x
Truist Financial Corporation	United States	20 827	39 651	6,9x	6,9x	6,5x
U.S. Bancorp	United States	20 718	48 014	6,6x	6,2x	6,5x
Stifel Financial Corp.	United States	4 078	5 798	8,5x	7,5x	6,9x
Average				**8,7x**	**7,9x**	**7,4x**
Median				**8,3x**	**7,5x**	**7,3x**

European banks	Country	CA (mEUR)	Market capitalisation (mEUR)	xPER		
				2023e	2024e	2025e
ABN AMRO Bank N.V.	Pays-Bas	7 802	12 857	6,6x	5,6x	5,0x
Mediobanca Banca di Credito Finanziario S.p.A.	Italie	2 459	8 134	8,3x	7,9x	7,4x
Crédit Agricole S.A.	France	22 070	32 779	7,0x	6,3x	5,9x
Commerzbank AG	Allemagne	8 668	11 556	8,1x	5,7x	5,0x
Deutsche Bank Aktiengesellschaft	Allemagne	25 985	18 772	4,8x	4,3x	3,7x
UBS Group AG	Suisse	32 202	56 186	8,7x	7,6x	6,9x
BNP Paribas SA	France	44 578	69 439	6,7x	5,8x	5,2x
Société Générale Société anonyme	France	23 055	18 023	5,2x	4,2x	3,5x
Barclays PLC	Royaume-Uni	26 760	26 881	4,5x	4,2x	3,8x
UniCredit S.p.A.	Italie	18 069	34 599	5,1x	5,0x	4,4x
HSBC Holdings plc	Royaume-Uni	47 265	131 330	6,2x	6,4x	6,1x
NatWest Group plc	Royaume-Uni	14 634	29 110	5,7x	5,3x	4,8x
Banco Santander, S.A.	Espagne	41 273	54 861	5,3x	4,8x	4,3x
Banco Bilbao Vizcaya Argentaria, S.A.	Espagne	23 114	38 994	5,4x	5,6x	5,3x
Standard Chartered PLC	Royaume-Uni	14 196	20 933	6,1x	5,1x	4,5x
Lloyds Banking Group plc	Royaume-Uni	19 389	26 881	5,8x	5,5x	4,9x
Intesa Sanpaolo S.p.A.	Italie	18 471	42 587	5,7x	5,7x	5,5x
KBC Group NV	Belgique	8 229	26 123	8,2x	8,0x	7,4x
Average				**6,3x**	**5,7x**	**5,2x**
Median				**6,0x**	**5,6x**	**5,0x**

* *Multiples induced by (i) market capitalization calculated on the basis of the 3-month CMPV at 31 May 2023, and an average number of shares over 3 months, and (ii) comparable metrics calendarized over the closing date of the company being valued.*
Sources: CAPITAL IQ, latest available annual reports of companies in the sample, FINEXSI analyses

The discount observed corresponds to the difference in PER multiples observed between US banks and European banks. It ranges from 25% to 32%.

We therefore apply the average P/E 2024E multiple (ranging from 6.6x[84] to 7.3x after taking into account the above-mentioned discount) to the net income derived from the Company's 'Base Case' business plan.

5.5.4.2 Wealth and Asset Management

We have identified eight private banks and asset managers operating mainly in Europe, notably in Switzerland, Liechtenstein, the Netherlands and the UK. Like the Company, these banks support their customers - be they individuals, entrepreneurs, foundations, institutional investors, financial intermediaries or distributors - in their wealth management projects.

The eight banks described below have regulatory capital constraints comparable to those to which the Group is subject:

- **JULIUS BÄER GRUPPE AG** is a Swiss company offering asset management services. It operates mainly in Switzerland (56%), other European countries (21%), America (2%) and Asia and other countries (21%). In the year to 31 December 2022, JULIUS BÄER GRUPPE AG generated net banking income of CHF 1,962 million (€ 1,985 million) and net income, Group share of CHF 3,047 million (€ 3,083 million), giving an ROE of 15%. At the same date, the Group had assets under management (AuM) of CHF 424,120 million (€429,180 million);
- **VONTOBEL HOLDING AG** is a Swiss company providing wealth management (50%), asset management (36%) and digital investment services (14%). It operates mainly in Switzerland (62%), as well as in other European countries (22%), America (6%) and other parts of the world (10%). In the year to 31 December 2022, VONTOBEL HOLDING AG generated net sales of CHF 834 million (€ 845 million) and net income, Group share of CHF 230 million (€ 233 million), giving an ROE of 11%. At the same date, the Group had AuM of CHF 204,400 million (€206,838 million);
- **EFG INTERNATIONAL AG** is a Swiss company offering private banking and wealth management services (77%), investment and wealth solutions (11%) and global markets and treasury services (12.1%). It operates in Switzerland and Italy (37%), Asia (17%), Continental Europe and the Middle East (20%), America (10%) and the UK (16%). In the last financial year ending 31 December 2022, EFG INTERNATIONAL AG generated NBI of CHF 630 million (€638 million), with net income, Group share of CHF 204 million (€206 million), giving an ROE of 9%. At the same date, the Group had AuM of CHF 143,100 million (€144,807 million);
- **LIECHTENSTEINISCHE LANDESBANK AG** is a Liechtenstein company providing corporate and retail banking services (43%), international asset management (42%) and other miscellaneous services (15%). It operates mainly in Liechtenstein (63%), Switzerland (21%) and Austria (16%). For the year ended 31 December 2022, LIECHTENSTEINISCHE LANDESBANK AG generated net banking income of CHF 211 million (€214 million), and net income, Group share of CHF 149 million (€151 million), giving an ROE of 7%. At the same date, the Group had AuM of CHF 83,926 million (€84,927 million);
- **VP BANK AG IS A** Liechtenstein company offering brokerage and private banking services (80%), customer solutions (11%) and other services (9%). It operates mainly in Liechtenstein (69%), other European countries (24%) and other parts of the world (7%). For the year ended 31 December 2022, VP BANK AG generated net banking income of CHF

[84] (9.7x * (1-32%)).

140 million (€142 million), and net income, Group share of CHF 40 million (€41 million), giving an ROE of 4%. At the same date, the Group had AuM of CHF 52,283 million (€52,924 million);

- **VAN LANSCHOT KEMPEN NV** is a Dutch company providing banking services to private customers (71%), wholesale and institutional customers (13%), investment banks (9%) and other services (6%). It operates mainly in the Netherlands (83%), with the remainder in Belgium (13%) and other countries (4%). For the last financial year ending 31 December 2022, VAN LANSCHOT KEMPEN NV generated NBI of €233 million and net income (Group share) of €84 million, giving an ROE of 6%. At the same date, the Group had AuM of €108 million
- **RATHBONES GROUP PLC** is a British company offering direct portfolio management (86%) and fund investment services (14%). It operates almost exclusively in the UK (97%), with the remainder in Jersey (3%). For the year ended 31 December 2022, RATHBONES GROUP PLC generated NBI of £49 million (€55 million[85]), with net income, Group share of £49 million (€55 million), giving an ROE of 8%. At the same date, the Group had AuM of £60,200 million (€67,871 million)
- **BROOKS MACDONALD GROUP PLC** is a British company providing investment and wealth management services. It operates mainly in the UK (83%), with the remainder in the Channel Islands (17%). For the last financial year ending 30 June 2022, BROOKS MACDONALD GROUP PLC generated NBI of £106 million (€123 million), with Group share of net income of £23 million (€27 million), giving an ROE of 17%. At the same date, the Group had AuM of £15,700 million (€18,250 million).

We present below the main metrics of the Wealth and Asset Management division's comparables.

Table 14 - Presentation of the main metrics* of the Wealth and Asset Management division's comparables

Comparables	Country	ROE	Net income growth (%)	
		2024e	2024e	2025e
Julius Bär Gruppe AG	Switzerland	18 %	10 %	7 %
Vontobel Holding AG	Switzerland	12 %	23 %	8 %
EFG International AG	Switzerland	12 %	14 %	8 %
Liechtensteinische Landesbank	Liechtenstein	8 %	5 %	4 %
VP Bank AG	Liechtenstein	4 %	13 %	15 %
Van Lanschot Kempen NV	Netherlands	9 %	(12)%	10 %
Rathbones Group Plc	United Kingdom	12 %	17 %	11 %
Brooks Macdonald Group plc	United Kingdom	n/a	9 %	15 %
Average		**11 %**	**10 %**	**10 %**
Median		**12 %**	**12 %**	**9 %**

* *The metrics presented above have been calendarized on the closing date of the company being valued.*
Sources: CAPITAL IQ, latest available annual reports of companies in the sample, FINEXSI analyses

The main multiples of the companies in the Wealth and Asset Management sample are summarized in the table below:

85 Based on a EUR/GBP parity of 1.12742.

Table 15 - Observed multiples* for listed companies comparable to the Wealth and Asset Management_division

Comparables	Country	AUM / (€Mds)	CA (mEUR)	Market capitalisation (mEUR)	xPER		xP/BV	
					2023e	2024e	2023e	2024e
Rothschild & Co SCA	France	100	3 064	3 458	8,9x	7,7x	1,0x	0,9x
Julius Bär Gruppe AG	Switzerland	465	3 899	12 587	11,0x	9,9x	1,9x	1,8x
Vontobel Holding AG	Switzerland	235	1 300	3 254	13,3x	10,9x	1,4x	1,3x
EFG International AG	Switzerland	166	1 282	2 761	10,7x	9,4x	1,2x	1,2x
Liechtensteinische Landesbank	Liechtenstein	89	509	1 887	11,3x	10,7x	0,8x	0,8x
VP Bank AG	Liechtenstein	57	343	602	14,3x	12,6x	0,6x	0,5x
Van Lanschot Kempen NV	Netherlands	112	586	1 123	8,9x	10,1x	n/a	n/a
Rathbones Group Plc	United Kingdom	81	574	1 295	14,7x	12,5x	1,7x	1,8x
Brooks Macdonald Group plc	United Kingdom	18	142	334	11,9x	10,9x	3,7x	3,1x
Average					**12,0x**	**10,9x**	**1,6x**	**1,5x**
Median					**11,6x**	**10,8x**	**1,4x**	**1,3x**

* *Multiples induced by (i) market capitalization calculated on the basis of the 3-month WACV at 31 May 2023, and an average number of shares over 3 months, and (ii) comparable metrics calendarized over the closing date of the company being valued.*
Sources: CAPITAL IQ, latest available annual reports of companies in the sample, FINEXSI analyses

In addition, there are significant size differences in terms of AuM between some of the companies in the sample and ROTHSCHILD & CO, not to mention the fact that the comparables have a more pronounced development strategy of their own than the Company's Wealth & Asset Management business, which is more dependent on synergies with the Group's other divisions, which may explain the consequent differences in performance and anticipated earnings growth.

For these reasons, we have analysed and taken into account the net income growth differentials between the companies in the sample and forecasts[86] for the 2023 and 2024 financial years. On this basis, the expected performance differentials are estimated to be between 20% and 25. We have therefore taken into account haircuts between 20% and 25%. There is therefore a corresponding impact on the value of the business.

We therefore apply the average PER 2024E multiple (between 8.1x and 8.8x after taking into account the above-mentioned discount) to the net income derived from the Company's 'Base Case' business plan.

5.5.4.3 Merchant Banking

Private equity players generate their revenues from three sources:

- Fee-related earnings (FRE): the most predictable and resilient form of income, based on a commission applied to the capital committed by fund subscribers;
- Performance fees (carried interest or performance-related fees, PRE): these are fees that depend on the fund's performance, and are inherently more volatile than management fees.
- Investment income: income and capital gains from proprietary investments whose value can fluctuate significantly according to market conditions.

For this reason, we have assessed the value of the business through its three sources of income.

[86] 'Base case' and 'Adjusted case' business plans.

We began by identifying a broad sample of private equity players with different geographical and operational profiles (third-party management, proprietary management, infrastructure specialists, etc.).

This sample is presented below

- **PARTNERS GROUP HOLDING AG** is a Swiss private equity firm active in private equity (59%), private infrastructure (17%), private debt (13%) and private real estate (11%). It operates in Guernsey (33%), Luxembourg (37%), the United States (16%), Switzerland (2%) and other countries (12%). In the year ended 31 December 2022, PARTNERS GROUP HOLDING AG generated net sales of CHF 2,590 million (€2,621 million[87]), net income (Group share) of CHF 1,005 million (€1,017 million), ROE of 38% and AUM of $135,000 million (€126,320 million);
- **EQT AB** is a Swedish private equity firm active in real estate (51%) and private equity (49%). It conducts all its business in Sweden. For the year ended 31 December 2022, EQT AB generated net sales of €1,329 million, net income (Group share) of €176 million, ROE of 20% and AUM of €210,000 million;
- **ARES MANAGEMENT CORPORATION** is an American private equity firm active in credit (65%), private equity (6%), real estate (19%), non-core assets (8%) and strategic initiatives (2%). It operates mainly in North America. For the year ended 31 December 2022, ARES MANAGEMENT CORPORATION generated NBI of $994 million (€930 million[88]), net income (Group share) of $439 million (€411 million), ROE of 9%, and AUM of $351,977 million (€329,364 million);
- **ANTIN INFRASTRUCTURE PARTNERS** is a French private equity firm specializing in asset management. It operates in the United States (30%), France (13%), the United Kingdom (20%), the Iberian Peninsula (16%), Italy (9%) and other European countries (12%). For the year ended 31 December 2022, ANTIN INFRASTRUCTURE PARTNERS generated NBI of €209 million, with net income (Group share) of €-17 million, and AUM of €30,600 million;
- **BRIDGEPOINT GROUP PLC** is a British private equity firm, active in private equity (78%) and credit (22%). It operates in the UK and other European countries. For the year ended 31 December 2022, BRIDGEPOINT GROUP PLC generated NBI of £241.5 million (€272 million[89]), net income (Group share) of £121 million (€136 million), ROE of 16% and AUM of £38,000 million (€42,800 million);
- **BLACKSTONE GROUP PLC** is an American private equity firm active in real estate (42%), private equity (29%), credit and insurance (20%) and solutions for investment funds (9%). It operates mainly in the United States. For the year ended 31 December 2022, BLACKSTONE GROUP PLC generated NBI of $6,283 million (€5,879 million), net income (Group share) of $2,989 million (€2,797 million), ROE of 14% and AUM of $974,700 million (€912,027 million);
- **KKR & CO INC** is an American private equity firm active in asset management (88%) and insurance (12%). It operates mainly in the Americas (68%), as well as in Europe (10%), the Middle East (8%) and Asia-Pacific (14%). For the year ended 31 December 2022, KKR &

[87] Based on a EUR/CHF parity of 1.01193.
[88] Based on a EUR/USD parity of 0.93570.
[89] Based on a parity of 1.12742.

CO INC generated NBI of $2,822 million (€2,641 million), net income (Group share) of -$1,024 million (-€958 million) and AUM of $503,897 million (€471,496 million);

- **APOLLO GLOBAL MANAGEMENT INC.** is an American private equity firm active in asset management (35%), pension management (58%) and investment (7%). It operates mainly in the United States. For the year ended 31 December 2022, APOLLO GLOBAL MANAGEMENT INC generated NBI of $1,410 million (€1,319 million), net income (Group share) of -$4746 million (€-4,441 million) and AUM of $547,600 million (€512,389 million);

- **THE CARLYLE GROUP INC** is an American private equity firm active in private equity (72%), credit (18%) and investment solutions (10%). It operates in the Americas (58%), Europe, the Middle East and Africa (36%) and Asia (6%). For the year ended 31 December 2022, THE CARLYLE GROUP INC GENERATED NBI of $608 million (€569 million), net income (Group share) of $1,285 million (€1,202 million) and ROE of 21%;

- **3I GROUP PLC** is a British private equity firm active in private equity (91%) and infrastructure (9%). It operates mainly in Northern Europe (76%), North America (17%) and the UK (7%). For the year ended 31 March 2022, 3I GROUP PLC achieved a gross return on investment of £4,525 million (€5,152 million[90]), with net income (Group share) of £4,573 million (€5,207 million), ROE of 31% and AUM of £22,900 million (€27,100 million);

- **INTERMEDIATE CAPITAL GROUP PLC** is a British company specializing in asset management and various investments. It operates mainly in Europe (71%), but also in North America (21%) and Asia-Pacific (9%). For the year ended 31 March 2022, INTERMEDIATE CAPITAL GROUP PLC generated NBI of £453 million (€516 million), net income (Group share) of €278 million (€317 million), ROE of 11% and AUM of $68,500 million (€61,700 million);

- **EURAZEO SE** is a French company that invests mainly in private equity (81%), real estate (7%) and other assets (11%). The company has a geographical presence on all continents. For the year ended 31 December 2022, EURAZEO SE generated sales of €4,640 million, net income (Group share) of €488 million, ROE of 6% and AUM of €34,100 million;

- **TIKEHAU CAPITAL** is a French company active in private debt (17%), real estate (19%), private equity (11%), capital markets (3%) and fund of funds (49.6%). The company has a geographical presence on all continents. For the year ended 31 December 2022, TIKEHAU CAPITAL generated NBI of €97 million, net income (Group share) of €320 million, ROE of 10% and AUM of €38,800 million; **STEPSTONE GROUP INC** is an American private equity firm. Its activities are carried out in the United States (31%) and in other international countries (69%). For the year ended 31 March 2023, STEPSTONE GROUP INC generated NBI of $380 million (or €350 million[91]), with net income (Group share) of -€45 million (or -€42 million), and AUM of $134,000 million (€120,627 million).

Based on available information, we then analysed the multiples used by analysts tracking these companies, enabling them to value both management fees (FRE) and performance fees (PRE). Our own investments were valued based on their balance sheet value at the end of December 2022.

[90] Based on a parity of 1.13866.
[91] Based on a EUR/USD parity of 0.92040.

Table 15 - Observed FRE/PRE multiples among private equity players

Comparables	Analyst	Date	FRE Multiple 2024e	PRE Multiple 2024e	Delta
Antin	Jefferies	26/04/2023	25,0x	10,0x	(60,0)%
Bridgepoint	JP Morgan	11/05/2023	18,0x	11,0x	(38,9)%
	Jefferies	16/03/2023	25,0x	10,0x	(60,0)%
Blackstone	Exane	24/10/2022	20,3x	12,2x	(39,9)%
EQT	JP Morgan	25/05/2023	18,0x	12,0x	(33,3)%
KKR	JP Morgan	24/01/2023	20,0x	8,0x	(60,0)%
Ares Management	JP Morgan	03/05/2023	23,0x	7,0x	(69,6)%
Average			**21,3x**	**10,0x**	**(51,7)%**

Sources: CAPITAL IQ, FINEXSI analysis

We apply the average multiples of FRE and PRE 2024 to the net results derived from the Company's 'Base Case' business plan.

Own-account investments have been valued on the basis of their portfolio balance sheet value at the end of December 2022, taking into account a discount[92] based on the average observed (between 35% and 42%) on a sample of listed investment companies. [93]

5.5.4.4 Evaluation results

The values of the Company's three businesses were then aggregated and the adjustments described above were applied to determine the value of shareholders' equity. Central costs were calculated on the basis of the average multiple for each division.

Based on this analysis, we have selected a value range of between €47.4 and €49.6 per ROTHSCHILD & CO share. The Offer price of €48.0 per ROTHSCHILD & CO share represents a premium of 1.3% to the lower limit, and a discount of 3.2% to the upper limit.

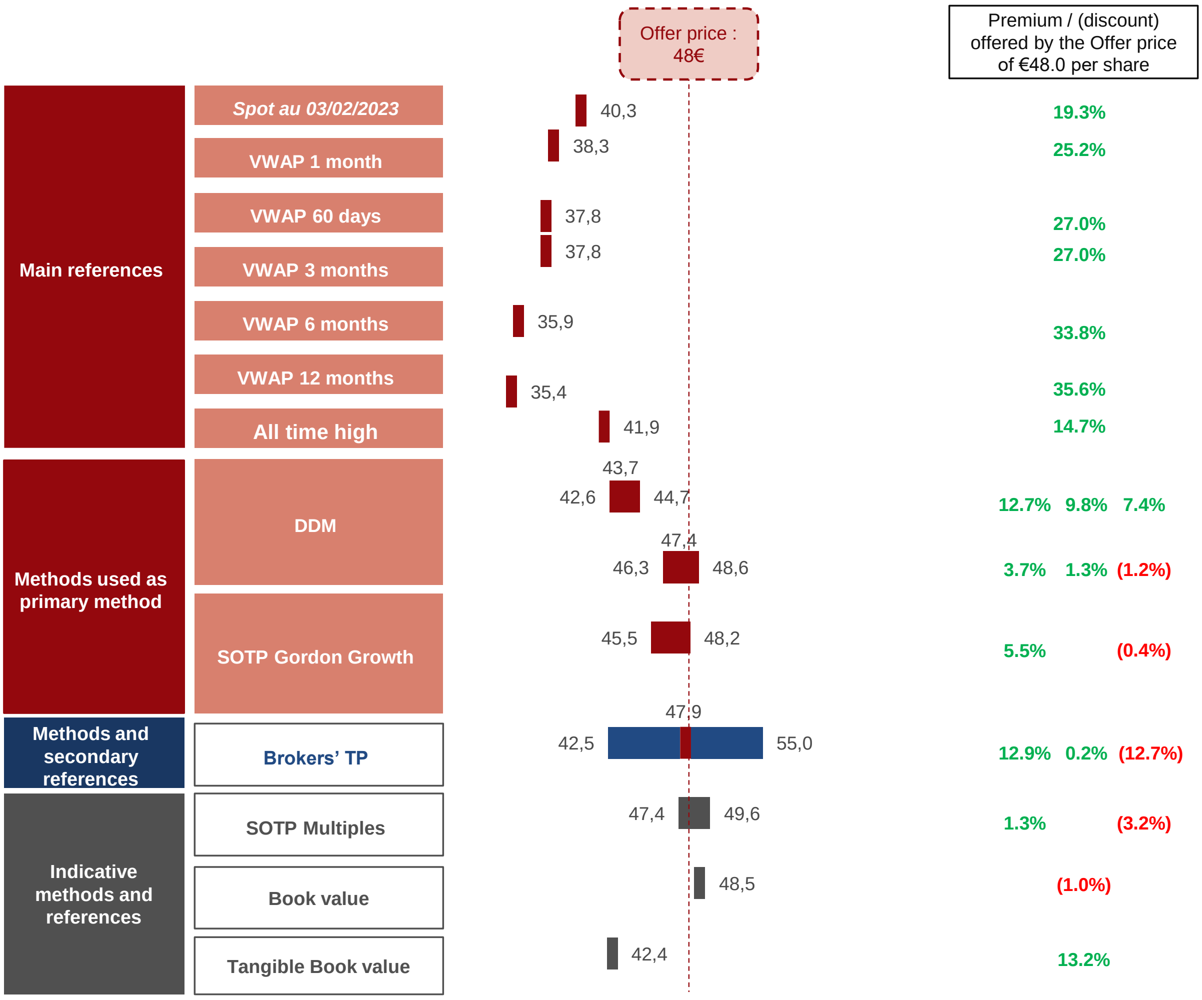
The need to make adjustments to the multiples observed for the Global Advisory and Wealth Asset Management businesses reflects the fact that the companies examined are not directly comparable, which is why this criterion is presented for indicative purpose.

[92] With regard to portfolio value, we referred to valuation multiples observed on identified listed private equity companies. These multiples reflect a discount to periodically published portfolio values. The main factors explaining the discounts observed on investment portfolios are : the costs associated with managing investments, the costs of making investments that are intended to be sold when the vehicle carrying them matures (the process of selling unlisted assets), and any constraints linked to co-investments and non-majority stakes, the reduced liquidity of unlisted investments, the uncertainties surrounding future value trends and the market conditions that will prevail when the vehicle matures and the investments need to be realized (time to market, maturity and development phase of the underlying assets, market conditions at maturity, etc.), tax frictions, etc.

[93] Wendel, Eurazeo, GBL and Altamir.

5.6 Valuation summary

Table 16 - Valuation summary and positioning of the Offer price



Sources: Finexsi, CAPITAL IQ

We remind you that even when discounts are applied to partnerships limited by shares to take account of the restrictions imposed by this status, particularly in terms of the ability to influence management or take control, our calculations do not take account of any discount in this respect, even if it appears justified in principle.

Furthermore, as we saw on the ex-ordinary dividend date, the share price on May 29, 2023 adjusted downwards by €1.4, from €47.6 per share to €46.2. The Offer price also automatically adjusted to €46.6 per share. Each of the above references must be adjusted by the same amount to be compared with the adjusted Offer price.

Similarly, when the exceptional dividend will be detached, the Offer price will become €38.6 per share, and each of the above references will have to be adjusted accordingly by a further €8 per share.

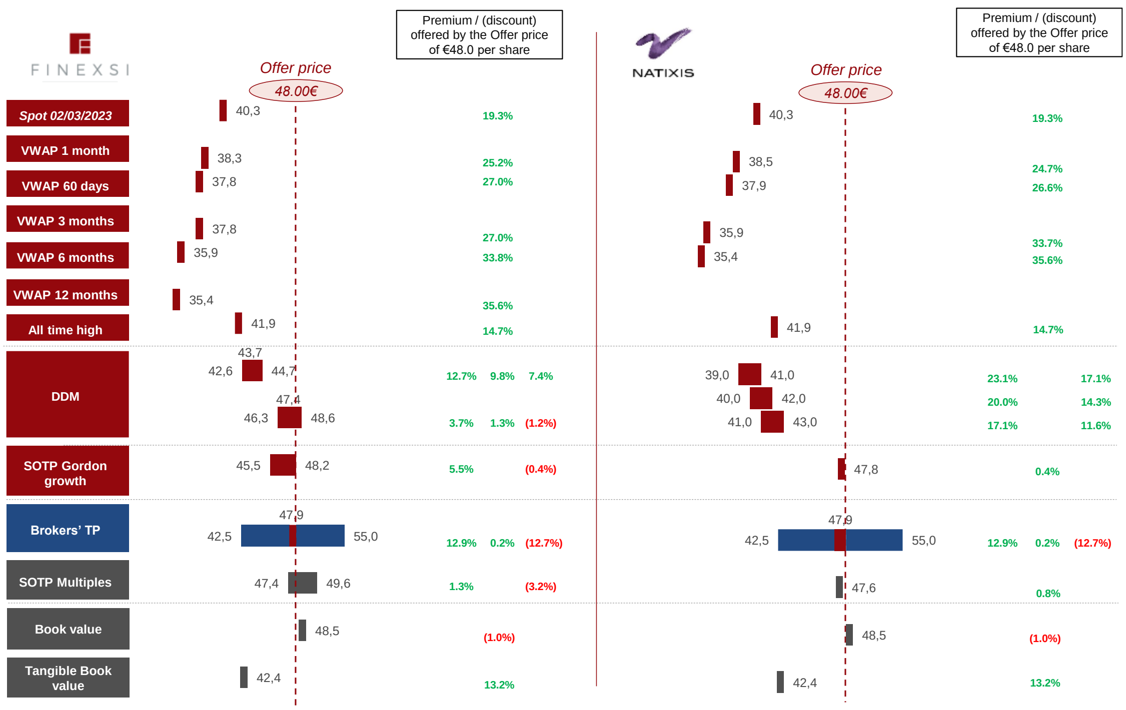
6. Analysis of the pricing information provided by the Presenting Banks

NATIXIS and CRÉDIT AGRICOLE ILE DE FRANCE, acting as Presenting Banks of the Offer, have prepared the data on which to asses the Offer price set out in section 3 of the Draft Offer Document.

We have analysed these elements and met with the representatives of the Presenting Banks in charge of the evaluation to discuss the various evaluation criteria used.

The results of our work are summarized below, together with the premiums and discounts on the Offer price.

Figure 41 - Summary of FINEXSI's and the Presenting Institution's evaluation work



Sources: Finexsi, Presenting Banks

6.1 Choice of evaluation criteria

For the valuation of ROTHSCHILD & CO, the Presenting Banks used the same criteria as FINEXSI, i.e. the intrinsic method of discounting forecast dividend flows (DDM), the sums of the parts according to the multiples method and the Gordon-Growth method, the reference to the stock market price of the ROTHSCHILD & CO share and the reference to the price objectives of the analysts following the stock.

The Presenting Banks rejected the references to Net Asset Value (NAV) and Restated Net Asset Value (NAV), the transaction multiples method, the sum of the parts according to the transaction multiples method, recent capital transactions and the reference to the Company's net asset value. Finexsi rejected the same methods and references but examined the Net Asset Value reference in detail.

We would like to make a number of comments on the implementation of the various criteria.

6.2 Implementation of the various criteria

6.2.1 Stock price analysis

Like FINEXSI, the Presenting Banks have carried out an analysis of the Company's share price up to 3 February 2023, the last trading day prior to the announcement of the Offer, and have calculated averages over various periods preceding this date.

We have not identified any significant discrepancies between the data presented by FINEXSI and those of the Presenting Banks.

6.2.2 Analysts' price targets

As the analysts and price targets used by the Presenting Banks and FINEXSI are identical, we have no particular comments to make.

6.2.3 Reference data

Valuation date

The Presenting Banks are positioned on 31 December 2022, and FINEXSI on 31 May 2023.

Number of actions selected

The numbers of shares used by the Presenting Banks and Finexsi are identical and correspond to the number of diluted shares at 31 December 2022.

6.2.4 Discounting of dividend flows

Concerning the forecasts considered

Like FINEXSI, the Presenting Banks had access to the management's business plan, which did not call for any further comment on our part. However, FINEXSI has benefited from an update of the business plan, revising the 2023 budget in the light of recent market developments, which may give rise to slight discrepancies with the values expressed by the Presenting Banks.

Concerning financial assumptions

FINEXSI's perpetual growth rate of 1.6% is slightly higher than the 1.5% used by the Presenting Banks. The difference between the perpetual growth rates used by FINEXSI and the Presenting Banks can be explained by a difference in approach. FINEXSI calculated its rate on the basis of the average of the inflation rates forecast for 2028 by the IMF in the various geographical zones where the Company operates, weighting them by the pre-tax net income achieved in 2022 in each zone. On the other hand, the Presenting Banks have assumed growth in line with the IMF's average growth forecasts for the Euro zone, the United Kingdom and the United States over the 2023-2028 period.

Analysis of cost of equity calculation

With regard to the discount rate, Finexsi uses a cost of equity of 11.8%, which is lower than the 12.4% used by the Presenting Companies. This difference can be attributed to the following factors:

- Different sources for the risk-free rate: the Presenting Banks use a risk-free rate derived from an average of 6-month yields on 10-year government bonds for the Eurozone, the

United Kingdom and the United States, which stands at 3.2%, while FINEXSI refers to the average OAT TEC 10-year rate (6-month average) of 2.83%.

- A different risk premium, FINEXSI having retained a premium of 4.88% (6-month average of risk premiums ASSOCIATED WITH FINANCE) while the Presenting Banks retain a risk premium of 7.6% taken from the BLOOMBERG DATABASE.

- A 5-year average beta of 1.23 retained by the Presenting Banks, corresponding to the average of the sample of listed companies in each of the Company's divisions. FINEXSI has selected a beta of 1.53, which is determined by weighting the average 1-year beta of each division's stock market comparables according to their contribution to the Group's overall net income in 2025.

- The Presenting Banks do not apply a size premium, while FINEXSI applies a 0.5% premium based on the KROLL 2022 table, reflecting the additional risk associated with the Company's size compared with the companies in the samples used to calculate the beta of the various divisions.

- In addition, FINEXSI applies a 1.0% risk premium to the Group's geographic exposure, while the Presenting Banks do not.

Analysis of return on allocated capital (RoCapAl)

FINEXSI's return on allocated capital (RoCapAl) is 13%, corresponding to the adjusted average observed over the 2023-2025 period of the 'Base Case' business plan[94], restated for remuneration of excess capital and after a worldwide minimum tax of 15% on Merchant Banking activities.1 The Presenting Banks use a RoCapAl of 12.6% based on the 2023-2025 average of the 'Base Case' business plan.

The Presenting Banks, like FINEXSI, have also calculated a 'normative' RoCapAl of 11.9%, based on a historical analysis of the Company's return on allocated capital.

Regulatory capital ratio

Like FINEXSI, the Banks have chosen a target CET1 ratio of 20% to establish the dividend distribution constraint.

Adjustments

Like FINEXSI, the Presenting Institutions have made the following adjustments to the value of shareholders' equity:

- The present value of future interest payments on subordinated debt
- The present value of the Company's net income attributable to its General Partners
- Present value of Basel III regulatory impacts (finalized)
- IFRS adjustment for deferred compensation
- The positive impact on the Company's capital of the exercise of dilutive instruments (stock options, NCIs, RSUs)

[94] Whose 2023 budget has been adjusted.

Analysis of sensitivities and results

The value per ROTHSCHILD & CO share retained by the Presenting Banks is between €39.05and €43.05

The value per share retained by Finexsi is between €46.3 and €48.6, with a central value of €47.4 based on a 'Base Case' RoCapAI of 13%, and between €42.6 and €44.7 based on a 'Normative' RoCapAI of 11.9%.

6.2.5 SOTP Gordon-Growth model

Like FINEXSI, the Presenting Banks have assessed the three businesses on the basis of a level of allocated capital, return on equity and cost of equity for each business line.

The value per ROTHSCHILD & CO share derived by the Presenting Banks using the sum-of-the-parts method based on the Gordon-Growth approach is €47.8.

FINEXSI's work shows a value of between €45.5 and €48.2. The difference in valuation is due to several factors, which can be presented as follows:

Discount rate and perpetual growth

A difference in discount rates by division. FINEXSI uses slightly lower discount rates than the Presenting Banks, with a cost of capital for the (i) Global Advisory division of 10.8% v 11.6%, (ii) Wealth and Asset Management of 10.4% v 10.7%, and Merchant Banking of 13.1% v 14.6%. This point should be emphasized in view of the high sensitivity of this approach to the cost of equity capital.

Different approaches to determining perpetual growth rates, as mentioned above The Presenting Banks use a perpetual growth rate of 1.5%, slightly lower than FINEXSI's rate of 1.6%.

Concerning the forecasts considered

FINEXSI based its valuation on a business plan with a revised 2023 budget, which may explain the slight differences in RoCapAI levels by business line.

Regulatory capital ratio

Like FINEXSI, the Presenting Banks have used a target CET1 ratio of 20% to establish the level of excess capital.

Adjustments

Like FINEXSI, the Presenting Institutions have made the following adjustments to the value of shareholders' equity:

- The present value of future interest payments on subordinated debt
- The present value of the Company's net income attributable to its General Partners
- Present value of Basel III regulatory impacts (finalized)
- IFRS adjustment for deferred compensation
- The positive impact on the Company's capital of the exercise of dilutive instruments (stock options, NCIs, RSUs);

- The Company's central costs. FINEXSI, for its part, carried out a valuation of central costs based on the Group's allocated capital, cost of equity and RoCapAI established for the Company.

- Taking into account excess capital at 31 December 2022. The presenting institutions have adjusted the capital allocated at the end of 2022 for variations in RWAs, which are considered to be of a 'temporary' nature.

- The reporting institutions have used the present value of the tax savings arising from the assumption that the 'Pillar 2' rules will only be applied from 2026.

6.2.6 SOTP stock multiple method

The value per ROTHSCHILD & CO share used by the Presenting Banks is €47.6. The value per share used by Finexsi is between €47.4 and €49.6. The methodological differences leading to these differences are presented below.

Global Advisory

FINEXSI and the Presenting Banks have used an average multiple of PER 2024E, to which a discount has been applied to take account of differences in market conditions and prudential standards between the United States and Europe.

The average PER 2024 multiples of FINEXSI and the Presenting Banks are (after discount) respectively 7.3x and 7.7x. These differences are due to the following factors:

- This sample differs slightly from the selection of GREENHILL and PIPER SANDLER by the Presenting Banks. FINEXSI, for its part, decided not to retain these companies due to their size relative to the other companies in the sample, the rather limited follow-up of the stock (GREENHILL & Co) and by an activity based exclusively in the United States (PIPERSANDLER).

Wealth and Asset Management

Like FINEXSI, the Presenting Banks have used an average PER 2024E multiple. The multiple is 10.3x, compared with 10.9x for FINEXSI. The difference is due to:

- A broader sample of companies selected by FINEXSI and the non-selection of BANCA GENERALI, whose business is based solely in Italy.

However, as explained in section 5.5.4.3 Finexsi has applied a discount[95] to account for any differences in growth between the Company and the companies in the sample of comparables.

Merchant Banking

The Presenting Banks and FINEXSI took a similar approach to valuing the Merchant Banking business. Namely, a valuation based on management revenues, performance and the proprietary investment portfolio. Nonetheless, some differences remain:

- As regards the choice of sample, the Presenting Banks selected 4 comparable companies (BRIDGEPOINT, EQT, ICG and PARTNERS GROUP), while Finexsi initially selected a broad

[95] Between 20% and 25%.

sample of 14 comparable companies: PARTNERS GROUP, EQT, ARES MANAGEMENT, ANTIN INFRASTRUCTURE, BRIDGEPOINT GROUP, BLACKSTONE, KKR & CO, APOLLO GLOBAL MANAGEMENT, THE CARLYLE GROUP, 3I GROUP, INTERMEDIATE CAPITAL GROUP, EURAZEO, TIKHEAU CAPITAL and STEPSTONE. A selection of 6 companies was then made on the basis of the information available, as presented below.

- A different approach to determining management and performance multiples.
  - The Presenting Banks apply separate multiples to fee-related earnings (FRE) and performance-related earnings (PRE). In the absence of sufficient granularity in analysts' publications, the Presenting Companies have assumed a discount of 40% between the multiple applicable to FRE and that applicable to PRE. This assumption was applied to the P/PRE multiples of the companies in the sample in order to derive induced FRE and PRE (pre-tax) multiples of 13.6x and 8.1x, respectively.
  - For its part, Finexsi has used FRE/PRE multiples based on analysts' forecasts for the companies selected in our sample where the information was available, resulting in FRE and PRE multiples (after tax) of 21.3x and 10.0x.
  - own investments were valued by the Presenting Banks separately, using a P/NAV multiple of 0.54x (implies a discount of 46%), corresponding to the average observed for EURAZEO and WENDEL. Finexsi used a discount to NAV of between 35% and 42% on a larger peers sample.

Regulatory capital ratio

Like FINEXSI, the Presenting Banks have used a target CET1 ratio of 20% to establish the level of excess capital.

Adjustments

Like FINEXSI, the Presenting Institutions have made the following adjustments to the value of shareholders' equity:

- The present value of future interest payments on subordinated debt
- The present value of the Company's net income attributable to its General Partners
- Present value of Basel III regulatory impacts (finalized)
- IFRS adjustment for deferred compensation
- The positive impact on the Company's capital of the exercise of dilutive instruments (stock options, NCI, RSU);
- The Company's central costs. For its part, FINEXSI has evaluated central costs on the basis of the average multiple of each business line;
- Taking into account excess capital at 31 December 2022. The presenting institutions have adjusted the capital allocated at the end of 2022 for variations in RWAs, which are considered to be of a 'temporary' nature.

7. Related agreements

We have examined the agreements that could have a material influence on the assessment of the Offer, as presented in the Draft Offer Document, in order to assess whether these agreements include financial provisions that could call into question the fairness of the Offer price.

7.1 The Investment Agreement

The 'Investment Agreement' was entered into on 13 February 2023, and amended on 9 May 2023, between the members of the Concert (as presented in section 1.1), including the Offeror.

The Investment Agreement defines the relations between the members of the Concert with regard to the launch of the Offer, its financing and the commitment to enter into a Shareholders' Agreement.

With regard to the launch of the Offer, the Investment Agreement provides in particular for:

- the filing of the Offer by the Offeror with the AMF, on behalf of the Concert, subject to obtaining the required regulatory approvals;
- an undertaking by each member of the Concert not to take any action that might prejudice the Offer;
- an undertaking by each of the members of the Concert to take the necessary steps and to cooperate with the Company and the Offeror to obtain the regulatory approvals required in connection with the Offer;
- the terms and conditions of financing of the Offer by the members of the Concert; and
- a commitment by the members of the Concert to cooperate in the Offer;

With regard to the financing of the Offer, the Investment Agreement provides that the acquisition of the Company's shares under the Offer will be partially financed by the Offeror and certain members of the Concert.

The shares acquired will be allocated among the members of the Concert in accordance with the following allocation rules (the 'Allocation Rules'):

- 1st tranche: the shares will initially be allocated exclusively to the Offeror until its stake reaches 50.1% of the Company's share capital (on a fully diluted basis);
- 2nd tranche: once the target set in the 1st tranche has been reached, the shares will then be allocated to Groupe Industriel Marcel Dassault, Mousseshield L.P, Giuliani Investimenti S.A. and Peugeot Invest Assets in equal shares until their respective holdings have each reached 5.1% of the Company's share capital (on a fully diluted basis);
- 3rd tranche: once the target set in the 2nd tranche has been reached, the shares will then be allocated to DKTRANS S.àr.l., Norbert Dentressangle Investissements, Mr. Hubertus von Baumbach and the entities related to the English Rothschild family (including Hannah Rothschild), (Fondation Berma, The Rothschild Foundation, Rothschild Foundation (Hanadiv) Europe, Five Arrows Investments Limited and Trust Corporation of the Channel Islands Limited Private and Corporate Trustees Limited and Directors One Limited as Trustees of the Emily and Amelia Trust – J Fund) in equal shares until their holdings have

reached 892,727 shares for DKTRANS S.à r.l.,, respectively. 518,135 shares for Norbert Dentressangle Investissements 609,190 shares for Mr. Hubertus von Baumbach, and a total of 1,295,337 shares for entities related to the English Rothschild family (including Hannah Rothschild);; and

- 4th tranche: once the target set in the 3rd tranche has been reached, shares will be allocated to Rothschild & Co Partners until its holding reaches 9.7% of the Company's share capital[96], with the balance allocated to Concordia.

For the duration of the Investment Agreement, Concert Party members may not acquire or dispose of shares without the prior consent of the other Concert members, except in the cases provided for in the Investment Agreement.

We note that the new shareholders will purchase the shares in the context of the Offer and at the Offer price.

On this basis, we do not identify any financial provision likely to create an advantage over the minority shareholders to whom the Offer is proposed.

7.2 Shareholders' Agreement

The Shareholders' Agreement was signed on 8 June 2023 between the members of the Concert Party, including the Offeror, for a term of fifteen years[97] .

The Shareholders' Agreement defines relations between Concert Party members with regard to corporate governance and liquidity.

As regards corporate governance, following the Offer, including, if applicable, in the event of the implementation of the Squeeze-out, the Company will retain a dual governance structure, but the composition of the Supervisory Board will be reshuffled to reflect the Company's new shareholder structure.

Share transfer and exit clauses.

With regard to liquidity, the Shareholders' Agreement establishes the following principles:

- a lock-up clause[98] for a period of 8 years following the settlement-delivery date of the Offer;
- (ii) at the end of the lock-up period, a liquidity clause allowing shareholders (with the exception of the Offeror) to transfer all or part of their shares provided that they represent at least 1% of the Company's share capital, and subject to the Offeror's right of first refusal[99];

[96] (on a fully diluted basis as valued at the date of the Draft Offer Document, taking into account shares already held or to be held)
[97] It will be automatically terminated if the squeeze-out has not been implemented by the third anniversary of the settlement-delivery date of the Offer.
[98] (subject to certain exceptions, notably transfers made to an affiliate of the transferring shareholder, in which the latter holds more than 50% of the capital and voting rights and over which it retains exclusive control)
[99] (by exception, any shareholder holding or coming to hold less than one percent (1%) of the Company's share capital may transfer all (and only all) of his Shares during the same period)

- (iii) a clause requiring the Managing Parter's prior approval, applicable in the event of a squeeze-out;
- (iv) a promise to sell granted by the parties to the Shareholders' Agreement (other than the Offeror and Rothschild & Co Partners) in favour of the Offeror and relating to all their shares, put into play in the event of a change of control;
- (v) a total tag-along right for shareholders other than the Offeror, which may be exercised if the Offeror comes to hold less than 34% of the Company's share capital, or if the Rothschild family ceases to hold more than 50% of the Offeror's share capital, or if the French branch of the Rothschild family ceases to control Rothschild & Co Gestion or any other statutory manager of the Company; and
- (vi) a total exit obligation under which the Offeror may force the other shareholders to sell their Shares in the event of a takeover bid by a third party for 100% of the Company's share capital, or in the event of the sale of 100% of the Offeror's share capital, or in the event of the sale by the French branch of the Rothschild family of 100% of its interest in the Company.

Under the terms of the Shareholders' Agreement, the parties benefit from an anti-dilution right in the event of a capital increase of any kind.

The Shareholders' Agreement includes a clause for the annual determination of the value of the Company's shares based on a formula to be applied by an independent financial appraiser, taking into account 50% of the multiple of the adjusted tangible net asset value induced by the Offer price, and 50% of the value of the Company on a multi-criteria basis[100]. The Company's valuation assumptions are consistent with the valuation methods used in the Offer.

We note that:

- Future shareholders are bound by an 8-year lock-up clause restricting their liquidity.
- Beyond this period, there is no guaranteed value for the share, whose price will be based on the equally-weighted combination:
  - a value set by an independent appraiser using an approach consistent with the one we have implemented and which frames the Offer price,
  - the transposition of the tangible equity multiple induced by the Offer price, i.e. a transposition of the Offer price.

On this basis, we have not identified any financial arrangements that could be assimilated to a guaranteed price or that would offer improved financial terms compared with the Offer price.

7.3 Commitments to tender Shares to the Offer

Some of the Company's shareholders have agreed with the Offeror to tender their shares to the Offer, i.e. 2,113,165 Shares, representing 2.7% of the Company's share capital.

We have not identified any financial provisions likely to create inequality of treatment between shareholders insofar as these commitments are made at the Offer price and are not subject to any other financial conditions.

[100] It should be noted that this value serves as the reference price on which the shareholders will be deemed to have given their final and irrevocable agreement, notably for the application of the approval clause (for the determination of the sale price in the event of refusal of approval) and the promise to sell in the event of a change of control.

Certain members of the Supervisory Board have also announced their intention to tender their shares to the Offer (as indicated in Section 4 of the Draft Offer Document).

7.4 Liquidity mechanism for Dutreil shares

The Offeror intends to enter into a liquidity mechanism with shareholders holding shares in the Company under Dutreil agreements. Under this mechanism, each holder of Dutreil shares will grant the Offeror a promise to sell, exercisable as soon as the shares become available (at the end of the lock-up period under article 787 B of the French General Tax Code), followed by a promise to buy granted by the Offeror, exercisable as from the end of each exercise period of the promise to sell, and in the absence of exercise thereof.

In the event of exercise, the exercise price will be determined on the basis of the formula described above (7.2). Promises exercised prior to the availability of the aforementioned valuation based on the Company's financial statements for 2023 would be exercised at a price of €38.60.

On this basis, we have not identified any financial provisions that could be assimilated to a guaranteed price or that would offer improved financial terms compared with the Offer price, and therefore any provisions likely to create inequality of treatment between shareholders..

7.5 Transfer of shares to ROTHSCHILD & CO Partners

As explained in section 1.1the Group's Partners intend to group together within Rothschild & Co Partners, a company newly created for this purpose, with the aim of holding a significant, long-term stake in the Company.

The Partners and Rothschild & Co Partners intend to enter into commitments under which the Partners undertake to transfer to Rothschild & Co Partners a total of 6,012,078 shares, through contributions in kind, mergers and disposals. This total number of shares includes blocked shares, shares resulting from RSUs, the exercise of Options and the delivery of shares resulting from NCIs[101] .

Marc-Olivier Laurent, Chairman of the Supervisory Board, and Lucie Maurel-Aubert, member of the Supervisory Board, have also announced their intention to transfer their shares to Rothschild & Co Partners.

It is specified that transfers of shares to Rothschild & Co Partners will be made for a price equal to the Offer price (net of distributions) and contributions in kind and mergers will be carried out on the basis of a parity valuing the contributed shares at €38.60 per share and valuing the Rothschild & Co Partners shares[102] on the basis of its assets by transparency, i.e. by retaining for this purpose a value for the Company's shares of €38.60 per share less its net debt.

In addition, liquidity within Rothschild & Co Partners will be mainly between incoming and outgoing Partners, and at a valuation determined in line with the Offer price according to the formula described above in section 7.2, applied transparently by Rothschild & Co Partners.

As a result, Partners will not benefit from a guaranteed price or improved or different financial terms compared with the Offer price.

[101] 2,780,339 shares will result from the exercise of Options, the delivery of Shares under RSUs and NCIs,
[102] It should be noted that certain Partners will subscribe in cash to the capital of Rothschild & Co Partners.

7.6 Other agreements of which the Offeror is aware

The Offeror has confirmed that it is not aware of any other agreements entered into, or to be entered into, with shareholders of the Company in connection with the present Offer. We have also been informed of a number of transactions carried out at the level of the Offeror[103] and the general partners. We have ensured that all these transactions were carried out transparently with the Offer price and did not include any reference to a value different from the Offer price.

An examination of the agreements that could have a significant influence on the assessment or outcome of the Offer, as presented in the draft offer document, i.e. the Investment Agreement, the Shareholders' Agreement, the Contribution Commitments, the Dutreil share liquidity mechanism and the transfers of shares to Rothschild & Co Partners, has not revealed any financial provision that, in our opinion, would call into question the fairness of the Offer from a financial point of view.

[103] Acquisition of Concordia shares by Financière de Tournon, acquisition of R&Co Gestion and R&Co Commandité shares by Financière de Tournon and Ponthieu Rabelais, bond issue by Integritas, Concordia capital increase, amendment to the Concordia shareholders' agreement and the amendment of the put and call options.

8. Analysis and assessment of comments received from minority shareholders

We have been approached by shareholder A who has sent us, directly or indirectly, various letters. We met with this shareholder's lawyer on 8 March 2023 and 17 April 2023. The appraiser appointed by shareholder A, who provided us with his valuation report on the ROTHSCHILD & CO shares, was also present at the meeting of 17 April 2023.

On June 30, 2023, we also received a letter from the lawyer for shareholder A, referring to the tax issues associated with the Offer. On this point, we consider that the tax situation of each shareholder does not enter into the analysis of the fairness of the Offer price and therefore into our mission.

In addition, a minority shareholder B sent us a letter on 2 March 2023 in which it directly requested information from the Company's Supervisory Board and the Ad Hoc Committee on the following subjects: the Company's CET 1 ratio, the impact of the Exceptional Distribution on the structure of the Offer and the value of the Company as reflected in the Offer price.

With regard to the Company's CET 1 ratio, we refer to the analysis in section 4.4.2, which reflects the Company's strategy for managing its level of regulatory capital.

We have no comments to make on the impact of the Exceptional Distribution on the structure of the Offer, other than to point out that the dividends paid will accrue to all the Company's shareholders and not just to the Offeror.

We would point out for the record that if the Offer price does not value the Company on the basis of the multiples observed for US M&A boutiques, asset managers and private equity players, this is due in particular to the lack of comparability of these companies, as explained in section 5.5.4.

We contacted shareholder B, who did not wish to meet with us.

We have contacted the Offeror and the Presenting Companies, as well as the Company's management, to obtain their comments on the arguments raised by the shareholders who contacted us.

In accordance with Article 3 of AMF Instruction 2006-08, we set out below the comments made by each shareholder, together with our main analyses and assessments. We also refer to the relevant sections of the report.

8.1 Remarks communicated by shareholder A

8.1.1 Regarding the methodology used for the multi-criteria approach to the ROTHSCHILD & CO share

8.1.1.1 Net book value (NBV)

Shareholder A considers that the Offer price below the NAV 'excludes the implementation of a squeeze-out'.

Please note that we have examined this benchmark, which is generally not considered to be representative of the company's intrinsic value.

However, it should be pointed out that the criterion of a price below the NAV falls within the scope of the AMF's 'comply or explain' principle (AMF instruction DOC-2006-07 amended in 2020). The AMF working group report submitted for public consultation on 16 September 2019 on the conditions for implementing squeeze-outs and independent appraisal in the context of takeover bids, highlighted in this respect that: '[...] *the application of a criterion linked to the ANC would not be relevant if it were applied indiscriminately to companies such as banks, an equity holding company or to a company in the biotechnology sector. Indeed, while this criterion is relevant for investment holding companies, it is much less so for the banking sector at present. This is why the working group did not want to impose a floor price as a general rule'.*

It's a fact that all French banks, and most European banks, are listed at a significant discount to their book value, due to regulatory requirements that impact on their attractiveness and profitability. Several Simplified Public Tender Offers with Squeeze-out (OPAS-RO) have also been carried out in the financial sector at a significant discount to their ANC (BPCE/NATIXIS: 0.74x P/BV, LA BANQUE POSTALE/CNP: 0.78x P/BV), since the decisions handed down by the AMF in February 2020.

Furthermore, the vast majority of listed holding company share prices are at a discount to revalued book equity. As a reminder, ROTHSCHILD & CO has a portfolio of assets valued at around €1.1 billion at 31 December 2022, i.e. more than one-third of its market capitalization. For information purposes, the consolidated NAV at 31 December 2022 was €3,565 million, representing a value per ROTHSCHILD & CO share of €48.5 on a diluted basis and €49.7 on a non-diluted basis, i.e. a limited discount in this case.

8.1.1.2 Stock price analysis

Stock liquidity analysis

The private appraiser appointed by shareholder A did not use the analysis of the share price in view of the 'limited' free float and 'low' liquidity, and considered that '*the share price is not representative of Rothschild & Co's fundamental value*'.

We remind you that, in accordance with the recommendations of the AMF, the independent appraiser must apply the method(s) best suited to the company concerned, based on the relevance of the information available. In the case in point, the Company reports a market capitalization of around €3 billion prior to the announcement of the Offer, with free-float capital representing 39.1% of the share capital at 31 December 2022. It is also important to appreciate the level of free float in terms of value (i.e. €1.2 billion at €40.25 per ROTHSCHILD & CO share AT close of trading on 3 February 2023) and the volumes actually traded Shareholder A's advisors present volumes traded only on EURONEXT, which may not represent the entirety of trading in the share on all platforms combined. Lastly, Shareholder A's advisors compare the liquidity of ROTHSCHILD & CO shares with precedents that are irrelevant to the Group's fundamentals. Indeed, shareholder A's advisors refer to target companies[104] with market capitalizations of less than €200 million, free float levels of less than 30% and very limited analyst coverage (up to 2 analysts at most).

It should also be remembered that trading in the ROTHSCHILD & CO shares is governed by a liquidity contract with an independent investment services provider, in accordance with market practice approved by the AMF.

As far as we are concerned, we consider liquidity to be sufficient (see 5.3.1) for the above-mentioned reasons. Accordingly, we consider ROTHSCHILD & CO's share price to be a valuation benchmark, which we retain as our main reference, as indicated above.

An analysis of the ROTHSCHILD & CO share price also enables us to compare the Group's market valuation with that of companies considered as 'comparable'. We also point out that the announcement of the Offer was favourably received by the market, with the share price exceeding the Offer price only once (at the close of trading on 21 February 2023, at €48.05).

Lastly, and for the record, we point out that the Company's share price prior to the announcement of the Offer was close to its all-time high (€41.9), and that the Offer price therefore represents a significant premium, including over the all-time high.

8.1.1.3 Analysis of analysts' price targets

Nor did the private appraiser use the analysts' price target analysis, without explaining why he chose not to.

Although the stock is monitored by four financial analysts, the latter communicate in varying degrees of detail on the Company's operating forecasts and those used for their valuation work. In this context, we consider that an analysis of the analysts' price targets cannot be ruled out. For the above-mentioned reasons, we include it as a secondary consideration in our work.

It should be noted that the average target price prior to the announcement of the Offer was €47.9, below the Offer price.

8.1.1.4 Overall approach using the comparable stock market method

The private appraiser uses a global approach based on the market comparison method.

As mentioned above, we believe that each business has its own specific characteristics that need to be taken into account. In our opinion, no player has the same activities as the Group, let alone in the same proportions. Even Lazard, which could be considered the most 'comparable' player, not only operates mainly in the United States, but also has no Merchant Banking assets, an activity at the heart of the Company's current development strategy, which limits the relevance of a global approach. For these reasons, we have rejected this method.

Accordingly, the overall sample of stock market comparables used by the private appraiser includes both non-regulated and regulated players, without distinction or adjustment in this respect. In addition, this sample does not include comparable companies for the Merchant Banking business, given that this business makes a significant contribution to the Group's profitability.

[104] CAST, UCAR, ANTALIS and GROUPE FLO

As indicated above, we have applied the sum-of-the-parts method based on market comparables. We believe that this method is more appropriate than then overall method for valuing the ROTHSCHILD & CO Group, which operates in different businesses and geographical areas. In our opinion, it enables us to value each of the Group's assets on the basis of criteria better suited to its development prospects, as well as its profile and specific risks, assessed according to the nature of the business and its location.

We note that the private appraiser uses a linear regression of ROE[105] / P/BV[106] on a sample which does not seem relevant to us. We would point out that the American 'comparables' selected have P/BV multiples in excess of 5x and ROEs in excess of 30%, as do LAZARD and HOULIHAN LOKEY in particular, for the reasons given below - see §.8.1.3. As a reminder, the P/BV multiple was below 1 before the Offer was announced, and ROTHSCHILD & Co's average ROE was around 15% over the Group's last five financial years.

For these reasons, the conclusions expressed by the appraiser do not seem relevant to us.

8.1.1.5 Global approach based on the comparable transactions method

The private appraiser used the comparable transaction method.

For our part, we have rejected this method in the absence of recent takeovers of companies with business models and geographical exposure comparable to the Group.

It should be noted that the comparable transactions selected by the private appraiser only partially represent ROTHSCHILD & CO's activities, as the Wealth & Asset Management business is clearly over-represented. For the most part, the targets are unregulated companies with a geographical focus outside Europe.

Five of the nine transactions selected by the private appraiser are relatively old (more than ten years). With the exception of the transaction involving PARIS ORLÉANS SCA, all the transactions selected by the appraiser are majority-owned, which is not the case for the present transaction, since the Concert Familial Elargi[107] already controls the Company (54.5% of the share capital at 31 December 2022). Therefore, any synergies could have been anticipated by the offerors the transactions selected by the appraiser, which is not the case here.

Given that the Group manages its activities on a strategic continuity basis and does not plan to sell any of them in the short term, the reference to such transactions seems inappropriate. On the contrary, this criterion would imply a disposal by division, and thus the disappearance of current synergies, which the private appraiser does not take into account. Added to this is the problem posed by the importance of the brand name, which could not be sold in this scenario, a problem also not included in the private appraiser's analysis.

Furthermore, the private appraiser's sample includes companies whose return on capital (FORTRESS INVESTMENT GROUP ROE of 43.4%) is significantly higher than that of ROTHSCHILD & CO (15% over the last five financial years), thus considerably skewing the results of his analyses.

[105] Return on Equity (RoE) measures the return on equity provided by a company's shareholders. In particular, it is used to calculate the financial return on equity.
[106] The Price-to-Book Value (P/BV) multiple compares the book value of a company's assets with its market capitalization.
[107] It should be noted that the Extended Family Concert is terminated, but this is also the case if we consider the holding of Concordia and the members of the new Concert. who were already part of the Extended Family Concert.

For these reasons, the results expressed by the private appraiser do not seem relevant to us.

8.1.2 With regard to the assumptions used for the dividend discounting method adopted

CET1 target retained

The appraiser has assumed a CET1 ratio of 17.6% over the entire plan horizon, calculated on the basis of a sample of European Wealth & Asset Management players.

It is important to note that the Group is regulated at consolidated level, and not just at the level of Wealth & Asset Management activities. For example, the regulatory capital requirement for Wealth & Asset Management is not representative of that for Merchant Banking.

Above all, this ratio does not reflect the Group's historical management policy of around 20%[108]. Indeed, each financial institution sets its own solvency levels according to its own risk management policy, depending on its activities and their respective weight[109].

Consequently, the 17.6% ratio used by the private appraiser significantly and theoretically increases the amount of surplus capital available for distribution to shareholders.

Cost of equity

In his DDM, the private appraiser assumed a cost of equity of 10%.

The 10% rate used by shareholder A's appraiser seems low to us, particularly in view of the cyclical nature of the Global Advisory and Merchant Banking businesses and the inherent risks. In calculating the cost of equity, the private appraiser used a comparable beta of 1.05, based on a sample which, as indicated above, we do not consider relevant, and which does not include any Merchant Banking players. We would point out that Merchant Banking players have the highest betas, given the risk profile of the underlying assets and their volatility.

For information purposes only, the change in the cost of equity capital resulting from the performance of ROTHSCHILD & Co's share price over the last five years prior to the announcement of the Offer is on average 12%[110].

Other adjustments

The private appraiser rightly retained an amount for central costs in his work. On the other hand, various adjustments with a significant impact on the Company's value were not taken into account by the appraiser, insofar as certain information was potentially not publicly available:

- The present value of interest payable on perpetual subordinated debt issued by the Company or its subsidiaries;
- The present value of the share of the Company's income attributable to the preferential allocation (*préciput*) to its general partners (i.e. 0.5% of the Company's distributable income);

[108] As a reminder, the Group's CET1 ratio averaged 20.4% over the last six years.
[109] The average Tier 1 ratio for the sample (see 5.5.3.2) was 21.8%.
[110] Cost of equity via the Gordon Growth method.

- The present value of the additional capital required by the Company in connection with the application of 'Basel III[111]' from 2025, taking into account in particular a gradual application of the reform over the 2025-2029 period.

The net income trajectories used by the appraiser in the DDM approach also do not reflect the 15% worldwide minimum tax[112] on realized profits, applicable from 1 January 2024.

For all these reasons, we feel that the valuation results obtained from the appraiser's approach are not relevant.

8.1.3 With regard to the sum-of-the-parts method used

<u>Global Advisory</u>

In order to value ROTHSCHILD & CO's Global Advisory business, the appraiser selected a sample of market peers made up solely of unregulated US players whose main financial advisory business is in the United States.

Although the relevance of the market-comparison method is limited in the absence of a *pure player in* European M&A, we consider the appraiser's results to be biased by differences in the Company's business positioning, its European exposure and its regulated nature. Indeed, as indicated above, we have taken into account a discount of between 25% and 32% to reflect the valuation differential between European and American banks. This discount is therefore justified by:

- Clear differences in stock market valuations between American and European players, it being noted that the ROEs of American players are significantly higher than those of European players. ROTHSCHILD & CO is listed on the Paris stock exchange, and its business is essentially in European markets, where fees and market depth are much lower than in the US;

- Banking regulations. As a reminder, ROTHSCHILD & CO is a company whose activities are partly regulated, banking activities in particular being capital-intensive. The discount therefore takes into account ROTHSCHILD & Co's regulated status (BCE) and the resulting requirements, notably in terms of risk, remuneration (capped and deferred), attractiveness and profitability.

Kepler's analyst also applied a discount to the multiple observed for Global Advisory players.

In addition, the private appraiser adds an amount of available cash to the activity, without, in our opinion, taking into account the regulatory capital allocated by ROTHSCHILD&CO to this activity.

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[111] As a reminder, 'Base III' implies the revision of certain asset weighting levels used in the calculation of risk-weighted assets. In this case, the main effect is an increase in the weighting of Merchant Banking assets. Indeed, the weighting of Merchant Banking's equity investments is set to increase from 150% to 250%.

[112] See ROTHSCHILD & CO Annual Report section 7.1.5: 'To ensure large multinational corporations pay a minimum level of tax on the income arising in each of the jurisdictions where they operate, the Organisation for Economic Co-operation and Development (OECD) released a draft legislative framework in December 2021, followed by detailed guidance released in March 2022, that is expected to be used by over 135 individual jurisdictions that signed the agreement to amend their local tax laws and introduce a global minimum tax of 15%. Such regulation is widely referred to as Pillar 2.
The EU Council formally approved the EU directive transposing the OECD proposed framework into the EU regulatory environment on 15 December 2022. The Directive must be endorsed by the legislative arms of EU member states before 31 December 2023, with application starting from 1 January 2024.'

Wealth & Asset Management

To value ROTHSCHILD & CO's Wealth & Asset Management business, the private appraiser selected a sample of market comparables (peers) based on P/E multiples[113].

For our part, we would point out that we have taken into account a larger sample and applied a discount given the growth differential in expected net income between the Company and its peers, which can be explained by the Company's lack of critical mass in this business and different positioning and development strategies.

Merchant Banking

In order to value ROTHSCHILD & CO's Merchant Banking business, the private appraiser selected a sample of stock market comparables based on P/E multiples.

This approach does not seem relevant to us, as it does not allow us to distinguish between the contribution of management fees and performance fees, which are more volatile by nature. In our case, we have valued separately i) the results of management fees (based on a multiple of 'FRE' or management fees), ii) the results of performance fees (based on multiples of 'PRE' or performance fees) and, iii) the value of the investment portfolio.

8.1.4 Dividend distribution

Shareholder A's advisor considers that 'the presentation of the offer price "cum dividend" is misleading, since the latter are paid by the target and not by the bidders. The planned distributions of €9.4 (an ordinary dividend of €1.4 euros and an exceptional distribution of €8.0) do not therefore constitute a premium paid by the offerors, and are exclusive of any enrichment of Rothschild & Co shareholders'.

'Finexsi is required to give its opinion on the fairness of the project in relation to the price of which the offerors wish to limit themselves to in order to squeeze out minority shareholders, without taking into account the distributions paid by the target in the amount of €9.4'

We first point out that distributions paid (ordinary and exceptional) accrue to all the Company's shareholders.

Furthermore, if we were to use an Offer price of €38.6 (ex-distributions), it would be necessary to compare it with Rothschild & Co's share price *before* the announcement, from which the distributions paid (i.e. €9.4 per share) should be deducted. On the basis of a pre-announcement share price of €40.25, the adjusted price would be €30.85. The theoretical premium generated by the ex-distributions Offer price would be 25.1%.

[113] The Price Earnings (P/E) multiple is a ratio of a company's share price, i.e. its market value, to its Earnings Per Share (EPS), i.e. its profitability.

8.1.5 Future synergies

Shareholder A does not wish the Offer to be followed by a squeeze-out *'in order to give minority shareholders the opportunity to retain their shares to benefit from future synergies linked to the operational project supported by the offerors.*

As indicated in the draft offer document dated 8 June 2023, CONCORDIA, the holding company, does not expect to achieve any cost or revenue synergies with ROTHSCHILD & CO, other than the savings that would result from a delisting if the 90% threshold allowing implementation of the squeeze-out is reached.

All letters received from certain minority shareholders were reviewed and incorporated into our work.

9. Conclusion

On 6 February 2023, Concordia announced its intention to file the Offer, at a price of €48.0 (cum distributions) per ROTHSCHILD & CO share. Upon payment of the ordinary dividend of €1.4 payable on 31 May 2023, the Offer price was automatically adjusted accordingly, and the Offer was filed at €46.6 per share (with Exceptional Distribution). The Offer price of €46.60 per share, with Exceptional Distribution of €8.00 per share, corresponds to an Offer price of €38.60 per share after Exceptional Distribution.

In the light of the multi-criteria evaluation work we have carried out, we can make the following main observations:

The Offer price enables shareholders to benefit from a price higher than the Company's historical share prices, which we consider to be significant, with in particular a premium of 19.3% over the last price prior to the announcement and of 27.0% over the 60-day average at the same date, and of 14.7% over the all-time record price reached by the share on 13 January 2021.

It falls within the intrinsic value range of the DDM, a criterion which we feel is best suited to the valuation of regulated banking activities. This DDM is based on the 'Base Case' business plan, which reflects management's ambitions within its current strategic perimeter, with high levels of performance and no reversal of high-cycle trends, regardless of the current uncertainties observed since its preparation in Global Advisory and Merchant Banking development. In our opinion, this criterion, applied on this basis, enables us to express the full value of the ROTHSCHILD & CO share.

It is at the upper end of the range of the Gordon Growth sum-of-the-parts criterion, which is also used as a main criterion, the upper end of which incorporates management's ambitions for the coming years for each business.

It is corroborated by the objectives of most analysts prior to the announcement of the Offer. Only one analyst expressed a divergent view which, in our opinion, does not incorporate all the characteristics specific to the sector and the Company. Nevertheless, the Offer price is slightly above the average and median of the price targets prior to the announcement of the Offer.

With regard to the NAV criterion, which is not a standard valuation criterion, the Offer price also represents a limited discount of around 1% to the latest diluted NAV per share and 5% to the estimated diluted NAV per share at 30 June 2023, in a context where regulated French and European banks present share prices with significantly larger discounts to their NAV.

Finally, it should be noted that these various observations do not take into account the limited partnership status, which could also justify a discount on the limited partners' shares, the only ones targeted by the Offer, which we have not taken into account.

Related agreements:

Our review of the agreements that could have a material impact on the assessment or outcome of the Offer, as presented in the draft offer document, namely the Investment Agreement, the Shareholders' Agreement, the Contribution Commitments, the Dutreil Share Liquidity Mechanism and the transfers of shares to Rothschild & Co Partners, did not reveal any financial provisions that, in our opinion, would call into question the fairness of the Offer from a financial point of view.

On this basis, we are of the opinion that the Offer price, i.e. €46.60 per share Exceptional Distribution of €8.00 attached or €38.60 ex-distributions, is fair from a financial point of view for Rothschild & Co shareholders.

This conclusion also applies to the indemnity of the same amount that would be applied in the event of a Squeeze-out following the Offer.

Lucas ROBIN	Olivier PERONNET
Partner	Partner

Paris 4 July 2023

10. Appendices

10.1 Introducing FINEXSI and how the assignment works

The services provided by FINEXSI EXPERT & CONSEIL FINANCIER (FINEXSI) are regulated by the Ordre des Experts-Comptables and the Compagnie Nationale des Commissaires aux Comptes. The company's main activities include statutory auditing, company acquisitions and disposals, contributions and mergers, independent valuation and expertise, and assistance with litigation.

To carry out these missions, the firm employs highly experienced staff with expertise in each of these fields.

List of independent appraisals performed by FINEXSI OVER THE past 18 months

Date	Cible	Initiateur	Banque(s) présentatrice(s)	Opération	Banque(s) conseil [1]
déc.-21	LV Group	LVMH	Natixis	Offre Publique de Retrait	-
mai-22	Pierre & Vacances Center Parcs	-	-	Augmentation de capital réservée et augmentation de capital avec maintien du droit préférentiel de souscription	-
mai-22	Figeac Aero	-	-	Augmentation de capital réservée à Tikehau Ace Capital	-
mai-22	Ucar	Goa LCD (filiale de Cosmobilis)	Rothschild Martin Maurel	Offre Publique d'Achat Simplifiée suivie d'un Retrait Obligatoire	Rothschild & Co
juil.-22	Nextstage	Nextstage Evergreen	BNP Paribas	Offre Publique d'Achat Simplifiée suivie d'un Retrait Obligatoire	-
août-22	Technicolor Creative Studios	-	-	Introduction en Bourse et distribution simultanée de 65% des titres aux actionnaires de Technicolor	-
sept.-22	Cast	Financière Da Vinci	Bryan, Garnier & Co	Offre Publique d'Achat Simplifiée	-
oct.-22	Bluelinea	Apicil	CIC Market Solutions	Offre Publique d'Achat Simplifiée	-
oct.-22	EDF	Etat français	Goldman Sachs, Société Générale	Offre Publique d'Achat Simplifiée suivie d'un Retrait Obligatoire	Lazard, BNP Paribas, Morgan Stanley
déc.-22	Somfy	J.P.J.S., JP3	Rothschild Martin Maurel, Crédit Agricole Corporate and Investment Bank, Natixis, Portzamparc BNP Paribas et Société Générale	Offre Publique d'Achat Simplifiée suivie d'un Retrait Obligatoire	Rothschild & Co
déc.-22	Groupe Flo	Groupe Bertrand	BNP Paribas	Offre Publique de Retrait suivie d'un Retrait Obligatoire	-
déc.-22	Manutan International	Spring holding SAS	Degroof Petercam et CIC Market Solutions	Offre Publique de Retrait suivie d'un Retrait Obligatoire	Transactions & Compagnie
févr.-23	CS Group	Sopra Steria	Société Générale	Offre Publique d'Achat Simplifiée suivie d'un Retrait Obligatoire	Ulysse & Co
mars-23	Lisi	Lisi	Degroof Petercam et BNP Portzamparc	Offre Publique de Rachat d'Actions	Degroof Petercam et BNP Portzamparc
mai-23	Vilmorin & Cie	Limagrain	Lazard, CIC, Crédit Agricole, Société Générale	Offre Publique d'Achat Simplifiée suivie d'un Retrait Obligatoire	-
juin-23	Olympique Lyonnais Groupe	Eagle Football Holdings Bidco Limited	Natixis	Offre Publique d'Achat Simplifiée	-

[1] : si différent de la banque présentatrice

<u>Membership of a professional association recognized by the Autorité des Marchés Financiers.</u>

FINEXSI EXPERT & CONSEIL FINANCIER is a member of APEI (Association Professionnelle des Experts Indépendants), a professional association recognized by the Autorité des Marchés Financiers under article 263-1 of its General Regulations.

FINEXSI EXPERT & CONSEIL FINANCIER also applies procedures designed to protect the firm's independence, avoid conflicts of interest and control the quality of its work and reports before they are issued.

FINEXSI is independent and does not belong to any group or network.

<u>Amount of remuneration received</u>

Our remuneration for this assignment amounts to 900 K€, excluding taxes, costs and disbursements.

<u>Description of work performed</u>

The following detailed work program has been implemented:

1 - Detailed understanding of the proposed Offer, its terms and conditions and the specific context in which it is being made, through discussions with the Company's management and its financial and legal advisors.

2 - Assessment of the impact of the Exceptional Distribution planned as part of the Offer and submission of a report on its sustainability;

3 - Development and implementation of a ROTHSCHILD & Co multi-criteria evaluation approach including the following steps**:**

- Gather information and data by reading analysts' notes and sector analysis notes.
- Review of the Company's accounting and financial documentation.
- Reasoned choice of evaluation criteria (primary, secondary or indicative) and exclusions.
- ROTHSCHILD & CO share price analysis:
    - Study of price trends over a given period;
    - Study of free float and stock liquidity.
- Review of the business plan with management, and identification of the key assumptions needed to model future dividend flows discounted at the most appropriate discount rate.
- Sensitivity analysis of the key parameters identified and of the main market parameters (discount rate, return on allocated capital (RocapAl), perpetual growth rate, etc.).
- Implementation of a valuation using the sum-of-the-parts method Gordon Growth.
- Implementation of a valuation based on the analogical method of stock market comparables (method used for information only), by the sum of the parts.
- Study of transactions involving the capital of ROTHSCHILD & CO.

- Analysis of opportunities and risks relating to ROTHSCHILD & Co that could affect its valuation, presented in the form of a SWOT matrix.

4 - Analysis of the legal documentation relating to related agreements likely to have a material impact on the offer price in accordance with paragraphs 2 and 4 of article 261-1 I of the aforementioned General Regulation.

5 - Analysis of analysts' price targets.

6 - Meeting with representatives for the Presenting Companies.

7 - Progress reports to the Ad Hoc Committee.

8 - Obtaining letters of representation from the representative of the Target Company and the Offeror.

9 -Taking into account the comments made by minority shareholders.

10 - Independent magazine.

11 - Drafting of a report for the Ad Hoc Committee and the Supervisory Board, the conclusions of which are presented in the form of a fairness opinion, covering the fairness of the financial terms of the OPAS, and of the RO, if the relevant conditions for their implementation are met.

Within the scope of this engagement, ROTHSCHILD & CO provided FINEXSI WITH all the documents necessary for the proper performance of its work. These documents were deemed to be accurate and exhaustive and were not subject to any particular verification.

FINEXSI's mission did not include auditing the financial statements, contracts, disputes or any other documents that may have been communicated to it.

Report schedule

January 16, 2023	FINEXSI appointed by the Company's Supervisory Board
January 20, 2023	1st conversation with the Ad Hoc Committee
January 25, 2023	Business plan discussions with Mr Crump (CFO of ROTHSCHILD & CO)
January 27, 2023	2nd progress report with the Ad Hoc Committee
January 30, 2023	Management meeting
January 31, 2023	Business plan meeting with Mr. O'Leary, Christian Bouet and Aldo Di Rienzo (CFOs of the Global Advisory, Wealth and Asset Management and Merchant Banking divisions, respectively).
February 2, 2023	3rd progress report with the Ad Hoc Committee
February 7, 2023	Further discussions on the business plan with Mr Crump (CFO of ROTHSCHILD & CO)
February 9, 2023	4th progress report with the Ad Hoc Committee

February 13, 2023	Company Supervisory Board
March 3, 2023	5th progress report with the Ad Hoc Committee
March 7, 2023	Company's Supervisory Board and submission of our report on the Exceptional Distribution
March 8, 2023	Minority shareholder A board meeting
March 28, 2023	Exchange with representatives of the Presenting Companies
March 31, 2023	6th progress report with the Ad Hoc Committee
April 17, 2023	Exchange with the expert advisor to minority shareholder A on his report
April 21, 2023	7th progress report with the Ad Hoc Committee
May 11, 2023	Exchange with representatives of the Presenting Companies
May 23, 2023	Discussions on current trading with Mr Crump (CFO of ROTHSCHILD & CO)
May 31, 2023	Meeting to present the development work of the Presenting Companies
June 2, 2023	8th progress report with the Ad Hoc Committee
June 12, 2023	Discussions with Mr Crump (CFO of ROTHSCHILD & CO) on forecasts for 2023.
June 15, 2023	9th progress report with the Ad Hoc Committee
June 23, 2023	10th progress report with the Ad Hoc Committee
Week of June 23, 2023 - June 30, 2023	Finalization of internal quality control of our fairness opinion
June 30, 2023	11th progress report with the Ad Hoc Committee and presentation of our conclusions
July 2, 2023	12th progress report with the Ad Hoc Committee
July 3, 2023	Obtaining representation letters
July 3, 2023	13th progress report with the Ad Hoc Committee
July 4, 2023	Issuance of fairness opinion

July 4, 2023	Company Supervisory Board

List of people met or contacted

ROTHSCHILD & CO

- Marc-Olivier LAURENT, Chairman of the Supervisory Board and Managing Partner of the Five Arrows Long Term fund
- Elsa FRAYSSE, Corporate Secretary, Group Legal and Compliance Director
- Mark CRUMP, Group Chief Financial Officer and Chief Operating Officer
- Paul O'LEARY, CFO, Global Advisory and United Kingdom
- Aldo DI RIENZO, Chief Financial Officer, Merchant Banking
- Alexis BONZOM, Group Head of Regulatory Affairs
- Alexandre MICHEL, Deputy Head of Legal Department

ROTHSCHILD & CO GLOBAL ADVISORY (CONSEIL DE ROTHSCHILD & CO)

- Cyril de MONT-MARIN, Associé-Gérant, *Partner*
- Anne-Catherine PHILIPPEAU Associée-Gérant, *Managing Director ;*
- Thomas GERMAIN, *Assistant Director*
- Hugo de LA JONQUIERE, *Associate*
- Adrien TIBI, *Analyst*

Ad Hoc Committee

- Véronique WEILL, Independent Member, Member of the Compensation and Appointments Committee
- Carole PIWNICA, Independent Member, Member of the Compensation and Appointments Committee, Member of the Sustainable Development Committee
- Sir Peter ESTLIN, Independent Member, Chairman of the Audit Committee, Member of the Risk Committee, Member of the Compensation and Appointments Committee
- Gilles DENOYEL, Independent Member, Member of the Risk Committee, Member of the Audit Committee

DARROIS, VILLEY, MAILLOT, BROCHIER (Counsel for the Ad Hoc Committee)

- *Maître* Pierre CASANOVA, Partner Lawyer
- *Maître* Orphée GROSJEAN, Partner Lawyer

- *Maître* Sophie ROBERT, Lawyer, Associate.

BREDIN PRAT (Offeror's counsel)

- Benjamin KANOVITCH, Partner Lawyer
- *Maître* Sophie CORNETTE DE SAINT CYR, Partner Lawyer
- Karine ANGEL, Lawyer, Counsel
- *Maître* Jean Damien BOULANGER, Lawyer, Counsel

NATIXIS (Presenting Bank)

- Guillaume de SAINT-SEINE, Head of Global Coverage Financial Institutions
- Jérôme PAPIERNY, Executive Director - Strategic Equity Capital Markets
- Loic CHENEVIER, Managing Director (Capital Markets)
- Françoise NEGRONI, Managing Director (Capital Markets)
- Laurent DANINO, Managing Director (Capital Markets)
- Christophe RICETTI, Managing Director (Capital Markets)
- Alan L'HEVEDER, Director (Capital Structure & Rating Advisory)

CADIF (Presenting Bank)

- Guillaume DE CREMIERS ;
- Raphael AUBERT ;

Information sources used

The sources of information used in our intervention are of several kinds and are as follows:

Key information provided by stakeholders:

- Financial and legal documentation relating to the Transaction
- Business plan 2023 e -2025e ‘Base Case’ and "Adjusted Case’ drawn up by Management and presented to the Supervisory Board
- Update of ‘Base Case’ business plan projections for 2023
- Analysts' report following the ROTHSCHILD & CO share
- Valuation report from the Presenting Companies
- Draft information note

Market information and database:

- ROTHSCHILD & CO financial communications (annual reports, half-yearly reports) for the period 2017 to 2022 (up to the report for the first quarter of 2022)

- ROTHSCHILD & CO communications relating to the Transaction (press releases, half-year and full-year results presentations)
- Stock market and transactional comparables, market consensus, share prices: CAPITAL IQ, EPSILON and MERGERMARKET, annual reports of comparable companies and analysts' reports
- Sector and macroeconomic data: XERFI studies
- Market data (risk-free rates, risk premium, beta, etc.): CAPITAL IQ, ASSOCIÉS EN FINANCE, BANQUE DE FRANCE, DAMODARAN, KROLL (formerly DUFF & PHELPS)

Personnel associated with the engagement

The signatories, Messrs Olivier PERONNET (Partner) and Lucas ROBIN (Partner), were assisted by Messrs Thomas LIBS (Senior Manager), Arthur LANDES (Senior Associate), Saliou SYLLA (Analyst) and Grégoire MICHAUX (Analyst).

The independent review was carried out by Olivier COURAU, a partner in the firm, who did not take part in the valuation work.

Mr COURAU was appointed at the start of the engagement and was kept informed of any points of attention or difficulties identified during the course of the engagement, right up to the publication of the report. His role is to ensure the quality of the work and compliance with best valuation practices. His main duties included:

- A review of the engagement acceptance procedure and assessment of the firm's independence.
- A review of the valuation work carried out by the team and the conclusions drawn from this work.
- A review of the documents on which the opinion of the signatory partners is based, and assessment of the format and conclusions of the report.

His work was formalized in writing and discussed with the signatory partners.

11. Engagement Letter

FINEXSI
A l'attention de Messieurs Olivier PERONNET et Lucas ROBIN
14, rue de Bassano
75116 PARIS

30 juin 2023

Chers Messieurs,

Cette lettre reprend les principaux termes de votre lettre de mission en date du 26 janvier 2023 et de son avenant en date du 30 juin 2023.

En application des dispositions prévues à l'article 261-1 du Règlement Général de l'Autorité des Marchés Financiers (ci-après l'« AMF ») et de son instruction d'application n°2006-08 du 25 juillet 2006 relative à l'expertise indépendante, elle-même complétée de la recommandation n°2006-15 de l'AMF en date du 28 septembre 2006, modifiées les 19 octobre 2006, 27 juillet 2010 et 10 février 2020, le Conseil de Surveillance de ROTHSCHILD & CO SCA (ci-après « ROTHSCHILD & CO », « la Société ») du 16 janvier 2023 a désigné, sur avis du Comité ad hoc, le cabinet FINEXSI EXPERT & CONSEIL FINANCIER (ci-après « FINEXSI ») en qualité d'Expert indépendant, chargé de se prononcer sur le projet d'Offre Publique d'Achat Simplifiée suivie le cas échéant d'un Retrait Obligatoire sur les titres de la Société envisagée par ROTHSCHILD & CO CONCORDIA SAS (ci-après « CONCORDIA » ou « l'Initiateur »), agissant de concert avec certains investisseurs et sur la distribution exceptionnelle de réserves de 8,00 euros par action (la « Distribution Exceptionnelle »). Le 6 février 2023, CONCORDIA, holding de la famille ROTHSCHILD et premier actionnaire de ROTHSCHILD & CO, a annoncé au marché son intention de déposer une Offre Publique d'Achat Simplifiée sur les actions ROTHSCHILD & CO au prix de 48,0€ par action, avant détachement du dividende ordinaire de 1,40 euros par action et de la Distribution Exceptionnelle , et de demander, le cas échéant, la mise en œuvre d'un Retrait Obligatoire (ci-après « l'Opération » ou « l'Offre »). Cette intention a été confirmée le 13 février 2023 par CONCORDIA, et annoncée par la Société lors de la publication de ses résultats annuels 2022.

L'Offre est motivée par la création d'un groupe entièrement privé et s'inscrit dans la stratégie de CONCORDIA de détenir seule la majorité du capital et des droits de vote de ROTHSCHILD & CO. La famille ROTHSCHILD et la famille MAUREL seront rejointes au capital par un nombre limité d'investisseurs familiaux.

Dans ce contexte, la mission du comité *ad hoc* vise à suivre le déroulement de l'opération, de recommander un expert indépendant chargé d'établir un rapport sur les conditions financières du projet d'offre publique en application des articles 261-1 et suivants du règlement général de

FINEXSI
EXPERT & CONSEIL FINANCIER

Au Conseil de Surveillance
ROTHSCHILD & CO
23 bis avenue de Messine
75008 Paris

Réf. : OPE/LRB/23.06.338

Paris, le 30 juin 2023

À l'attention de Madame Elsa FRAYSSE, Secrétaire Générale, Directrice juridique et conformité

Madame,

En application des dispositions prévues à l'article 261-1 du Règlement Général de l'Autorité des Marchés Financiers (ci-après l'« **AMF** »), le Conseil de Surveillance de ROTHSCHILD & CO SCA (ci-après « **R&Co** » ou « **la Société** ») a désigné le 16 janvier 2023 le cabinet FINEXSI EXPERT & CONSEIL FINANCIER en qualité d'Expert Indépendant dans le cadre du projet d'Offre Publique d'Achat Simplifiée obligatoire (ci-après « **l'Offre** » ou « **l'Opération** » ou « **l'OPAS** »), suivie, le cas échéant, d'un Retrait Obligatoire (ci-après « **RO** »), initiée par ROTHSCHILD & CO CONCORDIA (ci-après « **CONCORDIA** »), agissant de concert avec certains actionnaires existants ainsi que des nouveaux investisseurs (ci-après « **l'Initiateur** » ou « **le Nouveau Concert** ») visant les actions de la Société.

L'Opération comporte également une distribution exceptionnelle de dividendes (ci-après « **Distribution Exceptionnelle** ») annoncée concomitamment à l'OPAS.

Dès lors, le Conseil de Surveillance de la Société a décidé que, dans le cadre de sa mission d'expert indépendant, FINEXSI EXPERT & CONSEIL FINANCIER devrait également se prononcer sur la Distribution Exceptionnelle de dividendes au travers d'un rapport analysant les conditions financières de la distribution exceptionnelle et ses impacts sur l'intérêt social et la pérennité financière de la Société compte tenu de ses objectifs de développement et de ses contraintes. Ce rapport a été établi en date du 7 mars 2023 et présenté à votre Conseil.

Les termes et conditions de notre mission ont été formalisés dès notre désignation dans une lettre de mission en date du 26 janvier 2023 établie en l'état des informations connues à l'époque et sur laquelle vous avez donné votre accord le 31 janvier 2023.

Depuis cette date, vous nous avez informés que l'Offre serait notamment ouverte aux Etats-Unis et nous avons été sollicités à plusieurs reprises par un actionnaire minoritaire, notamment, ce qui a une incidence sur notre lettre de mission que nous souhaitons compléter des éléments suivants.

14, rue de Bassano - 75116 Paris
Tél. : 01 43 18 42 42
Fax : 01 44 40 04 16
Email : finexsi@finexsi.com
Société de commissariat aux comptes
Société d'expertise comptable inscrite au tableau de Paris Ile-de-France
Membre de l'A.T.H.
S.A. au capital de 336 813 € - RCS Paris B 415 195 189

1. Ouverture de l'Offre aux Etats-Unis

L'attestation d'équité de FINEXSI EXPERT & CONSEIL FINANCIER pourra être reproduite librement par ROTHSCHILD & CO dans tout document d'information du public dans le cadre de l'Offre. Conformément au Règlement Général de l'AMF. Elle sera en particulier rendue publique dans la note en réponse qui sera publiée par ROTHSHCILD & CO sur son site internet et sur le site internet de l'AMF et sera adressée à toute personne qui en fera la demande. Il convient de préciser que notre attestation d'équité ne dispense pas de la lecture de l'ensemble de la documentation publique d'ores et déjà disponible, ou qui sera mise à disposition, relative à cette Opération.

Notre attestation d'équité est requise au titre des dispositions de l'article 261-1 I (1), (2), (4) et de l'article 261-1 II. Elle répond aux exigences fixées par le Règlement Général et la doctrine de l'AMF relative à la mission d'expertise indépendante, à l'exclusion de toute autre réglementation. Il ne nous appartient donc pas de satisfaire à d'autres exigences , ni de rechercher ou identifier les éventuels compléments qu'il aurait fallu y intégrer pour répondre à des réglementations étrangères, quand bien même notre attestation d'équité serait portée à la connaissance d'investisseurs ou actionnaires étrangers concernés par l'Opération ou l'Offre ouverte à l'étranger.

Dès lors, ladite attestation d'équité, préparée dans le seul cadre de la réglementation française, ne donne aucun droit au regard de toute autre loi ou réglementation, même si l'Offre est ouverte aux actionnaires résidants dans d'autres pays et notamment aux Etats-Unis. Par conséquent, nous n'assumons de responsabilité que devant la juridiction française.

2. Mise à jour du budget de notre intervention

À la date de la lettre de mission signée par vos soins le 31 janvier 2023, nous avions estimé que la mise en œuvre de nos diligences dans le cadre de notre intervention, conduirait à un montant d'honoraires compris entre 550 k€ et 650 k€ hors taxes, frais et débours.

La mission a entraîné une intensité d'engagement supérieure à ce que nous avions anticipé, notamment à raison des remarques de certains actionnaires minoritaires et de la note d'analyste publiée par KEPLER CHEVREUX.

De même, nous n'avions pas anticipé une telle fréquence et une telle intensité des comités ad hoc, qui devraient s'établir in fine au nombre de 12 entre la première réunion du 20 janvier 2023 et la dernière prévue le 3 juillet 2023.

Enfin, le nombre et la complexité des accords connexes ont également nécessité la mise en oeuvre de diligences plus importantes que celles que nous avions anticipées.

Ainsi, compte tenu notamment des éléments exposés ci-avant, et en l'état des temps passés à ce jour qui dépassent la fourchette haute de notre première estimation, nous estimons, à date, une fourchette d'honoraires comprise entre 840.000€ et 900.000€ hors taxes, frais et débours, jusqu'à l'émission de notre rapport qui sera repris dans la note en réponse. Les frais et débours incluront les coûts que nous engagerons au titre d'une couverture d'assurance particulière.

Ces honoraires correspondent au calendrier envisagé à date et susmentionné. Si ce calendrier venait à évoluer, que d'autres actionnaires minoritaires venaient à nous contacter, que l'actionnaire nous ayant déjà contactés venait à communiquer des remarques complémentaires, et que nos équipes venaient à se mobiliser pour mettre en oeuvre de nouvelles diligences, nous serions amenés à réviser, le cas échéant, nos honoraires.

Les autres termes et conditions de notre lettre de mission du 26 janvier 2023 demeurent inchangés.

Pour la bonne forme, nous vous saurions gré de nous adresser formellement votre accord sur cet avenant par renvoi d'un double du présent courrier dûment accepté.

Nous restons à votre disposition pour toute information complémentaire et nous vous prions de croire, Madame, à nos meilleures salutations.

FINEXSI EXPERT & CONSEIL FINANCIER

Lucas ROBIN
Associé

Olivier PERONNET
Président - Associé

Accepté, bon pour accord sur les termes et conditions de votre mission.

DocuSigned by: Frayssé, Elsa

Secrétaire Générale
Directrice juridique et conformité

Date : 30-06-23

9. AVAILABILITY OF OTHER INFORMATION ABOUT THE COMPANY

The other information relating to notably the legal, financial and accounting characteristics of the Company will be filed with the AMF by no later than the day preceding the opening of the Offer. Pursuant to Article 231-28 of the AMF General Regulation, such information will be available on the website of the Company (www.rothschildandco.com) and of the AMF (www.amf-france.org) on the day preceding the opening of the Offer and may be obtained free of charge from the registered office of Rothschild & Co, 23 *bis* avenue de Messine, 75008 Paris, France. On the website of the Company, such information will be published in French and in English, and will thus be available to U.S. Shareholders.

10. PERSON RESPONSIBLE FOR THE DRAFT RESPONSE DOCUMENT

"*In accordance with Article 231-19 of the AMF General Regulation, to my knowledge, the information contained in this draft response document corresponds to reality and contains no omission likely to affect its import.*"

Mr Alexandre de Rothschild, acting in his capacity as Executive Chairman of the Managing Partner.