

September 8, 2020

Dear Common Shareholders,

Your Board of Directors asks that you vote **FOR** a transformational transaction to acquire 100% of Richardson GMP Limited (“**Richardson GMP**”) (the “**RGMP Transaction**”). Your vote will affect the value of your investment in GMP Capital Inc. (“**GMP**” or the “**Company**” or “**we**”) immediately and far into the future.

This transaction is the right one to protect and strengthen the three key pillars of the Richardson GMP wealth management business — *the best advisors, a powerful brand and a well-capitalized balance sheet* — and it will give GMP an unmatched foundation for future growth as an independent leader in a dynamic, fast-expanding industry.

In addition to the RGMP Transaction, your vote is requested on other matters, including the election of six Company nominees to GMP’s board of directors (the “**Board**”). GMP urges holders (the “**Common Shareholders**”) of the common shares of the Company (the “**Common Shares**”) to vote only on the **BLUE** form of proxy **FOR** the Company’s nominees to ensure that we remain on the best path to deliver long-term value creation.

Voting on both the RGMP Transaction and the election of management’s nominees to the Board is scheduled to take place at an annual and special meeting scheduled to be held on October 6, 2020 (the “**Meeting**”).

In this letter we summarize the compelling benefits of the RGMP Transaction and the significant risks should it not proceed. A complete analysis of these benefits and risks is provided in the accompanying management information circular (the “**Information Circular**”).

Please read the letter and the Information Circular carefully and then vote using the **BLUE** form of proxy:

- **FOR** the RGMP Transaction; and
- **FOR** the Company’s nominees for election to the Board.

### **The RGMP Transaction is in the Best Interest of the Company and All Common Shareholders**

GMP believes the RGMP Transaction, which has been unanimously approved by the Board (with the interested directors nominated by Richardson Financial Group Limited (“**RFGL**”) recusing themselves from voting on the RGMP Transaction) and was recommended by a special committee of independent GMP directors (the “**Special Committee**”), is in the best interest of the Company and all Common Shareholders.

The RGMP Transaction was negotiated through an extensive, arms-length process by the Special Committee. RBC Capital Markets has provided a formal valuation and fairness opinion to the Board that the RGMP Transaction is fair, from a financial point of view, to the Company. Common Shareholders are urged to read the full text of the valuation and fairness opinion attached to the Information Circular.

You should be aware that a dissident, in an attempt to disrupt the RGMP Transaction, has notified the Company of his intention to propose an alternative slate of nominees for election to the Board. GMP

believes the dissident shareholder is mistaken to assume that his alternate slate, if elected, will be able to renegotiate the terms of the RGMP Transaction.

The dissident's position boils down to a demand for a larger distribution than our proposed special dividend (the "**Special Dividend**"). In this letter we explain why our Special Dividend is sized appropriately.

It is important to note that our proposed Special Dividend would be the second distribution paid to GMP Common Shareholders in less than a year. Collectively, the two special distributions represent the vast majority of the proceeds received from the divestiture of GMP's capital markets business last year. We believe that the dissident's position is not in the best interest of the Company, nor the Common Shareholders.

### **Summary of the Benefits of the RGMP Transaction**

The RGMP Transaction, as announced on August 13, 2020, will best position GMP to capitalize on the compelling opportunities in the wealth management industry as demand is expected to increase greatly in coming years for the top-tier wealth management services that Richardson GMP provides.

With approximately \$4.4 trillion in retail financial wealth in Canada, which is expected to grow to \$7.7 trillion by 2028 (Source: Investor Economics), the opportunity in the market for an independent, non-bank firm with national scale is significant. GMP believes that demographic trends driving a generational shift have created a growing degree of complexity and sophistication of wealth solutions, supporting the long-term value proposition of face-to-face advice.

Richardson GMP is a trophy asset in Canadian wealth management that generates attractive returns now and has tremendous potential. It has 165 highly qualified professional advisory teams serving over 32,000 high net worth families and businesses across Canada. With \$28.3 billion of assets under administration as at June 30, 2020, Richardson GMP advisors have among the best practices in Canada with one of the highest assets under administration per advisory team. The firm is also recognized as one of Canada's Best Workplaces™. For the six-month period ended June 30, 2020 and the year ended December 31, 2019, Richardson GMP had revenues of \$132 million \$272 million, respectively, and adjusted EBITDA of \$20 million and \$50 million, respectively.

The Company believes that acquiring 100% of Richardson GMP, an independent leader in the industry, offers the greatest potential for long-term value creation for Common Shareholders.

If the RGMP Transaction is approved, the Board intends to pay a Special Dividend of \$0.15 per Common Share to holders of record *prior to* the closing date, anticipated in the fourth quarter of 2020. This approach strikes the right balance between returning capital to existing Common Shareholders and retaining necessary capital in GMP that we can use together with Richardson GMP's consistent operating cash flow to fund future growth, service current indebtedness and preferred share obligations, and provide resilience in the current unprecedented and uncertain economic environment.

The RGMP Transaction also provides Common Shareholders with other significant benefits, consisting of ownership in a well-capitalized wealth management company with the ability to grow quickly and at relatively low risk by leveraging:

- The powerful Richardson brand; and
- The strong balance sheet to retain and aggressively recruit investment advisors using incentive payments in exchange for long-term employment commitments, bolstered by increased spend on wealth management solutions, marketing and technology investments to grow organically.

Advisors representing approximately 97% of Richardson GMP's assets under administration have indicated their support for the RGMP Transaction by entering into non-binding acknowledgement and support letters. GMP believes this bodes well for growth. Richardson GMP's investment advisors are the engines of the business. Their support is critical for future success and a well-capitalized business is essential to their commitment. Their endorsement is a testament to the merits and balance of the RGMP Transaction.

In short, the Company believes Common Shareholders will attain significant value as Richardson GMP drives to become the destination of choice for Canada's top advisors, who share Richardson GMP's entrepreneurial spirit, independent culture and philosophy to deliver unparalleled face-to-face advice to Canadians opting for non-bank points of access for wealth management advice.

### **Extensive Arms-Length Negotiations Underpin the RGMP Transaction**

The RGMP Transaction was conducted in accordance with the terms of the shareholders agreement governing Richardson GMP (the "**RGMP Shareholders Agreement**") via arms-length negotiations over an extended period that began with the formation of an independent Special Committee in February 2019. The RGMP Shareholders Agreement, which GMP negotiated and entered into in 2009, governs the relationship between GMP and the other Richardson GMP shareholders, being RFGL and the advisors/employees.

The Special Committee was advised by independent legal counsel and financial advisors with deep backgrounds and expertise in such negotiations. The Special Committee also considered alternative transactions and determined that the RGMP Transaction is in the best interest of all stakeholders.

Discussions regarding the RGMP Transaction began in earnest in the autumn of 2019, continued over a period of many months, and were at times contentious. Details of the negotiations are described more fully in the Information Circular (see "*Background to the RGMP Transaction*"). Both the agreed upon price and the size of the Special Dividend were the result of this extensive process.

### **Details of the RGMP Transaction**

If approved, the RGMP Transaction will result in GMP acquiring all of the common shares in Richardson GMP (the "**RGMP Common Shares**") currently not owned by GMP at a fair price of:

- 1.875 Common Shares per RGMP Common Share after taking into account the proposed \$0.15 Special Dividend. This price reflects a GMP share reference value that is an 88% premium to the 10-day VWAP for GMP shares as at August 13, 2020.
- This price, which on a pre-dividend basis equates to 1.76 GMP Common Shares per RGMP Common Share, compares favourably, from a GMP perspective, with the level of 2 Common Shares per RGMP Common Share contemplated in the non-binding term sheet that was announced in February 2020.

After giving effect to the RGMP Transaction, if completed, the Company will have an estimated 182.3 million Common Shares issued and outstanding, of which approximately:

- 40.1% would be held by RFGL, currently GMP's largest Common Shareholder with an aggregate ownership stake of approximately 24.1% of Common Shares immediately prior to the RGMP Transaction;
- 31.4% would be held by existing GMP Common Shareholders (other than RFGL); and
- 28.5% would be held by Richardson GMP investment advisors.

In order to become effective, the RGMP Transaction must be approved by a simple majority of the votes cast by Common Shareholders, excluding the votes attached to Common Shares held by RFGL and certain other related parties.

### **RFGL's Significant Concessions**

Contrary to the opinion expressed by the dissident, the RGMP Transaction does not unduly favour RFGL at the expense of other Common Shareholders. In fact, in the course of negotiations the Special Committee secured the following significant concessions from RFGL compared with what was mandated by the RGMP Shareholders Agreement:

- RFGL agreed to forego the immediate redemption of its \$32 million of Richardson GMP preferred shares; and
- In addition to agreeing to a reference value that is an 88% premium on the Common Shares, RFGL accepted Common Shares in lieu of the \$43 million cash portion of the purchase price to which RFGL was otherwise entitled.

Both of these concessions will assist GMP in retaining necessary capital to grow the business and facilitate the payment of the Special Dividend.

Ultimately, the RGMP Transaction consists of a carefully balanced and fair package of terms. You should be wary of any attempt by opponents of the RGMP Transaction to single out certain terms that they dislike while ignoring the overall balance that the Special Committee negotiated. You should be skeptical of claims that the dissident can negotiate better terms or distribute more capital to Common Shareholders.

We reiterate that the Board believes that the terms achieved are the best available, are fair, and will benefit all parties. No party obtained an undue advantage.

### **Summary of Risks if Common Shareholders Do Not Approve the RGMP Transaction**

The Special Dividend described above will not be paid if the RGMP Transaction is not approved. While the Board will take actions that are in the best interest of the Company, GMP and Richardson GMP's ability to generate profits and grow might be hampered because:

- GMP's business would be left in limbo. Pursuant to the RGMP Shareholders Agreement, it is likely that there would be a contractual full-year deferral of negotiations between the parties for a new or revised transaction under the current terms of the RGMP Shareholders Agreement;
- Current and prospective Richardson GMP investment advisors and key employees of GMP and Richardson GMP are likely to be dissatisfied with the deferral and might succumb to inducements from aggressive recruitment efforts by competitors; and

- Third parties and clients with whom GMP and Richardson GMP currently do business or may do business in the future are likely to be unsettled by the deferral and might as a result turn to, or remain with, competitors.

### **The Downside Risk of a Larger Distribution**

Following completion of the RGMP Transaction, GMP will have the working capital required to:

- Underpin the resilience of the business, including in the current unprecedented and uncertain economic environment;
- Provide the balance sheet strength necessary to recruit and retain investment advisors and wealth management clients;
- Position the business to invest in technology and marketing at a level appropriate for a national wealth manager;
- Explore potential acquisitions of like-minded high-quality wealth management businesses; and
- Add complementary asset management and insurance capabilities through acquisitions or alliances.

After extensive negotiations, as described in the Information Circular (See “*Background to the RGMP Transaction*”), the Board concluded that a Special Dividend of \$0.15 per Common Share struck the right balance for an executable transaction.

As noted above, this would be the second special distribution paid to Common Shareholders in less than a year. The first, paid on December 31, 2019, amounted to \$0.275 per Common Share. Combined, these special distributions total \$0.425 per Common Share and represent a payout of 76% of the proceeds received from the 2019 divestiture of GMP’s capital markets business.

And yet, opponents will try to persuade you that GMP should deliver a still larger capital distribution, notwithstanding the downside risk. Don’t let them hamstring management’s ability to achieve its growth objectives.

### **Meeting and Voting Details**

The Meeting is scheduled for October 6, 2020 at 10:00 a.m. (Prevailing Eastern Time).

As a result of the global health crisis, the Company had planned that the Meeting would be held in virtual format only. Having been notified on September 4, 2020 that the election of nominees to the Board will be contested, the Company is now considering a physical location for the Meeting and will advise shareholders of that location in due course.

Your vote is very important. Details of how you can vote and how you can attend the Meeting can be found under the subheading “*Voting Information – Attending and Voting at the Meeting*” in the Information Circular.

In addition to the RGMP Transaction and the election of directors, Common Shareholders will be asked to consider and vote at the Meeting upon the appointment of auditors, the change of the Company’s name, an advance notice by-law and a reduction in stated capital attributable to the Common Shares.

The Information Circular contains important information about each of the items of business to be dealt with at the Meeting. Please give this material your careful consideration and, if you require assistance,

consult your financial, tax or other professional advisors, or the Company's strategic shareholder advisor and proxy solicitation agent, Kingsdale Advisors, at 1-866-879-7644 toll free in North America, or call collect outside North America at 1-416-867-2272 or by email at [contactus@kingsdaleadvisors.com](mailto:contactus@kingsdaleadvisors.com).

On behalf of the Board, we would like to express our gratitude for the support our Common Shareholders, our investment advisor partners and our employees have demonstrated with respect to our decision to move ahead with the RGMP Transaction. We look forward to your continued support for what promises to be an excellent opportunity to create long-term value in a growing wealth management industry.

Sincerely,

*“Donald A. Wright”*

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**Donald A. Wright**

Chair of the Special Committee and the  
Board of Directors  
GMP Capital Inc.