



RMH

RMH Holdings Limited
(Incorporated in the Republic of South Africa)
(Registration number 1987/005115/06)
ISIN: ZAE000024501
Share code: RMH
("RMH" or "the Company")

UPDATE ON COVID-19 RESPONSE AND TERMS OF THE PROPOSED RESTRUCTURE OF RMH

Capitalised terms shall have the meaning ascribed to them in the Definitions section at the end of this Announcement

INFORMATION ON RMH'S RESPONSE TO COVID-19

The Covid-19 pandemic is having a significant impact worldwide on individuals, healthcare systems and economies, and in South Africa we are already witnessing serious negative effects. In response to the pandemic, RMH and Rand Merchant Investment Holdings Limited ("RMI") continue to work actively with management partners across its portfolio companies, in support of the extensive and impactful measures being deployed by these businesses for the benefit of staff, clients, the public and health sectors and all South Africans. Whilst the challenges ahead are immense, we find comfort in the significant response to President Ramaphosa's call to action and RMH and RMI believe that its portfolio companies are taking appropriate and pro-active measures to weather this period.

Shareholders are advised that the boards and management of RMH and RMI have approved the formation of a joint Covid-19 support fund. The governance arrangements and the structure of the fund are currently being finalised. The fund, which will be administered by AlphaCode (an incubation, acceleration and early-stage investment division of RMI) and RMI, will house personal and voluntary contributions from senior management and the boards, and includes funding from both RMH and RMI directly.

The fund will be focussed on early-stage financial services businesses and members, specifically those associated with AlphaCode and its various existing support and funding programmes. It will also be directed to support core RMH/RMI initiatives with key stakeholders, including staff, suppliers and other vulnerable recipients, to ensure that we can provide assistance to those in the ecosystem who most require it.

Further details of the fund will be communicated through AlphaCode in due course, including how qualifying businesses, entrepreneurs and individuals can access the fund.

TERMS ANNOUNCEMENT REGARDING THE PROPOSED RESTRUCTURE OF THE PORTFOLIO OF ASSETS AND LIABILITIES OF RMH AND WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT

1. Introduction

Shareholders are referred to the cautionary announcements released on SENS on 19 November 2019, 7 January 2020, 18 February 2020 and 31 March 2020, and are advised that the RMH Board has now finalised the terms of the proposed restructure of RMH's portfolio of assets and liabilities, in order to unlock the discount to NAV of RMH and return incremental value to Shareholders.

The RMH Unbundling detailed in this Announcement will result in, *inter alia*:

- a value unlock of approximately R5.41 billion as Shareholders will hold FirstRand Shares directly instead of through RMH;
- Shareholders receiving greater value than the closing price of RMH Shares of R52.77. By way of illustration, if the RMH Unbundling were effected on Thursday, 9 April 2020 (being the last practicable date prior to finalisation of this Announcement), Shareholders would receive R56.61 in value, broken down as follows:
 - R53.28 of FirstRand value for every 1 RMH Share held; and
 - R3.33 of RMH Property intrinsic value for every 1 RMH Share held, as set out paragraph 7 of this Announcement;
- the end of a long and successful partnership between RMH and FirstRand, through a carefully managed process, leaving FirstRand as an established and leading financial services franchise with a broad and diverse shareholder base; and
- the continued listing of RMH, appropriately capitalised, with a portfolio of property development assets with some located in South Africa and the majority in Eastern Europe that have the potential to deliver NAV growth in the medium-to-long term through RMH Property.

The purpose of this Announcement is to provide Shareholders with:

- detailed information on the terms and conditions of the RMH Unbundling; and
- information on the assets, strategy and prospects of RMH Property, after the implementation of the RMH Unbundling.

2. RMH Unbundling

RMH intends distributing its entire shareholding in FirstRand to Shareholders by way of a distribution *in specie* in terms of section 46 of the Companies Act and section 46 of the Income Tax Act, constituting the disposal of the greater part of the assets of RMH in terms of section 112 of the Companies Act.

Following the implementation of the RMH Unbundling, RMH will remain listed on the Main Board of the JSE Limited ("JSE") in the Financial Services – Investment Banking and Brokerage sector as per the FTSE classification list, with RMH Property as its sole remaining asset.

An overview of RMH Property is set out in paragraph 8 below.

3. Rationale for the RMH Unbundling

Since its listing on the JSE in 1992, RMH has provided Shareholders with a vehicle to co-invest with the Founders. In 2011, RMH's insurance interests were separately listed as RMI. Since then, RMH has been a dedicated investment vehicle into FirstRand, one of Africa's most successful financial services groups.

RMH has always been defined by its ability to be a value-adding shareholder in FirstRand. As its core asset, FirstRand provided RMH with broad exposure across the Southern African financial services landscape (and, more recently, into the United Kingdom) and delivered a sound balance between capital growth and dividend returns.

In partnership with RMH, FirstRand has grown from a business with a market capitalisation of R35 billion in 1998 to R228 billion (as at the close of trading on the JSE on Thursday, 9 April 2020).

In light of the widening discount to intrinsic value at which RMH has traded over the past number of years, the RMH Board dynamically evaluated its corporate structure, considering the important long-term benefits that the investment holding structure has provided to FirstRand.

Over the years, RMH has contributed to FirstRand in the form of:

- its long-term commitment as a patient and supportive shareholder of influence;
- value-adding input in matters concerning the strategic direction of the business;
- guidance in relation to the culture, values and decision-making process of FirstRand; and
- an instilment of principles of good governance and ethical business practices.

Ultimately, having considered all relevant factors and alternate corporate structures, the RMH Board concluded that the RMH Unbundling is a natural evolution in the 27-year association between RMH, the Founders and FirstRand and the appropriate next chapter for a business as mature, established and independent as FirstRand.

The RMH Board has carefully considered the unprecedented market conditions resulting from the Covid-19 pandemic, as well as a weakening South Africa macro-economic environment. The RMH Board believes that the terms and construct of the RMH Unbundling, as set out in this Announcement, are still in the best interests of Shareholders and other stakeholders.

4. Salient transaction terms and mechanics

4.1 Relevant pre-RMH Unbundling steps

The implementation of the RMH Unbundling will involve certain pre-RMH Unbundling steps. In order to maximise the economic benefit and reduce overall execution risk for Shareholders, RMH has, as at Thursday, 9 April 2020, utilised a combination of the retained FirstRand Interim Dividend and the proceeds from the disposal of 58 436 763 FirstRand Disposal Shares in the market in order to:

- restructure and settle its third-party debt obligations of R3 878 471 802, comprising:
 - R1 217 813 808 of FirstRand related debt; and
 - R2 660 657 994 of RMH Property related debt;
- raise an additional R40 000 000 in cash for the further investment of R171 293 458 attributable to the Bucharest opportunity as detailed in paragraph 8.3.2.1;
- provide for R639 000 000 in cash for the settlement of contingent funding obligations of RMH Property portfolio companies, for which RMH has signed guarantees;
- adequately capitalise RMH and RMH Property in the amount of R430 055 241, such that RMH and RMH Property are able to meet their ongoing funding and working capital obligations, post the implementation of the RMH Unbundling;
- set aside funds to settle estimated transaction and restructuring costs related to the RMH Unbundling of R91 971 465 (including VAT), which includes a payment of R27 288 003 under the RMH share appreciation rights scheme and an amount of R18 000 000 for the termination of a service level agreement between RMH and RMI in relation to management services provided by RMH to RMI. The RMH Unbundling costs above are an estimate and will be finalised for the Circular, but will not vary materially from the estimate set out in this Announcement.

For the avoidance of doubt, the figures set out above are as at the last practicable date of this Announcement, being Thursday, 9 April 2020.

4.2 RMH Unbundling

4.2.1 Description

Since RMH's interest in FirstRand is currently held by RMH AssetCo, the RMH Unbundling will be preceded by the distribution by RMH AssetCo to RMH of its entire shareholding in FirstRand (less the FirstRand Disposal Shares) in terms of section 46 of the Income Tax Act, so that RMH holds shares in FirstRand directly.

RMH will subsequently, subject to the fulfilment or waiver (where applicable) of the conditions precedent set out in paragraph 5 below, implement the RMH Unbundling by distributing the FirstRand Distribution Shares to Shareholders on a *pro-rata* basis by way of a distribution *in specie* in terms of section 46 of the Income Tax Act and section 46 of the Companies Act.

The RMH Unbundling will result in Shareholders holding a direct interest in FirstRand, rather than holding that interest through RMH.

4.2.2 Shareholder economics

The calculations below are provided for illustrative purposes only to show the potential value unlock to Shareholders assuming that the RMH Unbundling had occurred on Thursday, 9 April 2020. The calculations are based on the following assumptions:

- RMH and FirstRand closing share prices of R52.77 and R40.61 respectively; and
- RMH has disposed of 58 436 763 FirstRand Disposal Shares at a volume weighted average price per FirstRand Share of R39.17.

Accordingly, the remaining 1 851 996 287 FirstRand Distribution Shares will be unbundled to Shareholders. The FirstRand Distribution Shares will be distributed to Shareholders in the Distribution Ratio of 1.31189 FirstRand Distribution Shares for every 1 RMH Share held at the RMH Unbundling Record Date.

Utilising the RMH Take-on NAV of R4 699 000 000, a detailed breakdown of which is provided in paragraph 7, as well as RMH's issued share capital of 1 411 703 218 Shares, the illustrative intrinsic value that Shareholders would receive assuming the RMH Unbundling was implemented on Thursday, 9 April 2020 is:

= 1,31189 FirstRand Shares* R40.61 + R4 699 000 000/1 411 703 218

= R53.27577 in FirstRand Shares + R3.32839 in RMH Shares

= R56.60416 per RMH Share

The above calculation represents a value unlock of R3.83 per RMH Share.

4.2.3 Affected transaction

The RMH Unbundling constitutes a disposal of the greater part of the assets of RMH, as contemplated in section 112 of the Companies Act and as such, constitutes an "affected transaction" as defined in section 117(1)(c)(i) of the Companies Act. Consequently, the RMH Unbundling is regulated by the Companies Act and the Companies Regulations.

As such, *inter alia*:

- Shareholders are required to approve the RMH Unbundling by way of a special resolution proposed at the General Meeting referred to in paragraph 11 below;
- the RMH Board has established the Independent Board per the requirements of the Companies Act and the Companies Regulations to consider and, if deemed fit, to recommend the approval of the RMH Unbundling by Shareholders; and
- the Independent Board has appointed Merrill Lynch South Africa Proprietary Limited trading as BofA Securities as the Independent Expert to provide a fair and reasonable opinion on the terms of the RMH Unbundling.

4.2.4 Independent expert's report

The Independent Expert's fair and reasonable opinion, as well as the Independent Board's recommendation to Shareholders in relation to the RMH Unbundling, will be detailed in the Circular.

4.2.5 Fractional entitlements

Applying the ratio of Shareholders' entitlement to FirstRand Distribution Shares in the RMH Unbundling may result in fractional entitlements to FirstRand Distribution Shares for such Shareholders. Such fractions will be rounded down to the nearest whole number, resulting in distributions of whole numbers of FirstRand Distribution Shares only and a cash payment (net of costs) for the fraction arising (as described in greater detail in the Circular).

The basis for the applicable cash payment will be announced on SENS on Thursday, 25 June 2020.

4.2.6 Foreign shareholders

No action has been taken by RMH to obtain any approval, authorisation or exemption to permit the distribution of the FirstRand Distribution Shares or the possession or distribution of this Announcement (or any other publicity material relating to the FirstRand Distribution Shares) in any jurisdictions other than South Africa or Canada.

The RMH Unbundling is being conducted under the procedural requirements and disclosure standards of South Africa which may be different from those applicable in other jurisdictions. The legal implications of the RMH Unbundling on persons resident or located in jurisdictions outside of South Africa will depend on the laws of the relevant jurisdiction. Such persons should consult their professional advisers and inform themselves about any applicable legal requirements, which they are obligated to observe. It is the responsibility of any such person wishing to participate in the RMH Unbundling to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith.

Foreign Shareholders resident in Australia, Canada, the US, the United Kingdom, the European Union and Japan should refer to and take into account the disclaimers set out at the end of this Announcement and in the Circular in relation to those jurisdictions. RMH has been advised that Shareholders in these jurisdictions should be able to vote at the General Meeting and receive FirstRand Distribution Shares in terms of the RMH Unbundling, but Foreign Shareholders in those jurisdictions should nevertheless consult their own professional advisers and satisfy themselves as to the applicable legal requirements in their jurisdiction.

Additional information for the benefit of Foreign Shareholders will be included in the Circular, as well as the treatment of any Foreign Shareholder who may not be able to participate in the RMH Unbundling owing to the relevant laws of their jurisdiction or otherwise.

4.2.7 Tax consequences

Shareholders are advised to consult their own tax advisers regarding any tax consequences of the RMH Unbundling.

The distribution of the FirstRand Distribution Shares to Shareholders will be exempt from the payment of any share transfer tax. On the basis that RMH holds the FirstRand Shares as capital assets, the RMH Unbundling should not attract capital gains tax.

Additional tax information will be included in the Circular.

5. Conditions precedent

The RMH Unbundling is subject to the fulfilment or waiver by RMH (if possible), of the following conditions precedent:

- the passing by the requisite majority of Shareholders of the Unbundling Resolution approving the disposal of the greater part of RMH's assets, by way of the RMH Unbundling, in terms of section 112 (read with section 115 of the Companies Act);
- the approval by the South African Reserve Bank of the RMH Unbundling being obtained;
- the issuance by the Takeover Regulation Panel ("TRP") of a TRP compliance certificate to RMH in respect of the RMH Unbundling in accordance with section 119(4)(b) of the Companies Act;
- no Shareholders holding in aggregate more than 0.5% (zero comma five percent) of the Shares delivering an objection notice in relation to the Unbundling Resolution on or before the date of the General Meeting, as contemplated in section 164(3) of the Companies Act;
- the notification by RMH to the South Africa Prudential Authority of the proposed change of shareholding in FirstRand arising from the RMH Unbundling, pursuant to the Banks Act 94 of 1990 and the Financial Sector Regulation Act 9 of 2017;
- the written notification by RMH to the UK Financial Conduct Authority ("FCA") of RMH AssetCo and RMH (indirectly) ceasing to be a controller as defined under SUP 11.3.15A D of the FCA Handbook of MotoNovo Finance Limited ("MotoNovo") and Aldermore Bank PLC ("Aldermore") and indicating the *pro forma* shareholding of MotoNovo and Aldermore as a result of the RMH Unbundling and the Remgro Unbundling;
- the written notification by RMH to the UK Prudential Regulation Authority ("PRA") of RMH AssetCo and RMH (indirectly) ceasing to be a controller as set out in Rule 2.3 of the PRA Rulebook of MotoNovo and Aldermore and indicating the *pro forma* shareholding of MotoNovo and Aldermore as a result of the RMH Unbundling and the Remgro Unbundling; and
- the issuance by the Guernsey Financial Services Commission of its written approval for the RMH Unbundling, to the extent required.

6. Pro forma financial effects of the RMH Unbundling

The *pro forma* financial effects of the RMH Unbundling are the responsibility of the RMH Board and have been prepared for illustrative purposes only to provide information about how the RMH Unbundling may have affected RMH's interim results and financial position for the six-months ended 31 December 2019 and, because of their nature, may not give a fair presentation of the RMH financial position, changes in equity, results of operations or cash flows after the RMH Unbundling nor the effect of the RMH Unbundling on RMH's results of operations.

The summarised *pro forma* financial effects have been prepared in a manner consistent in all respects with International Financial Reporting Standards ("IFRS"), the accounting policies adopted by RMH as at 31 December 2019 and the Revised SAICA Guide on *Pro Forma* Financial Information and the Listings Requirements.

The table below sets out the *pro forma* financial effects of the RMH Unbundling as at 31 December 2019 and the assumptions used in the preparation thereof:

	Before the RMH Unbundling	After the RMH Unbundling	% change
Cents per share			
Earnings per share	323.4	2 070.8	>100
Headline earnings per share	324.6	5.84	n/m
Net asset value per share	3 604.7	345.4	(>100)
Net tangible asset value per share	3 604.7	345.4	(>100)

Notes:

- Based on RMH's published unaudited interim results for the six-months ended 31 December 2019.
- Earnings and headline earnings per share effects are based on the following principal assumptions:
 - the RMH Unbundling was effective 1 July 2019;
 - 1,851,996,287 FirstRand Distribution Shares are unbundled to Shareholders;
 - 58,436,763 FirstRand Disposal Shares have been sold in the market to settle third-party debt; and

d. R91,971,465 (including VAT) for the settlement of estimated transaction and restructuring costs related to the RMH Unbundling as described above.

3. Net asset value and net tangible asset value per share effects are based on the following principal assumptions:

- the RMH Unbundling was effective 31 December 2019;
- 58,436,763 FirstRand Disposal Shares were sold at the volume weighted average price of R39.17 per FirstRand Share. The proceeds from the sale of the FirstRand Disposal Shares, other investment securities, the unwind of financial derivatives and the FirstRand Interim Dividend, will be used to:
 - restructure and settle third-party debt obligations;
 - provide for ongoing funding and working capital obligations of RMH and RMH Property post implementation of the RMH Unbundling; and
 - settle the estimated transaction and restructuring costs relating to the implementation of the RMH Unbundling.

The final *pro forma* financial effects will be set out in the Circular to Shareholders. The only change to the financial effects above will be the inclusion of the final figure for the RMH Unbundling transaction and restructuring costs, which will not vary materially from the costs indicated herein.

7. RMH Take-on NAV

The table below seeks to provide Shareholders with a view of the NAV of RMH assuming the RMH Unbundling was implemented on Thursday, 9 April 2020 and with RMH Property as its sole remaining asset.

A reconciliation between the RMH *pro forma* NAV as at 31 December 2019 (set out in paragraph 6 above) and the RMH Take-on NAV as at Thursday, 9 April 2020 is detailed so as to provide Shareholders with a view of the economic effects of the RMH Unbundling.

These figures have not been reviewed or audited by RMH's independent reporting accountants and auditors, PricewaterhouseCoopers, and are provided for illustrative purposes only.

	R'm
Atterbury Property Holdings	438
Atterbury Europe	1 986
Diversity	156
Integer Properties	27
Gross asset value of RMH Property's portfolio companies as at 31 December 2019	2 607
Loans to RMH Property portfolio companies	118
Loan for the Bucharest Opportunity	678
Cash and cash equivalents	21
Gross asset value of RMH Property as at 31 December 2019	3 425
<i>Movements post 31 December 2019 included to derive RMH Take-on NAV:</i>	
Cash retained for the Bucharest Opportunity	171
Cash retained for the settlement of contingent funding obligations ¹	639
Cash and cash equivalents (including c. R522 million capitalisation for RMH and RMH Property post the RMH Unbundling)	591
Net liabilities	(127)
RMH Take-on NAV (as at 9 April 2020)	4 699
Cash retained for funding costs between 1 January 2020 and 9 April 2020	176
RMH pro forma NAV (as at 31 December 2019)	4 875
RMH Shares in issue	1 411.7
RMH Property intrinsic value per share	3.33
RMH pro forma NAV per share (as set out in paragraph 6 above)	3.45

Notes

¹ Cash retained for contingent funding obligations of RMH Property is post the settlement of the funding balances set out in paragraph 4.1 and additional funding costs of R176 million between 1 January 2020 and 9 April 2020.

8. Details of RMH post the RMH Unbundling

8.1 Overview of RMH Property

Post-implementation of the RMH Unbundling, RMH will remain listed with RMH Property as its sole remaining asset.

RMH Property has a portfolio of property development assets spread across South Africa and Europe, anchored in a partnership with the Atterbury Group, one of the most well-known development companies in the South African property market, with a 26-year strong track record and leading development expertise.

8.2 Philosophy and role of RMH Property

RMH Property is headed up by Brian Roberts who has over 25 years of expertise in the property sector, most notably as Regional Head of Commercial Property Finance at Nedbank, CEO of Zenpro and founder of Integer Properties. Brian's sector experience is complemented by the investment and financial teams at RMH and RMI.

Through partnering with entrepreneurial and experienced management teams, RMH Property seeks to add value to, and be influential in, its portfolio as an active investor, providing strategic oversight, deal-making insights and strong governance. As guiding shareholder, RMH Property seeks to follow the precedent set by RMH and RMI; employing the same fundamental principles used to build some of South Africa's most iconic businesses.

RMH Property is committed to ensuring dynamic leadership and appropriate succession planning in its portfolio companies; with sound and strategic capital allocation; and a focus on growing the NAV of the portfolio. Its influence stems from alignment with its management partners (as personified through relationships and embedded in shareholder agreements) and representation on relevant forums on key matters of strategy, investment and execution.

Since its inception, RMH Property has grown its intrinsic value by R672 million from an original base of R2 753 million. RMH Property is in the early stages of building critical mass and delivering capital growth through property developments in Southern Africa and Europe.

8.3 Portfolio snapshot

RMH Property provides access to premium South and Southern African developments and an opportunity to participate in the development expansion across Eastern Europe, where CEE economies are demonstrating higher relative potential for growth, with gross domestic product growth outperforming Western Europe, and strong fundamentals in terms of inflation, employment and consumption per capita over the long-term.

The RMH Property portfolio is comprised of the following key investments:

- a 27.5% stake in Atterbury Property Holdings, a leading development and investment business with retail, commercial and industrial properties in South Africa, Namibia and Mauritius;
- a 37.5% stake in Atterbury Europe; a development and investment business with retail and commercial properties in Romania, Serbia and Cyprus;
- a 20.3% stake in Divercity, an urban renewal property business focused on regeneration of South African cities; and
- a 50% stake in Integer Properties 3; a 20% stake in Integer Properties 2; and a 9% stake in Integer Properties 1. Integer Properties is a specialist mezzanine debt and equity lender. Integer Properties' business model is to partner with reputable developers and investors. Integer Properties has interests in various property assets in South Africa.

8.3.1 Atterbury Property Holdings

Atterbury Property Holdings is a leading South African property developer with assets spread across South Africa, Namibia and Mauritius. Atterbury Property Holdings was co-founded by leading real estate developer Louis van der Watt in 1994 with a main focus on developing leading retail shopping centres and commercial buildings. Atterbury Property Holdings has significant experience in property development and has developed more than two million square metres of commercial, retail, mixed-used and residential property since its establishment.

Atterbury Property Holdings' strategy is centred on its ability to combine greenfield property development skills together with leading asset management of completed investment properties in order to maximise value delivered to shareholders. The development expertise within Atterbury Property Holdings is a core team of professionals that have consistently demonstrated the ability to manage development risk to deliver attractive shareholder returns.

The most noteworthy completed property assets in the APH Southern Africa investment portfolio are an effective:

- 15.69% interest in Mall of Africa;
- 28.43% interest in the Deloitte head office currently under construction in the Waterfall precinct;
- 81.23% interest in The Grove Mall of Namibia in Windhoek, and
- 8.12% interest in Ascencia Limited, a property company listed on the Stock Exchange of Mauritius.

In Southern Africa, Atterbury Property Holdings has secured a number of development opportunities including the Barlow Park land in Sandton, the Castle Gate precinct in Pretoria and the Richmond Park and King Air industrial parks in Cape Town.

Atterbury Property Holdings has a balanced investment portfolio of high-quality properties that it would be able to monetise in order to provide further funding into its development pipeline; if required and market factors and other dynamics at the time allowing.

8.3.2 Atterbury Europe

Atterbury Europe was founded in 2014 when the Atterbury Group co-invested with a consortium of private investors to form an Eastern European focused property company. The investment portfolio of Atterbury Europe is currently comprised of three main investments, namely:

- a 50.0% share in Atterbury Romania;
- a 97.5% share in Atterbury Cyprus; and
- a 25.0% share in BreAtt (Serbia).

Similar to that of Atterbury Property Holdings, Atterbury Europe's property portfolio is comprised of a combination of investments and developments.

Atterbury Europe partners with property developers and entrepreneurs in each of the markets that it is invested in and contributes world-class development and asset management skills into these partnerships with support from the Atterbury Group. These partnerships allow Atterbury Europe to obtain in-country expertise and local insights, which allow it to successfully source property development opportunities that enable it to deliver superior returns to shareholders.

Atterbury Europe is well-positioned to take advantage of property development opportunities in the Eastern European market over the long-term, given the strength of its partnerships and its ability to raise debt capital to fund growth optimally.

8.3.2.1 The Bucharest opportunity

As previously communicated to Shareholders, RMH Property entered into a partnership opportunity in November 2018 with Atterbury Europe and the Iulius Group (specifically, Mr Iulian Dascau as CEO and founder) in Bucharest to develop a new hub for business, entertainment, retail and residential living (the "**Bucharest Opportunity**"). The Iulius Group is a prominent property developer in Romania which has a strong track record of developing mixed-use urban projects.

On completion, the development is projected to be the largest real estate project in Romania's history and will house the tallest building in Romania, and consist of 14 buildings including retail, office, residential and a 5-star hotel.

RMH Property originally committed €200 million to the Bucharest Opportunity, €150 million as equity and €50 million as a loan. This commitment would have resulted in a 34.4% stake in the landmark development, a direct interest of 25.0% through the 50.0% holding in Atterbury Bucharest and a 9.4% indirect interest through the 37.5% holding in Atterbury Europe. As at 31 December 2019, €43 million was placed on deposit and remained under the control of RMH Property, with the disbursement of the remaining €157 million to be made once certain conditions precedent were fulfilled.

Shareholders are now advised that RMH Property has capped its participation in the Bucharest Opportunity to €50 million (including the €43 million placed on deposit). This commitment is in the form of a loan to Atterbury Europe, which will be converted to equity should the project's conditions precedent be fulfilled.

The key condition precedent relates to the securing of the right of use of the land on which the project will be developed from the Chamber of Commerce and Industry of Romania ("**CCIR**"). CCIR controls the exhibition centre, Romexpo, and has the right of use of the land around the complex where the development is intended to be constructed. The balance of the conditions precedent relates to standard project and municipal authorisations as well as partner conditions typical of a project of this nature.

Should the conditions precedent not be met by 31 March 2021, the €50 million cash commitment will be distributed to Shareholders.

The RMH Board believes that the Bucharest Opportunity is compelling for Shareholders:

- assuming that current market conditions for rental rates, interest rates and tenant demand for space remain as per RMH Property's initial projections, the Bucharest Opportunity is expected to generate a Euro-denominated IRR of at least 12.5% and a cash yield of greater than 10%; and
- given that the €50 million Bucharest investment amount is fixed at an exchange rate of less than R16.00/€, RMH Property management expects to generate an attractive Rand-denominated IRR. Based on market consensus foreign exchange rates over the next five to six years, it is expected that the Euro-denominated IRR will translate into a Rand-denominated IRR in excess of 20%.

8.3.3 Diversity

Diversity is an urban renewal property fund focused on regenerating South African cities and demonstrating a new model for affordable housing delivery that promotes better urban form. Diversity invests exclusively in urban renewal through the development of inner-city (thereby well-located) precincts which feature a dense combination of affordable rental housing, commercial spaces, a rich mix of urban and social amenities as well as high-quality public spaces.

Diversity currently holds a c. R2 billion property portfolio, seeded with assets from leading property companies Atterbury and iThemba and seed investments from RMH Property and Nedbank Property Partners.

8.3.4 Integer Properties

Integer Properties' business model is to partner with reputable and experienced property developers who have secured attractive development opportunities but lack the equity to bridge the gap between the development cost and the level of senior bank debt available to them. Integer Properties is a highly geared business that provides the funding required as a loan and takes a significant shareholding in the development.

In addition to the project partnership strategy, Integer Properties also seeks opportunistic sale and leaseback investment properties, which it owns 100%.

8.4 RMH Property investment strategy and outlook

8.4.1 Short-term outlook and impact of Covid-19

The current, unprecedented market conditions resulting from the Covid-19 pandemic are creating significant headwinds for the property market globally. The periods of sustained economic inactivity and social distancing have resulted in tenants withholding rentals for a variety of reasons, putting severe pressure on the ability of RMH Property's partners to operate. These current market conditions, as well as possible further economic distress, will have an impact on the ability of the portfolio companies to execute on development pipelines in the future and to grow the portfolios. As such, given the uncertainty around the duration of the Covid-19 pandemic and its second-order effects, the exact impact on the RMH Property portfolio in the near-term cannot be accurately forecasted at this stage.

However, many countries are implementing measures to support individuals and corporates with rent and other measures which will support the property sector in the short-term, and over the medium-to-long term, the demand for developments should recover as the investment fundamentals remain sound.

8.4.2 Medium to long-term outlook and strategy

RMH Property will continue to manage its existing investment portfolio that is anchored by the partnership with the Atterbury Group.

RMH Property's investment strategy is to generate attractive equity returns over the long-term by reinvesting net cashflows generated from its portfolio companies' cash-yielding investment properties at attractive yields to fund new development opportunities and service debt interest obligations. The RMH Property portfolio companies utilise high levels of gearing to enhance equity returns, given the low cost of funding in most of the regions that they are invested in.

As a consequence of this capital management strategy, RMH Property does not currently receive dividends from its portfolio companies and only expects to do so once the capital structures of its portfolio companies are sufficiently de-leveraged over the next three to five years.

RMH Property will seek to manage the delivery of the existing development pipeline in its portfolio companies in order to drive capital appreciation for Shareholders. RMH Property's portfolio companies currently have adequate funding resources to support their respective existing approved development pipelines. RMH Property is therefore not expecting to provide any further capital into any of its portfolio companies. RMH Property is targeting a minimum Rand-denominated risk-adjusted IRR target of 15% for future developments.

In line with these broader value realisation objectives, it is the intention of the RMH Board to continue to assess options to monetise the RMH Property business, in an orderly manner over time, and to return maximum value to Shareholders. These options include, *inter alia*, monetisation through separate listings and/or disposals of the individual RMH Property portfolio companies. These options will only be undertaken if market conditions are conducive and are considered by the RMH Board to be in the long-term interests of Shareholders. Shareholders would be approached for approval, where necessary, in line with the provisions of RMH Property's memorandum of incorporation, the Listings Requirements and the Companies Act. Any processes would also be pursued in a manner that results in minimal disruption to the business of RMH Property and its portfolio companies.

Further details regarding RMH and the RMH Property business, including the specific risk factors relating thereto which Shareholders need to consider, will be contained in the Circular.

8.5 RMH Property valuation considerations

Shareholders are referred to the breakdown of the RMH Take-on NAV set out in paragraph 7 above which includes the gross asset value of RMH Property as at 31 December 2019. The valuation of the RMH Property portfolio is complicated due to the unlisted, development focused nature of the underlying businesses. There are no comparators for the purpose of performing a relative valuation analysis given that most local property businesses are focused on the management of yielding portfolios.

All valuations in the underlying portfolio companies were performed as at 31 December 2019. No adjustments have been made as yet to these valuations to reflect the impact of Covid-19. RMH Property and its portfolio companies are focused on active cashflow management through this uncertain time and it is not yet possible to fully assess the impact of Covid-19 on the valuation of RMH Property.

Additional factors which impact the volatility and uncertainty involved in valuing the development-focused property businesses include:

- current interest rate cycle in both South Africa and the EU;
- the current EUR/ZAR exchange rate;
- macro-economic growth in South Africa, Romania, Cyprus and Serbia generally and as a result of the impact of Covid-19;
- the recent downgrades of South Africa's sovereign ratings;
- timing of the realisation of assets;
- limited growth prospects due to the expected drain on cash flows in both the European and South African portfolios; and
- specific project and execution risk.

Whilst the RMH Board recognises these risks and has taken them into account in the preparation of the disclosure in this Announcement, for the purpose of providing an evaluation of the RMH Property portfolio for Shareholders, the RMH Board believes that the long-term valuation should be supported by the following factors:

- the long-term prospects of the portfolio are underpinned by the existing track record of its strong partners and the quality of the development pipeline and projects;
- fundamental, macro-economic variables in South Africa and Eastern Europe outside of the recent market disruption;
- the balance sheet health of the RMH Property business post the RMH Unbundling and the low gearing levels of Atterbury Europe limits pressure from third-party funders in terms of breaching covenants in current market conditions;
- the portion of the RMH Property portfolio comprised of physical assets (held through its equity investments in the various portfolio companies) amounts to R2.6 billion as valued by independent expert valuers on a DCF methodology basis as at 31 December 2019; and
- the balance of the RMH Property portfolio is comprised of cash and loans, as well as contingent funding attributable to the Bucharest Opportunity, subject to conditions.

9. Salient dates and times

	2020
Record Date to determine which Shareholders are entitled to receive the Circular and notice of General Meeting	Friday, 17 April
Circular posted to Shareholders and notice convening the General Meeting released on SENS on	Thursday, 30 April
Last day to trade in order to be eligible to attend and vote at the General Meeting	Tuesday, 19 May
Record Date in order to be eligible to attend and vote at the General Meeting	Friday, 22 May
Last day to lodge forms of proxy with Computershare Investor Services Proprietary Limited for administrative purposes, by 10:00 on	Friday, 29 May
General Meeting to be held via electronic participation (details of which will be provided in the Circular), at 10:00 on	Monday, 1 June
Last date and time for Shareholders to give notice to RMH objecting to the RMH Unbundling in terms of section 164(3) of the Companies Act, by 10:00 on	Monday, 1 June
Results of General Meeting published on SENS on	Monday, 1 June
If the conditions precedent are fulfilled or waived (where applicable) and the RMH Unbundling is approved by Shareholders at the General Meeting and assuming that no court approval or review (in terms of section 115(3) of the Companies Act) of the RMH Unbundling is required:	
Finalisation announcement published on SENS on	Monday, 15 June
Finalisation announcement published in the South African press on	Wednesday, 17 June
Last day to trade in Shares in order to be eligible to receive the FirstRand Distribution Shares	Tuesday, 23 June
Shares trade ex the entitlement to receive the FirstRand Distribution Shares	Wednesday, 24 June
Announcement released on SENS in respect of:	
• the specified ratio in respect of apportionment of base costs of RMH for taxation purposes; and	Thursday, 25 June
• the cash payment applicable to fractional entitlements to the FirstRand Distribution Shares	Thursday, 25 June
RMH Unbundling Record Date	Friday, 26 June
Dematerialised Shareholders' (as defined in the Circular) accounts with their CSDP or Broker credited with the FirstRand Distribution Shares on or about	Monday, 29 June
Certificated Shareholders' (as defined in the Circular) FirstRand Distribution Shares posted by registered post at the risk of such Certificated Shareholders on or about	Monday, 29 June

Notes:

- All times shown in this Announcement are South African Standard Time unless otherwise stated.
- All dates and times are subject to change by RMH (subject to the approval of the JSE and/or TRP, if required).
- Share certificates may not be rematerialised or dematerialised between Wednesday, 24 June 2020 and Friday, 26 June 2020, both days inclusive.
- The dates have been determined based on certain assumptions regarding the dates by which certain Shareholder and regulatory approvals will be obtained and that no court approval or review of the RMH Unbundling will be required. If the relevant dates change and the dates set out above are therefore impacted, details of the relevant change will be released on SENS and published in the South African press.
- If the General Meeting is adjourned or postponed, forms of proxy submitted in respect of the General Meeting will remain valid in respect of any adjournment or postponement thereof.

10. Circular

The information contained in this Announcement should be read in conjunction with the terms of, and subject to the disclaimers contained in, the Circular. The Circular will contain full details of the RMH Unbundling and will incorporate a notice convening a General Meeting of Shareholders in order to consider and, if deemed fit, to pass, with or without modification, the Unbundling Resolution.

The Circular is expected to be distributed to Shareholders on or about Thursday, 30 April 2020.

A copy of the Circular will also be available on SENS and on RMH's stakeholder relations website (www.rmh-online.co.za/stakeholder-relations) on that date.

11. General Meeting

As a result of the impact of the Covid-19 pandemic and the restrictions placed on public gatherings, Shareholders are advised that the General Meeting will be held in electronic format only.

Shareholders are invited to attend the General Meeting, convened in terms of the notice of General Meeting to be incorporated in the Circular, which will only be accessible through electronic participation, as permitted by the JSE and the provisions of the Companies Act and RMH's Memorandum of Incorporation at 10:00 on Monday, 1 June 2020 or at any other adjourned or postponed date and time determined in accordance with the provisions of the Companies Act and the Listings Requirements, for purposes of considering and, if deemed fit, to pass, with or without modification, the Unbundling Resolution.

Shareholders are encouraged to connect to the General Meeting utilising the details that will be provided in the Circular.

12. Remgro Unbundling

Shareholders are referred to the separate announcement released by Remgro on SENS on Tuesday, 14 April 2020 detailing the terms of the Remgro Unbundling.

13. Withdrawal of cautionary announcement

Shareholders are advised that, as a result of the publication of this Announcement, the cautionary announcements released on SENS are withdrawn.

Sandton

14 April 2020

Financial Adviser and Sponsor



Legal adviser



DEFINITIONS

In this Announcement, unless the context indicates the contrary, the following expressions have the meanings given to them below:

"Announcement"	this terms announcement published on SENS by RMH on Tuesday, 14 April 2020;
"APH" or "Atterbury Property Holdings"	Atterbury Property Holdings Proprietary Limited, a limited liability private company registered in accordance with the laws of South Africa under registration number 1995/003635/07;
"Atterbury Europe"	Atterbury Europe Holding B.V., a private company with limited liability organised and existing under the laws of the Netherlands, registered with the trade register of the Dutch Chamber of Commerce under number 70909768;
"Circular"	the circular to be posted to Shareholders on or about Thursday, 30 April 2020 detailing, <i>inter alia</i> , the terms and mechanics of the RMH Unbundling and information regarding RMH Property;
"Companies Act"	the South African Companies Act 71 of 2008, as amended;
"Companies Regulations"	the regulations promulgated in terms of section 223 of the Companies Act, as amended;
"Distribution Ratio"	the ratio of FirstRand Shares per RMH Shares to be distributed to Shareholders in terms of the RMH Unbundling, as set out in the Circular;
"Diversity"	Diversity Urban Property Fund Proprietary Limited, a limited liability private company duly incorporated and registered in accordance with the laws of South Africa under registration number 1999/022767/07;
"FirstRand"	FirstRand Limited, a public company duly incorporated and registered in accordance with the laws of South Africa under registration number 1966/010753/06;
"FirstRand Distribution Shares"	the FirstRand Shares held by RMH on the RMH Unbundling Record Date to be distributed to Shareholders per the Distribution Ratio and excluding the FirstRand Disposal Shares;
"FirstRand Interim Dividend"	the interim cash dividend of 146 cents per share (aggregate: R2 789 232 253) declared by FirstRand on 10 March 2020 and paid on 6 April 2020;
"FirstRand Shares"	ordinary shares with a par value of R0.01 each in the issued share capital of FirstRand;
"Foreign Shareholders"	Shareholders that are registered in a jurisdiction outside of South Africa, or who are resident, domiciled or located in, or who are a citizen of, a jurisdiction other than South Africa;
"Founders"	Messrs GT Ferreira, PK Harris and LL Dippenaar, collectively the founders of Rand Merchant Bank;
"Income Tax Act"	the South African Income Tax Act 58 of 1962, as amended;
"Independent Board"	the independent committee of the RMH Board comprising Ms MM Mahlare, Mr RT Mupita, Mr P Lagerström, Mr JA Teeger, Merrill Lynch South Africa Proprietary Limited trading as BofA Securities;
"Independent Expert"	collectively: Integer Properties One Proprietary Limited, a limited liability private company with registration number 2009/014194/07; Integer Properties Two Proprietary Limited, a limited liability private company with registration number 2012/046490/07; and Integer Properties Three Proprietary Limited, a limited liability private company with registration number 2015/122378/07/07;
"Integer Properties"	the listings requirements of the JSE, as amended from time to time; net asset value;
"Listings Requirements"	Remgro Limited, a public company duly incorporated and registered in accordance with the laws of South Africa under registration number 1968/006415/06;
"NAV"	the proposed distribution of all of the shares held by Remgro in RMH (through Financial Securities Proprietary Limited) to its shareholders in terms of section 46 of the Companies Act and section 46 of the Income Tax Act;
"Remgro"	RMH Asset Holding Company Proprietary Limited, a limited liability private company duly incorporated and registered in accordance with the laws of South Africa with registration number 2016/191887/07;
"Remgro Unbundling"	the board of directors of RMH;
"RMH AssetCo"	RMH Property Holdings Proprietary Limited, a limited liability private company duly incorporated and registered in accordance with the laws of South Africa under registration number 2016/068144/07, and including the various underlying property investments held by RMH Property;
"RMH Board"	the NAV of RMH of R4 699 000 000 assuming that the RMH Unbundling was effected on Thursday, 9 April 2020, a breakdown of which is set out in paragraph 7;
"RMH Property"	the proposed transfer of all of the FirstRand Distribution Shares from RMH to the Shareholders registered as such on the RMH Unbundling Record Date in accordance with the Distribution Ratio by way of a distribution in specie in terms of Section 46 of the Income Tax Act and section 46 of the Companies Act;
"RMH Take-on NAV"	the Stock Exchange News Service of the JSE;
"RMH Unbundling"	ordinary shares with a par value of R0.01 each in the issued share capital of RMH;
"SENS"	the shareholders of RMH; and
"Shares" or "RMH Shares"	the special resolution required to be passed in terms of section 112 of the Companies Act in relation to the RMH Unbundling.
"Shareholders"	
"Unbundling Resolution"	

DISCLAIMERS

GENERAL

Neither this Announcement nor the Circular constitutes or form part of any offer or invitation to purchase, subscribe for, sell or issue, or any solicitation of any offer to purchase, subscribe for, sell or issue, Shares, FirstRand Shares, or any other securities in RMH or FirstRand.

The release, publication or distribution of this Announcement in jurisdictions other than South Africa and the US may be restricted by law. The distribution of FirstRand Shares to Foreign Shareholders in terms of the RMH Unbundling may be affected by the laws of the relevant Foreign Shareholders' jurisdiction. In this regard, Foreign Shareholders are referred to the further detail set out below and in the Circular.

NOTICE TO FOREIGN SHAREHOLDERS LOCATED IN THE US

This Announcement is not an offer of securities for sale in the US. The FirstRand Distribution Shares have not been and will not be registered under the US Securities Act, or with any regulatory authority of any state or other jurisdiction in the US and may not be offered, sold, exercised, transferred or delivered, directly or indirectly, in or into the US at any time except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and applicable state and other securities laws of the US.

The FirstRand Distribution Shares have not been and will not be listed on a US securities exchange or quoted on any inter-dealer quotation system in the US. Neither RMH nor FirstRand intends to take any action to facilitate a market in FirstRand Distribution Shares in the US. Consequently, it is unlikely that an active trading market in the US will develop for the FirstRand Distribution Shares.

The FirstRand Distribution Shares have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission in the US or any other regulatory authority in the US, nor have any of the foregoing authorities passed comment upon, or endorsed the merit of, the RMH Unbundling or the accuracy or the adequacy of this Announcement. Any representation to the contrary is a criminal offence in the US.

The FirstRand Distribution Shares are expected to be distributed to Shareholders by way of an unbundling constituting a transaction meeting the conditions of Staff Legal Bulletin No. 4 of the staff of the US Securities and Exchange Commission for "spin-off" transactions. All Foreign Shareholders located in the US are eligible to vote on the resolutions to be proposed at the General Meeting and subsequently, if the RMH Unbundling is implemented, to receive the FirstRand Distribution Shares.

None of the FirstRand Distribution Shares have been approved or disapproved by the United States Securities and Exchange Commission, any state securities commission or any other United States regulatory authority, nor have any of the foregoing authorities passed upon or determined the adequacy or accuracy of the information contained in this Announcement. Any representation to the contrary is a criminal offence in the United States.

For further detail, please refer to the Circular.

NOTICE TO FOREIGN SHAREHOLDERS LOCATED IN THE EUROPEAN ECONOMIC AREA ("EEA") AND THE UK

Neither this Announcement, nor the Circular, will be a prospectus, as such term is defined in the Prospectus Regulation (EU) 2017/1129, on the basis that the FirstRand Distribution Shares are not being admitted to trading on a regulated market situated or operating within the EEA or the UK, nor is there an offer to the public of the FirstRand Distribution Shares in any member state of the EEA or in the UK. Accordingly, any person making or intending to make any offer for FirstRand Distribution Shares should only do so in circumstances in which no obligation arises for RMH or FirstRand to produce a prospectus for such offer. Neither RMH nor FirstRand has authorised the making of any offer of FirstRand Distribution Shares through any financial intermediary.

NOTICE TO FOREIGN SHAREHOLDERS LOCATED IN AUSTRALIA

The RMH Unbundling is not regulated by the fundraising provisions of the Australian Corporations Act 2001 (Cth). Accordingly, neither this Announcement and/or the Circular is or will be a prospectus and has not been lodged with or reviewed by the Australian Securities and Investments Commission.

The FirstRand Distribution Shares have not been and will not be quoted on ASX Limited or any other Australian securities exchange. Neither RMH nor FirstRand intends to take any action to facilitate a market in FirstRand Distribution Shares in Australia. Consequently, it is unlikely that an active trading market in Australia will develop for the FirstRand Distribution Shares.

NOTICE TO FOREIGN SHAREHOLDERS LOCATED IN JAPAN

Neither this Announcement nor the Circular does or will constitute or form part of, or be construed as, an offer, invitation or recommendation to purchase, sell or subscribe for any securities in Japan or solicitation of any offer to purchase, sell or subscribe for any securities in Japan. The FirstRand Distribution Shares have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948 of Japan, as amended). Provided such exemption is obtained, Shareholders who are resident in Canada will be entitled to participate in the RMH Unbundling and have the FirstRand Distribution Shares distributed to them. Any FirstRand Distribution Shares distributed to shareholders resident in Canada will be subject to applicable resale restrictions under applicable Canadian securities laws and such FirstRand Distribution Shares shall not be sold otherwise than in accordance with such applicable resale restrictions.