Condensed unaudited interim financial results

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

RMH

PARTNER | ENHANCE | MONETISE

Contents

Basis of presentation

This report covers the unaudited interim financial results of RMB Holdings Limited (RMH), based on International Financial Reporting Standards (IFRS), for the six months ended 30 September 2021. During the previous financial year, RMH changed its financial year-end to 31 March. This change was done to improve alignment with the year-ends and limit the operational and cost impact on RMH's remaining investee companies. The results for the last financial year reflected in this booklet are for the nine months ended 31 March 2021 while comparatives are for the six months ended 31 December 2020, as previously published.

The company secretary and financial manager, Ellen Marais CA(SA), prepared these financial results under the supervision of Herman Bosman LLM CFA, chief executive officer and financial director.

This announcement is the responsibility of the board of directors of RMH. The condensed consolidated interim results for the six months ended 30 September 2021 have not been audited or independently reviewed by the external auditor.

About RMH

Who we are

RMH is a JSE Limited (JSE) listed investment holding company with a track record of investing in disruptive and entrepreneurial businesses complemented by innovative corporate actions.

Evolution over time

RMH provides start-up or growth capital together with a partnership ethos, an empowered owner-manager culture and a set of values to develop its investee companies into significant stand-alone businesses. This, in combination with innovative corporate actions, has led to significant value being created for shareholders since its listing in 1992.

True to the ethos of partnership, RMH played a significant role in the establishment and growth of some of South Africa's most iconic financial services businesses, including FirstRand, Discovery and OUTsurance. In 2011, RMH's insurance interests (Discovery, Momentum Metropolitan and OUTsurance) were separately listed as Rand Merchant Investment Holdings Proprietary Limited (RMI). RMI recently announced the planned unbundling of its interests in Discovery and Momentum Metropolitan. This is in alignment with the approach to liberate investments at the appropriate stage in their life cycle and to achieve the best value reflection.

In 2016, RMH expanded its investment strategy to include a property investment business (RMH Property). RMH Property partnered with entrepreneurial management teams with proven track records in developing and managing unlisted property. RMH Property is RMH's most significant remaining asset following the unbundling of its investment in FirstRand in June 2020.

Where we are

Since 2016, RMH Property has acquired significant equity interests in unlisted property development companies, domestically and internationally with attractive net asset value growth return profiles.

RMH continues to assess options to monetise or liberate the RMH Property business and return maximum value to RMH shareholders. In the meantime, RMH will continue to play its role as a supportive, committed and enabling shareholder to RMH Property and its underlying investee companies.

RMH does not have a fixed ordinary dividend policy.

Value created

for the six months ended 30 September 2021

RMH has produced pleasing results despite the challenges induced by the COVID-19 pandemic and the resulting trading environments in the countries to which RMH is exposed.

This is in keeping with its commitment to add **discernible value creation for stakeholders.**

Market capitalisation
(R billion)
▽ 16%
2.1
31 March 2021: R2.5 billion*

Cash resources
(R million)
△ 7%
446
31 March 2021: R418 million

Net asset value per share
(cents)
▽ 19%*
263.9
31 March 2021: 327.4 cents*

RMH Property carrying value per share
(cents)
△ 9%
198.9
31 March 2021: 183.0

Net profit
(R million)
△ >100%
177
Six months to 31 December 2020: Loss of R45 million

Share of after-tax profits of associates and joint ventures
(R million)
△ >100%
166
Six months to 31 December 2020: R19 million

* *excluding the cash retained for the special dividend, net asset value per share increased 7% from 247.4 cents per share. Market capitalisation still reflected the R1.1 billion earmarked for the special dividend*

RMH group structure

Royal Bafokeng Holdings Limited

(RMH's largest shareholder)

12.5%

RMH

Market capitalisation of R2.1 billion as at 30 September 2021

100%

RMH PROPERTY

ATTERBURY EUROPE

37.5%

Office and retail property

ATTERBURY

27.5%

Office, retail and industrial property

INTEGER PROPERTIES

Various*

Mezzanine, debt and equity funding business

DIVERCITY** URBAN PROPERTY FUND

10.9%

Urban renewal

* *Integer Properties 1 Proprietary Limited 9%*
Integer Properties 2 Proprietary Limited 20%
Integer Properties 3 Proprietary Limited 50%

** *Following the subscription of CDC on 18 June 2021. RMH Property's interest in Divercity diluted to 10.9%. RMH Property lost significant influence and the interest in Divercity will, going forward, be treated as a fair value investment rather than as an investment in an associate*

Performance and outlook

External environment

RMH's macro-economic environment is characterised by the following:

The ongoing COVID-19 pandemic	In the second half of 2021, the Delta variant of the virus spread globally and the number of infections and deaths soared. The availability of vaccines in the developed world has raised hopes that restrictions can be reduced or lifted, however, the number of people who choose not to get vaccinated remains a challenge. Vaccination in developing countries is lagging due to vaccine supply constraints. South Africa's vaccination programme got off to a slow start, but vaccines are now readily available. Nonetheless, vaccine hesitancy remains a challenge to reaching government vaccination targets. As predicted, South Africa entered the fourth wave of COVID-19 infections at the beginning of December. The new variant, Omicron, was first identified in Botswana and South Africa. Although a much steeper upward infection curve was noticed in the first seen days compared to the first three waves, indications are that the variant is highly transmissible, infecting some people who are vaccinated but causing mostly mild illness, especially for those who are vaccinated. Hospital admissions are far lower than those experienced in the previous waves but dominated by young people below 40 years most of whom are unvaccinated. It is expected that COVID-19 will be with us for some time yet, although vaccinations and the development of effective treatment protocols is expected to, over time, ameliorate the effects.
Economic recovery	The International Monetary Fund (IMF) expects global economic growth to rebound to 5.5% in 2021, however, the effect of the latest COVID-19 wave on the global economy remains to be seen and measured. Consumer confidence indicators strengthened globally with retail spending approaching pre-pandemic levels. The IMF expects global economic growth to expand by an additional 4.2% in 2022 buoyed by government policy stimulus programmes and the continued roll-out of COVID-19 vaccines. The forecast risk remains high.
Recovery in South Africa	GDP contracted by 7.2% in 2020 and National Treasury has predicted real economic growth of 3.3% for 2021. The civil unrest and looting that took place in July 2021 resulted in the economy suffering yet a further setback. Ratings agencies affirmed South Africa's long-term sovereign credit rating at BB–, which is three notches below investment grade. National Treasury's real economic growth prediction for 2022 moderates to 2.2% with output and employment remaining well below pre-pandemic levels until 2023. Structural constraints, the slow pace of economic reforms and low vaccination rates will continue to constrain medium-term economic growth and limit the ability to contain the debt-to-GDP ratio. We remain confident that partnerships across government, economic sectors and civil groupings should support a turnaround in the medium to long term.
Recovery in Europe	FocusEconomics see GDP in **Serbia** expanding by 4.4% in 2022 and 4.0% in 2023. Firming investment should spill over and support household spending through increased employment and wage growth. Activity will be further buoyed by a progressing vaccination drive, government investment and EU funds. Pandemic-related uncertainty continues to pose a risk. GDP in **Cyprus** seen to be growing by 4.1% in 2022 and 3.8% in 2023, largely on the back of a stronger external sector. A projected fall in unemployment and solid consumer spending will sustain domestic activity. The uncertain trajectory of the health crisis clouds the outlook. The economy in **Romania** is forecast to grow by 4.8% in 2022 and 4.0% in 2023. Growth is likely to continue as the further easing of COVID-19 restrictions spurs domestic activity and foreign demand. A still low vaccination rate, the recent political crisis and pre-election policy uncertainty all pose key downside risks. Atterbury Europe has already observed improved trading in the retail centres in these countries.
Climate change	The threat to human life and economic activity posed by climate change is underscored by recent severe weather events. Extreme rainfall and destructive flooding struck Western Europe and central China, unusually damaging monsoon rains fell in India and the Philippines, while severe drought and massive wildfires are gripping Western North America. Climate scientists warn that severe weather events will become more frequent and severe in the coming decade. The recent COP26 conference in Glasgow has promised far-reaching measures to combat the effects of climate change.

Financial performance

RMH's net asset value has been resilient, increasing by 7% from R 3 493 million (excluding cash retained for the special dividend) as at 31 March 2021 to R3 725 million as at 30 September 2021.

The Rand/Euro exchange rate over the period contributed R20 million of value uplift while the remainder can be contributed to the improvement in the operating performance of the underlying RMH Property investees as the impact of the COVID-19 pandemic is starting to ease.

A profit after tax of R177 million was delivered for the six months ended to 30 September 2021, compared to a loss of R45 million for the six months ended 31 December 2020.

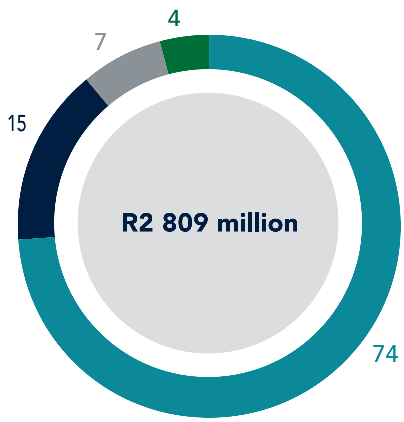
The cash resources earmarked for ongoing RMH operating expenses and liabilities as at 30 September 2021 amounted to R446 million (31 March 2021: R418 million) despite:

- The low interest rate environment;
- An increase in the loan provided to Integer Properties; and
- The cash for the disposal of Atterbury Mauritius being received in April 2021.

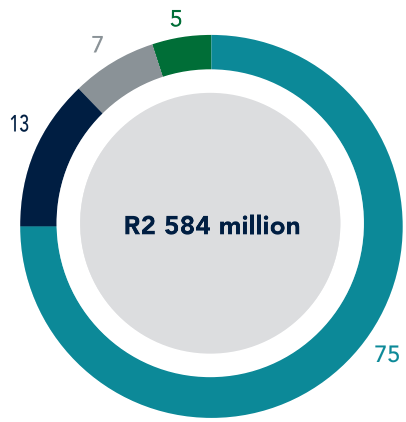
The gross value of RMH Property increased by 9% from R2 584 million as at 31 March 2021 to R2 809 million as at 30 September 2021.

The overall decrease in net asset value can be contributed to the payment of the special dividend on 10 May 2021. The gross value of RMH Property increased by R225 million, R215 million can be contributed to the increase in net asset value of underlying investees and a further increase of R10 million in the loan to Integer. The underlying growth in investee net asset value is mainly attributable to the revaluation of Castle Gate Retail Centre, which commenced trading towards the end of 2020, and the value increase in the Ascencia shares following its move to the primary exchange in Mauritius.

Relative distribution of assets (%)
as at 30 September 2021



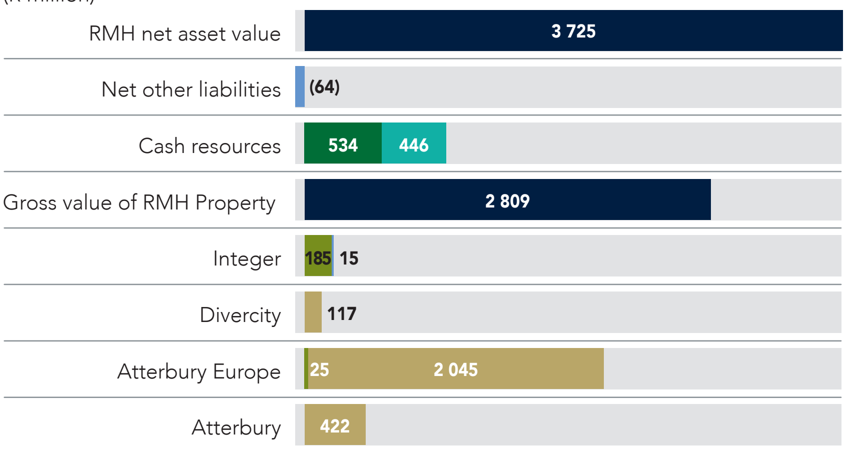
Relative distribution of assets (%)
as at 31 March 2021



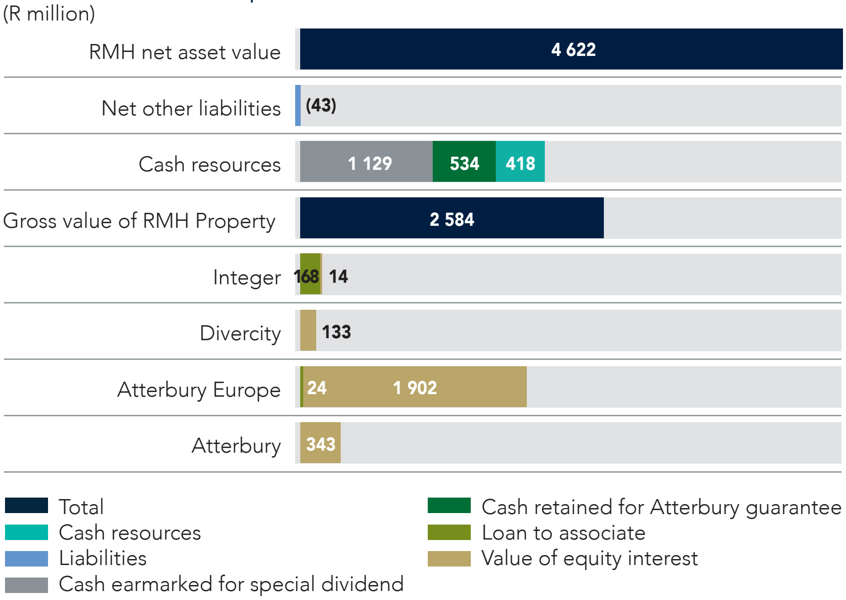
The portfolio mix remains Atterbury-concentrated, with 89% (31 March 2021: 88%) made up of Atterbury Europe and Atterbury.

Net asset value composition

Net asset value composition as at 30 September 2021
(R million)



Net asset value composition as at 31 March 2021
(R million)



RMH Property strategic update

RMH is defined by its value-adding shareholding in its sole remaining asset, RMH Property.

RMH, through RMH Property, seeks to invest in property and property-related entities with best of breed management teams and an attractive net asset value growth return profile. RMH facilitates disciplined capital allocation over the long term in order to grow these investments into businesses that will ultimately deliver sustainable earnings and dividend yields.

RMH Property's portfolio companies utilise gearing to enhance equity returns, given the low cost of funding in most of the regions that they are invested in.

RMH Property has, since its founding, built a sizeable investment portfolio with the following geographic exposure:

	% of RMH Property
Romania	40
Cyprus	20
South Africa	18
Serbia	14
Namibia	4
Mauritius	4

RMH Property's portfolio companies conduct their business in two focus areas, namely investments and developments.

RMH Property's strategy is to:

Partner	Enhance	Monetise
Continue to manage the RMH Property portfolio together with our **partners** in Atterbury, Divercity and Integer to ensure capital preservation and growth. Utilise the development expertise of Atterbury Europe in conjunction with existing in-country **partnerships** to capitalise on opportunities in the growing economies of Eastern Europe.	**Enhance** our established investments in order to create and maintain value for our shareholders: • Assist with capital allocation, strategic oversight and governance • Ensure that gearing levels are within set limits to ensure sustainable earnings • Grow the net asset value of underlying investees • Establish a sustainable income stream over the long term • Ensure that a balance is achieved in the underlying investees between investments and developments	RMH continues to assess options to **monetise** the RMH Property business, in an orderly manner over time, and to return maximum value to RMH shareholders. These options include monetisation at an RMH level or through separate listings and/or disposals of the individual RMH Property portfolio companies.

Outlook

The civil unrest experienced in South Africa in July 2021 had a significant impact on the South African economy as a whole and on the property sector in particular. The RMH Property portfolio did not emerge unscathed, with significant damage to the Pan African Mall owned by Atterbury. That said, reparation of the mall has commenced and a portion of the claim from Sasria has been received.

In terms of corporate action, on 11 and 12 October 2021 RMH announced separate approaches received respectively for the various underlying assets of RMH Property. After careful consideration by the RMH Board and engagement with key shareholders, the offers were rejected by the board on the basis that both the discount to IFRS NAV and RMH's conservative assessment of future NAV were not within an acceptable range. The offers were received from entities closely aligned with the Atterbury group, which the board believes would be the most likely potential acquirer of these businesses. RMH remains committed to the monetisation strategy and the partnership between Atterbury and RMH Property remains focussed on shareholder value creation and being aligned on identifying monetisation events when appropriate.

While both the local and international investees have been experiencing some improvement in their operating results, it is still too early to predict the permanent impact that the hybrid work from home phenomenon will have on the office sector. Early indications are that the offshore assets will not be as heavily impacted as in the local market as property fundamentals before the pandemic were already quite different. Most of the large South African corporates have announced planned reductions in their physical real estate footprint over time. As per the office vacancy survey conducted by MSCI at the end of the third quarter of 2021, office property vacancies were at an all-time high of 15.4%, with 2.91 million m^2 of available unoccupied space. The muted economic outlook locally, as well as the impact of the global trajectory in light of continued COVID-19 uncertainty, will be contributing factors limiting the potential for a strong turnaround in the near term.

The board remains committed to the monetisation strategy of the RMH Property business, taking into account prevailing trading conditions, which may have an impact on the timing of the execution of the strategy.

For and on behalf of the board.

Sonja De Bruyn	Herman Bosman
Chairman	*Chief executive officer*

Rosebank
10 December 2021

Portfolio review

RMH Property currently owns the following investments:

	Atterbury Europe Retail and office property	Atterbury Office, retail and industrial property	Integer Properties Mezzanine debt and equity funding business	Divercity Urban renewal fund	RMH Property
% HELD	37.5%	27.5%	Various%	10.9%	100%
DATE ACQUIRED	February 2018	July 2016	December 2016 and September 2018	October 2018	July 2016
COST (R MILLION)	643	484	32	157	1 783
CONTRIBUTION TO RMH PROPERTY (%)	74	15	7	4	100
CARRYING VALUE, INCLUDING LOANS (R MILLION)	2 070 31 March 2021: 1 926	422 31 March 2021: 343	200 31 March 2021: 182	117 31 March 2021: 133	2 809 31 March 2021: 2 584
CHANGE IN CARRYING VALUE, INCLUDING LOANS (%)	7	23	10	(12)	9

RMH Property provides access to premium South African and Southern African developments and an opportunity to participate in the development expansion across Eastern Europe in partnership with the Atterbury group.

Carrying value of RMH Property

RMH Property's carrying value is made up as follows:

R million	As at 30 September 2021	As at 31 December 2020	% change	As at 31 March 2021
Atterbury Europe	2 070	2 005		1 926
Atterbury	422	343		343
Integer	200	136		182
Divercity	117	181		133
RMH Property investees including loans	2 809	2 665	5	2 584
Bucharest opportunity	–	906		–
Non-current asset held for sale	–	28		–
RMH Property carrying value	2 809	3 599	(22)	2 584
Rand/Euro				
Average rate	17.13	19.19	(11)	18.76
Closing rate	17.46	18.01	(3)	17.29

RMH Property is 74% exposed to the Eastern European market, with the remainder of the portfolio exposed to South Africa, Namibia and Mauritius.

In July 2021, South Africa experience nationwide civil unrest causing millions of Rands in damages. The RMH Property portfolio did not go unscathed, with significant damage caused to the Pan Africa Mall in Alexandra. Comprehensive cover should, however, cover damages suffered.

The carrying value of RMH Property for the six months ended 30 September 2021 remained resilient. The majority of the impact on property valuations as a result of the pandemic was taken in the second six months of the year ended 30 June 2020.

The carrying value of RMH Property for the current period were impacted by the following:

- The exchange rate resulted in an increase in the net asset value of R20 million in the current period while, in the comparative period, it contributed a decrease of R164 million in value;
- The Atterbury Europe net asset value in Euro terms increased from Euro 293 million to Euro 312 million.
- The net asset value of Atterbury has seen some improvement since 31 March 2021 as the Castle Gate Retail Centre commenced trading towards the end of 2020 and the Ascencia shares increasing its value following its move to the primary exchange in Mauritius;
- The majority of the increase in the carrying value of Integer is due to further funding being extended to complete certain developments in Integer Properties 3 Proprietary Limited; and
- The carrying value of Divercity remained under pressure as a result of the impact of COVID-19 on inner-city developments.

Financial performance of the portfolio companies

ATTERBURY EUROPE

Atterbury Europe was founded in 2014, when Atterbury co-invested with a consortium of private investors to form an Eastern European-focused property company.

Its investment portfolio comprises three investments, namely a 97.5% share in Atterbury Cyprus, a 50% share in Atterbury Romania and a 37.5% share in BreAtt in Serbia.

Atterbury Europe partners with leading real estate developers and entrepreneurs in each market and contributes world-class development and asset management skills into these partnerships.

These partnerships allow Atterbury Europe to obtain in-country expertise and local insights, allowing it to source lucrative real estate development opportunities that can deliver superior returns for shareholders.

R million	For the six months ended 30 September 2021	For the six months ended 31 December 2020	% change	For the nine months ended 31 March 2021
Current assets	651	1 932		1 027
Non-current assets	9 979	9 796		9 153
Total assets	10 630	11 728	(9)	10 180
Current liabilities	357	1 792		317
Non-current liabilities	4 764	4 600		4 699
Total liabilities	5 121	6 392	(20)	5 016
Non-controlling interest	55	53		53
Net asset value	5 454	5 283	3	5 111
RMH Property's share of net asset value	2 045	1 982	3	1 902
Loan	25	23		24
Carrying value of Atterbury Europe	2 070	2 005	3	1 926
Net profit for the period (100%)	288	77	>100	119
Earnings/(loss) contributed to RMH Property	99	(45)	>100	(62)
Headline earnings/(loss) contributed to RMH Property	105	(23)	>100	(40)

Despite the loss of net operating income and the drop in performance of the malls, from mid-2020 to mid-2021, the Atterbury Europe cash flow remained healthy. The roll-out of vaccinations in the three countries and across Europe is progressing well and, as a result thereof, footfall has improved and traffic in the malls is slowly picking up.

All properties were externally valued as at 31 December 2020 and no subsequent adjustments were made. The valuations were reported as being subject to ‘material valuation uncertainty as set out in VPS 3 and VPGA 10 of the RICS Valuation – Global Standards. This does not equate to limited or no reliability of the valuation which management uses for the determination of fair value for financial reporting purposes, but rather provides further insight as to the market context and conditions under which the valuations were prepared. For the RMH Property’s interim financial results, the property values remained unchanged from 31 December 2020 and all properties of Atterbury Europe will be externally valued again as at 31 December 2021.

ATTERBURY PROPERTY HOLDINGS

Atterbury has significant experience in property development, having developed more than two million m^2 of commercial, retail and residential property since its establishment in 1994. Its expertise includes property development, fund management, corporate services and asset management.

The most noteworthy completed real estate assets in its investment portfolio are an 81% ownership of the Grove Mall in Namibia, a 16% stake in Mall of Africa and an 8% stake in Ascencia Limited, a property company listed on the Stock Exchange of Mauritius.

The group's development expertise is well respected in the South African market, having consistently demonstrated the ability to manage development risk in delivering shareholder returns.

R million	For the six months ended 30 September 2021	For the six months ended 31 December 2020	% change	For the nine months ended 31 March 2021
Current assets	1 219	1 546		1 546
Non-current assets	7 837	7 572		7 572
Total assets	9 056	9 118	(1)	9 118
Current liabilities	961	1 299		1 347
Non-current liabilities	5 920	6 115		6 067
Total liabilities	6 881	7 414	(7)	7 414
Non-controlling interest	638	457		457
Net asset value	1 537	1 247	23	1 247
RMH Property's share of net asset value	422	343		343
Closing carrying value	422	343	23	343
Net profit/(loss) for the period (100%)	228	(16)	>100	(16)
Earnings/(loss) contributed to RMH Property	88	(8)	>100	(7)
Headline earnings contributed to RMH Property	73	4	>100	5

The net asset value of Atterbury increased by 23% since 31 March 2021. The underlying growth in net asset value relates mainly to the revaluation of Castle Gate Retail Centre, which commenced trading towards the end of 2020, and the value increase in the Ascencia shares following its move to the primary exchange in Mauritius. RMH used the audited results for the year ended 30 June 2021 to prepare the interim results for the six months ended 30 September 2021. All properties were externally valued. The improvement in the net asset value is due to the non-repetition of certain COVID-19 adjustments made in the comparative period. Management remains committed to the deleveraging of the balance sheet and improving the debt service coverage ratio. Both of these key performance indicators have improved compared to the comparative period. Net operating results remained satisfactory, with collections remaining strong and trading density showing improvement.

Below is an extract of the key trading statistic of the Mall of Africa as published by Attacq Limited:

Trading density*

	Jun 2021	May 2021	Apr 2021	Mar 2021	Feb 2021	Jan 2021	Dec 2020	Nov 2020	Oct 2020	Sept 2020	Aug 2020	Jul 2020
Mall of Africa	2 961	3 424	3 079	3 042	2 737	2 369	4 656	3 473	3 022	2 756	2 636	2 307

* *Reported tenant turnover divided by occupied GLA.*

R million	For the 12 months ended 30 June 2021	For the 12 months ended 30 June 2020	% change
12 month average trading density (R/m²) *	3 047	2 975	2.4
12 month average rent to turnover (%) **	9.9	9.7	2.1

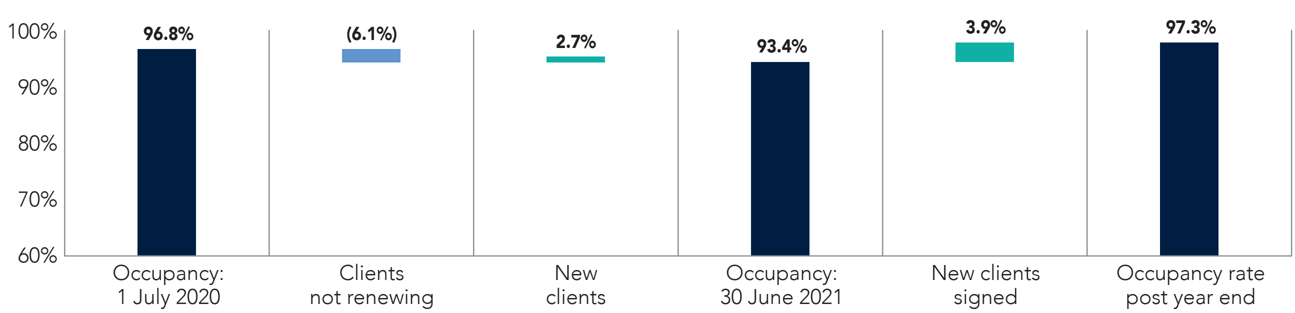
* *Reported tenant turnover divided by GLA based on a 12-month average*
** *Gross rental including operating costs and rates divided by reported turnover based on a 12-month average*

Lease information

Client retention rate (%)	75.8
Reversion >18 months new and renewed	(5.0)
Escalation rate (%)	6.2

Occupancy rate

Occupancy movement during the year



INTEGER PROPERTIES

Integer was formed in 2010, when the management team identified a funding gap in the property market created as a result of financial institutions providing only 70% to 80% towards funding for new property developments.

Integer partners with reputable property developers who have secured attractive development opportunities but lack the equity to bridge the gap between the level of senior institutional debt and the development cost. It provides this equity as an unsecured loan and takes a shareholding in the deal.

The company focuses on the development and ownership of prime office, industrial and retail blue-chip tenants. Its portfolio comprises new developments and existing income-producing properties.

R million	For the six months ended 30 September 2021	For the six months ended 31 December 2020	% change	For the nine months ended 31 March 2021
Current assets	58	35		49
Non-current assets	802	860		837
Total assets	860	895	(4)	886
Current liabilities	101	30		131
Non-current liabilities	678	786		699
Total liabilities	779	816	(5)	830
Non-controlling interest	2	1		–
Net asset value	79	78	1	56
RMH Property's share of net asset value	15	13		14
Loan	185	168		168
Closing carrying value	200	181	10	182
Net loss for the period (100%)	23	(1)	>100	(25)
Earnings/(loss) contributed to RMH Property	5	2	>100	5
Headline earnings/(loss) contributed to RMH Property	5	3	67	6

Integer continued with its phase of realisation. A further two sales have been secured. While the realisation of the portfolio is ongoing, the operational performance remained intact, with low vacancy rates, collections remaining strong and the interest coverage ratios remaining comfortable.

DIVERCITY
URBAN PROPERTY FUND

DIVERCITY URBAN PROPERTY FUND

Divercity is focused on regenerating South African cities and demonstrating a new model of affordable housing delivery that promotes better urban form.

The fund invests exclusively in urban renewal through the development of inner-city (thereby well-located) precincts, which feature a dense mix of affordable rental housing, commercial spaces, a rich mix of urban and social amenities as well as high-quality public spaces.

The model is in contrast to the current dominant model of affordable housing delivery in South Africa, where lower income households are confined to the urban periphery, far from opportunities and essential services.

Divercity currently holds a R2 billion portfolio, jointly seeded with assets from Atterbury and Ithemba and seed investments from RMH Property and Nedbank Property Partners. In June 2021, the CDC subscribed for 39.5% in Divercity. The CDC is one of the largest impact investors in Africa and their endorsement of Divercity's impact and ESG credentials will go a long way in the long-term focus of Divercity of creating integrated neighbourhoods in centrally located areas.

	For the six months ended			For the nine months ended
R million	30 September 2021	31 December 2020	% change	31 March 2021
Current assets	273	56		80
Non-current assets	2 640	2 673		2 661
Total assets	2 913	2 729	7	2 741
Current liabilities	449	537		534
Non-current liabilities	1 383	1 539		1 557
Total liabilities	1 832	2 076	(12)	2 091
Non-controlling interest	2	1		1
Net asset value	1 079	652	65	649
RMH Property's share of net asset value	117	136		133
Closing carrying value	117	136	(14)	133
Net loss for the period (100%)	(64)	(11)	>(100)	(14)
Loss contributed to RMH Property	(21)	(7)	>(100)	(10)
Headline loss contributed to RMH Property	(2)	(3)	33	(11)

Following the dilution of RMH Property's interest to 10.9%, the investment in Divercity will be treated as a fair value investment going forward. The residential portfolios were the most impacted by the COVID-19 pandemic. Higher than anticipated vacancies continued. Collections did, however, remain good. All properties were externally valued for the preparation of the audited results for the year ended 30 June 2021. At the time of the approval of these interim RMH results, the audited results of Divercity had not been approved by its board. The preliminary audited results were used and no material change is anticipated.

Financial review

Basis of preparation of results

The condensed consolidated financial statements are prepared in accordance with:

- The JSE Limited Listings Requirements;
- The framework concepts and the recognition and measurement requirements of International Financial Reporting Standards (IFRS), including interpretations issued by the IFRS Interpretations Committee;
- Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council;
- SAICA Financial Reporting Guide as issued by the Accounting Practices Committee;
- As a minimum, the information required by *IAS 34: Interim Financial Reporting*; and
- The requirements of the South African Companies Act, 71 of 2008, applicable to summary financial statements.

The condensed consolidated interim results for the six months ended 30 September 2021 have not been audited or independently reviewed by the external auditor.

RMH uses net asset value per share as benchmark for trading statements as permitted by section 3.4(b)(vi) of the JSE Listings Requirements.

Accounting policies

These condensed results incorporate accounting policies that are consistent with those used in preparing the audited financial results for the nine months ended 31 March 2021, being the most recent year-end.

These results are prepared in accordance with the going concern principle under the historical cost basis as modified by the fair value accounting of certain assets and liabilities, where required or permitted by IFRS.

The following amendments were applicable for the first time to financial reporting period commencing on or after 1 January 2021:

Title	Effective date
COVID-19-related Rent Concessions – Amendments to *IFRS 16*	1 June 2020/ 1 April 2021*
Interest Rate Benchmark Reform Phase 2 – Amendments to *IFRS 9, IAS 39, IFRS 7, IFRS 4* and *IFRS 16*	1 January 2021

* *Applicable to reporting periods commencing on or after the given date.*

None of the new or amended IFRS which became effective for the six months ended 30 September 2021 had a significant impact on the group's reported earnings, financial position or reserves, or the accounting policies.

Significant judgements and estimates impacted by COVID-19

The specific areas of judgement and estimates used as at 30 September 2021, impacted by COVID-19, did not change since 31 March 2021.

Consistent with the approach followed as at 31 March 2021, the impact of COVID-19 has been incorporated in the going concern statement and, where applicable, factors have been updated with developments in the last six months. On the basis of this review, the directors are satisfied that RMH has adequate resources to continue in business for the foreseeable future. The going concern basis therefore continues to apply and was used in preparing the interim results.

Condensed consolidated income statement

R million	For the six months ended 30 September 2021	For the six months ended 31 December 2020	% change	For the nine months ended 31 March 2021
Investment income	10	29		20
Share of after-tax profits of associates and joint ventures	166	19		18
Revenue	176	48	>100	38
Fee income	3	3		5
Net fair value gains/(losses) on financial assets and liabilities	16	(73)		(59)
Net impairment losses	–	(4)		(8)
Net income/(loss)	195	(26)	>100	(24)
Operating expenses	(16)	(13)		(38)
Profit/(loss) before tax	179	(39)		(62)
Income tax expense	(2)	(6)		(10)
Profit/(loss) for the period	177	(45)	>100	(72)
Profit/(loss) attributable to:				
Ordinary equity holders of the company	177	(45)		(72)
Profit/(loss) for the period	177	(45)	>100	(72)
Profit/(loss) per share (cents)				
– Basic	12.7	(3.2)	>100	(5.1)
– Diluted	12.7	(3.2)	>100	(5.1)

Condensed consolidated statement of profit or loss and other comprehensive income

R million	For the six months ended 30 September 2021	For the six months ended 31 December 2020	% change	For the nine months ended 31 March 2021
Profit/(loss) for the period	177	(45)	>100	(72)
Other comprehensive income/(loss), after tax:				
Items that may subsequently be reclassified to profit or loss				
Share of other comprehensive profit of associate after tax and non-controlling interests	(2)	–		–
Exchange difference on translating foreign operations	20	(164)		(243)
Other comprehensive income/(loss)	18	(164)		(243)
Total comprehensive income/(loss) for the period	195	(209)	>100	(315)
Total comprehensive profit/(loss) attributable to:				
Ordinary equity holders of the company	195	(209)		(315)
Total comprehensive income/(loss) for the period	195	(209)	>100	(315)

Computation of headline earnings

R million	30 September 2021	31 December 2020	% change	31 March 2021
Profit/(loss) attributable to ordinary equity holders	177	(45)	>100	(72)
Adjusted for:				
RMH's share of adjustments made by RMH Property and its associates				
– RMH Property's associates adjustments	–	32		34
– Impairment of goodwill by RMH Property	–	8		8
– Loss on dilution of Divercity	10	–		–
Headline earnings/(loss)	187	(5)	>100	(30)

Computation of per share information

R million	30 September 2021	31 December 2020	% change	31 March 2021
Earnings/(loss) attributable to equity holders	177	(45)	>100	(72)
Headline earnings/(loss) attributable to equity holders	187	(5)	>100	(30)
Net asset value	3 725	4 757	(22)	4 622
Number of shares in issue (millions)	1 411.7	1 411.7	–	1 411.7
Weighted average number of shares in issue (millions)	1 392.2	1 411.7	(1)	1 405.3
Diluted weighted average number of shares in issue (millions)	1 392.2	1 411.7	(1)	1 405.3
Earnings/(loss) per share (cents)	12.7	(3.2)	>100	(5.1)
Diluted earnings/(loss) per share (cents)	12.7	(3.2)	>100	(5.1)
Headline earnings/(loss) per share (cents)	13.4	(0.4)	>100	(2.1)
Diluted headline earnings/(loss) per share (cents)	13.4	(0.4)	>100	(2.1)
Net asset value per share (cents)	263.9	337.0	(22)	327.4

Condensed consolidated statement of financial position

R million	As at 30 September 2021	As at 31 December 2020	% change	As at 31 March 2021
Assets				
Current assets	1 117	2 205	(49)	2 123
Cash and cash equivalents	110	79		980
Investment securities	987	1 105		1 101
Non-current asset held for sale	–	28		–
Loans and receivables	2	948		30
Taxation receivable	18	18		12
Derivative financial instruments	–	27		–
Non-current assets	2 692	2 642	2	2 584
Loans and receivables	210	168		192
Investment in associates and joint ventures	2 482	2 474		2 392
Total assets	3 809	4 847	(21)	4 707
Equity				
Share capital and premium	8 825	8 825		8 825
Reserves	(5 100)	(4 068)		(4 203)
Total equity	3 725	4 757	(22)	4 622
Liabilities				
Current liabilities	54	76		60
Trade and other payables	31	68		30
Provisions	23	1		28
Taxation payable	–	7		2
Non-current liabilities	30	14		25
Financial liabilities	10	14		6
Long-term liabilities	20	–		19
Total liabilities	84	90		85
Total equity and liabilities	3 809	4 847	(21)	4 707

Condensed consolidated statement of cash flows

R million	For the six months ended 30 September 2021	For the six months ended 31 December 2020	% change	For the nine months ended 31 March 2021
Cash flow from operating activities				
Cash generated by/(utilised in) operations	36	(45)		(15)
Interest received	2	29		4
Income tax paid	(10)	(8)		(3)
Net cash generated from/(utilised in) operating activities	28	(24)	>100	(14)
Cash flow from investing activities				
Investment in associates	(6)	–		–
Loans repaid by associates	2	10		894
Loans to associates	(12)	(56)		(53)
Disposal of/(additions to) investment securities	231	(548)		(544)
Investment in derivatives	–	(27)		–
Net cash inflow/(outflow) from investment activities	215	(621)	>100	297
Cash flow from financing activities				
Treasury shares bought	–	–		(27)
Special dividends paid to ordinary equity holders	(1 113)	–		–
Net cash outflow to financing activities	(1 113)	–	100	(27)
Net (decrease)/increase in cash and cash equivalents	(870)	(645)		256
Cash and cash equivalents at the beginning of the period	980	724	5	724
Cash and cash equivalents at the end of the period	110	79	39	980

Condensed consolidated statement of changes in equity

R million	Share capital and premium	Equity accounted reserves	Foreign currency translation reserve	Other reserves	Retained earnings	Equity of ordinary equity holders
Balance as at 1 July 2020	8 825	1 554	473	15	(5 907)	4 960
Total comprehensive loss	–	–	(164)	–	(45)	(209)
Income of associate retained	–	(181)	–	–	181	–
Share option expense – IFRS 2	–	–	–	(4)	–	(4)
Reserve movements relating to associates	–	10	–	–	–	10
Balance as at 31 December 2020	8 825	1 383	309	11	(5 771)	4 757
Balance as at 1 July 2020	8 825	1 554	473	15	(5 907)	4 960
Total comprehensive loss	–	–	(243)	–	(72)	(315)
Income of associate retained	–	(263)	–	–	263	–
Share option expense – IFRS 2	–	–	–	(6)	–	(6)
Movement in treasury shares	–	–	–	(27)	–	(27)
Reserve movements relating to associates	–	10	–	–	–	10
Balance as at 31 March 2021	8 825	1 301	230	(18)	(5 716)	4 622
Balance as at 1 April 2021	8 825	1 301	230	(18)	(5 716)	4 622
Total comprehensive income	–	(2)	20	–	177	195
Income of associate retained	–	6	–	–	(6)	–
Special dividend paid	–	–	–	–	(1 113)	(1 113)
Share option expense – IFRS 2	–	–	–	2	–	2
Reserve movements relating to associates	–	19	–	–	–	19
Balance as at 30 September 2021	8 825	1 324	250	(16)	(6 658)	3 725

Other required disclosure

Fair value measurements and analysis of assets and liabilities

Below is information about the judgements and estimates made to determine the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the group has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level is contained on page 24.

Valuation methodology applied

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, i.e. an exit price.

Fair value is therefore a market-based measurement and, when measuring fair value, RMH uses the assumptions that market participants would use when pricing an asset or liability under current market conditions, including assumptions about risk. When determining fair value, it is presumed that the entity is a going concern and the fair value is therefore not an amount that represents a forced transaction, involuntary liquidation or a distressed sale.

The fair value of non-traded derivatives is based on discounted cash flow models and option pricing models, as appropriate. The group recognises derivatives as assets when the fair value is positive and as liabilities when the fair value is negative. The best evidence of the fair value of a financial instrument at initial recognition is the transaction price (i.e. the fair value of the consideration given or received), unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging), or based on a valuation technique with variables that include only data from observable markets.

When such evidence exists, the group recognises profits or losses on day one. Where fair value is determined using valuation techniques with variables that include non-observable market data, the difference between the fair value and the transaction price (the day one profit or loss) is not recognised in the statement of financial position. These differences are, however, monitored for disclosure purposes. If observable market factors that market participants would consider in setting a price subsequently become available, the balance of the deferred day one profit or loss is released to profit or loss.

Fair value measurement

Fair value measurements are determined on both a recurring and non-recurring basis.

Recurring fair value measurements

Recurring fair value measurements are those for assets and liabilities that IFRS requires or permits to be recognised at fair value and are recognised in the statement of financial position at the reporting date. This includes financial assets, financial liabilities and non-financial assets.

Non-financial assets

When determining the fair value of a non-financial asset, a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant who would use the asset in its highest and best use, is taken into account. This includes the use of the asset that is physically possible, legally permissible and financially feasible. In determining the fair value of the group's investment properties, the highest and best use of the assets is their current use.

Non-recurring fair value measurements

Non-recurring fair value measurements are those triggered by particular circumstances and include the classification of assets and liabilities as non-current assets or disposal groups held for sale under IFRS 5: *Non-current Assets Held for Sale and Discontinued Operations*, where fair value less costs to sell is the recoverable amount, *IFRS 3: Business Combinations*, where assets and liabilities are measured at fair value at acquisition date, and *IAS 36: Impairments of Assets*, where fair value less costs to sell is the recoverable amount. These fair value measurements are determined on a case-by-case basis as they occur within each reporting period.

Other fair value measurements

Other fair value measurements include assets and liabilities not measured at fair value but for which fair value disclosures are required under another IFRS standard, e.g. financial instruments at amortised cost. The fair values of these items are determined by using observable quoted market prices where these are available, or in accordance with generally acceptable pricing models such as a discounted cash flow analysis.

Fair value hierarchy and measurements

Valuations based on observable inputs include:

- **Level 1** – Fair value is based on quoted market prices (unadjusted) in active markets for identical instruments as measured on the reporting date. An active market is one in which transactions occur with sufficient volume and frequency to reliably provide pricing information on an ongoing basis.
- **Level 2** – Fair value is determined through valuation techniques based on observable market inputs. These valuation techniques maximise the use of observable market data where available and rely as little as possible on entity-specific estimates.

Valuations based on unobservable inputs include:

- **Level 3** – Fair value is determined through valuation techniques that use significant unobservable inputs.

The table below sets out the valuation techniques applied by RMH for fair value measurements of financial assets categorised as Level 3 assets in the fair value hierarchy.

Instrument	Valuation technique	Description of valuation technique and main assumptions	Unobservable inputs
Investment securities – unlisted equity investments	Net asset value per share of underlying investment	The carrying value is determined by calculating the net asset value per share times the number of shares owned.	Net asset value
Loans and receivables including loans to associates	Discounted cash flows	The future cash flows are discounted using a market-related interest rate adjusted for credit inputs over the contractual period.	Interest rates

The table below sets out the valuation techniques applied by RMH for fair value measurements of financial liabilities categorised as Level 3 liabilities in the fair value hierarchy.

Instrument	Valuation technique	Description of valuation technique and main assumptions	Unobservable inputs
Financial guarantee contracts	Discounted cash flows	The present value of the cumulative unearned fee received in exchange for providing the guarantee	Discount rate

R million	Level 1	Level 2	Level 3	Total
As at 30 September 2021				
Recurring fair value measurements				
Financial assets measured at fair value				
Investment securities	870	–	117	987
Loans and receivables	1	–	25	26
Fair value of financial assets	871	–	142	1 013
Recurring fair value measurements				
Financial liabilities measured at fair value				
Financial liabilities	–	–	10	10
Fair value of financial liabilities	–	–	10	10
As at 31 December 2020				
Recurring fair value measurements				
Financial assets measured at fair value				
Investment securities	1 105	–	–	1 105
Loans and receivables	–	1 116	–	1 116
Derivative financial instruments	27	–	–	27
Fair value of financial assets	1 132	1 116	–	2 248
Recurring fair value measurements				
Financial liabilities measured at fair value				
Financial liabilities	–	–	14	14
Fair value of financial liabilities	–	–	14	14
As at 31 March 2021				
Recurring fair value measurements				
Financial assets measured at fair value				
Investment securities	1 101	–	–	1 101
Loans and receivables	–	–	24	24
Fair value of financial assets	1 101	–	24	1 125
Recurring fair value measurements				
Financial liabilities measured at fair value				
Financial liabilities	–	–	6	6
Fair value of financial liabilities	–	–	6	6

Reconciliation of Level 3 assets measured at fair value

R million	For the six months ended 30 September 2021	For the six months ended 31 December 2020	For the nine months ended 31 March 2021
Balance at the beginning of the period	24	–	1 012
Disposals	–	–	(894)
Fair value movement recognised in profit	1	–	(94)
Balance at the end of the period	25	–	24

Reconciliation of Level 3 liabilities measured at fair value

R million	For the six months ended 30 September 2021	For the six months ended 31 December 2020	For the nine months ended 31 March 2021
Balance at the beginning of the period	6	16	16
Fair value movement recognised in profit	4	(2)	(10)
Balance at the end of the period	10	14	6

Segmental report

The chief operating decision-maker has been identified as the CEO. Information provided is aligned with the internal reporting provided to the CEO. Operating segments with revenue, absolute profit or loss for the period or total assets representing 10% or more of all total revenue, total profit or loss or total assets, are reported separately. The only segment information considered is the geographical information.

R million	South Africa	Europe	RMH
For the six months ended 30 September 2021			
Revenue	77	99	176
Share of after-tax profit of associates and joint ventures	67	99	166
Profit for the period	78	99	177
As at 30 September 2021			
Investment in associates and joint ventures	438	2 045	2 483
For the six months ended 31 December 2020			
Revenue	19	29	48
Share of after-tax (loss)/profit of associates and joint ventures	(10)	29	19
(Loss)/profit for the period	(74)	29	(45)
As at 31 December 2020			
Investment in associates and joint ventures	492	1 982	2 474
For the nine months ended 31 March 2021			
Revenue	9	29	38
Share of after-tax (loss)/profit of associates and joint ventures	(11)	29	18
(Loss)/profit for the period	(101)	29	(72)
As at 31 March 2021			
Investment in associates and joint ventures	490	1 902	2 392

Contingencies and commitments

R million	As at 30 September 2021	31 December 2020	As at 31 March 2021
Financial guarantees provided on behalf of associates	534	534	534
Loan funding committed to associates and joint ventures	37	76	44
Financial guarantees and commitments	571	610	578

Going concern

In assessing the going concern, the following was taken into consideration:

Solvency

As at 30 September 2021, the group had a positive net asset value of R3.7 billion and its current assets exceeded its current liabilities by R1.1 billion.

Liquidity

As at 30 September 2021, the group had available liquidity of R980 million, comprising unrestricted cash and cash equivalents and a listed unit trust.

The directors have reviewed the group's cash flow forecasts for the next 24 months and, in light of this review and the current financial position, the directors believe that the group has adequate financial resources to continue in operation for the ensuing 12-month period. Accordingly, the financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business. The directors have satisfied themselves that the group is in a sound financial position and that they have access to sufficient cash reserves over the next 12 months to meet their cash requirements.

Events subsequent to the reporting period

There were no material events that occurred between the date of the statement of financial position and the date of this announcement.

Administration

RMB Holdings Limited (RMH)

(Incorporated in the Republic of South Africa)

Registration number:	1987/005115/06
JSE ordinary share code:	RMH
ISIN code:	ZAE000024501
Sector:	Financials
ICB sector:	Diversified financial services

Directors

(Ms) SEN De Bruyn (chairman), HL Bosman (CEO and FD), P Lagerström, UH Lucht, (Ms) MM Mahlare, MM Morobe and JA Teeger

Secretary and registered office

(Ms) EJ Marais

Physical address:	12th Floor, The Bank, Corner of Cradock and Tyrwhitt Avenues, Rosebank, 2196
Postal address:	Private Bag X1000, Saxonwold, 2132
Telephone:	+27 10 753 2430
Website:	www.rmh.co.za

Sponsor

(in terms of the JSE Limited Listings Requirements)

Rand Merchant Bank

(a division of FirstRand Bank Limited)

Physical address:	1 Merchant Place, corner of Fredman Drive and Rivonia Road, Sandton, 2196

Transfer secretaries

Computershare Investor Services Proprietary Limited

Physical address:	Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196
Postal address:	Private Bag X9000, Saxonwold, 2132
Telephone:	+27 11 370 5000
Telefax:	+27 11 688 5221

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