

Momentum Metropolitan Holdings Limited
(Previously MMI Holdings Limited)
Incorporated in the Republic of South Africa
Registration number: 2000/031756/06
JSE Share Code: MTM
NSX Share Code: MMT
ISIN: ZAE000269890
("Momentum Metropolitan" or "the Group")

Proposed acquisition of Alexander Forbes short-term insurance business in Namibia

1. Introduction

The Board of Momentum Metropolitan is pleased to announce that a subsidiary of the Group, Momentum Short Term Insurance Namibia Limited ("MSTI Namibia"), has entered into an agreement with Alexander Forbes Namibia Holdings Proprietary Limited ("AF Namibia Holdings") to acquire Alexander Forbes Insurance Company Namibia Limited ("AFI Namibia" or "the Business"), subject to certain conditions precedent ("Proposed Transaction").

Momentum Metropolitan holds 100% of the issued shares of Metropolitan International Holdings Pty Ltd, which holds 99.28% of Momentum Metropolitan Namibia Limited, which in turn owns a 70% stake in MSTI Namibia. The remaining 30% of MSTI Namibia is held by Quanta Holdings Limited (a Namibian investment company).

AFI Namibia is a wholly owned subsidiary of AF Namibia Holdings, which is a 75% indirect subsidiary of Alexander Forbes Limited, with the remaining 25% held by Cherish Investments Proprietary Limited.

2. Rationale for the proposed transaction

In July 2019 Momentum Metropolitan announced the acquisition of the Alexander Forbes short-term insurance business in South Africa, through Momentum Metropolitan Strategic Investments Proprietary Limited, a wholly owned subsidiary of Momentum Metropolitan ("Initial Transaction"). Following the Initial Transaction the Group has concluded that further commercial synergies for the Group and MSTI Namibia can be achieved through the acquisition of AFI Namibia. The Proposed transaction does not materially affect the Group's capital position.

3. Particulars of the Proposed Transaction

3.1 Overview of the business

AFI Namibia is a personal and commercial lines insurance provider which focuses on a personalised approach to sales and service with niche offerings. The Business is a leading insurance provider in Namibia (fourth largest by market share of gross written premium).

3.2 Proposed Transaction terms

MSTI Namibia intends to acquire 100% of the shares in AFI Namibia and the trademarks specific to the Business for a cash consideration of N\$50 million (equivalent to R50 million). This will be funded from

existing cash resources of Momentum Metropolitan Namibia Limited. The conclusion of the Proposed Transaction is subject to various conditions precedent, as set out in paragraph 3.3 below. The Proposed Transaction is expected to be concluded by 31 August 2020, assuming receipt of the necessary approvals.

3.3 Conditions precedent

The Proposed Transaction is subject to the following outstanding conditions precedent:

- Approval from the Namibian Competition Authorities;
- Regulatory approvals in accordance with the Namibian Short-Term Insurance Act, 4 of 1998; and
- The conclusion of certain ancillary agreements including transitional services and brand licencing.

4. Net asset value and profits attributable to AFI Namibia as at 31 March 2019

The Business was classified as a discontinued operation in the financial statements of Alexander Forbes Limited for the year ended 31 March 2019.

The reported profit after taxation for the Business for the year ended 31 March 2019 amounted to R2.6 million.

The net asset value of the Business, including the intangible assets (of R56 million), as well as inter-company balances and investment in subsidiaries, held for the Business within the Alexander Forbes group structure, amounted to R67 million as at 31 March 2019.

The historical information for the Business was prepared in accordance with International Financial Reporting Standards and has been audited by the external auditors of Alexander Forbes Limited.

5. Categorisation

Shareholders are referred to the announcement regarding the Initial Transaction that the Group released on 25 July 2019 on the Stock Exchange News Service. The Initial Transaction was classified as a Category 2 transaction in terms of the JSE Limited Listings Requirements. The Initial and Proposed Transaction together trigger the aggregation rules in terms of the JSE Limited Listings Requirements, and, on this basis, the Proposed Transaction is classified as a Category 2 transaction.

6. Other

The Group confirms, for purposes of paragraph 9.16 of the JSE Listings Requirements that nothing in the constitutional documents of AFI Namibia will frustrate or relieve the Group from compliance with the JSE Listings Requirements.

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