

REMGRO LIMITED  
(Incorporated in the Republic of South Africa)  
(Registration number 1968/006415/06)  
ISIN: ZAE000026480  
Share code: REM  
("Remgro")

**ANNOUNCEMENT REGARDING THE DISTRIBUTION OF RMB HOLDINGS LIMITED ("RMH") ORDINARY SHARES ("RMH SHARES") TO HOLDERS OF REMGRO NO PAR VALUE ORDINARY SHARES AND REMGRO UNLISTED NO PAR VALUE B ORDINARY SHARES ("REMGRO SHAREHOLDERS").**

**THIS ANNOUNCEMENT IS NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, IN WHOLE OR IN PART, IN OR INTO AUSTRALIA, CANADA, JAPAN, THE UNITED STATES OF AMERICA OR ANY JURISDICTION WHERE IT IS UNLAWFUL TO DISTRIBUTE THIS ANNOUNCEMENT OR WOULD REQUIRE FURTHER ACTION TO DO SO. THIS ANNOUNCEMENT DOES NOT CONSTITUTE OR FORM PART OF ANY OFFER TO SELL OR ISSUE OR INVITATION TO PURCHASE OR SUBSCRIBE FOR, OR ANY SOLICITATION OF ANY OFFER TO PURCHASE OR SUBSCRIBE FOR, ANY SECURITIES. THE SECURITIES REFERRED TO HEREIN HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED, AND MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES, EXCEPT PURSUANT TO AN APPLICABLE EXEMPTION FROM REGISTRATION. NO PUBLIC OFFERING OF SECURITIES IS BEING MADE IN AUSTRALIA, CANADA, JAPAN, THE UNITED STATES OR ELSEWHERE.**

## **1. Introduction**

Remgro Shareholders are referred to the cautionary announcements released on the Stock Exchange News Service ("**SENS**") on 19 November 2019, 7 January 2020 and 18 February 2020 relating, *inter alia*, to the in-principle decision by Remgro to pursue the distribution, in full or in part, of its shareholding in RMH and FirstRand Limited ("**FirstRand**") to Remgro Shareholders. Concurrently with Remgro's cautionary announcements, RMH proposed the distribution by RMH of its FirstRand shares to its shareholders ("**RMH Unbundling**") as part of a restructuring of the RMH portfolio of assets and liabilities.

Remgro Shareholders are further referred to the cautionary announcement released on SENS on 31 March 2020 in terms of which Remgro Shareholders were advised that the board of directors of Remgro ("**Board**") had resolved to proceed with the distribution of Remgro's 28.2% interest in RMH to Remgro Shareholders (the "**Remgro Unbundling**"), but to retain Remgro's 3.9% direct interest in FirstRand.

Remgro Shareholders are also referred to the terms announcement released by RMH concurrently with this announcement in which RMH has advised RMH shareholders that it intends distributing its entire shareholding in FirstRand to RMH shareholders by way of a distribution *in specie*. Following the implementation of the RMH Unbundling, RMH will remain listed, with its property portfolio as its sole remaining asset.

The purpose of this announcement is to provide Remgro Shareholders with detailed information regarding the implementation of the Remgro Unbundling.

## **2. Rationale**

Remgro constantly evaluates the optimal composition of its investment portfolio to ensure that it remains an attractive and appropriately rated permanent capital investment vehicle for investors. It is important to Remgro to ensure that the portfolio composition is shaped by a long-term perspective on shareholder value creation. Key considerations in this context include the level of maturity, independence and the size of an investment relative to the size of the overall Remgro portfolio.

As RMH has developed into a large, mature, independently run business of scale with an overweight contribution to the Remgro portfolio, Remgro is of the opinion that the Remgro Unbundling will unlock significant value for Remgro Shareholders. The Remgro Unbundling also presents an opportunity to rebalance the maturity of Remgro's remaining investment portfolio, as well as the relative contribution of the remaining portfolio investments to enable greater impact and shareholder value creation.

The Remgro Unbundling has significant benefits for Remgro Shareholders, including, *inter alia*:

- Reducing the underlying discount to net asset value that the Remgro shares currently trade at by reducing the three listed entry points into the underlying operations via FirstRand, RMH and Remgro;
- Giving Remgro Shareholders direct access to RMH shares and the dividends payable in respect thereof; and
- Enabling Remgro Shareholders to participate in the RMH Unbundling pursuant to which FirstRand shares will be distributed to them.

Remgro's direct 3.9% interest in FirstRand will be retained to provide additional balance sheet capacity that will support growth in Remgro's existing portfolio, as well as its ability to pursue new opportunities that may arise.

### **3. Key terms of the Remgro Unbundling**

Remgro will distribute all its RMH Shares (comprising 397,447,747 ordinary shares) (the "**Unbundled RMH Shares**") on a *pro-rata* basis to all the Remgro Shareholders as a dividend *in specie*.

Remgro Shareholders will receive 0.69939 Unbundled RMH Shares for every 1 Remgro share held on the Record Date (as defined in paragraph 11 below). The transfer of the Unbundled RMH Shares will result in fractional entitlements, which is explained in more detail in paragraph 4 below.

The Remgro Unbundling will result in Remgro Shareholders holding a direct interest in RMH. As direct shareholders of RMH, Remgro Shareholders will be entitled to participate in the RMH Unbundling.

The detailed tax implications of the Remgro Unbundling are set out in paragraph 9 below.

### **4. Fractional entitlements, cash proceeds and applicable rate**

In accordance with the JSE Listings Requirements, fractional entitlements will be rounded down to the nearest whole number. The aggregated excess fractions of the Unbundled RMH Shares to which Remgro Shareholders will remain entitled, will be sold in the market, on the Remgro Shareholders' behalf, as soon as practicable after the Remgro Unbundling. The cash proceeds of the sale of the fractional entitlements ("**Cash Proceeds**") will be paid to the relevant Remgro Shareholders on the basis set out below, net of any applicable taxes (such as Securities Transfer Tax ("**STT**")) and costs.

Cash Proceeds due to Remgro Shareholders will be determined at a 10% discount to the VWAP of RMH Shares on the Johannesburg Securities Exchange ("**JSE**") on Wednesday, 3 June 2020, being the day on which Remgro shares will begin to trade 'ex' the entitlement to receive the Unbundled RMH Shares. The actual price used to calculate the Cash Proceeds will be announced on SENS on Thursday, 4 June 2020, by 11h00.

### **5. Financial effects**

Based on Remgro's unaudited results for the six months ended 31 December 2019, the pro forma financial effects of the Remgro Unbundling on the earnings per share ("**EPS**"); diluted EPS, headline earnings per share ("**HEPS**"); diluted HEPS,

HEPS, excluding option remeasurement, diluted HEPS, excluding option remeasurement; net asset value per share ("NAV"); net tangible asset value per share ("NTAV") and intrinsic NAV per share ("INAV") of Remgro, are set out below.

These financial effects are prepared for illustrative purposes only to assist Remgro Shareholders to assess the impact of the Remgro Unbundling but, because of their nature, may not give a fair presentation of the effect of the Remgro Unbundling on Remgro'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 Remgro as at 31 December 2019 and the JSE Listings Requirements. The summarised pro forma financial effects have not been audited, or reported on, by Remgro's auditors or reporting accountants.

The pro forma financial effects are the responsibility of the Board. The material assumptions used in the preparation of the pro forma financial effects are set out in the notes following the table below.

	Unaudited financial results at 31 December 2019 before the proposed Transaction	Unaudited pro forma results at 31 December 2019 after the proposed Transaction	Change
	(cents)	(cents)	(%)
EPS			
- Basic	766.3	4 634.0	504.7
- Diluted	762.7	4 622.8	506.1
HEPS			
- Basic	750.9	484.6	(35.5)
- Diluted	747.4	481.7	(35.5)
HEPS, excluding option remeasurement			
- Basic	750.7	484.5	(35.5)
- Diluted	747.2	481.6	(35.5)
NAV	18 669	17 079	(8.5)
NTAV	14 446	12 857	(11.0)
INAV	24 093	18 429	(23.5)

Notes:

- The pro forma financial effects are based on the unaudited financial results of Remgro for the six months ended 31 December 2019. The financial impact on the earnings of Remgro are illustrated as if the Remgro Unbundling had been completed on 1 July 2019, while the impact on the net assets of Remgro are shown as if the Remgro Unbundling had been implemented on 31 December 2019.
- The following common assumptions have been used in the calculation of the pro forma financial information:
  - A FirstRand share price of R62.80 at 31 December 2019; and
  - An RMH share price of R80.44 at 31 December 2019.
- As a result of the Remgro Unbundling, Remgro ceases to have significant influence in FirstRand and would therefore have to derecognise its FirstRand equity accounted investment and account for it as a financial asset at fair value through other comprehensive income (the "**FirstRand Reclassification**"). The pro forma income statement effects represent the dividends received from FirstRand and the reversal of Remgro's attributable portion of FirstRand's and RMH's equity accounted earnings

for the six months ended 31 December 2019, as well as the profit realised on the Remgro Unbundling and FirstRand Reclassification

4. The statement of financial position effects represent the profit realised on the Remgro Unbundling and FirstRand Reclassification as described above, as well as the dividend *in specie*.
5. The financial effects set out above have been prepared based on IFRS and interpretations of IFRS applicable at 31 December 2019.

#### **6. Information relating to RMH**

RMH is an investment holding company with a track record of investing in disruptive and entrepreneurial financial services businesses.

RMH was listed on the JSE in 1992 as a vehicle to allow investors to co-invest with the founders of Rand Merchant Bank, and since then has played a significant role in the establishment and growth of some of South Africa's most iconic financial services businesses, including FirstRand, Discovery, Momentum Metropolitan and OUTsurance.

In 2011, RMH's insurance interests (Discovery, Momentum Metropolitan and OUTsurance) were separately listed as Rand Merchant Investment Holdings Limited. Since then RMH has been an investment vehicle into FirstRand, one of South Africa's most successful financial services groups. RMH is the largest shareholder in FirstRand.

During July 2016 RMH expanded its investment strategy to include a property investment business alongside its 34% investment in FirstRand. This involved establishing a diversified portfolio of scalable entrepreneur-led businesses with proven track records in managing and growing property portfolios.

For further detailed information on RMH, Remgro Shareholders are referred to the annual report of RMH for the financial year ended 30 June 2019 and the unaudited interim results of RMH for the six-month period ended 31 December 2019, both of which can be accessed on RMH's website ([www.rmh-online.co.za](http://www.rmh-online.co.za)).

#### **7. Condition precedent**

The implementation of the Remgro Unbundling is subject to the fulfilment, or waiver, as the case may be, of the condition precedent that by no later than 30 April 2020 the Ontario Securities Commission has granted an exemption from the prospectus requirement of section 53 of the *Securities Act* (Ontario) in connection with the Remgro Unbundling.

#### **8. Exchange Control Regulation**

The Unbundled RMH Shares are not freely transferable from the common monetary area and must be dealt with in terms of the South African Exchange Control Regulations, 1961 (as amended) ("**Exchange Control Regulations**"). The following summary of the Exchange Control Regulations is intended as a guide only and is not a comprehensive statement of the Exchange Control Regulations or advice. Remgro Shareholders who are in any doubt regarding the Exchange Control Regulations should contact their own professional advisers. This summary is based on the laws and regulations as in force and as applied in practice as at the date hereof and is subject to changes to those laws and regulations and practices subsequent to such date.

##### **8.1 Emigrants from the Common Monetary Area consisting of South Africa, the Republic of Namibia and the Kingdoms of Lesotho and eSwatini ("CMA")**

Any share certificates that may be issued by RMH to emigrants from the CMA will be endorsed "non-resident" in accordance with the Exchange Control Regulations.

Uncertificated Unbundled RMH Shares will be credited directly to the emigrants' respective emigrant share accounts at the CSDP or broker controlling their remaining portfolios and an appropriate electronic entry will be made in the relevant register reflecting a "non-resident" endorsement. The CSDP or broker will ensure that the emigrant adheres to the Exchange Control Regulations.

Any Unbundled RMH Shares and/or securities issued in certificated form, cash dividends and residual cash payments based on emigrants' Unbundled RMH Shares and/or securities controlled in terms of the Exchange Control Regulations will be forwarded to the authorised dealer in foreign exchange controlling their remaining assets.

## **8.2 Residents outside of the CMA**

Any share certificates that may be issued by RMH to non-residents of the CMA will be endorsed "non-resident" in accordance with the Exchange Control Regulations.

Uncertificated Unbundled RMH Shares and/or securities will be credited directly to the non-resident's non-resident share accounts at the CSDP or broker controlling their portfolios and an appropriate electronic entry will be made in the relevant register reflecting a "non-resident" endorsement. The CSDP or broker will ensure that the non-resident adheres to the Exchange Control Regulations.

Any Cash Proceeds payable to non-resident Remgro Shareholders in relation to their fractional entitlements are freely transferable from South Africa, subject to being converted into a currency other than Rand or paid for the credit of a non-resident Rand account.

## **9. Taxation**

The following summary describes the tax consequences of the Remgro Unbundling that may apply to Remgro Shareholders generally. This summary is based on the laws as in force and as applied in practice as at the date hereof and is subject to changes to those laws and practices subsequent to such date.

In the case of persons who are non-residents of South Africa for tax purposes, this summary should be read in conjunction with the provisions of any applicable double tax agreement between South Africa and their country of residence. Remgro and its advisers cannot be held responsible for the taxation consequences that the Remgro Unbundling may have on individual Remgro Shareholders and therefore if you are in any doubt about your tax position you should consult an appropriate independent professional adviser.

The Remgro Unbundling will constitute a disposal by Remgro of the Unbundled RMH Shares to Remgro Shareholders. It is intended that the disposal will be implemented in terms of section 46 of the Income Tax Act, which allows for a tax neutral implementation of the Remgro Unbundling from an income tax, Capital Gains Tax ("CGT"), dividend tax and STT perspective, including the following concessions for Shareholders:

### **9.1 Remgro shares held as trading stock**

Remgro Shareholders holding Remgro shares as trading stock will be deemed to acquire the Unbundled RMH Shares as trading stock through a dividend *in specie* that must be disregarded for dividends tax purposes. The distribution must also not be treated as a return of capital for the purposes of paragraph 76B of the Eighth Schedule to the Income Tax Act.

The original expenditure incurred in respect of the Remgro shares will be apportioned between the Unbundled RMH Shares and the Remgro shares based on a

ratio that is determined with reference to the respective closing prices of the shares in RMH and Remgro on the first business day after the LDT Date (as defined in paragraph 11 below).

### **9.2 Remgro shares held as capital assets**

Remgro Shareholders holding Remgro shares as capital assets will be deemed to acquire the Unbundled RMH Shares as capital assets through a dividend *in specie* that must be disregarded for dividends tax purposes. The distribution must also not be treated as a return of capital for the purposes of paragraph 76B of the Eighth Schedule to the Income Tax Act.

The CGT 'base cost' of the Remgro shares in the hands of Remgro Shareholders immediately before the Remgro Unbundling will be apportioned between the Unbundled RMH Shares and the Remgro shares based on a ratio that is determined with reference to the respective closing prices of the shares in RMH and Remgro on the first business day after the LDT Date (as defined in paragraph 11 below).

Remgro Shareholders will be deemed to have acquired the Unbundled RMH Shares on the date on which the Remgro shares were originally acquired.

### **9.3 Apportionment ratios to be used**

Remgro will advise Remgro Shareholders of the relevant apportionment ratios to be used to determine their tax cost bases in the Remgro shares and the Unbundled RMH Shares by way of an announcement to be released on SENS on the second business day after the LDT Date (as defined in paragraph 11 below).

These ratios must be used in the determination of any income or capital gains or losses (as the case may be), derived on any future disposals of the Unbundled RMH Shares or Remgro shares.

## **10. Foreign Shareholders**

The following summary describes the restrictions applicable to Remgro Shareholders in terms of the Remgro Unbundling who have registered addresses outside South Africa and/or who are nationals, citizens or residents of countries other than South Africa ("**Overseas Shareholders**") or who are persons (including, without limitation, custodians, nominees and trustees) who have a contractual or legal obligation to forward this announcement to a jurisdiction outside South Africa, or who hold Remgro shares for the account or benefit of any such Overseas Shareholder and will therefore hold RMH in a similar manner and hence may have an impact on Remgro Shareholders.

The Remgro Unbundling will be implemented as a *pro-rata* distribution *in specie* for no consideration to all Remgro Shareholders recorded as such in the register of Remgro on the Record Date.

It is the responsibility of any Overseas Shareholder (including, without limitation, nominees, agents and trustees for such persons) being notified by this announcement of the Remgro Unbundling and wishing to have their Unbundled RMH Shares transferred to them in terms of the Remgro Unbundling to satisfy themselves in respect of the applicable laws in their territory, including obtaining any requisite governmental or other consents, observing any other requisite laws, requirements or formalities and paying any issue, transfer or other taxes due in such territories.

Accordingly, persons (including, without limitation, nominees, agents and trustees) being notified in terms of this announcement should not distribute or send the announcement to any person in, or citizen or resident of, or otherwise into any jurisdiction where to do so would or might contravene applicable law or regulation, including local securities laws or regulations.

Any person who does distribute this announcement into any such territory (whether under a contractual or legal obligation or otherwise) should draw the recipient's attention to the contents of this paragraph.

Remgro reserves the right, but shall not be obliged, to treat as invalid any transfer of Unbundled RMH Shares in terms of the Remgro Unbundling, which appears to Remgro or its agents to have been executed, effected or dispatched in a manner which may involve a breach of the securities laws or regulations of any jurisdiction; or if Remgro believes (in its discretion) or its agents believe that the same may violate applicable legal or regulatory requirements; or if Remgro believes (in its discretion) that it is prohibited or unduly onerous or impractical to transfer the RMH Shares to such Overseas Shareholder in terms of the Remgro Unbundling.

If an Overseas Shareholder is of the view that the transfer of the Unbundled RMH Shares in terms of the Remgro Unbundling to such Overseas Shareholder may involve a breach of the securities laws or regulations or violate applicable legal or regulatory requirements, such Overseas Shareholder must as soon as reasonably practicable notify their CSDP or broker of such fact or circumstance.

Remgro shall be entitled (in its discretion), including in either of the aforementioned instances, to do all things necessary or desirable to ensure compliance with applicable law and/or regulation including selling the Unbundled RMH Shares that would otherwise have been transferred to the Overseas Shareholder under the Remgro Unbundling on behalf of the Overseas Shareholder and at their risk, with the net proceeds of such sale (after deduction of any applicable taxes which may in this instance include STT, withholdings or costs) to be paid to the Overseas Shareholder. In this regard, the Unbundled RMH Shares may be aggregated and disposed of on the JSE in an orderly manner by the Remgro transfer secretaries on behalf of and for the benefit of such Overseas Shareholders as soon as is reasonably practical after the implementation of the Remgro Unbundling at the best price that can reasonably be obtained at the time of sale.

## 11. Salient dates and times

2020

---

Terms announcement released on SENS	Tuesday, 14 April 2020
Terms announcement published in South African press	Wednesday, 15 April 2020
Finalisation announcement released on SENS	Thursday, 30 April 2020
Finalisation announcement published in South African press	Monday, 4 May 2020
Last day to trade in Remgro shares on the JSE to participate in the Remgro Unbundling (" <b>LDT Date</b> ")	Tuesday, 2 June 2020
Remgro shares trade "ex" entitlement to receive the Unbundled RMH Shares	Wednesday, 3 June 2020
Announcement of specified ratio in respect of apportionment of costs/base costs of Remgro for taxation/CGT purposes released on SENS	Thursday, 4 June 2020
Announcement of Cash Proceeds released on SENS, by 11h00	Thursday, 4 June 2020
Record date to receive Unbundled RMH Shares in terms of the Remgro Unbundling (" <b>Record Date</b> ")	Friday, 5 June 2020
Remgro unbundles the Unbundled RMH Shares to Remgro Shareholders	Monday, 8 June 2020
Remgro Shareholder's account with CSDP or broker updated	Monday, 8 June 2020

**Notes:**

1. All times shown in this announcement are South African times unless otherwise stated.
2. The above dates and times are subject to change. The above dates have been determined based on certain assumptions regarding the Remgro Unbundling. 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.
3. There may be no rematerialisation or dematerialisation of Remgro shares between Wednesday, 3 June 2020 and Friday, 5 June 2020, both days inclusive.

## 12. Withdrawal of cautionary

Remgro Shareholders are advised that, as a result of the publication of this announcement, all prior cautionary announcements are now withdrawn and caution is no longer required to be exercised by Remgro Shareholders when dealing in their Remgro shares.

Stellenbosch  
14 April 2020

Financial adviser and Sponsor  
Rand Merchant Bank (a division of FirstRand Bank Limited)

Legal adviser  
DLA Piper Advisory Services Proprietary Limited