

RMB HOLDINGS LIMITED
(Incorporated in the Republic of South Africa)
Registration number: 1987/005115/06
JSE ordinary share code: RMH
ISIN code: ZAE000024501
(RMH or the company)

Condensed unaudited interim financial results announcement for the six months ended 31 December 2020

RMH is a JSE Limited (JSE) listed investment holding company focused on investments in property and property-related companies. Since its inception, RMH has a track record of investing in disruptive and entrepreneurial businesses. RMH provides start-up or growth capital together with a partnership ethos, empowered owner-manager culture, a set of enduring values with the aim of developing its investee companies into significant standalone businesses. This, in combination with innovative corporate actions, has led to significant value being created for shareholders since its listing in 1992.

RMH has 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).

In 2016, RMH expanded its investment strategy to include a property investment business (RMH Property). RMH Property partners with entrepreneurial management teams with proven track records in developing and managing unlisted property and seeks to instil the values and ethos that have defined the successes of RMH and RMI to date.

Financial highlights

COVID-19, continued lockdowns and the resultant muted macro-economic growth in the countries in which RMH operates through the RMH Property portfolio companies continued to be factors in the financial results for the six months ended 31 December 2020.

RMH's net asset value has been resilient, decreasing by 4% from R4 960 million at 30 June 2020 to R4 757 million at 31 December 2020. This decrease is driven by the strengthening of the Rand over the period to the Euro exchange rate. The operating performance of the underlying RMH Property investees is pleasing in the context of the current environment.

The loss after tax from the continuing operation improved 74% from a loss of R176 million for the six months to 31 December 2019 to a loss of R45 million for the six months to 31 December 2020. The biggest contributor to this performance was the elimination of funding costs (2019: R139 million) as all debt was settled as part of the RMH Unbundling.

Despite a significant decline in interest rates and the increase in the loan provided to Integer Properties, the cash endowment established at the time of the RMH Unbundling to cater for the ongoing operating expenses of RMH has been maintained at R650 million (30 June 2020: R747 million).

The gross value of RMH Property decreased by 4% from R3 761 million at 30 June 2020 to R3 599 million at 31 December 2020.

Update on the Bucharest Opportunity

In November 2018, RMH Property entered into a partnership opportunity with Atterbury Europe and the Iulius Group to develop a new hub for business, entertainment, retail and residential living in Bucharest. RMH Property capped its participation in the Bucharest opportunity to €50 million. This commitment is currently held by Atterbury Europe on deposit in cash and remains under the control of RMH Property until the fulfilment of certain land ownership conditions precedent.

Shareholders are advised that these conditions, which had to be fulfilled by a long stop date of 31 March 2021 and that would have resulted in the loan to Atterbury Europe being converted to share capital, will not be fulfilled by this date. As a result thereof, the €50 million will be returned to RMH Property by 31 March 2021. In line with its previously communicated undertaking, RMH will in turn distribute this amount to its shareholders in the form of a special dividend. A further announcement setting out the details of this distribution will be made in due course.

While the Bucharest development was an important part of the Atterbury Europe strategy, there remain other compelling growth opportunities for the business.

Dividend policy

Given the structure and stage of development of the RMH Property portfolio companies and its approach to capital management, RMH will not be declaring any dividends in the medium term. RMH Property only expects to start receiving dividends once the capital structures of its portfolio companies are sufficiently de-leveraged over the next three to five years, at which point an appropriate dividend policy will be formulated by RMH.

Outlook

All the countries where RMH Property has a presence are at various stages of emerging from lockdowns and restrictions introduced as a result of continuing waves of the COVID-19 pandemic. The possibility of subsequent waves remains high.

Good progress has been made with vaccine roll-out programmes in Serbia, Romania and Cyprus, which will assist the recovery and outlook for medium-term performance. It is anticipated that Central and Eastern European economies will recover sooner than other European economies as their unemployment rates remain low and their GDP contracted less.

The pace of the vaccine roll-out for South Africa and emerging markets will be slower than that of the developed markets and, although some economic recovery has been experienced in Southern Africa, market sentiment remains negative and we expect this to delay the recovery of the Southern African property sector to pre-COVID-19 levels.

The listed property sector in South Africa continues to be under pressure with the REITs generally trading at significant discounts to their net asset values. As a result of this negative sentiment, the loan-to-value ratios are above normal comfort levels and a number of the listed entities have focused on deleveraging their balance sheets by selling assets. This has led to an oversupply of property stock, which, when combined with the lack of liquidity in the market, will impact the timing of the RMH monetisation strategy.

Financial information

	For the six months ended 31 December			For the year ended 30 June 2020
R million	2020	2019	% change	Audited
Continuing and discontinued operations				
Revenue	48	286	(83)	(111)
(Loss)/earnings attributable to equity holders	(45)	4 566	(100+)	32 596
Headline (loss)/earnings attributable to equity holders	(5)	4 583	(100+)	5 377
Net asset value	4 757	50 899	(91)	4 960
(Loss)/earnings per share (cents)	(3.2)	323.4	(100+)	2 309.0
Headline (loss)/earnings per share (cents)	(0.4)	324.6	(100+)	380.9
Net asset value per share (cents)	337.0	3 605.5	(91)	351.4
Continuing operations				
Revenue	48	286	(83)	(111)
Loss attributable to equity holders	(45)	(176)	(74)	(365)
Headline loss	(5)	(180)	(97)	(262)
Loss per share (cents)	(3.2)	(12.5)	(74)	(25.9)
Headline loss (cents)	(0.4)	(12.8)	(97)	(18.6)

This short-form announcement is the responsibility of the directors and is only a summary of the information in the full announcement and does not contain full or complete details. The full announcement was released on the JSE's Stock Exchange News Service (SENS) on 19 March 2021 and can be found on the Company's website at www.rmh.co.za or at <https://senspdf.jse.co.za/documents/2021/jse/isse/RMH/interims21.pdf>. The full announcement is available for inspection at the Company's registered office and copies may also be requested at the company's registered office and from the company secretary at company.secretary@rmh.co.za, at no charge, during office hours. Any investment decision should be based on the full announcement published on SENS and on the company's website.

For and on behalf of the board

Sonja De Bruyn Herman Bosman
Chairperson Chief executive officer

Rosebank
19 March 2021

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