

RMB HOLDINGS LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 1987/005115/06)

ISIN: ZAE000024501

JSE ordinary share code: RMH

(“**RMH**” or “**the Company**”)

RMH provisional results for the year ended 31 March 2023 and cautionary announcement

ABOUT RMH

RMH is a listed investment holding company with a stated strategy of monetisation. After the unbundling of RMH’s last financial services investment, its 34% interest in FirstRand Limited in June 2020, the most significant asset remaining in RMH is its investment in RMH Property.

As communicated to shareholders in June 2020, RMH is executing an orderly monetisation of the assets in its portfolio. In line with this strategy, RMH has:

- Paid a special dividend of R1.1 billion to shareholders on 10 May 2021
- Disposed of its equity interest in Atterbury Europe to Brightbridge Real Estate Limited (Brightbridge) on 7 September 2022.
- The disposal, at 82% of the IFRS carrying value, delivered a nominal rate of return of 23% over the life of the investment.
- A profit based on cost price of R1 076 million.
- The disposal resulted in an IFRS accounting loss of R589 million.
- Paid a special dividend of R2 billion on 10 October 2022.

In relation to RMH Property and its remaining investee companies, RMH will continue to execute its role as a supportive, committed and enabling shareholder.

RMH’s ordinary dividend policy is to pay no dividends, distributions will only be made as assets are monetised.

Audited results for the year ended 31 March 2023 will be released on or about 29 July 2023. This is to accommodate the outcome of the repayment of the RMB facility in relation to Atterbury on 8 July 2023 refer to the paragraph headed “Update on Atterbury guarantee and cautionary announcement”.

PERFORMANCE AND OUTLOOK

RMH management continued to consider various options to monetise assets in order to deliver maximum value to our various stakeholders within the limitations of the macroeconomic conditions.

External environment

RMH’s macroeconomic environment is characterised by the following:

Invasion of Ukraine and its effect on the world economy

Russia’s invasion of Ukraine has resulted in extreme **commodity price swings** that continue to have a profound impact on the global economy.

Global **economic growth is expected to slow** in 2023, reflecting ripple effects of the war in Ukraine, as well as high inflation and rising interest rates.

South African economy

Electricity supply shortages have constrained South Africa's growth for several years, disrupting economic activity and increasing operating costs for businesses. It has also affected other infrastructure such as water, IT and service delivery (health and education).

South Africa's GDP growth has recovered to pre-pandemic levels. The **unemployment rate**, however, remains high.

Socio-economic challenges are further exacerbated by rising fuel and food prices.

Rising interest rates and inflation has brought the Rand under pressure.

The greylisting of South Africa on 24 February 2023 further dampened much-needed foreign investment.

Climate change

Climate-related **weather events** and **cyberattacks** continue to be key risks.

Severe weather events are expected to become **more frequent and increase in severity** in the coming decade.

Momentum of climate change action and **ESG disclosures** are growing.

FINANCIAL REVIEW

RMH's decrease in net asset value to R1 416 million from R3 910 million as at 31 March 2022 was predominantly a result of the disposal of Atterbury Europe on 7 September 2022 and the decision by the board to increase the special dividend paid on 10 October 2022 by R250 million to R1 974 million, decreasing the cash resources retained for the ongoing operating expenses and liabilities. The cash resources earmarked for ongoing RMH operating expenses and liabilities as at 31 March 2023 amounted to R206 million (2022: R392 million). This is in line with the stated strategy of monetisation and returning maximum value to shareholders while retaining prudent reserves.

Key financial data:

R' million	For the year ended 31 March		% Change
	2023	2022	
Revenue	159	629	(75)
(Loss)/earnings attributable to equity holders	(440)	611	▪ (100)
Headline earnings attributable to equity holders	160	56	>100
Net asset value			
Cents per share			
(Loss)/earnings per share (cents)	(31.9)	43.9	>(100)
Headline earnings per share (cents)	11.6	4.0	>100
Dividend per share (cents)	141.7	80.0	77
Net asset value per share (cents)	100.3	277.0	(64)

Excluding the results of Atterbury Europe, RMH delivered an operating profit of R66 million for the year, compared to a profit of R69 million for the comparative year. This is mainly a result of:

- Higher interest rates, with increases in cash balances for a period of time delivering an increase in interest income of R17 million and fair value income of R13 million respectively;
- A decrease in the fair value of the Divercity and the Ascencia-linked preference shares, an increase in the expected credit loss recognised on the Integer loan and the reversal of the fair value of the financial guarantee contract which amounted to a net increase in the negative fair value movements of R11 million;
- The equity-accounted earnings of investments decreasing by R26 million;
- Operating expenses decreasing by R8 million due to an increase in the share-based payment liability in the prior period which did not repeat in the current period. A significant increase in legal cost of R9 million as a result of the ongoing litigation; and
- In line with the increase in interest income and fair value income, the tax expense increasing by R3 million.

UPDATE ON ATTERBURY GUARANTEE AND CAUTIONARY ANNOUNCEMENT

Shareholders are reminded that RMH and its wholly-owned subsidiary, RMH Asset Holding Company Proprietary Limited (RMHAH), have provided separate guarantees to Rand Merchant Bank (RMB), a division of FirstRand Bank Limited, as security for the loan RMB provided to Atterbury in July 2016. In terms of the loan facility agreement, if Atterbury is reasonably of the opinion that it does not have sufficient cash resources to repay the loan on 8 July 2023, it may issue a conversion notice to RMB and may potentially be permitted to repay all or part of the amount due to be repaid to the lender not in cash but through the issue of ordinary shares, at the embedded value as defined in the facility agreement (conversion shares) and thereby convert the loan to equity. RMH disagrees with Atterbury's interpretation of the definition of 'sufficient cash resources' as defined in the facility agreement entered into between RMB and Atterbury in July 2016 (the facility agreement) and, as such, the parties have in principle agreed to enter into arbitration proceedings to resolve the dispute.

Should the terms of these intended arbitration proceedings not be agreed by 8 July 2023, RMH expects Atterbury to issue a conversion notice to settle the facility with RMB. In the event of Atterbury issuing a conversion notice, RMH will exercise its rights in order to decline the conversion notice being issued by Atterbury as settlement of the RMB facility. Inevitably, the parties will then have to take steps to resolve the dispute.

An update to the market will be released with regards to this on or about 5 July 2023. Considering these circumstances, shareholders are advised to exercise caution when trading in their RMH shares until a further announcement is made.

UPDATE ON DISSENTING SHAREHOLDERS

Pursuant to the shareholder vote concerning the disposal of Atterbury Europe, RMH shareholders owning 18 770 019 RMH shares (or 1.3% of RMH's issued share capital) (dissenting shareholders) exercised their rights in terms of section 164(5) to (8) of the Companies Act, demanding an offer for cash at fair value. These shareholders have applied to court in terms of section 164(14). RMH gave notice of its intention to defend, and its plea was handed in on 6 December 2022. Following the plea, the plaintiffs submitted a notice of exception and a rule 23.1 notice on 22 December 2022. RMH responded by submitting a joinder application to court which was heard on 1 June 2023 and the application was unopposed. All the shareholders demanding an offer for cash are now joined. The court's finding will therefore apply to all these shareholders. The next step will be for the exception to be set down for hearing and for the parties to deliver their heads of argument.

Shareholders will be updated as the matter progresses.

CHANGE IN YEAR-END

Following the disposal of Atterbury Europe, the biggest component of RMH is Atterbury. The decision has therefore been made to change the financial year-end of RMH to September. Although this does not align with Atterbury's June year-end, it would enable RMH to use Atterbury's June audited results, adjusted for any significant subsequent events, in compiling its audited results. This change is within the three-month's difference in year-end as permitted by IFRS. As a result, RMH will be releasing six-month audited results for 30 September 2023 in January 2024 as opposed to interim results.

BOARD CHANGES

The current chairman, Sonja De Bruyn, will be stepping down as chairman effective 29 June 2023 due to increased work and other commitments. Sonja will remain on the board as an independent non-executive director and as a member of the audit and risk committee as well as the social, ethics and transformation committee. Sonja has been associated with RMH and the wider group of companies since 2005. The board thanks Sonja for her stewardship.

Herman Bosman will take up the position of acting chairman of the RMH board effective 29 June 2023. Following his appointment as non-executive director at the upcoming annual general meeting, he will officially be confirmed as the chairman of RMH.

Murphy Morobe has retained the position as lead independent non-executive director.

OUTLOOK

The period under review has been a challenging one. The South African economy was impacted by load shedding, high unemployment, rising interest rates and increased inflation. All these factors had a negative impact on the post-pandemic economic recovery in South Africa and did not leave the property sector unscathed.

The board remains committed to the monetisation strategy of the balance of the RMH Property, 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 Brian Roberts

Outgoing chairman Acting chairman CEO

Johannesburg

29 June 2023

Directors

(Ms) SEN De Bruyn (outgoing chairman), BM Roberts (CEO), HL Bosman (acting chairman), P Lagerström, UH Lucht, (Ms) MM Mahlare, (Ms) EJ Marais (FD), MM Morobe and JA Teeger

Secretary and registered office

IKB Company Secretaries (Proprietary) Limited

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Postal address: Private Bag X1000, Saxonwold, 2132

Telephone: 010 753 2420

Website: www.rmh.co.za

Sponsor

(in terms of JSE Limited Listings Requirements)

BSM Sponsors Proprietary Limited

Physical address: Jindal Africa Building, 22 Kildoon Road, Bryanston, 2196

Transfer secretaries

Computershare Investor Services Proprietary Limited

Physical address: Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196

Postal address: Private Bag X9000, Saxonwold, 2132

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Short-form announcement

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 30 June 2023 and can be found on the company's website at https://rmh.co.za/downloads/2023/RMH_Year_end_results_announcement_2023.pdf or at <https://senspdf.jse.co.za/documents/2023/jse/isse/RMH/RMH23final.pdf>. The full announcement is available for inspection at the company's registered office and copies may also be requested from the company.secretary@rmbh.co.za and at the offices of the sponsor, 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. The auditors expressed an unmodified reviewed conclusion on the reviewed provisional results for the year ended on 31 March 2023. The short-form announcement was extracted from reviewed provisional result. A copy of the auditor's review report is also available for inspection at the company's registered office.

Bryanston

30 June 2023

Sponsor

BSM Sponsors Proprietary Limited