



RMH ANNUAL GENERAL MEETING



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SECTION 1

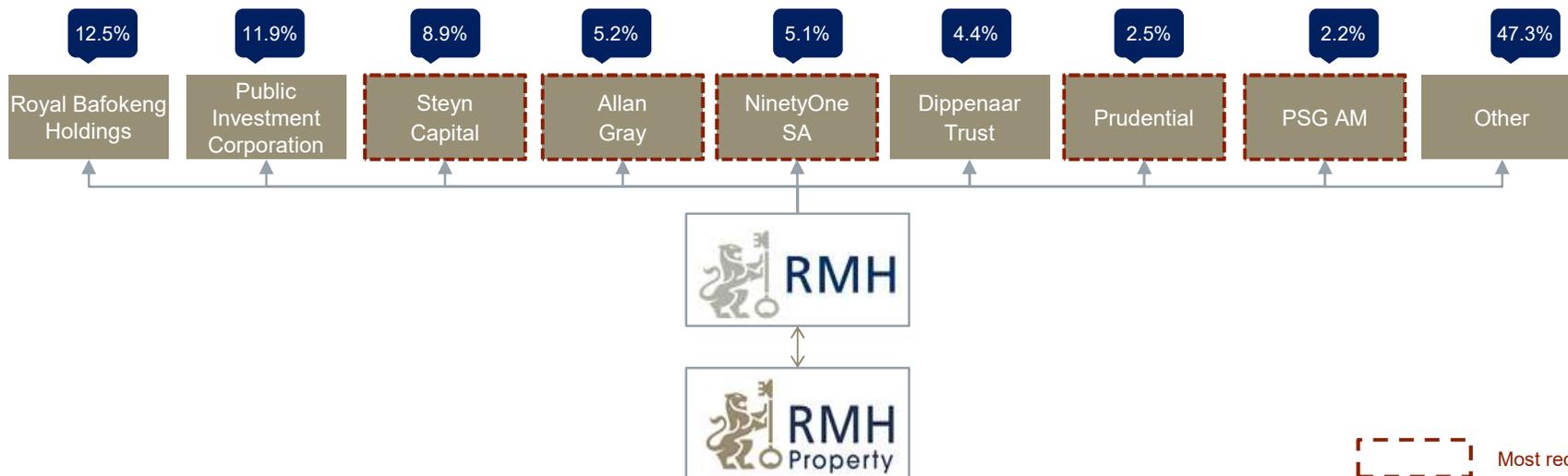
RMH shareholding post
unbundling



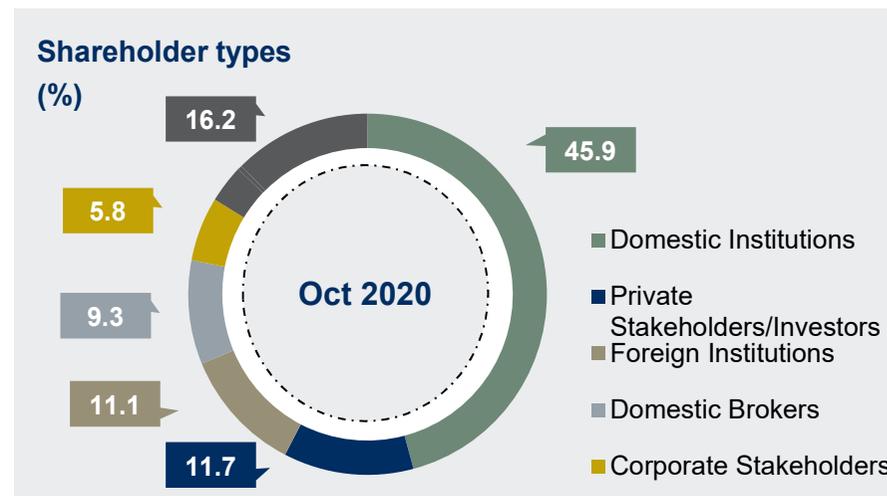
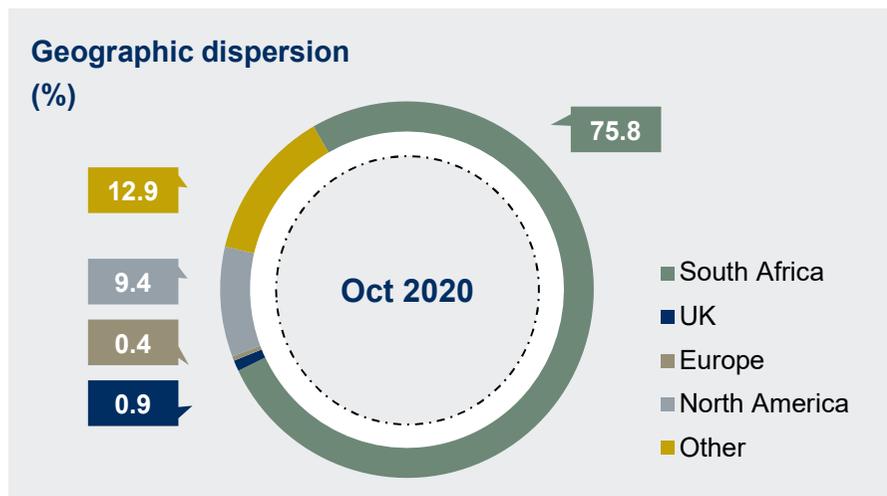
RMH SHAREHOLDING STRUCTURE



Shareholder base continues to evolve post unbundling



 Most recent



THERE ARE STILL A LARGE NUMBER OF SHAREHOLDERS (CA. 13 300) WITH <100 SHARES

Source: Reuters



SECTION 2

RMHP: portfolio update



COMPANY UPDATE: APH



1

OPERATIONAL PERFORMANCE

- Atterbury's September and October collection figures show collections at close to 100% across the portfolio, save for Mall of Africa where footfall and trading densities are lower than pre-COVID figures but have shown improvement from August to October

2

FINANCIAL PERFORMANCE

- APH continues to manage its gearing levels and has committed to disposing of certain assets to ensure a healthy balance sheet.
- All material loan covenants are being met.

3

DEVELOPMENTS

- **Recently completed:** Richmond Retail and the Castle Gate Lifestyle Retail centers.
- **Under construction:** logistics warehouses for Courier Guy, Aramex and Morgan Cargo.
- Atterbury Developments is building a warehouse for We Buy Cars in a fee-based deal and APH will not own the property.

COMPANY UPDATE: ATTERBURY EUROPE



1

OPERATIONAL PERFORMANCE

- Atterbury Europe has seen **footfall and trading densities fluctuating significantly from month to month** as the COVID measures fluctuate and the seasons change in Europe from summer holidays to autumn.
- That said, Atterbury Europe has **not experienced a significant increase in vacancies** nor any significant issues in renewing expiring rentals at existing levels and the portfolio is trading well.

2

FINANCIAL PERFORMANCE

- Given RMH's 30 June year end, interim investment property valuations for the Atterbury Europe portfolio were commissioned.
- Overall, valuers did not reduce base rent, but increased vacancy assumptions, decreased non GLA income and turnover rent and increased the exit yield by 0.25%.
- This had an impact on NAV which decreased by EUR41.5m for the six-month period (from €328.9m to €287.4m).
- All the businesses are cash positive and this is not expected to change in the foreseeable future.
- **Atterbury Europe is in a healthy positive cash position.**

3

DEVELOPMENTS

CYPRUS

- Refurbishment of Mall of Engomi is on track and letting in line with budget.

ROMANIA

- New land has been secured in Suceava. The land provides an opportunity to expand the Suceava Mall, but such expansion will not be pursued at present.

Detailed update on the latest progress of the Bucharest development on the next slide

COMPANY UPDATE: ATTERBURY EUROPE



LATEST UPDATE ON THE BUCHAREST DEVELOPMENT

- RMH Property has a loan of €50 million to Atterbury Europe. This loan will be converted to share premium on the signing of a superficies agreement between Stoneberg (the Atterbury Europe and Iulius Group development company) and the Chamber of Commerce and Industry of Romania (CCIR) for the Romexpo Site in Bucharest.
- The current status of the Romexpo site is the following:
 - The CCIR is a private company that owns all the constructions (the buildings) on the Romexpo site;
 - The land corresponding to the held buildings is under State administration;
 - The CCIR, in terms of Government Resolutions passed in 2004, has the benefit of free use of the land until 2053 with an option to extend for 50 years (it already owns the buildings);
 - On 2 September 2020 a bill was adopted which passes the ownership of the land from the State to the CCIR; and
 - The minority political parties objections against the constitutionality of the law passed by parliament were supposed to be heard in the Romanian Constitutional Court early November. The entire role has now twice been postponed and is set to be heard in January 2021.
- If the objections are heard and the bill is finally adopted, the remaining process of achieving a signed superficies agreement between the CCIR and DevCo can be summarised as follows:
 - Constitutional Court judgement – scheduled date: January 2021
 - Law promulgation by the President – within 10 days as of the explanatory statement of the Constitutional Court's judgement
 - Final negotiation of the superficies agreement with CCIR (starting on the date of law promulgation)
 - Land book registration of the ownership right over the CCIR land (within 3 days as of the date of promulgation)
 - Execution of the Stoneberg – CCIR superficies agreement (by 31 March 2021)

COMPANY UPDATE: DIVERCITY



1

OPERATIONAL PERFORMANCE

- The impact of COVID was felt across the Divercity portfolio with vacancies and collections affected, however the performance of the portfolio has been better than expected.

2

FINANCIAL PERFORMANCE

- The decline in the funds fair value for the 12 months ended 30 June 2020 amounted to 0.15% when compared to June last year.
- The NOI for the group is 4.6% below budget, and 2.6% below the NOI achieved in 2019 due to rental arrears.

3

DEVELOPMENTS

- The development of Jewel City (mixed use precinct), ABSA Towers (office and residential), Elevate (residential) and Vuja De (residential) were all completed in the last 6 months. The letting out of the 4 developments is behind what was originally forecast due to the developments being completed during lockdown. Letting has picked up in the last 2 months and the targeted occupancy is expected to be on track in the next 6 months.

COMPANY UPDATE: INTEGER PROPERTIES

OPERATIONAL PERFORMANCE

- Management were quick to react in order to mitigate the risks of COVID and no cash was required from shareholders
- The only vacancies in the portfolio are at Rivertown (9%) and Deebee House (25%). This is due to tenants closing down their businesses as a result of COVID. The portfolio vacancy is currently 1.3%
- Rental collections across the portfolio are now back to 100% with all tenants starting to pay back deferred rentals

FINANCIAL PERFORMANCE

- External valuations were performed on all properties in January 2020 and cap rates were adjusted as a result. Portfolio cap rates have increased from 8.14% to 10.30%
- Management have been focusing on improving the operational cash flow in Integer Properties 2

DEVELOPMENTS

- In March 2020, Integer Properties 2 sold the Rialto Linbro Park building. Proceeds from the sale have been used to reduce the bank debt
- Millennium Studios residential development is going well with phase 1 (88 units) completed and fully let from November 2020



SECTION 3

Reflections on discount to
NAV



UNPACKING THE RMH DISCOUNT



Possible contributors to the discount:

1 OUTDATED NAV DETERMINATION:

The lag in asserting NAV, as well as the market's sentiment and conviction of NAV, is a large contributor to trading discount to underlying value

2 DEVELOPMENT MODEL:

The listed market generally and **globally** does not appear to give credit to the development model

3 RETAIL BIAS OF THE AE AND APH PORTFOLIOS:

- COVID has driven a risk aversion to the retail sector globally as various degrees of lockdowns have come with an associated increase in e-commerce and shifts to other sub-sectors. The **RMHP view** is that people are inherently 'social' and will return to a lifestyle/entertainment centres that feeds this
- The duality of the SA economy poses different adaptations for retail in middle to high income groups (easier access to online and home deliveries) vs lower income groups (limited access to data and hardware, unemployment pressures, last mile delivery challenges)
- While European mall valuations are expected to decline in the next few years due to an increase in online penetration the picture differs in CEE and Romania specifically:
 - Early-stage e-commerce growth: e-commerce grew 19% y/y in 2019 with only 23% of Romanians using the internet for ordering goods or services. On average only 7,6% of total retail sales were attributable to e-commerce in Romania in the period January – August 2020.
 - In September: footfall was 85% of prior year levels, whilst spending was at 90%
 - Retail parks appear to be the least affected, given their format, size and separate access from the parking

UNPACKING THE RMH DISCOUNT

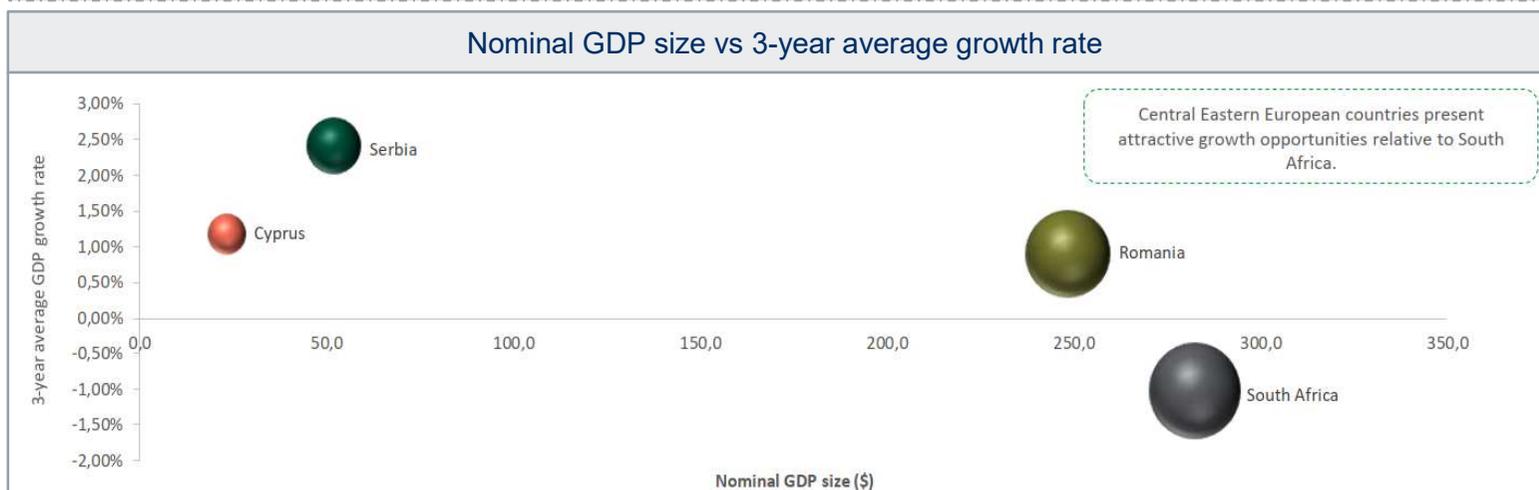


Possible contributors to the discount:

4

OUTLOOK FOR CEE VS SA

- South Africa has the lowest GDP prospects over the last 3 years relative to RMH's European countries
- CEE has relied heavily on consumption-powered growth over the past decade
- GDP growth forecast for CEE is a 4% contraction from the previous 2.3% expansion in 2020, although over time CEE expected to recover faster than South Africa
- Low government debt-to-GDP levels means most countries have room for fiscal stimulus (e.g. Romania has 37% debt/GDP ratio)



5

LACK OF YIELD

- Market is (disproportionately) focused on yield and therefore important to create space in the listed universe for a total return focused player

UNPACKING THE RMH DISCOUNT



Possible contributors to the discount:

6

ILLIQUID UNLISTED INVESTMENTS

- This is more pronounced in a post-COVID-19 environment where many listed peers are seeking liquidity
- With our stated strategy to divest in time, the market will adopt a wait and see attitude to see success of approach given the execution risk in relation to disposals of larger assets in a competitive environment which may drive disposals at large discounts to external valuations

7

MINORITY STAKES

- While RMHP holds minority equity interests in its underlying property companies, it follows a proactive engagement model and is actively involved in the strategic direction of each of the entities

8

TRANSPARENCY / LIMITED DISCLOSURE

- The RMHP portfolio companies are unlisted and private companies with independent management teams who have indicated limited appetite for additional market disclosure at present to maintain competitive advantage

These factors inform the RMH board's approach to portfolio management and strategy



SECTION 5

Strategic direction



STRATEGIC DIRECTION

Key markers



1 CONTEXT

- **RMH aims to deliver the best returns to the whole body of shareholders.**

2 PORTFOLIO NAV GROWTH

- RMH will continue to guide, support and challenge its portfolio companies to deliver on the development pipeline and protect and enhance the NAV.
- This could include investment into these businesses if regarded as value-enhancing.
- Bucharest:
 - i. As stated, RMH continues to monitor the Bucharest approval process bearing in mind the communicated long-stop date of 31 March 2020.
 - ii. RMH will keep shareholders informed of key developments in this regard as they arise.
 - iii. The Bucharest development remains an exciting growth opportunity for the portfolio.

STRATEGIC DIRECTION

Key markers



3 CAPITAL STRUCTURE

- Given the timing and specifics of the FirstRand unbundling, RMH was appropriately capitalized and no surplus capital was created.
- Current interest rates have resulted in lower than expected yield on the working capital endowment.
- Prudence and conservatism around liquidity and solvency are paramount in these uncertain and volatile times.
- While not obliged, the RMH board want to retain capacity to:
 - i. Support its portfolio companies should they experience strain due to exogenous factors;
 - ii. Exploit (small) opportunities; and
 - iii. Ultimately, service a dividend / share buy-back.
- Specifically, regarding a share buy-back:
 - i. This remains an attractive method to increase RMH's NAV per share;
 - ii. Is seen as an allocation of capital and is thus compared to other uses of surplus capital;
 - iii. Will not be funded from borrowings;
 - iv. Not deemed appropriate given the emphasis on prudence and preservation of capital resources; and
 - v. Remains high on the agenda (at current share price levels).

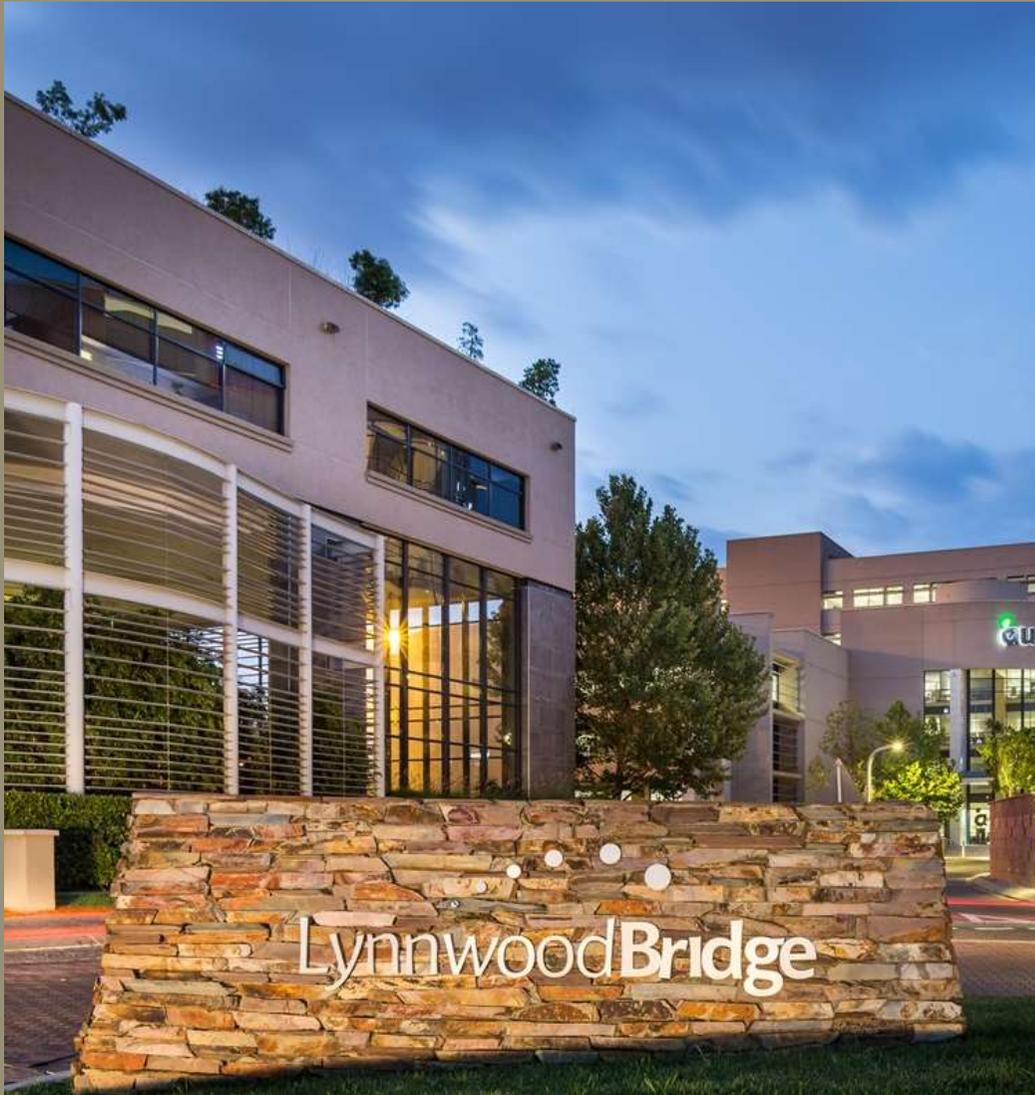
STRATEGIC DIRECTION

Key markers



4 MONETISATION

- Our strategy to monetise the RMH Property portfolio in an orderly manner and return maximum value to RMH shareholders, is intact.
- The long-term interests of shareholder remain the all encompassing test for this strategy.
- RMH Property continues to focus on the monetization of the portfolio in a four year period, with the smaller assets a priority nearest in time. The timing of the Bucharest development is also an important consideration.



SECTION 6

Other matters



TOUCHING ON OTHER MATTERS



1

Disclosure of information

- RMH has taken note of shareholders request for further disclosure of information from the underlying property companies, including key metrics such as trading density and LTVs in order to form a more fulsome view of the true NAV of the group.
- As stated, the RMHP portfolio companies are private companies with independent management teams who have indicated limited appetite for additional market disclosure to maintain competitive advantage at present.
- RMH will continue to work with the respective management teams in this regard.

2

Remuneration

- When assessing RMH's remuneration structure, specifically the management participation scheme, it is important to bear in mind that the structure was specifically designed to cater for the fact that RMH Properties was a very small part of the larger RMH (pre the unbundling of FirstRand). By and large it has reached its capacity.
- Regarding the vesting criteria attributable to the long-term incentive structure, share appreciation rights (SARs) are used as opposed to conditional or forfeitable share awards (FSAs). Market benchmarking indicates that on face value or 'value at work', SARs are worth around 1/3 of what FSAs would be worth. Given that options/SARs have an inherent minimum to them (ie can be out of the money completely with a value of 0) and that there are no short-term incentives, we believe that the multiple of cash compensation which defines the annual award and the vesting conditions are appropriate. To note that this is not the level of annual issue – for the next two years there will only be issues if the fixed compensation increases (with inflation).
- We intend benchmarking our compensation philosophy, mechanisms, instruments and levels in Q1-2 2021, for implementation FY22, ie July 2021.



SECTION 5

Resolutions



RESOLUTIONS



1	ORDINARY RESOLUTION 1.1 to 1.3 Re-election of directors by way of separate resolutions: <ul style="list-style-type: none">• Ms Albertinah Kekana• Mr Per Lagerstrom• Mr Murphy Morobe Appointment of director: <ul style="list-style-type: none">• Mr Udo Lucht	●
2	ORDINARY RESOLUTION 2 Place authorised and unissued ordinary shares totaling 5% (five percent) of the issued ordinary shares under the control of the directors	●
3	ORDINARY RESOLUTION 3 General authority to issue ordinary shares for cash	●
4	ORDINARY RESOLUTION 4 Approval of reappointment of the auditor	●
5	ORDINARY RESOLUTION 5.1 to 5.3 Election of the company's audit and risk committee members: <ul style="list-style-type: none">• Ms Sonja Emilia Ncumisa De Bruyn• Mr Per-Erik Lagerström• Mr James Andrew Teeger	●
6	ORDINARY RESOLUTION 6 Signing authority	●
7	ORDINARY RESOLUTION 7.1 AND 7.2 <ul style="list-style-type: none">• Advisory endorsement of remuneration policy• Advisory endorsement of the remuneration implementation report	●

RESOLUTIONS



1

SPECIAL RESOLUTION 1

Approval of non-executive directors' remuneration with effect from 1 December 2020

2

SPECIAL RESOLUTION 2

General authority to repurchase company shares

3

SPECIAL RESOLUTION 3

Issue of shares or options to persons listed in section 41(1) of the Companies Act for the purposes of participation in a reinvestment option

4

SPECIAL RESOLUTION 4

Financial assistance to directors, prescribed officers and employee share scheme beneficiaries

5

SPECIAL RESOLUTION 5

Financial assistance to related or inter-related entities