

RMH INVESTOR CALL

Results for the year ended 31 March 2023



11 July 2023



AGENDA

1

FINANCIAL PERFORMANCE



2

APH LOAN UPDATE



3

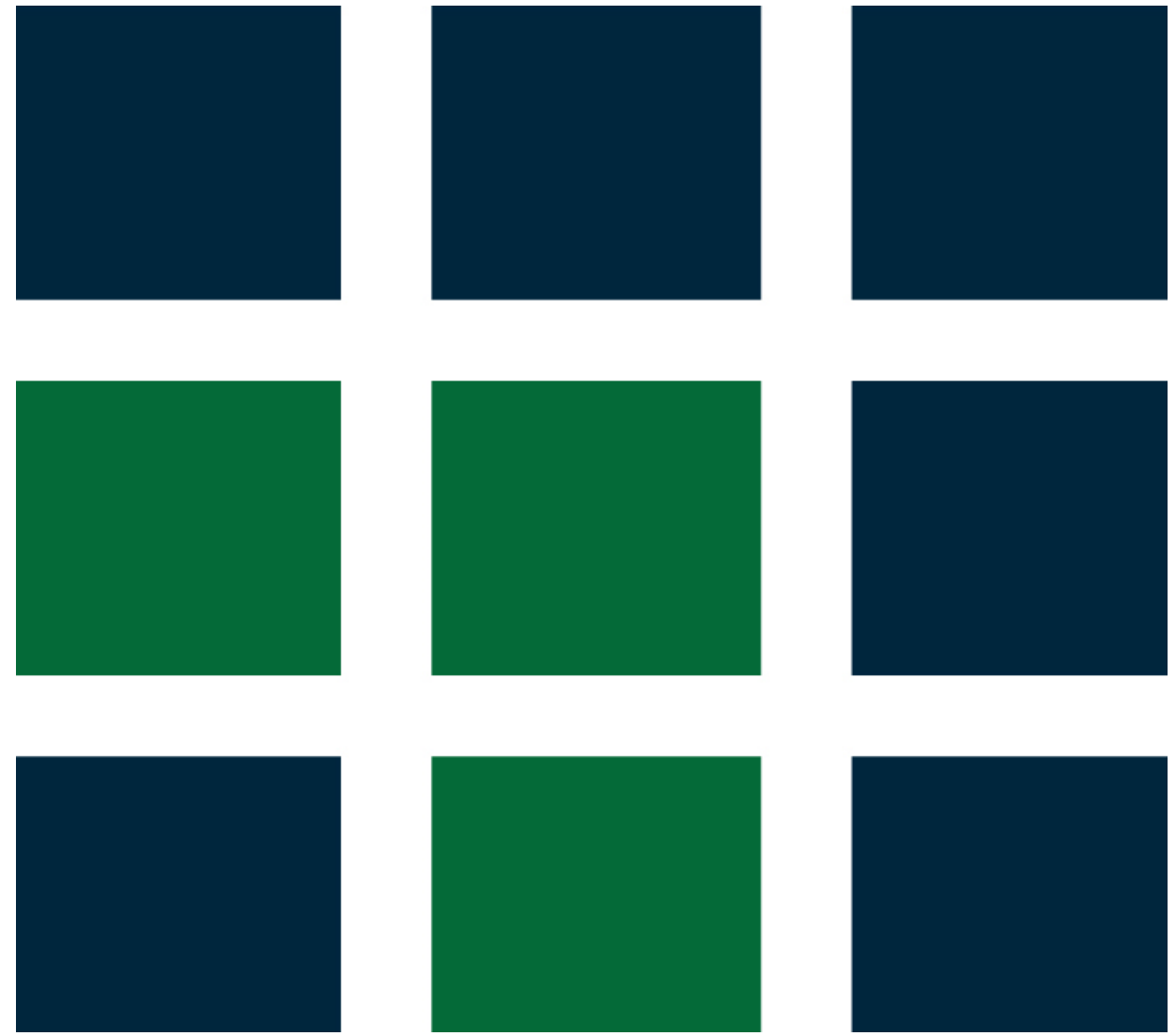
Q&A



1

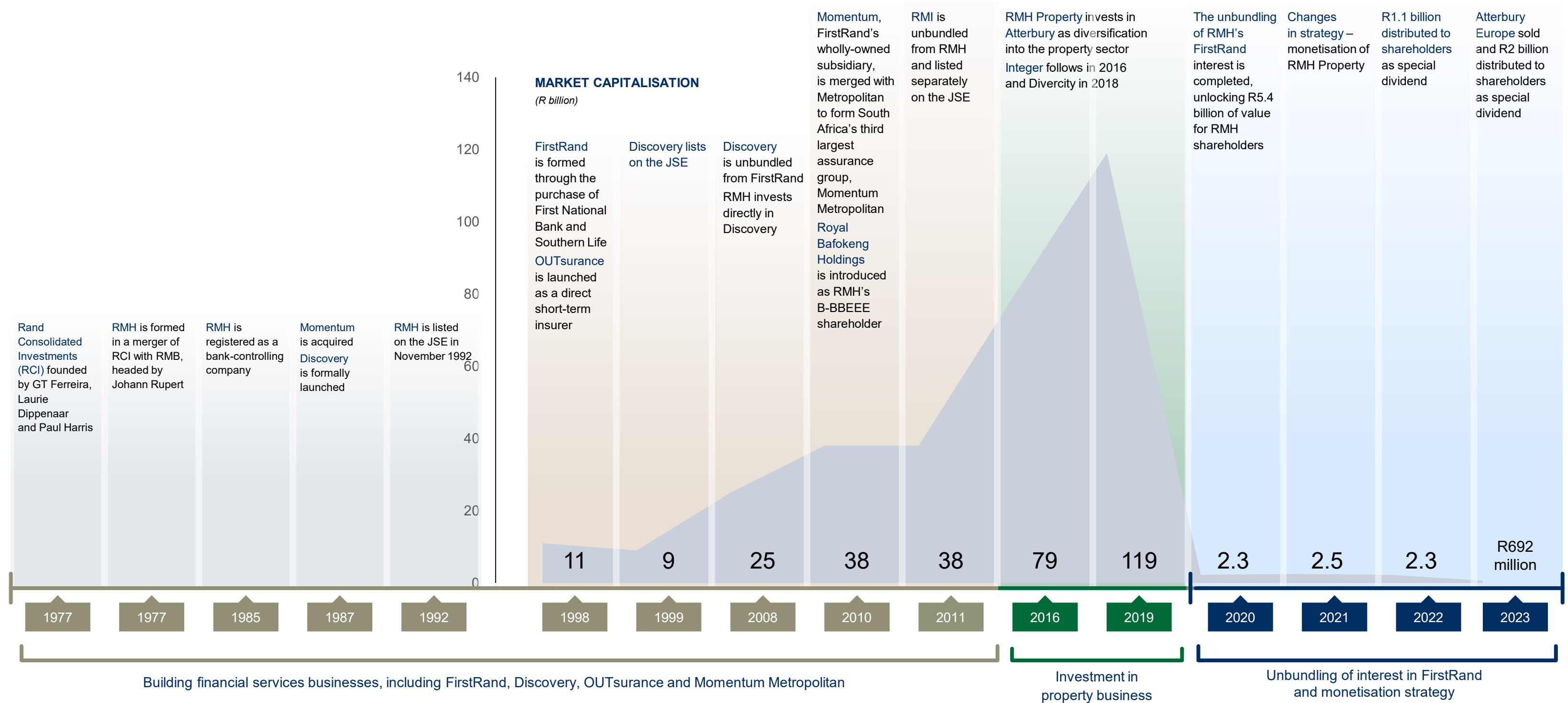
FINANCIAL PERFORMANCE

Results for the year ended 31 March 2023



THE EVOLUTION OF RMH

RMH is an investment holding company with a long history of shareholder value creation. RMH's current strategy is to monetise the assets in its portfolio



FINANCIAL PERFORMANCE

- For the year under review, RMH's net asset value decreased by 64% from R3 910 million at 31 March 2022 to R1 416 million at 31 March 2023
- This decrease was predominantly as a result of :
 - The disposal of RMH's interest in Atterbury Europe, including the operational loan, on 7 September 2022; and
 - The decision by the RMH board to increase the special dividend paid on 10 October 2022 by R250 million.
- The investment in Atterbury Europe delivered a nominal rate of return of 23% over the life of the investment.
- The cash resources earmarked for ongoing operating expenses and liabilities at 31 March amounted to R206 million (2022: R392 million). This was as a result of a decision made by the RMH board to **increase the special dividend paid to shareholders** which is in line with the stated strategy of monetisation and returning maximum value to shareholders.
- In making the decision, the board considered the ongoing operational requirements, including a provision for a potential liability resulting from dissenting shareholders exercising their rights in terms of section 164 of the Companies Act and commitments made to investee companies.

FINANCIAL PERFORMANCE

The decrease in profit is mainly as a result of:

- Higher interest rate= **R30 million**
- A decrease in FV of Divercity and Ascencia-linked preference shares, a decrease in FV of financial guarantee contract and an increase on ECL on Integer loan = **R11 million**
- Equity accounted earnings = **R26 million**
- Operating expenses decrease = **R8 million**
- Tax increase = **R3 million**

The net increase in the carrying value of RMH Property is mainly as a result of:

- The receipt of the Ascencia-linked preference shares as a dividend in specie and slight increase in NAV of Atterbury=**R42 million**
- Interest accrued on the disproportionate shareholders loan with an ECL on the proportionate shareholder loan =**R32 million**
- Further decrease in fair value of Divercity=**R13 million**

Nominal rate of return on disposal of Atterbury Europe

23%

RMH Property carrying value
(excluding Atterbury Europe)

R MILLION

777  8%

31 March 2022: 718

Profit for the year
(excluding Atterbury Europe)

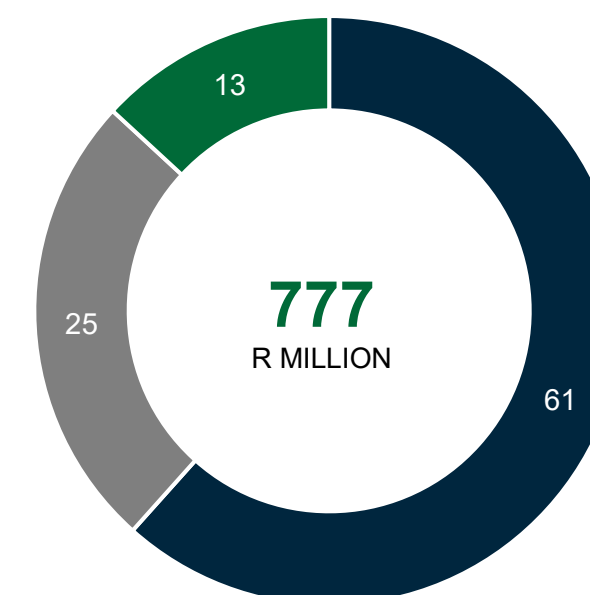
R MILLION

66  4%

31 March 2022: 69

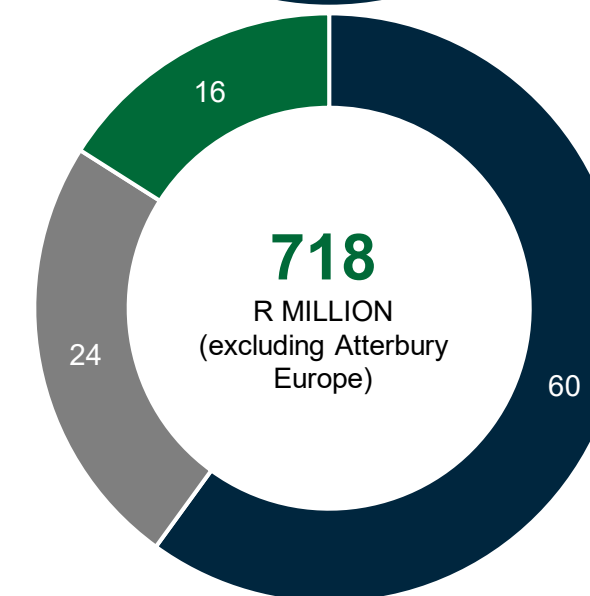
Relative distribution of assets (%)

as at 31 March 2023



- Atterbury
- Integer
- Divercity

as at 31 March 2022



- Atterbury
- Integer
- Divercity

RMH NET ASSET VALUE COMPOSITION

RMH PROPERTY'S INVESTMENTS AS 31 MARCH 2023

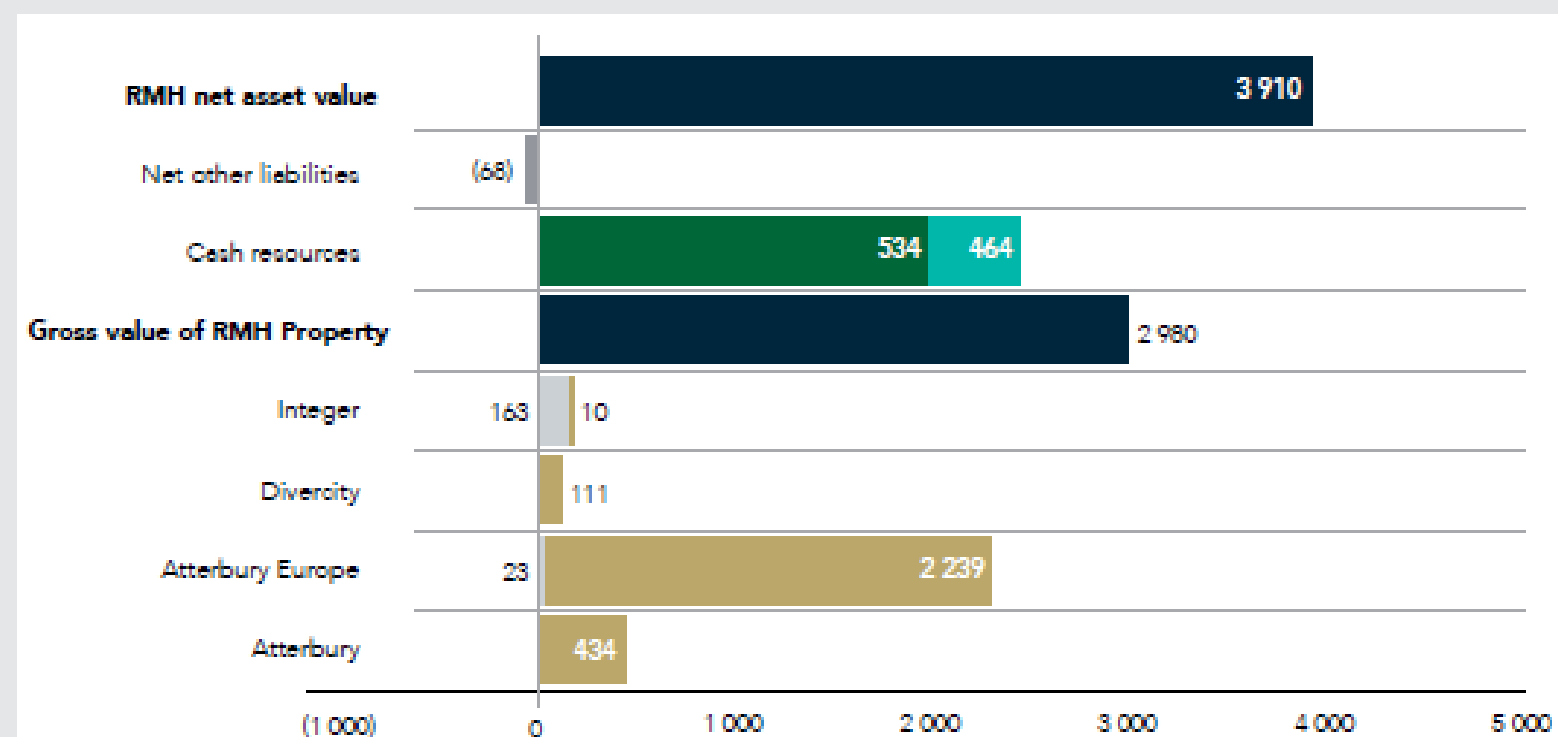


% held	27.5%	Various %	11.4%	100%
Date acquired	July 2016	December 2016 and September 2018	October 2018	July 2016
Cost of equity (R million)	484	32	157	
Contribution to RMH Property (%)	61	26	13	100
Carrying value, including loans (R million)	476	204	97	777
Change in carrying value, including loans (R million)	9	(6)	(21)	(74)

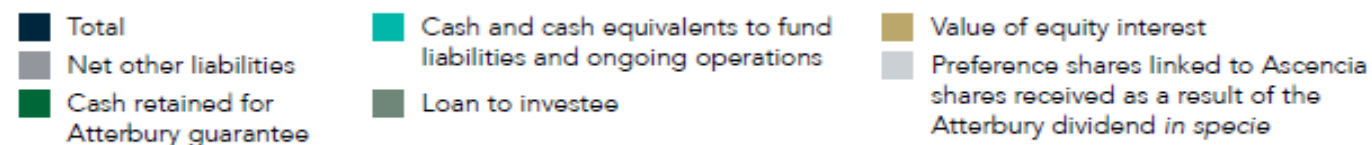
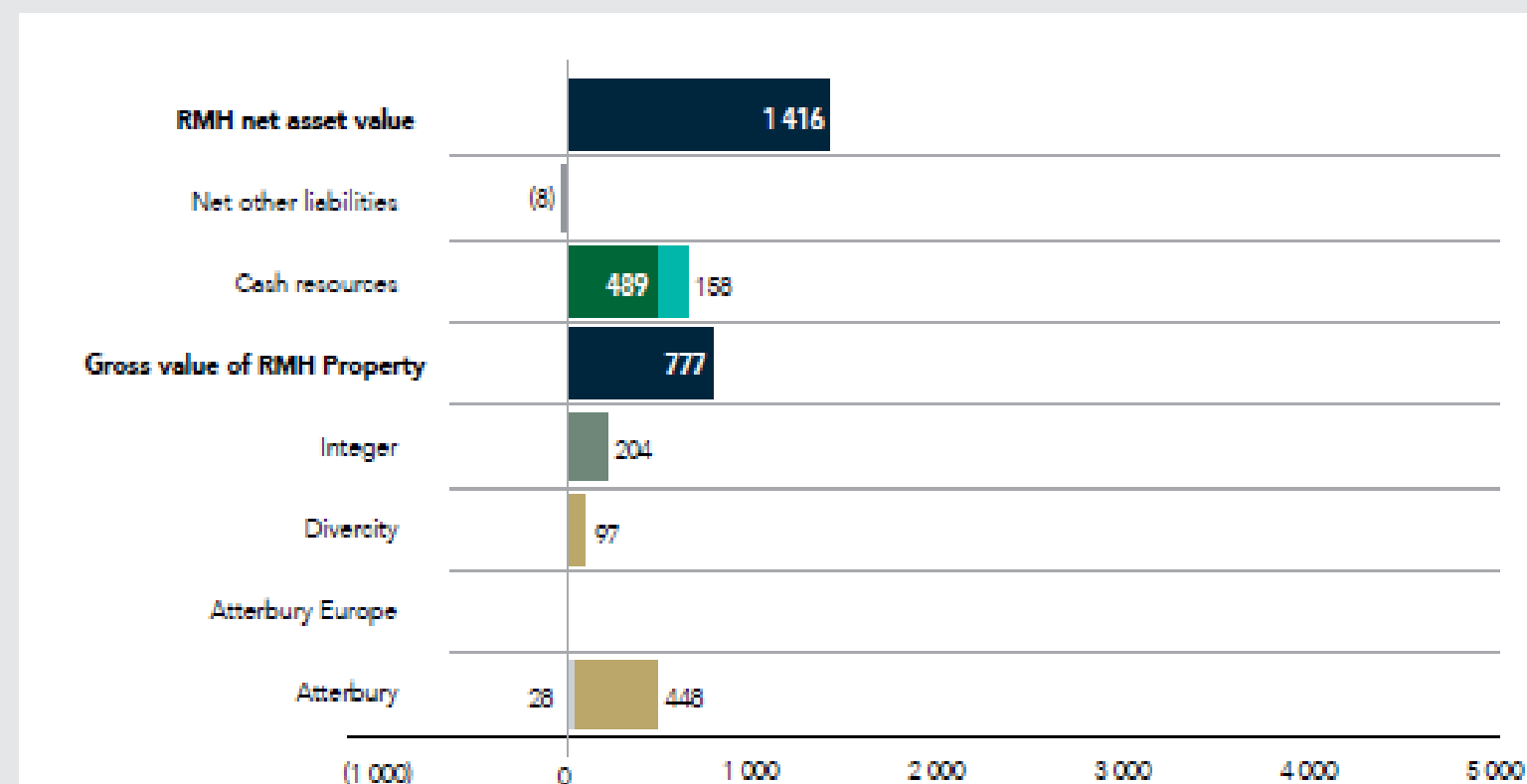
RMH NET ASSET VALUE

BREAKDOWN OF RMH NET ASSET VALUE (R'million)

NAV at 31 March 2022



NAV at 31 March 2023





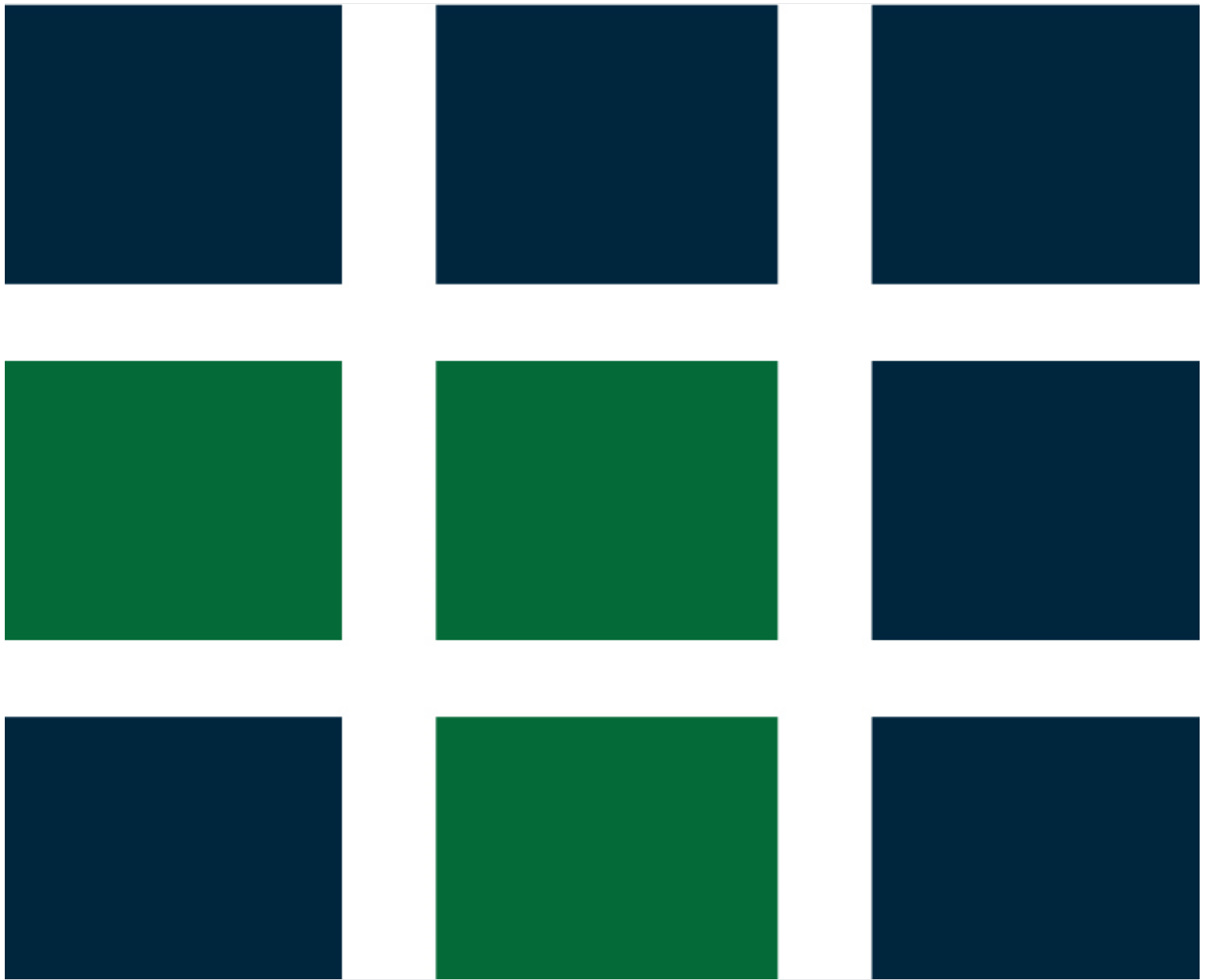
**APH LOAN
UPDATE**

APH LOAN UPDATE

- Since November 2022, RMH and APH have explored a number of possible solutions to ensure the timeous repayment of the R487 million loan extended by RMB to APH.
- As announced on 30 June 2023, RMH had reached an in-principal agreement with APH to enter into an arbitration process. The only matter which was outstanding in the arbitration agreement was the description of the dispute.
- RMH had proposed to APH that the parties arbitrate over the interpretation of a specific clause in the loan agreement. The whole clause was subject to interpretation, but more specifically the phrase "*..... the Borrower does not have sufficient cash resources to pay the entire Facility Outstandings.*"
- RMH was of the view that it was appropriate for an arbiter to deliberate on whether "*APH, its subsidiaries, affiliates and related parties*" should be considered when assessing whether the Borrower has sufficient cash resources to repay the loan outstanding. Conversely, APH was of the view that "*.....its subsidiaries, affiliates and related parties*" should be excluded in determining whether the Borrower has "sufficient cash resources" to repay the loan.
- At the time of the initial investment in July 2016, including the facilitation of the loan with RMB, APH was the operating and holding company in the Atterbury Group. All the properties that were housed in special purpose vehicles were owned by APH. The two primary operational divisions, property management and property development, were 100% owned subsidiaries of APH. In the last seven years the Atterbury Group has undergone a number of restructures with the result being that APH is now an investment holding company that's only material asset is a 76% share in Atterbury Property (Pty) Ltd, the two operational subsidiaries are now divisions in Atterbury Property (Pty) Ltd.

APH LOAN UPDATE

- RMH cannot accept that the reason why APH cannot repay the R487 million loan is as a result of the unintended consequence of a restructure of the Atterbury Group that has resulted in the original Borrower, as defined in the loan agreement, being an investment holding company with no operational cash flow. RMH invested in the Atterbury Group as a whole, not a specific entity within that group.
- As a result of the impasse on the description of the dispute, no resolution was reached prior to the repayment date.
- On the repayment date, as expected, APH issued a conversion notice to RMB. On receipt of that conversion notice, RMB claimed the R487 million from RMH by calling on both the RMBH guarantee and the RMHAH guarantee.
- RMH's response was, firstly decline to pay under the RMBH guarantee and secondly, to pay RMB under the RMHAH guarantee.
- As a consequence of having paid under the RMHAH guarantee, RMHAH steps-in to the agreement as the lender. As of the close of business on Friday the 7th of July 2023, RMHAH is the Lender as defined in the loan agreement. As a consequence of having declined to pay under the RMBH guarantee, on the 10th of July 2023, RMHAH exercised its rights to decline the offer from APH to repay the loan by the issuing of shares.
- We await APH's response to RMHAH's notification that the conversion shares have not been accepted but in our view, as things stand, APH owes RMHAH R487 million immediately.



Q&A



Q&A

ANSWERS TO QUESTIONS RECEIVED

Please provide more detail about the various creditors amounting to R110 million on 31 March 2023?

- Unclaimed dividends = R29 million
- Provision for S164 = R58 million
- Leave pay = R 3 million
- LTI = R11 million
- Financial guarantee = R 5 million
- Other = R 4 million

Will results for the September 2023-time period be released in December 2023, or only in January 2024?

- Reviewed September 2023 numbers in December 2023 and final audited September 2023 numbers in January 2024.

Does RMH or any of its subsidiaries have any assessed losses ?

- RMH and some of its subsidiaries have some capital losses that can be used to off-set other capital gains. However, the clogged-loss or ring-fencing provisions apply and management is further cognisant of section 103(2) of the Income Tax Act and the general anti-avoidance provisions. Accordingly, there will need to be a commercial rationale for the acquirer to utilise such losses.

Running costs is estimated at R25 million how does this compare to future income?

- The only guaranteed cash income RMH has is income from the cash invested in the Ashburton Money Market Fund and interest on cash balances. The income from these sources is in the region of a R1 million per month at current interest rates. RMH no longer has sufficient resources such that income will cover costs into perpetuity. This is in line with RMH's monetisation strategy.