



RMI OPTIMISE
DIVERSIFY
MODERNISE

RAND MERCHANT INVESTMENT HOLDINGS LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 2010/005770/06)
JSE ordinary share code: RMI
ISIN: ZAE000210688
("RMI" or the "Company")

NOTICE OF SUBMISSION OF PROPOSED RESOLUTION TO THE SHAREHOLDERS OF RAND MERCHANT INVESTMENT HOLDINGS LIMITED TO BE ADOPTED IN TERMS OF SECTION 60 OF THE COMPANIES ACT, 71 OF 2008

This Notice is important and requires your immediate attention.

If you are in any doubt as to the action you should take in relation to this Notice, please consult your Central Securities Depository Participant ("CSDP"), broker, banker, attorney, accountant or other professional advisor immediately.

If you have disposed of all of your RMI Shares, please forward this Notice (including its attachments) to the purchaser of such shares or the broker, banker or other agent through whom you disposed of such shares.

Dear Shareholder

- The board of directors of the Company ("Directors") has resolved to propose that the ordinary shareholders of the Company ("RMI Shareholders") consider and, if thought fit, approve the ordinary resolution set out in **Annexure 1 ("Ordinary Resolution")** by written consent in terms of section 60 of the Companies Act, 71 of 2008 (the "Act").
 - The Ordinary Resolution being proposed by the Directors seeks the approval of RMI Shareholders to (i) capitalise, upon the recommendation of the Directors, up to R978 697 424.90 (being an amount standing to the credit of the Company's distributable reserves) ("**Capitalised Amount**"); (ii) authorise the Directors to allot and issue (and to apply the Capitalised Amount to any issuance of the Capitalisation Shares, as defined below) up to a maximum of 25 755 195 RMI ordinary shares of R0.0001 each ("**RMI Shares**"), (fully paid up and having an aggregate notional issue price of up to the Capitalised Amount) as capitalisation shares ("**Capitalisation Shares**") to RMI Shareholders; and (iii) to issue such number of ordinary shares ("**Reinvestment Shares**") as the Directors in their discretion may determine in terms of any reinvestment option provided to RMI Shareholders (the "**Reinvestment Option**") in relation to or in connection with the Cash Dividend (as defined below), provided that the number of RMI Shares authorised to be issued as Capitalisation Shares and/or Reinvestment Shares shall not in aggregate exceed 25 755 195 ordinary RMI Shares.
 - The Ordinary Resolution is necessary to support the Directors' stated intention of making available to RMI Shareholders the ability to (i) elect to receive (in respect of all or part of their entitlements linked to their shareholding) fully paid up RMI Shares in the Company ("**Scrip Distribution Alternative**") in lieu of the final gross cash dividend of 65 cents per RMI Share for the year ended 30 June 2017 ("**Cash Dividend**") as declared by the Directors and payable to RMI Shareholders recorded in the Company's securities register on Friday, 6 October 2017 ("**Record Date**"); or (ii) apply the Cash Dividend (net of any applicable taxes) in subscribing for Reinvestment Shares in terms of the Reinvestment Option. The terms of the Scrip Distribution Alternative and Reinvestment Option will be the subject of a separate circular to be sent to RMI Shareholders, and will include instructions to RMI Shareholders should they wish to elect to receive Capitalisation Shares in lieu of the Cash Dividend or participate in the Reinvestment Option. For the avoidance of doubt, this Notice (including the Annexures hereto) does not constitute nor form part of such circular, which will be sent to the RMI Shareholders separately.
 - Accordingly, the Directors propose the Ordinary Resolution (i) capitalising up to the Capitalised Amount; and (ii) placing up to a maximum of 25 755 195 RMI Shares in the authorised and unissued ordinary share capital of the Company under the control of the Directors who are authorised to issue such shares as Capitalisation Shares in their discretion as part of, and in accordance with the terms of, the Scrip Distribution Alternative and/or as Reinvestment Shares in their discretion as part of, and in accordance with the terms of, Reinvestment Option, provided that the number of RMI Shares authorised to be issued as Capitalisation Shares and/or Reinvestment Shares shall not in aggregate exceed 25 755 195 RMI Shares. Any allotment and issue of RMI Shares under this authority will be subject to the Act, the Company's memorandum of incorporation ("**MOI**") and the Listings Requirements of the JSE Limited ("**JSE Listings Requirements**"), as applicable. Since 2014, RMI has actively pursued a strategy to optimise, diversify and modernise its portfolio of financial services assets. Its ambitions to diversify geographically, add to its existing portfolio of significant stakes in financial services companies and to facilitate ongoing growth initiatives in its existing portfolio companies imply additional investment and use of financial leverage. The RMI Board has decided that, in addition to the Cash Dividend, it would offer the Scrip Distribution Alternative and the Reinvestment Option to prudently manage RMI's capital structure. The RMI Board will continuously assess RMI's dividend policy through its investment phase and may, if appropriate, continue to utilise the Scrip Distribution Alternative and the Reinvestment Option to support investment activity.
- The Scrip Distribution Alternative and Reinvestment Option are effective methods of managing the balance sheet post the March 2017 acquisition of a 29.9% interest in Hastings Group Holdings plc by RMI, which was debt funded. Furthermore, the Scrip Distribution Alternative and the Reinvestment Option each provide a cost-effective opportunity for RMI Shareholders to increase their shareholding in RMI.

- The Ordinary Resolution will be adopted if and from the time that it has the written support of more than 50% of the voting rights exercisable by all RMI Shareholders.
- Section 65(2) of the Act provides that the Directors may propose any resolution to be considered by RMI Shareholders, and may determine whether that resolution will be considered at a meeting, or by vote or written consent in terms of section 60 of the Act. The Directors have determined by resolution that the Ordinary Resolution, being a resolution required under the MOI and not by the JSE Listings Requirements, be considered and, if thought fit, approved by RMI Shareholders by written consent in terms of section 60 of the Act.
- In terms of section 60(1) of the Act, a resolution that could be voted on at a shareholders' meeting may instead be submitted for consideration to the RMI Shareholders entitled to exercise voting rights in relation to the resolution, and be voted on in writing by RMI Shareholders entitled to exercise voting rights in relation to the resolution, within 20 (twenty) business days after the resolution was submitted to them.
- Section 60(2) of the Act provides that a resolution contemplated in section 60(1) of the Act will have been adopted if it is supported by persons entitled to exercise sufficient voting rights for it to have been adopted as an ordinary or a special resolution, as the case may be, at a properly constituted shareholders' meeting, and if adopted, such resolution will have the same effect as if it had been approved by voting at a shareholders' meeting.
- RMI Shareholders who have dematerialised their shares (other than own-name dematerialised shareholders) in terms of the Financial Markets Act, 19 of 2012, should advise their CSDP or broker as to what action they wish to take. This must be done in terms of the agreement entered into between them and their CSDP or broker, as applicable. RMI Shareholders who have dematerialised their shares (other than own-name dematerialised shareholders) must not return the form of written consent set out in **Annexure 2 ("Written Consent")** to the transfer secretaries. Their instructions must be sent to their CSDP or broker for action.
- Certificated RMI Shareholders and own-name dematerialised RMI Shareholders may indicate, by the insertion of the relevant number of votes exercisable by that RMI Shareholder in the appropriate box provided, on the Written Consent how they cast their votes in relation to the Ordinary Resolution. Please return a copy of the completed and signed Written Consent to Computershare Investor Services Proprietary Limited ("**Transfer Secretaries**") of the Company within 20 (twenty) business days of the date of receipt (or deemed receipt) hereof at any one of the following addresses:
 - physical address: Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196;
 - postal address: PO Box 61763, Marshalltown, 2107; and/or
 - email: proxy@computershare.co.za.
- Where an RMI Shareholder has received the shareholder letter attaching the Ordinary Resolution by means of electronic mail such RMI Shareholder is deemed to have received the documents on the date and at the time recorded by the computer used by the sender, unless there is conclusive evidence that it was delivered on a different date or at a different time.
- Where an RMI Shareholder has received the shareholder letter attaching the Ordinary Resolution by means of registered post such RMI Shareholder is deemed to have received the documents on the 7th (seventh) day following the day on which the notice or document was posted as recorded by a post office, unless there is conclusive evidence that it was delivered on a different day.
- Where an RMI Shareholder has received the shareholder letter attaching the Ordinary Resolution, in the case of a natural person or in the case of a company or body corporate, by hand to a responsible employee, at its registered office or its principal place of business within the Republic of South Africa, then such RMI Shareholder is deemed to have received the documents on the date and at the time recorded on the receipt for delivery, unless there is conclusive evidence that it was delivered on a different date or at a different time.
- Where an RMI Shareholder's address as contained in the Company's securities register is outside the Republic of South Africa, such shareholder is entitled to have notices served on him at such address. In this regard, the provisions of paragraphs 11 to 12 above will apply.
- The Directors have resolved that the record date for determining which RMI Shareholders will be entitled to vote on the Ordinary Resolution in terms of the Written Consent was Friday, 8 September 2017.

Yours faithfully

For: Rand Merchant Investment Holdings Limited
Chief Executive and Financial Director: Herman Bosman

19 September 2017

SALIENT DATES AND TIMES

2017

Last day to trade in RMI Shares in order to be recorded in the Company's securities register to receive this Notice and to vote on the Ordinary Resolution	Tuesday, 5 September
Record date to determine which RMI Shareholders are entitled to receive this Notice and to vote on the Ordinary Resolution in terms of the Written Consent	Friday, 8 September
Notice and form of Written Consent posted to RMI Shareholders	Tuesday, 19 September
In respect of dematerialised RMI Shareholders without "own name" registrations, last day to vote on Ordinary Resolution on	Tuesday, 24 October
In respect of certificated RMI Shareholders and dematerialised RMI Shareholders with "own-name" registrations, last day to return the Written Consent in respect of the Ordinary Resolution to the Transfer Secretaries on	Tuesday, 24 October
Results of voting to be released on SENS	Within 48 hours of the Ordinary Resolution being adopted
Posting of statement describing the results of the vote	Within 10 business days after the adoption of the Ordinary Resolution

Notes:

1. The abovementioned times are South African times and dates and are subject to change. Any such change will be released on SENS.
2. The Ordinary Resolution proposed will be adopted if it is supported by persons entitled to exercise more than 50% of the voting rights at a properly constituted shareholders' meeting. If more than 50% of the voting rights entitled to be exercised on the Ordinary Resolution are cast in favour of the Ordinary Resolution proposed, even though the statutory 20 business day period has not elapsed at that point in time, the requisite voting threshold will be achieved and the Ordinary Resolution will be deemed to have been adopted on and from such time.

ANNEXURE 1

RESOLUTION OF THE SHAREHOLDERS OF THE COMPANY ADOPTED IN TERMS OF SECTION 60(1) OF THE COMPANIES ACT, 71 OF 2008

Unless the context dictates otherwise, capitalised terms used in this Annexure 1 have the meanings ascribed to them in the section 60 Notice to which this Annexure 1 is attached.

ORDINARY RESOLUTION

Capitalisation of reserves and issue of Capitalisation Shares *in lieu* of Cash Dividend in terms of Scrip Distribution Alternative and/or issue of Reinvestment Shares in terms of the Reinvestment Option

"Resolved that:

- (i) upon the recommendation of the Company's Directors, an amount of up to R978 697 424.90 (Capitalised Amount) be and is hereby approved and capitalised and available for distribution among the RMI Shareholders (who would be entitled thereto if distributed by way of dividend and in the same proportions) on the basis that such amount shall not be paid in cash but applied in paying up unissued RMI Shares to be issued to such RMI Shareholders as fully paid RMI Shares (Capitalisation Shares); and
- (ii) up to a maximum of 25 755 195 RMI Shares in the authorised and unissued ordinary share capital of the Company be and are hereby placed under the control of the Directors of the Company who are hereby authorised to allot and issue such shares as Capitalisation Shares (fully paid up and having an aggregate notional issue price of up to the Capitalised Amount) to RMI Shareholders in their discretion as part of, and in accordance with the terms of, the Scrip Distribution Alternative and/or as Reinvestment Shares (fully paid up and having an aggregate notional issue price of up to the amount of the Cash Dividend reinvested (net of any applicable taxes)) to RMI Shareholders in their discretion as part of, and in accordance with, the terms of the Reinvestment Option,

but subject to the Act, the Company's MOI and the JSE Listings Requirements, where applicable."

EXPLANATORY NOTE TO THE ORDINARY RESOLUTION

The Directors have declared a final gross Cash Dividend of 65 cents per RMI Share for the year ended 30 June 2017, which is payable to RMI Shareholders recorded in the RMI securities register on the Record Date of Friday, 6 October 2017. Subject to (i) the approval of the Ordinary Resolution; and (ii) the terms of the Scrip Distribution Alternative and the Reinvestment Option, RMI Shareholders will be able to elect to receive (in respect of all or part of their entitlements linked to their shareholding) fully paid up RMI Shares in the Company *in lieu* of the Cash Dividend which would otherwise be payable to them and/or to subscribe for fully paid up RMI Shares in the Company in terms of the Reinvestment Option.

Clause 14.1.1 of the MOI provides that the RMI Shareholders may on recommendation of the Directors, resolve to capitalise all or any part of the amount for the time being standing to the credit of any of the Company's reserves or any share premium account or capital redemption reserve fund or to the credit of the income statement or otherwise available for distribution. Such amount may be set free for distribution among the RMI Shareholders (or any class of shareholders who would be entitled thereto if distributed by way of dividend) and in the same proportions on the footing that the same be not paid in cash, but be applied in paying up unissued shares to be issued to such RMI Shareholders as fully paid Capitalisation Shares having a par value.

The Directors have resolved to (i) permit RMI Shareholders to elect to receive, in respect of all or part of their entitlements linked to their shareholding, Capitalisation Shares (to be issued as part of the Scrip Distribution Alternative) *in lieu* of the Cash Dividend which they would otherwise be paid; and (ii) make the Reinvestment Option available to RMI Shareholders in terms of which RMI Shareholders can elect to reinvest all or part of their Cash Dividend (net of any applicable taxes) in RMI Shares by subscribing for Reinvestment Shares.

The Directors accordingly recommend to the RMI Shareholders that an amount of up to the Capitalised Amount be capitalised and made available for distribution to RMI Shareholders as part of, and in accordance with the terms of, the Scrip Distribution Alternative. The Capitalised Amount (i) has been calculated on the assumption that every RMI Shareholder will elect to receive their full entitlement to the Capitalisation Shares in accordance with the terms of the Scrip Distribution Alternative (the Capitalisation Shares being fully paid up and having an aggregate notional issue price of up to the Capitalised Amount); and (ii) will reduce to the extent that RMI Shareholders do not elect to receive their *pro rata* entitlement to Capitalisation Shares (in respect of all or part of their entitlements linked to their shareholding).

In terms of section 47 of the Act and for purposes of clauses 14.2 and 37 of the MOI, the Directors have (i) considered the solvency and liquidity test (as contemplated and required in terms of the Act and the JSE Listings Requirements) on the assumption that every RMI Shareholder will elect to receive the Cash Dividend; and (ii) confirm that the Company will satisfy the solvency and liquidity test immediately on the completion of such distribution.

Since 2014, RMI has actively pursued a strategy to optimise, diversify and modernise its portfolio of financial services assets. Its ambitions to diversify geographically, add to its existing portfolio of significant stakes in financial services companies and to facilitate ongoing growth initiatives in its existing portfolio companies imply additional investment and use of financial leverage. The RMI Board has decided that, in addition to the Cash Dividend, it would offer the Scrip Distribution Alternative and the Reinvestment Option to prudently manage RMI's capital structure. The RMI Board will continuously assess RMI's dividend policy through its investment phase and may, if appropriate, continue to utilise the Scrip Distribution Alternative and the Reinvestment Option to support investment activity.

The Scrip Distribution Alternative and Reinvestment Option are effective methods of managing the balance sheet post the March 2017 acquisition of a 29.9% interest in Hastings Group Holdings plc by RMI, which was debt funded. Furthermore, the Scrip Distribution Alternative and the Reinvestment Option each provide a cost-effective opportunity for shareholders to increase their shareholding in RMI.

VOTING REQUIREMENTS

In order for this Ordinary Resolution to be adopted, the support of more than 50% of the total votes exercised by RMI Shareholders on such resolution is required.

The major RMI Shareholders (being Financial Securities Proprietary Limited ("**Remgro**"), Salestalk 268 Proprietary Limited ("**Royal Bafokeng Holdings**"), LL Dippenaar, and GT Ferreira); representing in aggregate approximately 52.2% of the total voting rights exercisable on the Ordinary Resolution have each provided an irrevocable undertaking in terms of which they have agreed to vote in favour of the Ordinary Resolution.

On receipt of their signed forms of Written Consent, the Ordinary Resolution will be deemed to have been adopted, notwithstanding that the 20 business day voting period contemplated in section 60(1)(b) of the Act, may not have expired at that time.



RAND MERCHANT INVESTMENT HOLDINGS LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 2010/005770/06)
JSE ordinary share code: RMI
ISIN: ZAE000210688
("RMI" or the "Company")

FORM OF WRITTEN CONSENT IN TERMS OF SECTION 60 OF THE COMPANIES ACT, 71 OF 2008 ("THE ACT")

For use by certificated shareholders and own-name dematerialised shareholders in terms of section 60 of the Act

Shareholders who have dematerialised their shares, other than own-name dematerialised shareholders, should advise their Central Securities Depository Participant ("CSDP") or broker as to what action they wish to take. This must be done in terms of the agreement entered into between them and their CSDP or broker. Shareholders other than own-name dematerialised shareholders who have dematerialised their shares must not return this form of written consent to the Transfer Secretaries of the Company, Computershare Investor Services Proprietary Limited. Their instructions must be sent to their CSDP or broker for action.

I/We (FULL NAME IN BLOCK LETTERS)

of (ADDRESS)

being the holder/s of _____ ordinary shares in the issued share capital of the Company hereby vote as follows:

	For	Against	Abstain
Ordinary Resolution – Capitalisation of reserves and issue of Capitalisation Shares <i>in lieu</i> of Cash Dividend in terms of Scrip Distribution Alternative and/or issue of Reinvestment Shares in terms of Reinvestment Option			

Signed this _____ day of _____ 2017

Signature of shareholder(s)

Assisted by me (where applicable)

Please indicate how you wish your votes to be cast in the appropriate box provided.

Notes:

1. A person signing this written consent in a representative capacity must attach the documentary evidence establishing such authority to this form of written consent, unless previously recorded by the Transfer Secretaries of the Company.
2. The completed and signed written consent and authority (if any) under which it is signed must be either delivered, posted, and/or emailed to the Transfer Secretaries of the Company) within 20 (twenty) business days of the date of receipt (or deemed receipt in terms of the Act) hereof, at the following addresses:
2.1 physical address: Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196;
2.2 postal address: PO Box 61763, Marshalltown, 2107; and/or
2.3 email: proxy@computershare.co.za
3. A certificated or own-name dematerialised shareholder's instructions on the form of written consent must be indicated by the insertion of the relevant number of votes exercisable by that shareholder in the appropriate box provided. A certificated or own-name dematerialised shareholder is not obliged to use all the votes exercisable by the shareholder but the total number of votes cast and in respect of which an abstention is recorded may not exceed the total number of votes exercisable by the certificated or own-name dematerialised shareholder.