

## Acquisition by Remgro of an interest in FirstRand and subscription by Remgro for shares in RMBH

### 1. Introduction

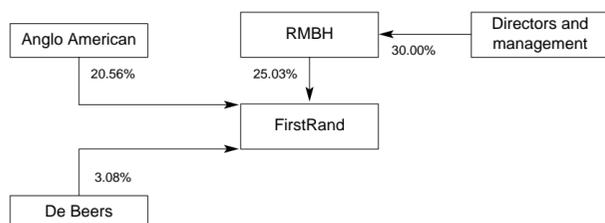
Rand Merchant Bank is authorised to announce that Remgro has agreed:

- to acquire approximately 72.4% of the interests that Anglo American plc ("Anglo American") and De Beers Consolidated Mines Limited ("De Beers") hold in FirstRand in consideration for Remgro's entire shareholding in Billiton plc ("Billiton") and Gold Fields Limited ("Goldfields") as set out in paragraph 3 (the "Remgro acquisition"); and subsequently
  - to dispose of certain of such FirstRand shares to RMBH in exchange for new shares in RMBH ("the RMBH transaction")
- (collectively "the transactions").

### 2. Background

FirstRand was created in May 1998 by the merger of the financial services interests of Anglo American (then Anglo American Corporation of South Africa Limited), De Beers and RMBH. By agreement between Anglo American and RMBH, management control of FirstRand was vested in RMBH.

The resultant FirstRand group structure was as follows:



Subsequent to its listing on the London Stock Exchange in 1999, Anglo American announced that it no longer regarded its interest in FirstRand as forming part of its core business and that it wished to dispose of the interest.

### 3. Salient features of the Remgro acquisition

Agreement has been reached between Remgro and Anglo American in terms of which:

Remgro will exchange:

- 189.98 million shares in Billiton (8.19% of its issued capital); and
- 51.13 million shares in Goldfields (11.27% of its issued capital)

owned by it, for

- 932.50 million FirstRand shares (17.12% of FirstRand's issued capital)

owned by Anglo American and De Beers, in terms of the Remgro acquisition.

Anglo American has undertaken that, until 31 December 2001, in the absence of corporate activity by any third party, neither it nor its associates will make an unsolicited offer for Billiton or increase its aggregate shareholding in Billiton above 15%.

In the event that a successful offer to acquire the entire share capital of Goldfields is initiated before 30 June 2001, Anglo American has undertaken to share any proceeds received in excess of R25.00 per Goldfields share equally with Remgro.

After the Remgro acquisition, Anglo American and De Beers will continue to hold interests of 5.25% and 1.27% respectively in FirstRand.

### 4. Rationale for the transactions

Remgro is an investment holding company with strategic interests in a number of businesses. The acquisition of an interest in FirstRand reflects Remgro's continuous search for investment opportunities with perceived long-term value. Remgro invests where it is able to add value to and influence the strategic direction of the underlying businesses.

In order to be able to provide strategic input to FirstRand and to align itself more closely with RMBH (FirstRand's largest shareholder), Remgro has agreed with RMBH to exchange certain of the FirstRand shares it will receive from Anglo American for new shares in RMBH.

The directors of RMBH welcome Remgro as a shareholder in RMBH and FirstRand, and are of the view that the strategic input from Remgro and the relationship between RMBH and Remgro will be to the benefit of RMBH and FirstRand shareholders.

### 5. Salient features of the RMBH transaction

In order to give effect to the objectives outlined in paragraph 4, Remgro and RMBH have agreed that:

- Remgro will transfer 424.86 million FirstRand shares (being 7.80% of FirstRand's issued capital) acquired by it from Anglo American and De Beers to RMBH;

in consideration for which

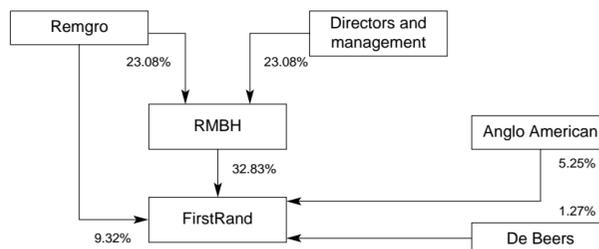
- RMBH will issue 274.10 million new RMBH shares to Remgro.

As a result of the RMBH transaction:

- RMBH will hold 32.83% of FirstRand; and
- Remgro will hold 9.32% of FirstRand and 23.08% of RMBH.

### 6. Resultant group structure

After the implementation of the transactions, the group structure will be represented as follows:



### 7. Agreement between RMBH, RMBH senior executives and Remgro

In terms of the agreement between RMBH, RMBH senior executives and Remgro:

- Remgro has indicated that it wishes FirstRand to continue to benefit from the entrepreneurial and managerial talent of Messrs G T Ferreira, L L Dippenaar and P K Harris (collectively "the RMBH senior executives"), and has therefore agreed that management of FirstRand will continue to vest in RMBH;
- as one of the major shareholders, Remgro will be entitled to appoint two directors to the board of directors of each of RMBH and FirstRand; and
- Remgro and the RMBH senior executives will grant each other pre-emptive rights over their respective shareholdings in RMBH.

There are no arrangements between the parties in relation to voting at shareholders' or directors' meetings.

### 8. Possible issue of further shares by RMBH to Remgro

RMBH owns assets other than FirstRand shares, including investments in Global Resorts SA (Proprietary) Limited, OUTsurance Insurance Company Limited, RMB Structured Insurance (Proprietary) Limited and Glenrand M-I-B Limited ("RMBH's other assets").

In subscribing for RMBH shares in exchange for FirstRand shares in terms of the RMBH transaction, Remgro is effectively acquiring a proportionate share of RMBH's other assets. Certain of these assets are still at a developmental stage and will require further effort over the next three years to demonstrate their value.

If the value of RMBH's other assets (valued by RMBH management for the purposes of this transaction at R374 million), or the proceeds from their disposal, is below the value projected by RMBH at the end of three years, RMBH will issue additional shares to Remgro at their par value of 1 cent. The maximum number of additional RMBH shares that may be issued by RMBH in terms of this arrangement is 10.75 million, should the value of RMBH's other assets at 31 December 2003 be nil. The number of RMBH shares to be issued will decrease pro rata based on the determined value of RMBH's other assets such that no shares will be issued should the value of RMBH's other assets be above the projected value.

### 9. Financial effects of the transaction

The table below sets out the financial effects of the transactions on RMBH and Remgro shares:

	Before the transactions <sup>1</sup> (cents)	After the transactions <sup>2</sup> (cents)	Percentage change
<b>RMBH</b>			
Headline earnings per share	88.50	87.43	(1.2)
Net asset value per share	636.16	730.51 <sup>3</sup>	14.8
<b>Remgro</b>			
Headline earnings per share	480.50	497.41	3.5
Net asset value per share	2 405	2 874 <sup>3</sup>	19.5

#### Notes:

- Based on RMBH's audited group balance sheet and income statement for the year ended 30 June 2000, and on pro forma financial information of Remgro for the year ended 31 March 2000.
- Assuming that the transaction had been implemented as follows:
  - for headline earnings per share, on 1 July 1999 in the case of RMBH and 1 April 1999 in the case of Remgro;
  - for net asset value per share, on 30 June 2000 in the case of RMBH and 31 March 2000 in the case of Remgro.
- It is assumed, for the purposes of this calculation, that RMBH shares are issued at their closing price on 4 December 2000. Based on the assumptions above, the increase in Remgro's net asset value per share represents a capital gain to be realised on the disposal of its interests in Billiton and Goldfields. The Remgro and RMBH net asset values per share after the transaction include goodwill relating to the acquisition of interests in FirstRand and RMBH (in the case of Remgro), which goodwill will be amortised over twenty years.

### 10. Conditions precedent

The transactions are conditional upon:

- RMBH shareholders approving the issue of new RMBH shares to Remgro;
- Remgro shareholders approving the Remgro acquisition, to the extent necessary; and
- such regulatory approvals as may be required.

The effective date of the transaction will be 1 January 2001.

### 11. Documentation and meeting

In terms of the Listings Requirements of the JSE Securities Exchange South Africa ("JSE"), RMBH shareholders are required to approve the issue of the new RMBH shares to Remgro. A circular, which is subject to the approval of the JSE and will incorporate a notice of general meeting, will be posted to RMBH shareholders early in 2001.

In compliance with the JSE's Listings Requirements, Remgro will post a circular to its shareholders early in 2001 containing details of the transaction and, if necessary, a notice of general meeting.

Sandton  
6 December 2000

Stellenbosch  
6 December 2000

