

RMI & RIM invest behind Ethos' alternative asset growth strategy

- **New investors back Ethos' expansion strategy**
- **RMI Investment Managers & Royal Investment Managers acquire up to a 30% strategic stake in Ethos**
 - **Ethos concludes a broad-based BEE transaction**

Johannesburg [19th September 2017]

Ethos Private Equity ('Ethos' or the 'Firm') is pleased to announce that it has reached agreement with RMI Investment Managers ('RMI') and Royal Investment Managers ('RIM') — together the 'RMI & RIM Consortium' — in terms of which, the RMI & RIM Consortium will invest behind Ethos' growth strategy in a series of transactions that will result in them acquiring a combined stake of up to 30% in the Firm. This transaction includes a vendor-facilitated BEE component that will ensure that 25% of the company continues to be owned by a broad base of historically disadvantaged shareholders (including Black Ethos executives, staff and the Ethos Educational Foundation Trust).

The investment by the RMI & RIM Consortium has a number of benefits for Ethos, including:

- The capital raised will enable Ethos to accelerate the execution of its strategy of building the leading alternative asset management business in sub-Saharan Africa;
- The brands, expertise and experience in growing investment management businesses of the RMI & RIM Consortium will contribute significantly to the execution of Ethos' growth strategy;
- The RMI & RIM Consortium will play an important role in enhancing Ethos' distribution networks with the aim of reaching a broader constituency of potential investors;
- This strategic partnership will contribute towards the creation of a sustainable BEE ownership solution and assist Ethos in the furthering of its transformation initiatives; and
- The transaction will facilitate intergenerational succession in the Firm through a transfer of ownership between the Partners of Ethos; whilst ensuring that a majority of the Firm will continue to be owned by the Partners and Executives that work in it.

As a consequence of the transaction, Ethos' board of directors will be reconfigured to include representatives from the RMI & RIM Consortium and Ethos executives, and will continue to be independently chaired by Peter Mageza. Kelly Moylan, an American-based veteran of the private equity industry has resigned from the Board following seven years of dedicated service. Kelly has been associated with Ethos for more than twenty years and has played an invaluable role in assisting the Firm in building and sustaining relationships with international investors. Kelly will continue to be associated with the Firm in a Senior Advisor role. The Board and Ethos wish to extend their sincere thanks to Kelly for her significant contribution to Ethos for over two decades.

Ethos CEO, Stuart MacKenzie said about the partnership:

"Ethos' institutional platform has been built and honed over a period of more than 30 years, six private equity funds, [104] transactions and [95] realisations. Three years ago, we commenced a diversification strategy that aimed to leverage this platform by launching a range of alternative asset funds. To date, we have successfully closed a mid-market fund, launched a mezzanine fund and are preparing to go to market with our seventh large buyout fund. In addition, we have supported this diversification strategy through listing Ethos Capital, a permanent capital vehicle focussed on investing in our funds, on the Johannesburg Stock Exchange. Up to this point the strategic expansion of the Firm has been funded by its Partners. In order for us to accelerate the Firm's growth in a sustainable way, we recognised the significant benefit of attracting strategic investors that would share our vision. The cultural affinity between the Ethos, RMI and RIM teams has been nurtured over many years of business collaboration. The RMI & RIM Consortium's endorsement of our strategy will enable us to accelerate

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the realisation of our vision by opening new investor networks, providing asset management expertise and a focus on the accelerated transformation of our Firm. Together, we share a vision of matching the best capital solutions with the best business ideas.”

Chris Meyer, CEO of RMI Investment Managers added:

“Ethos is widely considered to be the most experienced and successful private equity business and investment team in South Africa. Their 33-year track record of successful investing helped establish the South African private equity industry. We are excited about the future of the alternative asset management industry in South Africa as the savings pool looks for ways of generating uncorrelated investment returns and we look forward to supporting Ethos’ alternative assets growth strategy into exciting new areas. We are proud to be partnering Ethos in the next phase of its growth and adding our expertise to their legacy as the premier private equity firm in South Africa.”

Kabelo Rikhotso, CEO of Royal Investment Managers added:

“RIM believes Ethos is well placed to be the best sub-Saharan Africa Alternatives Asset Manager and we are excited to be part of this journey as they transform from a mono-line offering to launching complimentary fund strategies. The transaction fulfils the typical characteristics we look for in acquiring minority equity stakes in asset management business, most notably the genuine embracing of diversity – which to RIM means black participation not only at the ownership, management and employee level but more importantly at the investment team level. The launch of the Ethos mid-market team (majority black-owned, run and managed by a black team with its own independent investment committee) is a great initiative and the second layer of investment professionals being predominantly black bodes well for future succession and diversity. We will support the continued recruitment of and advancement of black professionals in the Firm and look forward to an enduring partnership with Ethos.”

The transaction will be effective by the end of September and is not subject to regulatory approval or outstanding conditions.

Ends.

Notes to Editors:

About Ethos

Ethos is widely considered to be the most experienced and successful private equity investment team in South Africa. Founded in 1984, Ethos pioneered South African private equity, concluding the first private equity-led acquisitions in the country.

In 2016, Ethos transitioned into a broader investment firm, managing investments in private equity and credit strategies in South Africa and selectively in sub-Saharan Africa. Furthermore, Ethos also launch Ethos Capital, an investment vehicle listed on the JSE, designed to offer investors long-term capital appreciation by investing in a diversified portfolio of unlisted investments managed by Ethos Private Equity, the largest private equity firm in sub-Saharan Africa.

Ethos seeks to leverage its understanding of the South African and sub-Saharan African markets to target small- to mid-sized companies best positioned to benefit from the region’s unique growth dynamics. As an active investor, Ethos Private Equity has capitalised on its experience of owning businesses across a variety of investment, economic and political cycles to maximise value post-investment and generate superior returns.

Ethos is currently investing Ethos Fund VI. At c.R8.6bn (US\$800m) in commitments, Fund VI is one of the largest pools of third-party capital in Africa.

About RMI Investment Managers

Identify, partner and grow with South Africa’s best investment talent.

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RMI Investment Managers (RMI IM), a subsidiary of the JSE-listed Rand Merchant Investment Holdings (RMI), is a multi-affiliate investment management firm. We partner with South Africa's best investment talent by becoming a strategic shareholder in their businesses (our affiliates).

Our goal is to be a supportive, non-interfering, long-term shareholder of choice in the asset management industry. We aim to add value to our affiliates by providing working and seed capital, strategic input, operational infrastructure and distribution capability to allow boutique investment professionals to focus on what's really important – honing their craft and delivering superior investment performance.

About RIM - Royal Investment Managers

"Diversity: the art of thinking independently together" Malcolm Forbes

Royal Investment Managers is a black owned investment holding company that acquires equity stakes in either existing or new asset management firms with a strong and unrelenting focus on diversity.

Our primary focus is to partner with companies that meet our investment criteria and share our values.

We are proudly backed by Royal Bafokeng Holdings (RBH) and Rand Merchant Investment Holdings (RMI), through its subsidiary RMI Investment Managers (RMI IM).

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