

The definitions and interpretations commencing on page 8 apply *mutatis mutandis* to the circular in its entirety (including this cover page).

Shareholders are advised to pay particular attention to pages 1 to 4, titled "Action required by all shareholders, including odd-lot holders and voluntary holders".



MMI HOLDINGS

MMI Holdings Limited
Previously known as: Metropolitan Holdings Limited
(Registration number 2000/031756/06)
(Incorporated in the Republic of South Africa)
JSE share code: MMI NSX share code: MIM
ISIN: ZAE000149902
("MMI" or "the Company")

CIRCULAR TO SHAREHOLDERS

regarding:

- the proposed restructuring of the existing BEE transaction between MMI and Kagiso Tiso Holdings Proprietary Limited (RF) ("KTH"), which involves an amendment to MMI's memorandum of incorporation;
- an odd-lot offer to shareholders who hold a total of less than 100 MMI ordinary shares on the record date; and
- a voluntary repurchase offer to repurchase MMI ordinary shares from shareholders holding from 100 to 500 MMI ordinary shares on the record date.

and incorporating:

- a notice of general meeting;
- a form of proxy (*yellow*) for the general meeting;
- a form of election and surrender in respect of the odd-lot offer (for use by certificated shareholders who hold a total of less than 100 MMI ordinary shares only) (*blue*); and
- a form of election and surrender in respect of the voluntary repurchase offer (for use by certificated shareholders who hold a total of between 100 and 500 MMI ordinary shares only) (*green*).

Date of issue: 18 May 2012

Merchant bank, transaction sponsor
and debt advisor to MMI



KTH



Legal advisor to KTH



Independent reporting accountants



Legal advisor to MMI



Independent sponsor to MMI



Transaction and debt advisors to KTH

AFTERGUARD

Independent expert



CORPORATE INFORMATION

Secretary and registered office

Mr Francois Jooste
MMI Holdings Limited
(Registration number 2000/031756/06)
268 West Avenue
Centurion, 0014
(PO Box 7400, Centurion, 0046)

Independent sponsor to MMI

Merrill Lynch South Africa Proprietary Limited
(A subsidiary of Bank of America Corporation)
(Registration number 1995/001805/07)
138 West Street, Sandown
Sandton, 2196
(PO Box 651987, Benmore, 2010)

Independent reporting accountants

PricewaterhouseCoopers Incorporated
(Registration number 1998/012055/21)
2 Eglin Road, Sunninghill 2157,
(Private Bag X36, Sunninghill, 2157)

Legal advisor to MMI

Edward Nathan Sonnenbergs Inc.
(Registration number 2006/018200/21)
La Gratitude Office Park
95 Dorp Street
Stellenbosch, 7600
(PO Box 940, Stellenbosch, 7599)

Tax advisor to KTH

Webber Wentzel
10 Fricker Road
Illovo Boulevard
Johannesburg, 2196
(PO Box 61771, Marshalltown, 2107)

Merchant bank, transaction sponsor and debt advisor to MMI

Rand Merchant Bank
(A division of FirstRand Bank Limited)
(Registration number 1929/001225/06)
1 Merchant Place
Cnr Fredman Drive and Rivonia Road
Sandton, 2196
(PO Box 786273, Sandton, 2146)

Transaction and debt advisors to KTH

Afterguard Services Proprietary Limited
(Registration Number 2007/ 025204/07)
3rd Floor, Letterstedt House
Newlands on Main
Main Road
Newlands, 7700
(Postnet Suite 42, Private Bag X1005, Claremont, 7735)

NSX sponsor to MMI

Simonis Storm Securities Proprietary Limited
(Member of the Namibian Stock Exchange)
(Registration number 96/421)
4 Koch Street, Klein Windhoek
Namibia
(PO Box 3970, Windhoek, Namibia)

Independent expert

Ernst & Young Advisory Services Ltd
(Registration number 2006/018260/06)
Wanderers Office Park
52 Corlett Drive
Illovo, 2196
(PO Box 2322, Johannesburg, 2000)

Legal advisor to KTH

Webber Wentzel Attorneys
10 Fricker Road
Illovo Boulevard
Johannesburg, 2196
(PO Box 61771, Marshalltown, 2107)

Transfer secretaries in South Africa

Link Market Services SA Proprietary Limited
(Registration number 2000/007239/07)
13th Floor, Rennie House
19 Ameshoff Street
Braamfontein, 2001
(PO Box 4844, Johannesburg 2000)

Transfer secretaries in Namibia

Transfer Secretaries Proprietary Limited
(Registration number 93/713)
No. 4 Robert Mugabe Avenue
Windhoek
(PO Box 2401, Windhoek, Namibia)

Date of incorporation: 21 December 2000

Place of incorporation: South Africa

ACTION REQUIRED BY ALL SHAREHOLDERS, INCLUDING ODD-LOT HOLDERS AND VOLUNTARY HOLDERS

IF YOU ARE IN ANY DOUBT AS TO WHAT ACTION TO TAKE, PLEASE CONTACT YOUR BANKER, BROKER, CSDP, ATTORNEY, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

IF YOU HAVE DISPOSED OF ALL OF YOUR MMI ORDINARY SHARES, THIS CIRCULAR SHOULD BE HANDED TO THE PURCHASER OF SUCH SHARES OR TO THE BROKER, CSDP, BANKER OR OTHER AGENT THROUGH WHOM THE DISPOSAL WAS EFFECTED.

A general meeting of shareholders will be held at the registered offices of the Company, 268 West Avenue, and Centurion at 12:00 on Monday, 18 June 2012 to consider and, if deemed fit, pass the resolutions required to implement the BEE restructuring, the odd-lot offer and the voluntary repurchase offer as detailed in this circular. A notice convening the general meeting is attached to and forms part of this circular.

A. ACTION REQUIRED BY SHAREHOLDERS REGARDING THE GENERAL MEETING

1. If you are a dematerialised shareholder other than with “own name” registration

1.1 Voting at the general meeting

1.1.1 Your CSDP or broker is obliged to contact you in the manner stipulated in the agreement concluded between you and your CSDP or broker to ascertain how you wish to cast your votes at the general meeting and thereafter to cast your votes in accordance with your instructions.

1.1.2 If you have not been contacted by your CSDP or broker, you should contact your CSDP or broker and furnish it with your voting instructions.

1.1.3 If your CSDP or broker does not obtain voting instructions from you, it will be obliged to vote in accordance with the provisions contained in the agreement concluded between you and your CSDP or broker.

1.1.4 You must **NOT** complete the attached form of proxy (*yellow*).

1.2 Attendance at the general meeting

1.2.1 If you wish to attend the general meeting, you must advise your CSDP or broker in accordance with the agreement concluded between you and your CSDP or broker, and your CSDP or broker will issue the necessary Letter of Representation to you to attend the general meeting.

1.2.2 Unless you advise your CSDP or broker, in accordance with the terms of the agreement concluded between you and your CSDP or broker, that you wish to attend the general meeting and have been provided with a Letter of Representation from them or instructed them to send their proxy to represent you at the general meeting, your CSDP or broker may assume that you do not wish to attend the general meeting and act in accordance with the agreement between you and your CSDP or broker.

2. If you are a certificated shareholder or a dematerialised shareholder with “own name” registration

2.1. Voting, attendance and representation at the general meeting

2.1.1. You may attend the general meeting in person and may vote at the general meeting.

2.1.2. Alternatively, you may appoint a proxy to represent you at the general meeting by completing the attached form of proxy (*yellow*) in accordance with the instructions it contains and returning it to Link Market Services SA Proprietary Limited, 13th Floor, Rennie House, 19 Ameshoff Street, Braamfontein, Johannesburg, 2001, South Africa (PO Box 4844, Johannesburg, 2000) (in South Africa) or Transfer Secretaries Proprietary Limited, No. 4 Robert Mugabe Avenue, Windhoek, Namibia (PO Box 2401, Windhoek, Namibia), to be received by no later than 12:00 on Thursday, 14 June 2012.

2.1.3. Certificated shareholders are encouraged to complete the form of proxy (*yellow*) attached to this document if they do not intend to attend the general meeting in person.

2.1.4. Where there are joint holders of MMI ordinary shares, any one of such persons may vote at the general meeting in respect of such shares as if they are solely entitled thereto, but if more than one of such joint holders are present or represented at the general meeting, the person whose name stands first in MMI's share register in respect of such shares or their proxy, as the case may be, shall alone be entitled to vote in respect of such shares.

B. ACTION REQUIRED IN TERMS OF THE ODD-LOT OFFER AND VOLUNTARY REPURCHASE OFFER

If you own less than 100 MMI ordinary shares in total as at the close of business on Friday, 20 July 2012, you are an odd-lot holder.

If you are an odd-lot holder:

You must choose either to:

- sell your odd-lot holding to MMI at the offer price; or
- retain your odd-lot holding.

Those odd-lot holders who do not make an election will automatically be regarded as having chosen to sell their odd-lot holdings and accepted the cash consideration.

Please refer to paragraphs numbered 1 and 2 below for detail on how to exercise your choice.

If you own 100 to 500 MMI ordinary shares in total as at the close of business on Friday, 20 July 2012, you are a voluntary holder.

If you are a voluntary holder:

- MMI is extending a voluntary repurchase offer for you to sell to MMI all your MMI ordinary shares at the offer price. If you do not make an election to sell your MMI ordinary shares to MMI, your shareholding will remain unchanged.

Please refer to paragraphs number 1 and 2 below for detail on how to exercise your choice.

Odd-lot holders and voluntary holders should note that the offers open on Thursday, 7 June 2012 but remain conditional on obtaining the necessary shareholders' resolutions which will be considered and, if deemed fit, approved at the general meeting to be held on Monday, 18 June 2012.

1. If you are a certificated odd-lot holder or voluntary holder:

1.1 If you are a certificated odd-lot holder:

1.1.1 you must complete the **blue form of election and surrender** and select one of the two choices, namely either to sell or retain your odd-lot holding; and

1.1.2 if you choose to retain your odd-lot holding, you must make sure that you complete the blue form of election and surrender and return it to Link Market Services SA Proprietary Limited, 13th Floor, Rennie House, 19 Ameshoff Street, Braamfontein, Johannesburg, 2001, South Africa (PO Box 4844, Johannesburg, 2000) (in South Africa) or Transfer Secretaries Proprietary Limited, No. 4 Robert Mugabe Avenue, Windhoek, Namibia (PO Box 2401, Windhoek, Namibia), to be received by no later than 12:00 on Friday, 20 July 2012. If the transfer secretaries do not receive your completed form in time, you will be deemed to have elected to sell your odd-lot holding and you will receive the cash consideration in accordance and upon compliance with the provisions of Part II, paragraph 3.8.4 below.

1.2 If you are a **certificated voluntary holder**, you may elect to sell your shareholding to MMI by completing the green form of election and surrender and returning it to Link Market Services SA Proprietary Limited, 13th Floor, Rennie House, 19 Ameshoff Street, Braamfontein, Johannesburg, 2001, South Africa (PO Box 4844, Johannesburg, 2000) (in South Africa) or Transfer Secretaries Proprietary Limited, No. 4 Robert Mugabe Avenue, Windhoek, Namibia (PO Box 2401, Windhoek, Namibia), to be received by no later than 12:00 on Friday, 20 July 2012. If the transfer secretaries do not receive your completed form in time, you will be deemed to have elected to retain your voluntary holding.

- 1.3 If any documents of title of certificated odd-lot holders or voluntary holders have been lost or destroyed and the odd-lot holder or voluntary holder concerned produces evidence to this effect to the satisfaction of the transfer secretaries and MMI, then the transfer secretaries, subject to obtaining MMI's consent, may dispense with the surrender of such documents of title against provision of an acceptable indemnity.
2. **If you are a dematerialised odd-lot holder or voluntary holder WITH OR WITHOUT "own name" registration**
 - 2.1 Your CSDP or broker is obliged to contact you in the manner stipulated in the agreement concluded between you and your CSDP or broker to ascertain what choice you wish to make in terms of the offers and thereafter to advise the transfer secretaries of such choice.
 - 2.2 If you have not been contacted, you should contact your CSDP or broker and furnish it with your instructions relating to your choice.
 - 2.3 If your CSDP or broker does not obtain instructions from you regarding your choice, it will be obliged to act in accordance with the provisions contained in the agreement concluded between you and your CSDP or broker.
 - 2.4 You must NOT complete the blue or green forms of election and surrender.

MMI shall be entitled to refuse to implement the offers for the purchase of MMI ordinary shares pursuant to the odd-lot offer or the voluntary repurchase offer (as the case may be) in respect of any odd-lot holder or voluntary holder whom MMI reasonably believes has become an odd-lot holder or voluntary holder (as the case may be) in order to take advantage of the odd-lot offer or the voluntary repurchase offer, and such odd-lot holder or voluntary holder will have no claim against MMI arising out of or in connection with such refusal.

TABLE OF CONTENTS

	<i>Page</i>
CORPORATE INFORMATION	Inside front cover
A. ACTION REQUIRED BY SHAREHOLDERS REGARDING THE GENERAL MEETING	1
B. ACTION REQUIRED IN TERMS OF THE ODD-LOT OFFER AND VOLUNTARY REPURCHASE OFFER	3
Definitions and interpretations	8
Circular to shareholders	13
PART I – BEE RESTRUCTURING	15
1. Introduction and overview of the current BEE structure	15
2. Information on KTH	16
3. Rationale for and benefits of the BEE restructuring	17
4. BEE restructuring transaction steps	17
5. Salient amended terms of the A3 preference shares	18
6. Salient terms of the 2012 Relationship Agreement	19
7. Financial effects	20
8. Opinions and recommendations	20
9. Conditions precedent	20
PART II – ODD-LOT AND VOLUNTARY REPURCHASE OFFER	21
1. Introduction and rationale for the offers	21
2. Information relating to the odd-lot offer and voluntary repurchase offer	21
3. The offers	22
4. Source of funds	25
5. Tax consequences for shareholders selling their shares in MMI in terms of the offers	25
6. Financial effects	25
7. Effect on share capital	26
8. Conditions precedent	26
9. Non-resident shareholders	26
10. Prohibited period	26
PART III – ADDITIONAL INFORMATION REQUIRED	27
1. Exchange control regulations	27
2. Nature of business of MMI	27
3. Prospects for the business of MMI	28
4. Material changes	29
5. Share capital	29
6. Directors' beneficial interests	30
7. Directors' interests in the BEE restructuring and offers	30
8. Directors' interests in transactions	30
9. Major shareholders	30
10. Share price history	31
11. Litigation statement	31

12. Solvency and liquidity test	31
13. Share issues in the last three years	31
14. Independent reporting accountant's report	32
15. Expenses relating to the proposed transaction	32
16. General meeting	32
17. Corporate governance and King Code Report	32
18. Directors' responsibility statements	32
19. Consents	33
20. Documents available for inspection	33
Annexure 1 Information on directors	34
Annexure 2 Independent professional expert's report	39
Annexure 3 Independent reporting accountant's report	43
Annexure 4 <i>Pro-Forma</i> financial information relating to the BEE restructuring	45
Annexure 5 <i>Pro-Forma</i> financial information relating to the offers	49
Annexure 6 <i>Pro-Forma</i> financial information relating to the combined effect of the BEE restructuring and odd-lot and voluntary repurchase offers	53
Annexure 7 Price history of shares on JSE	57
Annexure 8 Statement in support of King Code Report	58
Notice of general meeting	Enclosed
Form of proxy (<i>yellow</i>) for the general meeting	Enclosed
Odd-lot offer form of election and surrender (<i>blue</i>)	Enclosed
Voluntary offer form of election and surrender (<i>green</i>)	Enclosed

IMPORTANT DATES AND TIMES

2012

Posting of circular	Friday, 18 May
Last day to trade in order to vote at the general meeting	Friday, 1 June
Offers open on	Thursday, 7 June
Record date in order to vote at the general meeting	Friday, 8 June
Forms of proxy for the general meeting to be received by 12:00 on	Thursday, 14 June
General meeting to be held at 12:00 on	Monday, 18 June
Results of the general meeting released on SENS on	Monday, 18 June
Results of the general meeting published in the press on	Tuesday, 19 June
Fulfilment of conditions precedent and finalisation of offer price announcement (including the final offer price) released on SENS on or before	Friday, 6 July
Last day to trade in order to take part in the offers	Friday, 13 July
Shares trade "ex" the offers on	Monday 16 July
Offers close and forms of election and surrender to be received by transfer secretaries by 12:00 on	Friday, 20 July
Record date to determine those shareholders entitled to take part in the offers at close of business on	Friday, 20 July
Implementation of the offers takes effect after close of business on	Friday, 20 July
Dematerialised odd-lot holders and dematerialised voluntary holders will have their accounts held at their CSDP or broker updated with their new shareholding and credited with the offer price on ³	Monday, 23 July
Electronic payments will be made or cheques posted, as the case may be, in respect of the offer price to certificated odd-lot holders and certificated voluntary holders ⁴	Monday, 23 July
Results of the offers released on SENS on	Monday, 23 July
Results of the offers published in the press on	Tuesday, 24 July

Notes:

- These dates and times are subject to change. Any material changes will be released on SENS and published in the press. All references to times in this circular are to South African local times unless otherwise stated.*
- Shareholdings may not be dematerialised or rematerialised between Monday, 16 July 2012 and Friday, 20 July 2012, both days inclusive.*
- Dematerialised odd-lot holders and voluntary holders are required to notify their duly appointed CSDP or broker of their choice of whether to sell or retain their MMI ordinary shares, subject to note 5 below, in the manner and time stipulated in the agreement governing the relationship between them and their CSDP or broker.*
- In the case of certificated odd-lot holders and certificated voluntary holders who choose to sell their MMI ordinary shares, payment will be made either by:*
 - electronic funds transfer into the bank accounts of odd-lot holders and voluntary holders on or about Monday, 23 July 2012 if such holders' banking details have been provided in the form of election and surrender; or*
 - by cheque which will be posted at the risk of odd-lot holders and voluntary holders on or about Monday, 23 July 2012 if such holders' banking details have not been provided in the form of election and surrender.*
- Those odd-lot holders who do not make an election will automatically be regarded as having chosen to sell their odd-lot holding. Voluntary holders who do not make an election will automatically be regarded as having chosen not to sell their voluntary holding and their shareholding will remain unchanged.*

DEFINITIONS AND INTERPRETATIONS

Throughout this circular and the annexures hereto, unless otherwise stated or the context otherwise indicates, the words in the first column shall have the meanings stated opposite them in the second column, words in the singular shall include the plural and *vice versa*, words importing natural persons shall include corporations and associations of persons and any reference to one gender shall include the other gender:

“2004 relationship agreement”	the agreement titled “Relationship Agreement” between MMI, KTI, Newco and SPV dated 10 June 2004 providing for the phase I transaction and addressing the parties’ future relationship;
“2009 relationship agreement”	the agreement titled “Second Amended and Restated Relationship Agreement” between MMI, KTI, Newco and SPV dated 29 June 2009;
“2012 relationship agreement”	the agreement titled “2012 Relationship Agreement” between MMI, KTH, Newco and SPV dated 29 March 2012;
“A1 extension date”	30 October 2012, being the date on which the A1 preference shares become redeemable if not converted;
“A2 extension date”	5 December 2012, being the date on which the A2 preference shares become redeemable if not converted;
“A3 extension date”	31 July 2012, being the date on which the A3 preference shares become redeemable if not converted;
“A1 preference shares”	the variable rate cumulative convertible redeemable A1 preference shares with a par value of 0,0001 cent each in the share capital of MMI;
“A2 preference shares”	the variable rate cumulative convertible redeemable A2 preference shares with a par value of 0,0001 cent each in the share capital of MMI;
“A3 preference shares”	the variable rate cumulative convertible redeemable A3 preference shares with a par value of 0,0001 cent each in the share capital of MMI;
“A1 SPV preference shares”	means the cumulative redeemable participating A1 preference shares of R1.00 each in the share capital of SPV;
“A2 SPV preference shares”	means the cumulative redeemable participating A2 preference shares of R1.00 each in the share capital of SPV;
“A3 SPV preference shares”	means the cumulative redeemable participating A3 preference shares of R1.00 each in the share capital of SPV held by MMI;
“bank consortium”	in respect of: <ul style="list-style-type: none">– the phase I transaction and phase II transaction, a consortium of banks comprising of ABSA, SCM, RMB and Nedbank;– the phase III transaction, a consortium of banks comprising of RMB, Nedbank and SCM;
“BBBEE Act”	the Broad-based Black Economic Empowerment Act, 2003 (Act No 53 of 2003), as amended or replaced from time to time;
“BEE”	Black Economic Empowerment;
“BEE restructuring”	the proposed restructuring of the BEE transaction which involves the restructuring of KTH’s direct and indirect shareholding in MMI as set out in this circular;
“BEE transaction”	the BEE transaction between MMI, KTI and the Metropolitan Empowerment Trust, implemented in three phases commencing on 1 October 2004, in terms of which the Metropolitan Empowerment Trust and KTI acquired a combined beneficial shareholding in MMI;
“business day”	any day other than a Saturday, Sunday or official public holiday in South Africa;

“cash consideration”	the offer price to be received by: <ul style="list-style-type: none"> • odd-lot holders who elect to sell their shares or who do not make an election and are therefore deemed to have made an election to sell their odd-lot holding; and • voluntary holders who elect to sell their voluntary holding;
“certificated odd-lot holders”	odd-lot holders who hold certificated shares;
“certificated shareholders”	shareholders who hold certificated shares;
“certificated shares”	MMI ordinary shares which have not yet been dematerialised, title to which is represented by a share certificate or other documents of title;
“certificated voluntary holders”	voluntary holders who hold certificated shares;
“Charter”	the Financial Sector Charter on Black Economic Empowerment gazetted under section 12 of the BBBEE Act on 9 February 2007, and including Phase I of the Draft Financial Sector Code published for comment under section 9(5) of the BBBEE Act on 10 December 2010;
“CIPC”	Companies and Intellectual Property Commission;
“circular”	this bound document, dated 18 May 2012, incorporating the notice of general meeting, form of proxy, and forms of election and surrender;
“Codes of Good Practice” or the “Codes”	the Codes of Good Practice published under section 9(1) of the BBBEE Act;
“common monetary area”	South Africa, the Republic of Namibia and the Kingdoms of Swaziland and Lesotho;
“Companies Act”	the Companies Act, 2008 (Act 71 of 2008), as amended or replaced from time to time;
“CSDP”	Central Securities Depository Participant;
“dematerialised odd-lot holders”	odd-lot holders who hold dematerialised shares;
“dematerialised shareholders”	shareholders who hold dematerialised shares;
“dematerialised shares”	MMI ordinary shares which have been incorporated into the Strate system, can be transferred without a written instrument and which are no longer evidenced by share certificates;
“dematerialised voluntary holders”	voluntary holders who hold dematerialised shares;
“EPS”	earnings per share;
“Ernst & Young”	Ernst & Young Advisory Services Ltd (registration number 2006/018260/06), a company duly incorporated under the company laws of South Africa;
“FirstRand”	FirstRand Limited (registration number 1966/010753/06), a public company duly incorporated under the company laws of South Africa;
“G SPV preference shares”	means the preference shares in the share capital of SPV which are to be issued by SPV to finance the conversion of the A1 preference shares into ordinary MMI shares and redeem the A1 SPV preference shares, as detailed in paragraph 4.3 of Part 1 of this circular;
“general meeting”	the meeting of shareholders to be held at 12:00 at MMI’s registered offices at 268 West Avenue, Centurion on Monday, 18 June 2012;
“HEPS”	headline earnings per share;
“IFRS”	The International Financial Reporting Standards, as adopted from time to time by the board of the International Accounting Standards Committee, or its successor body, and approved for use in South Africa from time to time by the Financial Reporting Standards Council established in terms of section 203 of the Companies Act;

“JSE”	JSE Limited (registration number 2005/022939/06), a public company duly registered and incorporated with limited liability in accordance with the company laws of South Africa, licensed to operate as an exchange under the Securities Services Act;
“KTH”	Kagiso Tiso Holdings Proprietary Limited (RF) (registration number 2011/000848/07), a private company duly incorporated under the company laws of South Africa, which company was formed following the merger of KTI and Tiso in July 2011, the main shareholders of which are Kagiso Charitable Trust, Tiso Foundation Charitable Trust, Tiso Investment Holdings Proprietary Limited and Industrial Partnership Investments Limited (a wholly owned subsidiary of Remgro Limited);
“KTI”	Kagiso Trust Investments Proprietary Limited (registration number 1993/007845/07), a private company which merged with Tiso in July 2011 to form KTH;
“last day to trade”	Friday, 13 July 2012, being the last date to trade in order to participate in the offers;
“last practicable date”	close of business on Tuesday, 8 May 2012, being the last practicable date on which information could be included in this circular prior to its finalisation;
“Link Market Services”	Link Market Services SA Proprietary Limited (registration number 2000/007239/07), a private company duly registered and incorporated with limited liability in accordance with the company laws of South Africa and the transfer secretary to MMI in South Africa;
“Listings Requirements”	the Listings Requirements of the JSE;
“memorandum of incorporation”	the memorandum of incorporation of MMI, as such term is defined in the Companies Act;
“merger”	the acquisition by MMI of 100% of the issued shares in Momentum and the issue by MMI of consideration shares to FirstRand, as detailed in the circular to shareholders including the revised listings particulars of MMI dated 6 September 2010;
“Metropolitan”	MMI before being merged with Momentum;
“Metropolitan Empowerment Trust”	the Metropolitan Empowerment Trust (master’s reference number IT 303/2006), established as the vehicle for senior management of MMI to hold an indirect interest in MMI, its subsidiaries and associate companies; and
“MHG”	the Metropolitan Health Group;
“MMI” or “the Company”	MMI Holdings Limited (registration number 2000/031756/06), a public company duly registered and incorporated with limited liability in accordance with the company laws of South Africa, previously known as Metropolitan;
“MMI board” or “the board”	the board of directors of MMI, consisting of the MMI directors detailed in Annexure 1 of this circular and as otherwise constituted from time to time;
“MMI directors” or “the directors”	the directors of MMI detailed in Annexure 1 of this circular;
“MMI group”	MMI, its subsidiaries and associate companies;
“MMI ordinary shares”	ordinary shares with a par value of 0.0001 cents in the issued share capital of MMI;
“Momentum”	Momentum Group Limited (registration number 1904/002186/06), a public company duly incorporated under the company laws of South Africa, wholly owned by MMI;
“Namibia”	the Republic of Namibia;
“NAV”	net asset value;
“Nedbank”	Nedbank Limited (registration number 1951/000009/06), a public company duly incorporated under the company laws of South Africa, acting through its Nedbank Capital division;

“Newco”	Off the Shelf Investments 109 Proprietary Limited (registration number 2004/013168/07), a private company duly incorporated under the company laws of South Africa, being a wholly owned subsidiary of KTH;
“NSX”	the Namibian Stock Exchange;
“odd-lot holding”	an aggregate shareholding by any shareholder of less than 100 MMI ordinary shares;
“odd-lot holders”	shareholders holding an odd-lot holding as at the record date;
“odd-lot offer”	the offer by MMI to odd-lot holders to repurchase all of their shares at the offer price;
“offer price”	the VWAP for the 5 (five) trading days commencing on Thursday, 28 June 2012 and ending on Wednesday, 4 July 2012 plus a 10% premium;
“offers”	collectively the odd-lot offer and the voluntary repurchase offer;
“phase I transaction”	the transaction described in and implemented pursuant to the 2004 relationship agreement in terms of which KTI, through its shareholding in Newco and indirectly in SPV, became the beneficial holder of approximately 10.25% (on a fully diluted basis and excluding treasury shares) of the issued share capital of MMI;
“phase II transaction”	the transaction in terms of which KTI and the Metropolitan Empowerment Trust, through their shareholding in Newco and indirectly in SPV, increased their combined beneficial shareholding in MMI to approximately 17.3%;
“phase III transaction”	the transaction in terms of which the SPV preference shares were refinanced as set out in the circular to MMI shareholders dated 4 August 2009;
“preference shares”	collectively the A1, A2 and A3 preference shares;
“proposed transaction”	collectively the BEE restructuring and the offers;
“PwC”	PricewaterhouseCoopers Incorporated;
“record date”	the time and date as at which odd-lot holders and voluntary holders must be recorded in MMI’s shareholder register in order to participate in the offers, being the close of business on Friday, 20 July 2012;
“resolutions”	the special and ordinary resolutions contained in the notice of general meeting attached to this circular;
“RMB”	FirstRand Bank Limited (registration number 1929/001225/06), a public company duly incorporated under the company laws of South Africa, acting through its Rand Merchant Bank division;
“SCM”	Sanlam Capital Markets Limited (registration number 1996/004744/06), a public company duly incorporated under the company laws of South Africa;
“Securities Services Act”	the Securities Services Act (Act 36 of 2004), as amended;
“SENS”	the Securities Exchange News Service of the JSE;
“shares” or “MMI shares”	collectively MMI ordinary shares and A1, A2 or A3 preference shares;
“shareholder” or “MMI shareholder”	a holder of MMI shares;
“South Africa”	the Republic of South Africa;
“SPV”	Off the Shelf Investments 108 Proprietary Limited (registration number 2004/013271/07), a private company duly incorporated under the company laws of South Africa, being a wholly-owned subsidiary of Newco;
“SPV preference shares”	collectively all classes of cumulative redeemable preference shares of R1,00 each in the share capital of SPV;

“Strate”	Strate Limited (registration number 1998/022242/06), a public company duly registered and incorporated with limited liability in accordance with the company laws of South Africa and registered as a central securities depository;
“Strate system”	an electronic clearing, settlement and custody system for securities listed on the JSE which is managed by Strate;
“TNAV”	tangible net asset value;
“Tiso”	Tiso Group Proprietary Limited (registration number 1999/010875/07), a public company which merged with KTI in July 2011 to form KTH;
“Transfer Secretaries Proprietary Limited”	Transfer Secretaries Proprietary Limited (registration number 93/713), a private company duly registered and incorporated with limited liability in accordance with the company laws of Namibia and the transfer secretary to MMI in Namibia;
“transfer secretaries”	collectively Link Market Services and Transfer Secretaries Proprietary Limited;
“treasury shares”	MMI ordinary shares registered in the name of MMI as shareholder, but which shares are beneficially held on behalf of policyholder portfolios in terms of investment mandates and MMI ordinary shares held by subsidiaries of MMI; and
“voluntary holders”	shareholders holding a voluntary holding as at the record date;
“voluntary holding”	an aggregate shareholding by any shareholder of 100 to 500 MMI ordinary shares;
“voluntary repurchase offer”	the offer by MMI to voluntary holders to repurchase all their MMI ordinary shares at the offer price;
“VWAP”	volume weighted average price of an MMI ordinary share traded on the JSE.



MMI HOLDINGS

MMI Holdings Limited

(Registration number 2000/031756/06)

(Incorporated in the Republic of South Africa)

JSE share code: MMI NSX share code: MIM

ISIN: ZAE000149902

("MMI" or "the Company")

Directors

MJN Njeke (Chairman)†

JP Burger (Deputy Chairman)*

NAS Kruger (CEO)

FW van Zyl (Deputy CEO)

RB Gouws†

F Jakoet†

M Mthombeni

SA Muller†

V Nkonyeni*

Prof. JD Krige†

JE Newbury†

SE Nxasana*

KC Shubane*

PE Speckmann (Group Finance Director)

FJC Truter†

BJ van der Ross†

JC van Reenen†

M Vilakazi†

PJ Moleketi†

† Independent non-executive

* Non-executive

CIRCULAR TO SHAREHOLDERS

MMI through Metropolitan, and KTH through KTI, have a long-standing relationship. The relationship began in 2004 when KTH acquired an approximately 10% shareholding in MMI and became MMI's strategic empowerment partner.

KTH's shareholding changed over the years as the two groups strengthened their mutually beneficial ties, from which both organisations derived financial benefits and development opportunities.

MMI was created in 2010 as a result of the merger between Metropolitan and Momentum, resulting in a substantially larger and more diversified financial services group. KTH, on the other hand, was created in 2011 when KTI and Tiso merged, also with a view to forming a larger and more diversified group. KTH is a significant black-owned and managed company, with a focus on financial services. KTH's investment in MMI provides a key entry point for KTH into the long-term insurance market which is consistent with the KTH group's investment strategy.

MMI seeks opportunities to advance BEE as a significant contributor to the economic advancement of South Africa.

The two groups have reviewed their relationship and would like to extend it because of the long term advantages it affords them. Consequently, they are planning to develop the relationship along the following lines:

- ensuring that it remains mutually beneficial over the long-term;
- continuing to co-operate closely in the financial services sector; and
- expanding both businesses while simultaneously advancing the development of BEE.

These intentions will be effected through the BEE restructuring.

Following the merger of Metropolitan and Momentum in 2010, KTH and the Metropolitan Empowerment Trust together held approximately 8% of MMI. The Metropolitan Empowerment Trust has since exited the BEE structure, through KTH's facilitation, by means of Newco repurchasing the ordinary shares in the share capital of Newco previously held by the Metropolitan Empowerment Trust. Following the Newco repurchase, KTH is now the sole shareholder of Newco with an increased effective shareholding in MMI. MMI intends to facilitate the refinancing of the BEE transaction through specific amendments which will result in a restructuring of the BEE transaction.

In addition to the BEE restructuring, in order to reduce the substantial and ongoing costs of administration connected with a large number of odd-lot holders and voluntary holders and to provide these shareholders with an inexpensive method of realising their investment in MMI, the directors propose the implementation of an odd-lot offer to repurchase the shares of shareholders holding less than 100 MMI ordinary shares, as well as a voluntary offer to repurchase the shares of shareholders holding 100 to 500 MMI ordinary shares.

The purpose of this circular is to provide shareholders with relevant information relating to the proposed BEE restructuring as well as detail on the offers. This information will enable shareholders to make an informed decision as to whether or not they should vote in favour of the resolutions to be proposed at the general meeting in order to give effect to the proposed BEE restructuring and (should a shareholder be an odd-lot holder or a voluntary holder) to make an informed decision in response to the odd-lot offer and voluntary repurchase offer. These resolutions are set out in the notice of general meeting included in this circular.

Until the Companies Act came into effect on 1 May 2011, the memorandum of incorporation of MMI comprised of its memorandum of association and its articles of association. On the date that the Companies Act came into effect, the memorandum of association and articles of association of MMI automatically converted into MMI's memorandum of incorporation. Accordingly, for consistency of reference in this circular, the term "memorandum of incorporation" is used throughout to refer to MMI's memorandum of incorporation (which is comprised of what was previously known as MMI's memorandum of association and its articles of association, as aforesaid).

This circular is divided into three parts:

- Part I contains information in respect of the BEE restructuring;
- Part II contains information in respect of the odd-lot and voluntary repurchase offers; and
- Part III contains additional information.

PART I – BEE RESTRUCTURING

1. Introduction and overview of the current BEE structure

On 10 June 2004 the Company entered into a strategic BEE partnership with KTI through the conclusion of the phase 1 transaction in terms of which KTI acquired, directly and indirectly, approximately 10% of the issued MMI shares. The phase 1 transaction was implemented through the issue of approximately 75.8 million A1 preference shares to SPV, which was controlled by KTI.

During the second half of 2005, the partnership between KTI and the Company was further enhanced through the phase II transaction in terms of which SPV subscribed for a further approximately 47 million A2 and A3 preference shares. In addition, the participation of a consortium of the Company's management, through the Metropolitan Empowerment Trust, in the BEE transaction was facilitated by means of the acquisition of an effective 25% shareholding in SPV through Newco. This increased the combined shareholding of KTI and the Metropolitan Empowerment Trust in the Company to approximately 21%.

In September 2009 the phase III transaction led to the restructuring of the A1 and A2 preference shares. The A1 and A2 preference shares are redeemable on or before 30 October and 5 December 2012, respectively. The A3 preference shares, which were due for redemption on 5 December 2010, were extended by a year to 5 December 2011. The A3 preference shares were subsequently again extended to 31 July 2012 in order to accommodate this proposed BEE restructuring.

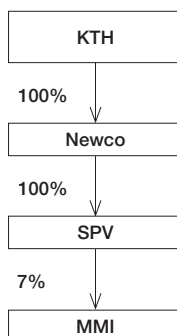
In December 2010, as a result of the merger, the Company was renamed MMI and in July 2011, KTI merged with Tiso to form KTH.

In December 2011, MMI acquired all the A3 SPV preference shares from RMB and SCM and in March 2012 KTH facilitated the Metropolitan Empowerment Trust's exit through a repurchase by Newco of the ordinary shares in the share capital of Newco held by the Metropolitan Empowerment Trust. As a result, KTH is now the sole shareholder of Newco with an increased effective shareholding in MMI.

Currently SPV owns an effective interest of approximately 7% in MMI through the following instruments:

Instrument type	Number of shares
A1 preference shares	53,000,000
A2 preference shares	12,700,000
A3 preference shares	34,381,139
MMI ordinary shares	15,552,200
Total	115,633,339

The current BEE structure is illustrated below:



For detailed information on phases I, II and III of the BEE transaction, shareholders are referred to the Company's circular dated 4 August 2009 and the Company's circular, including the revised listings particulars, dated 6 September 2010.

2. Information on KTH

2.1 KTH

KTH was created with effect from 1 July 2011 as a result of the merger of two leading, black-owned and managed companies, namely KTI and Tiso. The merger has created a sizable investment company of critical mass with access to larger transactions and increased investment portfolio diversification. The investment sectors in which KTH currently has a significant exposure in terms of net asset value contribution include infrastructure, media and ICT, healthcare, resources, property and financial services.

KTH's focus is to invest in large market capitalisation businesses that have proven management, produce robust cashflows and deliver attractive capital growth and meaningful dividend income generation to its shareholders on a sustainable basis. KTH is managed by a strong, experienced, professional and predominantly black management team with a proven track record and the capacity to manage a diverse portfolio.

The shareholders of KTH consist of a diversified group of parties with the largest shareholder grouping comprising two public benefit organisations, namely Kagiso Charitable Trust ("the Kagiso Trust") and Tiso Foundation Charitable Trust. Other shareholders include Remgro Limited, Tiso Investment Holdings Proprietary Limited, the staff and management of KTH and a group of leading institutional investors in South Africa comprising Standard Bank Limited, Investec Bank Limited, RMB and the Liberty Group.

2.2 KTI

KTI was formed in December 1993 by the Kagiso Trust as a vehicle to provide sustainable, long-term financial support to the Kagiso Trust for the purpose of community development and to achieve true economic empowerment through active, operational involvement in underlying strategic investments, good financial management and corporate governance. KTI's controlling shareholder was the Kagiso Trust which is a broad-based charitable organisation set up by the SA Council of Churches in the mid 1980s. The Kagiso Trust was established to provide assistance to underprivileged communities, with a focus on education, healthcare and general poverty alleviation. The ultimate beneficiaries of the Kagiso Trust are the communities that it supports through various projects.

During its existence, KTI concentrated on three distinct investment sectors, namely financial services (investment banking, life insurance and asset management), resources (power and infrastructure sectors) and ICT (industrial and information communication technology and media).

KTI's investment decisions reflected its objective of being a relevant and dynamic contributor to driving socio-economic transformation. Forging strong partnerships with subsidiary and investee companies were crucial in building long-term relationships that were based on the core values and ethos that were an integral part of its history.

2.3 Tiso

Tiso was established in 2001 and was one of South Africa's leading black-controlled and managed investment companies. Founded by leading African entrepreneurs, it was a business largely owned and controlled by its management and staff.

Tiso also had successful shareholder relationships with the above-mentioned financial institutions, namely Standard Bank Limited, Investec Bank Limited, RMB and the Liberty Group.

Over time, Tiso built a strong and defensive investment portfolio with stakes in blue chip companies in the infrastructure and natural resources sectors, and with strategic holdings in construction, steel merchanting, coal, industrial minerals, mining services, power and property development companies. With its strong emphasis on relationships, Tiso built a solid platform which positioned the group for continued growth both in South Africa and the African continent as a whole.

3. Rationale for and benefits of the BEE restructuring

3.1 The rationale

Broad-based BEE is one of MMI's most important business imperatives and is in line with the MMI group's strategic objectives. The empowerment requirements set out in the Codes and the Charter are key drivers for the strategy and operations of MMI. MMI's broad-based BEE ownership strategy involving KTH and the Metropolitan Empowerment Trust was implemented in order to facilitate meaningful participation in the ownership of MMI by black South Africans, as envisaged by the Charter and the Codes. While KTH's effective interest in MMI has increased, the current direct and indirect beneficial shareholding of SPV in MMI was reduced from approximately 8% to 7% following the Metropolitan Empowerment Trust's exit.

Given that the lock-in restrictions on KTH's holding of MMI shares as provided for in the 2009 relationship agreement will soon expire, the empowerment credentials of MMI could be negatively impacted should KTH elect to sell its interests in MMI.

MMI would like to facilitate the BEE restructuring through the refinancing of KTH's shareholding in MMI and the extension of the lock-in restrictions in relation to KTH. Pursuant to this, MMI and KTH have entered into the 2012 relationship agreement.

3.2 The benefits of the BEE restructuring

The proposed BEE restructuring will provide the following benefits for MMI:

- MMI's broad-based BEE business imperatives will be maintained and its strategic objectives achieved by maintaining its broad-based BEE ownership strategy;
- KTH will maintain a meaningful economic shareholding in MMI;
- the conversion of A1 and A2 preference shares will free up some capital for MMI; and
- the annual dividend payable on the A3 preference shares will be reduced.

4. BEE restructuring transaction steps

The proposed BEE restructuring will involve the following steps:

- the extension of and amendment of the terms and conditions attaching to the A3 preference shares and the A3 SPV preference shares as detailed in this circular;
- the conversion by SPV of the A1 preference shares and A2 preference shares into MMI ordinary shares;
- the redemption by SPV of the A1 SPV preference shares and issue of the G SPV preference shares to external funders; and
- the redemption by SPV of the A2 SPV preference shares.

4.1 Step 1:- Extension and amendment to the terms of the A3 preference shares and A3 SPV preference shares

Both the A3 SPV preference shares and the A3 preference shares will be extended for a period of 5 years and the terms attaching to these shares will be amended. The A3 preference shares will have the following amended key features:

- the annual coupon will be reduced to R1.32 per share per annum from the current R1.76; and
- they will remain convertible into MMI ordinary shares on a one-for-one basis, with a current redemption value of R9.18 per share if not converted 5 years from the extension date (as defined below in paragraph 5.2).

The further detail of the amended terms attaching to the A3 preference shares is set out in paragraph 5 below.

4.2 Step 2:- SPV will convert all A1 preference shares and A2 preference shares into MMI ordinary shares

SPV will convert all the A1 preference shares and A2 preference shares held by it into MMI ordinary shares on a one-for-one basis as set out in the terms and conditions attaching to the A1 preference shares and the A2 preference shares:

Name	Number of shares	Issue Date	Conversion date on or before
A1 preference shares	53,000,000	1 October 2004	30 October 2012
A2 preference shares	12,700,000	5 December 2005	5 December 2012
Total	65,700,000		

The preference shares have the following conversion rights:

- A1 preference shares – convertible by SPV into MMI ordinary shares on a one-for-one basis at any time until the A1 extension date and if not converted, are compulsorily redeemable at the issue price of the A1 preference shares on the A1 extension date (being 30 October 2012);
- A2 preference shares – convertible by SPV into MMI ordinary shares on a one-for-one basis at any time until the A2 extension date and if not converted, are compulsorily redeemable at the issue price of the A2 preference shares on the A2 extension date (being 5 December 2012);
- Therefore 65,700,000 preference shares will be converted into MMI ordinary shares which will increase the share capital and share premium of MMI by approximately R388 million.

Subject to the above provisions, there are no additional approvals required for the conversion as SPV can elect to convert the preference shares at any stage prior to maturity in accordance with the respective terms of such preference shares, subject only to the written consent of the bank consortium.

MMI will notify or make an application to the JSE to list the MMI ordinary shares.

4.3 Step 3:- Funding raised by SPV

SPV intends independently to raise funding of up to R271 million by issuing the G SPV preference shares to external funders, which funding will be utilised to redeem the A1 SPV preference shares.

4.4 Step 4:- Redemption of the A2 SPV preference shares

SPV will sell such number of MMI ordinary shares as is required to redeem the A2 SPV preference shares.

5. Salient amended terms of the A3 preference shares

5.1 Type

The A3 preference shares will be amended to be fixed coupon cumulative redeemable convertible preference shares with a par value of 0,0001 cent each. These A3 preference shares will remain unlisted. The A3 preference shares will constitute approximately 2% of MMI's total issued share capital.

5.2 Duration

The A3 preference shares will continue to be convertible into MMI ordinary shares on a one-for-one basis, and, if not converted, will be compulsorily redeemable after 5 years from the extension date (as defined below) at the issue price per share less any repayments of share capital or premium to holders of A3 preference shares in respect of such shares plus any preferential cash dividends payable to holders of the A3 preference shares which accrued since the last dividend date to date of redemption plus interest on arrear preferential cash dividends. The extension date is the date upon which the amendments to the terms attaching to the A3 preference shares detailed in this circular, if approved by MMI shareholders, become effective, which shall be between 18 and 30 June 2012.

5.3 Redemption

The A3 preference shares will become redeemable on the occurrence of certain redemption events, including but not limited to the failure of MMI to pay preference dividends on due date, MMI failing to pay the holders of A3 preference shares the full proceeds of redemption on the due date for payment or on certain events of insolvency of MMI.

5.4 Voting

Although the A3 preference shares are not listed on the JSE or NSX, they carry voting rights which rank *pari passu* with the MMI ordinary shares. This dispensation to permit voting rights to the A3 preference shares was granted by the JSE during 2004 and is subject to the following conditions, namely:

- the exercise of the voting rights of the A3 preference shares is entirely subject to the conditions of approval issued by the Listings Division of the JSE, in particular that the holder of the A3 preference shares be a black person or company;
- no further issue of A3 preference shares may be undertaken without the written consent of the JSE; and
- the holders of A3 preference shares may not veto any resolutions of MMI that would otherwise have been passed by the holders of MMI ordinary shares taken together with the holders of A3 preference shares.

5.5 Dividends

The holders of A3 preference shares shall be entitled to receive out of the profits of MMI a cumulative preferential cash dividend in the amount of R1.32 per annum per share, paid in equal amounts semi-annually in arrear on each dividend date, namely 31 March and 30 September each year.

6. Salient terms of the 2012 Relationship Agreement

In anticipation of the proposed BEE restructuring, MMI, KTH, SPV and Newco entered into a new relationship agreement on 29 March 2012 in order to regulate their relationship post the BEE restructuring. The 2012 relationship agreement will become effective when all the suspensive conditions relating to the implementation of the BEE restructuring have been fulfilled.

The 2012 relationship agreement primarily provides, *inter alia*, for the following:

- An extended lock-in as follows:
 - 76 million shares locked-in until 31 March 2015; and
 - 50 million shares locked-in until 31 March 2017;
- Restrictions on KTH to participate in businesses that compete with MMI;
- KTH will continue to be entitled to nominate a representative for appointment to MMI's board; and
- KTH will remain a "black company" as defined in the Charter.

7. Financial effects

The unaudited *pro forma* financial information of MMI is the responsibility of the directors and was prepared in order to illustrate the effects of the proposed BEE restructuring, assuming that the proposed BEE restructuring took place to its full extent for purposes of the income statement for the six-month period started 1 July 2011 and ended 31 December 2011 and at 31 December 2011 for purposes of the statement of financial position. The unaudited *pro forma* financial effects have been prepared for illustrative purposes only and may not fairly present the financial position, changes in equity, results of operations and cashflows of MMI after the BEE restructuring. The unaudited *pro forma* financial effects have been prepared using accounting policies that are consistent with IFRS and in terms of the accounting policies adopted by MMI. Please refer to Annexure 4 for the details of the impact of the proposed BEE restructuring.

Please refer below, where the *pro forma* financial effects on the EPS and HEPS for the period ended 31 December 2011, NAV and TNAV at 31 December 2011 due to the BEE restructuring, have been summarised:

	Before the BEE restructure	<i>Pro Forma</i> after the BEE restructure	% Movement
EPS (cents)	54	53	-1.85
HEPS (cents)	54	54	0.00
NAV per share (cents)	1,532	1,492	-2.61
TNAV per share (cents)	730	724	-0.82
Weighted average number of shares in issue (millions)	1,489	1,555	4.43

The independent accountant's report on the *pro forma* financial information is set out in Annexure 3 of this circular. Refer to Annexure 4 of this circular for detailed notes and assumptions on the preparation of the financial effects.

8. Opinions and recommendations

Ernst & Young has been appointed by the MMI board as the independent professional expert to advise the MMI board on whether the terms and conditions of the BEE restructuring are fair to shareholders. Ernst & Young has reviewed and considered the terms and conditions of the BEE restructuring and, subject to the provisions contained in its opinion letter, Ernst & Young is of the opinion that the terms and conditions of the BEE restructuring are fair to shareholders. The text of Ernst & Young's opinion letter is set out in Annexure 2.

9. Conditions precedent

The BEE restructuring is subject to:

- the approval of all relevant resolutions in the notice of general meeting attached hereto by the requisite majority of votes at the general meeting, which resolutions are required in order to effect the amendment to the terms attaching to the A3 preference shares as detailed in this circular, and
- the lodgement of the relevant special resolutions with CIPC.

PART II – ODD-LOT AND VOLUNTARY REPURCHASE OFFER

1. Introduction and rationale for the offers

Following the merger and the subsequent unbundling by FirstRand of its entire shareholding in MMI to FirstRand ordinary shareholders, MMI acquired a significant number of additional shareholders, of which a number of minority shareholders hold 500 MMI ordinary shares or less.

In order to provide a mechanism for minority shareholders in MMI to realise their investment in MMI in a cost effective manner, the MMI directors are proposing the implementation of an odd-lot offer and a voluntary repurchase offer. In doing so MMI will be able to reduce the substantial and ongoing costs of administration connected with a large number of odd-lot and voluntary holders.

Any repurchase by MMI, namely the odd-lot offer and the voluntary repurchase offer, will be treated as:

- an acquisition of shares under a specific approval in terms of section 48 of the Companies Act; and
- a specific repurchase of shares in terms of the Listings Requirements.

The shareholders from whom MMI ordinary shares will be purchased in terms of:-

- the odd-lot offer, are all MMI shareholders who hold in aggregate less than 100 MMI ordinary shares as at the record date. As at the last practicable date, 4,915 shareholders were odd-lot holders; and
- the voluntary repurchase offer, are all MMI shareholders who hold in aggregate 100 to 500 MMI ordinary shares as at the record date. As at the last practicable date, 12,898 shareholders were voluntary holders.

The aggregate number of MMI ordinary shares held collectively as odd-lot holdings and voluntary holdings as at the last practicable date constituted approximately 0.2% of the total issued MMI ordinary shares.

Odd-lot holders and voluntary holders and their associates (as such term is defined in the Listing Requirements) will, in terms of the Listings Requirements, be excluded from voting in respect of the resolutions required to authorise and implement the offers, but will be entitled to vote in respect of the resolutions required to effect the amendment to MMI's memorandum of incorporation detailed in Part 1 of this circular.

2. Information relating to the odd-lot offer and voluntary repurchase offer

As at the last practicable date, 4,915 shareholders (odd-lot holders), being 15% of the total number of shareholders, hold less than 100 MMI ordinary shares each in the issued share capital of MMI. An additional 12,898 shareholders (voluntary holders), being 41% of the total number of shareholders, hold 100 to 500 MMI ordinary shares each. These shareholders hold approximately 2,915,526 MMI ordinary shares in aggregate, which constitutes approximately 0.2% of the total number of MMI ordinary shares in issue. In order to reduce the substantial and ongoing costs of administration connected with a large number of odd-lot and voluntary holders, and to provide them with a cost-free method of realising their investment in MMI, the directors are proposing the implementation of an odd-lot offer, and a voluntary repurchase offer to repurchase the MMI ordinary shares of shareholders holding from 100 to 500 MMI ordinary shares.

2.1. Odd-lot offer election criteria

In terms of the odd-lot offer, odd-lot holders may:

- elect to sell their odd-lot holdings for the cash consideration; or
- elect to retain their odd-lot holdings.

Those odd-lot holders who do not make an election will automatically be regarded as having chosen to sell their odd-lot holdings for the cash consideration.

2.2. Voluntary repurchase offer

In the case of voluntary holders, MMI is extending a voluntary repurchase offer to acquire their entire shareholding for a cash consideration.

Those voluntary holders who do not make an election will be regarded as not having chosen to sell their voluntary holding for the cash consideration and will retain their shareholding in MMI.

3. The offers

3.1. Record date

The record date to participate in the offers is the close of business on Friday, 20 July 2012. If a shareholder holds less than 100 MMI ordinary shares on the record date, such shareholder is an odd-lot holder and as such is entitled to take part in the odd-lot offer. A shareholder with a holding of 100 to 500 MMI ordinary shares on the record date is a voluntary holder and as such is entitled to take part in the voluntary repurchase offer. Shareholders will not be advised individually as to whether they are entitled to take part in the offers, and accordingly each shareholder must determine this for his or her own account. **No further documentation will be sent to shareholders in this regard.**

3.2. Last day to trade

Shareholders are advised that the last day to trade in order to take part in the offers will be Friday, 13 July 2012.

Any shareholder who sells down to below 100 MMI ordinary shares after the last day to trade will not be treated as an odd-lot holder for the purposes of the odd-lot offer. If an odd-lot holder acquires additional MMI ordinary shares by close of business on the last date to trade, and the odd-lot holder's shareholding at the close of the business on that day exceeds 99 but is not greater than 500 MMI ordinary shares as a result of such acquisition, then the shareholder will be a voluntary holder and will be entitled to participate in the voluntary repurchase offer. If such holding exceeds 500 shares, however, the shareholder will not be entitled to participate in the voluntary repurchase offer.

3.3. Right of refusal

In terms of the offers, MMI shall be entitled to refuse to implement the repurchase of MMI ordinary shares pursuant to the offers in respect of any odd-lot holder or voluntary holder whom MMI reasonably believes has become an odd-lot holder or voluntary holder (as the case may be) in order to take advantage of the odd-lot offer or the voluntary repurchase offer, and such odd-lot holder or voluntary holder will have no claim against MMI arising out of or in connection with such refusal.

3.4. Offer price

The offer price per share will be calculated using the VWAP over the 5 (five) trading days commencing on Thursday 28 June 2012 and ending on Wednesday, 4 July 2012 plus a 10% premium. Shareholders who elect to sell their MMI ordinary shares in terms of the offers for a cash consideration will receive the offer price per MMI ordinary share sold.

3.5. Compulsory sale of odd-lot holdings (DOES NOT APPLY TO THE VOLUNTARY OFFER)

MMI will repurchase the odd-lot holdings of any odd-lot holder who does not make an election to accept the cash consideration or to retain their shareholding.

Those odd-lot holders who do not make an election will automatically be regarded as having elected to accept the cash consideration.

It is important to note that this section does not apply to the voluntary repurchase offer.

3.6. Transaction costs

- 3.6.1. Odd-lot holders and voluntary holders will not have to bear any transaction costs.
- 3.6.2. The transfer costs of odd-lot holders and voluntary holders who sell their holdings to MMI (being securities transfer tax) will be borne by MMI.
- 3.6.3. MMI, by proposing the offers, is therefore making it possible for the odd-lot holders and voluntary holders who wish to dispose of their shareholding to do so in a cost effective manner.

3.7. Mechanism

- 3.7.1. The offers will be open for acceptance from 12:00 on Thursday, 7 June 2012 and will close at 12:00 on Friday, 20 July 2012. All odd-lot holders as at the record date will be entitled to participate in the odd-lot offer, and all voluntary holders as at the record date will be entitled to take part in the voluntary repurchase offer. The procedure on how such shareholders must make their choice (election and surrender procedure) is set out in paragraph 3.8. below.
- 3.7.2. The MMI ordinary shares of those odd-lot holders who elect to accept the cash consideration will be repurchased by MMI at the offer price. Any such repurchase will be regarded as a specific repurchase of shares in terms of the Companies Act and the Listings Requirements.
- 3.7.3. Odd-lot holders who do not make an election will automatically be regarded as having elected to sell their odd-lot holding, without any further action on their part and without any further notice to them and their shares will be repurchased by MMI at the offer price. Any such repurchase will be regarded as a specific repurchase of shares in terms of the Companies Act and the Listings Requirements.
- 3.7.4. The MMI ordinary shares of those voluntary holders who elect to accept the cash consideration will be repurchased by MMI at the offer price. Any such repurchase will be regarded as a specific repurchase in terms of section 48 of the Companies Act and the Listings Requirements.
- 3.7.5. Voluntary holders who do not make an election will retain their shareholdings in MMI.

3.8. Election and surrender procedure

- 3.8.1. The choice made by odd-lot holders and voluntary holders is final and may not be withdrawn once made.
- 3.8.2. Certificated odd-lot holders must complete the attached form of election and surrender (*blue*) and return it to the transfer secretaries, to be received by no later than 12:00 on Friday, 20 July 2012. Certificated voluntary holders must complete the attached form of election and surrender (*green*) and return it to the transfer secretaries, to be received by no later than 12:00 on Friday, 20 July 2012.
- 3.8.3. Dematerialised odd-lot holders and dematerialised voluntary holders should instruct their CSDP or broker as to what action they wish to take in the time and manner stipulated in the agreement entered into between them and their CSDP or broker. Dematerialised odd-lot

holders and dematerialised voluntary holders must NOT return their respective forms of election and surrender to the transfer secretaries.

- 3.8.4. Odd-lot holders who do not make an election should note that their odd-lot holdings will be repurchased by MMI without any further action on their part and without any further notice to them. However, until such certificated odd-lot holders make a claim, the money owing to them (being the proceeds from the sale of their odd-lot holdings) will be held by the Company on their behalf.

All unclaimed proceeds of such repurchase may be invested or otherwise made use of by the directors for the benefit of the Company until claimed, provided that any such proceeds unclaimed for a period of 3 (three) years from the date on which the directors caused the odd-lots to be sold may be declared forfeited by the directors for the benefit of the Company.

- 3.8.5. If any documents of title of certificated odd-lot holders or certificated voluntary holders have been lost or destroyed and the odd-lot holder or voluntary holder concerned produces evidence to this effect to the satisfaction of the transfer secretaries and the Company, then the transfer secretaries, subject to obtaining MMI's consent, may dispense with the surrender of such existing documents of title against provision of an acceptable indemnity.
- 3.8.6. Receipts for the surrender of documents of title of certificated odd-lot holders and certificated voluntary holders will be issued only on request. In compliance with the Listings Requirements, lodging agents are requested to prepare special transaction receipts if required.
- 3.8.7. Odd-lot holders not making an election to retain their odd-lot holdings should note that their share certificates will no longer be good for trading after the last day to trade, other than to receive the proceeds of the sale of such shares (being the offer price), upon surrender.
- 3.8.8. Subject to the implementation of the offers, it will be necessary for certificated odd-lot holders and certificated voluntary holders who have elected to sell their odd-lot holdings or voluntary holdings (as the case may be) to submit all existing documents of title under cover of the attached form of election and surrender to the transfer secretaries. The election to sell must be exercised by either completing the relevant option set out in the appropriate form of election and surrender (blue for odd-lot holders and green for voluntary holders), or (in the case of odd-lot holders) by not responding. Those odd-lot holders and voluntary holders who elect to retain their shares by completing the relevant option set out in the attached form of election and surrender (blue for odd-lot holders and green for voluntary holders), should retain their current share certificates in respect of their odd-lot holdings and voluntary holdings (as the case may be).
- 3.8.9. Nominee companies will be treated as a single shareholder, but should a nominee company choose to dispose of odd-lot and/or voluntary holdings on behalf of principals whose shareholdings constitute odd-lot or voluntary holdings, it may do so by applying in writing to the transfer secretaries. Such written applications should contain details of the number of shares involved, such application to be received by no later than 12:00 on Friday, 20 July 2012.
- 3.8.10. For those odd-lot holders and voluntary holders who elect to accept the cash consideration, all forms of election and surrender received by the transfer secretaries by no later than 12:00 on Friday, 20 July 2012 will be processed and payment will be made by electronic fund transfers into the shareholder's bank account on or about Monday, 23 July 2012, if such shareholder has

provided the banking details on the form. Alternatively, if the shareholder has not provided the banking details on the form, cheques will be posted on or about Monday, 23 July 2012, by ordinary post, to the respective shareholders at the risk of such shareholders. For certificated odd-lot holders who do not make an election and are accordingly deemed to have elected to sell their odd-lot holdings, all claims for payment of the proceeds of such sale that are received after 12:00 on Friday, 20 July 2012 will be processed within 5 (five) business days of receipt of the claim and payment will be made by cheque which will be posted by ordinary post to the shareholder at the risk of such shareholder.

- 3.8.11. In respect of dematerialised odd-lot holders and dematerialised voluntary holders who elect to participate in the offers or in the case of odd-lot holders who fail to make an election, their accounts held at their CSDP or broker will be credited with the cash consideration on or about Monday, 23 July 2012.

4. Source of funds

MMI's existing cash resources will be utilised to satisfy any cash requirements arising out of the offers.

5. Tax consequences for shareholders selling their shares in MMI in terms of the offers

Below is a high-level summary of the potential tax consequences arising for shareholders who are odd-lot holders and specific holders in respect of the disposal of MMI ordinary shares by way of a specific share repurchase by MMI in terms of the offers. The summary of the tax implications serves as a general guide and is not intended to constitute a complete analysis of the tax consequences of the repurchase under South African tax law. It is not intended to be, nor should it be considered to be, legal or tax advice. As each such shareholder's personal circumstances may lead to a different tax analysis, shareholders should seek appropriate advice in respect of their particular circumstances from their personal tax advisors.

In general, the cash consideration paid by MMI to shareholders pursuant to the specific share repurchase under the offers should constitute a "dividend" in the hands of such MMI shareholders, as no portion of the repurchase price will consist of contributed tax capital in this particular instance.

The "dividend" should constitute an "exempt dividend" as contemplated in section 10(1)(k)(i) of the Income Tax Act (unless one of the specific exclusions apply). The dividend will, however, be subject to the withholding of dividends tax at a rate of 15% of the dividend paid to the shareholder, unless a specific exemption from dividends tax applies.

6. Financial effects

The unaudited *pro forma* financial information of MMI is the responsibility of the directors and was prepared in order to illustrate the effects of the offers, assuming that the offers took place to their fullest extent possible, for purposes of the income statement for the six-month period starting 1 July 2011 and ended 31 December 2011 and at 31 December 2011 for purposes of the statement of financial position. The unaudited *pro forma* financial effects have been prepared using accounting policies that are consistent with IFRS and in accordance with the accounting policies adopted by MMI. Please refer to Annexure 5 for the details of the impact of the offers.

Assuming a maximum number of 2,915,526 MMI ordinary shares are repurchased in terms of the offers, the financial cost is expected to be R56 million. MMI will forego an estimated R1 million in interest income for the six month ended 31 December 2011 as a result of the implementation of the offers.

Please refer below, where the *pro forma* financial effects on the EPS and HEPS for the period ended 31 December 2011, NAV and TNAV at 31 December 2011 due to the offers have been summarised:

	Before the offer	<i>Pro Forma</i> after the offer	% Movement
EPS (cents)	54	54	0.00
HEPS (cents)	54	54	0.00
NAV per share (cents)	1,532	1,531	-0.07
TNAV per share (cents)	730	728	-0.27
Weighted average number of shares in issue (millions)	1,489	1,486	-0.20

The independent accountants' report on the *pro forma* financial information is set out in Annexure 3 of this circular. Refer to Annexure 5 of this circular for detailed notes and assumptions on the preparation of the financial effects.

7. Effect on share capital

The maximum number of shares which potentially could be repurchased by MMI if all odd-lot holders and voluntary holders sell their holdings to MMI will not exceed 2,915,526 MMI ordinary shares.

The repurchase of odd-lot and voluntary holdings will have no material effect on MMI's issued share capital and the repurchased shares will be cancelled.

8. Conditions precedent

Subject to:

- the requirements of section 48 (read with section 46) of the Companies Act,
- the special resolution authorising the specific repurchase in terms of the offers and the ordinary resolution authorising the directors to make and implement the odd-lot offer and the voluntary repurchase offer being passed by shareholders at the general meeting; and
- the lodgement of the relevant special resolutions with CIPC,

all MMI ordinary shares sold by odd-lot holders and voluntary holders in terms of the offers will be repurchased by MMI as a specific share repurchase in terms of section 48 (read with section 46) of the Companies Act and the provisions of the Listings Requirements.

9. Non-resident shareholders

The making of the offers in, or to, shareholders resident in jurisdictions outside South Africa, or to persons who are, or are nominees of or trustees for, citizens, residents or nationals of other countries, may be affected by the laws of the relevant country in which they reside. Such persons must acquaint themselves with and observe any applicable legal requirements. It is the responsibility of any such person wishing to accept the odd-lot offer or voluntary repurchase offer to satisfy himself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including obtaining any governmental or other consents which may be required or the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due in such jurisdiction. Any such shareholder will be responsible for any such issue, transfer or other taxes outside South Africa by whomsoever payable.

10. Prohibited period

In terms of the Listings Requirements MMI and/or its subsidiaries may not repurchase any shares in a prohibited period unless MMI and/or its subsidiaries has in place a specific repurchase programme, where dates and quantities of shares to be traded during the prohibited period are fixed and full details of the programme have been disclosed in an announcement over SENS prior to the commencement of the prohibited period. MMI will be in a closed period (which forms part of the definition of 'prohibited period' in terms of the Listings Requirements) at the time of repurchase, however it will comply with the provisions of the Listings Requirements as the details of the repurchase will be announced prior to the commencement of the closed period.

PART III – ADDITIONAL INFORMATION REQUIRED

1. Exchange control regulations

The following is a summary of the South African Exchange Control Regulations. If in doubt, shareholders should consult their professional advisers without delay.

1.1. Emigrants from the common monetary area

A cheque in respect of cash arising from the sale of an odd-lot holding or a voluntary holding will be forwarded to the authorised dealer in foreign exchange in South Africa controlling the shareholder's blocked assets for credit to the shareholder's blocked rand account.

The attached forms of election and surrender (blue for odd-lot holders and green for voluntary holders) make provision for details of the authorised dealer concerned to be given.

If the information regarding the authorised dealers is not given, any cash will be held by MMI for the odd-lot holders and voluntary holders concerned pending receipt of the necessary information or instructions. No interest will be paid on any cash so held.

1.2. All other non-residents of the common monetary area

A cheque in respect of cash arising from the sale of an odd-lot holding or a voluntary holding will be forwarded to the shareholder's authorised dealer in foreign exchange. Where the shareholder does not have an authorised dealer in South Africa, a cheque will be posted, at the risk of such shareholder, to the address of such shareholder in the share register on the record date.

The attached forms of election and surrender (blue for odd-lot holders and green for voluntary holders) make provision for details of the authorised dealer concerned to be given.

All CSDPs and brokers with whom shares have been dematerialised should note that they are required to comply with the South African Exchange Control Regulations set out above.

2. Nature of business of MMI

MMI, after the merger, is constituted by two sizeable insurance-based financial services groups based in South Africa, with operations in southern, west and east Africa. The group was founded in 1898 and has been listed since 1986 on the JSE and NSX.

Notwithstanding the merger, both the Metropolitan and Momentum brand names have been retained and continue to be used as client focussed brands in the appropriate business units.

The complementary nature of the Metropolitan and Momentum business units within MMI positions MMI as a performance and cost-driven entity with a strong focus on products and service excellence.

The core businesses of MMI are long-term insurance, asset management, investment, healthcare administration and employee benefits. Product solutions are provided to all market segments.

MMI continues to operate the Metropolitan and Momentum brands separately under the following 6 divisions:

- **Metropolitan Retail**

The business life-event and lifestyle-based products and services are tailored to the needs of customers in the entry level markets and are distributed mainly via three channels, namely personal financial advisers

(tied agents), independent intermediaries (brokers) and wholesale. The latter has two key areas of focus, being corporate clients and call centres. Retail strives to provide customer-aligned service of an advisory and administrative nature, as efficiently and cost-effectively as possible.

- **Momentum Retail**

This business targets the upper income market and is responsible for the administration of Momentum's policy book, new individual life recurring business and loyalty programmes, as well as the broker distribution and agency sales channel for other business divisions.

- **Metropolitan Health**

The health business provides medical scheme administration and managed care solutions, including customised outsourced administration, system licensing and integrated or stand-alone health risk management solutions. Metropolitan Health is the largest administrator of closed medical schemes in South Africa. At the end of 30 June 2011, it had 1.2 million principal members under administration (representing over three million lives). Metropolitan Health is relentless in its pursuit of service excellence, cost savings and enhanced efficiencies, as well as being a strong proponent of public/private partnerships.

- **Momentum Employee Benefits**

Caters for all aspects of retirement fund business, including investment, risk management, administration and actuarial consulting for the mega, large, medium and small enterprise markets. Both Metropolitan and Momentum have been, and will continue to be, retained as client-facing brands in the appropriate segments of the market.

- **Metropolitan International**

The international cluster comprises businesses in twelve African countries outside South Africa, namely Botswana, Ghana, Kenya, Lesotho, Malawi, Mauritius, Mozambique, Namibia, Nigeria, Swaziland, Tanzania and Zambia. The southern countries all have well-established businesses, while the western and eastern countries have new operations which are a mixture of joint venture partnerships, acquisitions and green fields operations. The business written throughout Africa is mainly of a retail nature on either an individual or a voluntary group basis. Retirement funding and health administration financial solutions are also offered in certain countries and the business in Namibia includes asset management and unit trust capabilities as well.

- **Momentum Investments**

Incorporates all the asset management businesses of Momentum and Metropolitan, including the London-based operation. This covers the multi-management businesses (Advantage and FirstRand Alternative Investment Management), RMB Unit Trusts and Momentum Specialised Insurance (providing structured insurance solutions to corporate clients) as well as Metropolitan on balance sheet business, third party funds, collective investments and property management and administration.

3. Prospects for the business of MMI

Each division has embarked on a detailed strategic planning and integration process to identify and optimise structures, operations, target markets, distribution channels and product offerings. A number of opportunities were identified during the integration process, with merger synergies which started to flow through during the second half of the 2011 calendar year.

The MMI group reported satisfactory value of new business (R311m) written during the six months under review. This demonstrates the MMI group's strong distribution capability and bodes well for future new business growth

prospects. Growth in new business volumes will, however, remain dependent on the economic environment, including a recovery in employment and disposable income levels. Africa, although a complex market, remains largely untapped and provides a number of opportunities for the MMI group throughout its footprint in 12 countries outside of South Africa. All business units face opportunities and threats posed by on-going changes in the highly regulated environments in which they operate, including the national health insurance and national social security reform proposals. The board of MMI believes that the MMI group has begun implementing the appropriate strategies to unlock value and generate a satisfactory return on capital for shareholders over time.

4. Material changes

There have been no material changes in the financial or trading position of MMI and its subsidiaries since the publication of MMI's unaudited interim results for the six months ended 31 December 2011.

5. Share capital

The authorised and issued share capital of MMI is as follows:

<i>Prior to the implementation of the BEE restructuring and the offers</i>	
Authorised share capital	Rand
2,000,000,000 MMI ordinary shares	2,000
76,000,000 A1 preference shares	76
13,000,000 A2 preference shares	13
40,000,000 A3 preference shares	40
<hr/>	
Issued MMI share capital	
1,503,985,331 MMI ordinary shares	1,504
53,000,000 A1 preference shares	53
12,700,000 A2 preference shares	13
34,381,139 A3 preference shares	34
	R'million
Share premium	17,162

MMI's issued share capital includes 15,173,207 treasury shares.

<i>After the implementation of the BEE restructuring and the offers</i>	
Authorised share capital	Rand
2,000,000,000 MMI ordinary shares	2,000
40,000,000 A3 preference shares	40
<hr/>	
Issued share capital	
1,566,769,805 MMI ordinary shares	1,567
34,381,139 A3 preference shares	34
	R'million
Share premium	17,550

MMI's issued share capital includes 15,173,207 treasury shares.

6. Directors' beneficial interests

The beneficial interests in MMI ordinary shares held by all the MMI directors as at the last practicable date, is set out below:

	Direct	Indirect	Total	Percentage of total shares outstanding %
	('000)	('000)	('000)	
Executive				
Wilhelm van Zyl	400		400	0.027
Nicolaas Kruger	64		64	0.004
Morris Mthombeni	29		29	0.002
Subtotal	493		493	0.033
Non-executive				
Sizwe Nxasana		108	108	0.007
Syd Muller	8		8	0.001
Johan Burger	322	101	423	0.028
Blignault Gouws		312	312	0.021
John Newbury	73	2	75	0.005
Johan van Reenen		40	40	0.003
Khehla Shubane		7	7	0.000
Frans Truter	44	421	465	0.031
Prof Niel Krige		408	408	0.027
Subtotal	868	978	1,846	0.124
Total	1,361	978	2,339	0.157

7. Directors' interests in the BEE restructuring and offers

- The MMI directors (excluding the MMI director appointed by KTH) have no indirect or direct beneficial interest in the offers or the BEE restructuring.
- The MMI director appointed by KTH, namely Vuyisa Nkonyeni, has an interest in the contractual relationship between KTH and MMI.
- The remuneration received by the MMI directors will not be varied as a consequence of the offers or the BEE restructuring.

8. Directors' interests in transactions

The MMI directors, including a director who has resigned during the last 18 months, have no interests, whether direct or indirect, in transactions which are or were either unusual in their nature or conditions or material to the business of MMI during the current financial year, the financial year ended 30 June 2011 or in any earlier financial year which remains in any respect outstanding or unperformed.

9. Major shareholders

The major shareholders of MMI as at the last practicable date are set out below:

	Before Transactions		After Transactions	
	Holding (million)	(%)	Holding (million)	(%)
RMI Holdings	392	24	392	24
South African Government Employee Pension Fund	213	13	213	13
KTH ⁽¹⁾	116	7	116	7
FirstRand Empowerment Trust	48	3	48	3
Total	769	47	769	47

Note:

1. KTH's total number of shares comprised 100,081,139 preference shares (6.2%) and 15,552,200 MMI ordinary shares (1.0%). SPV, a subsidiary of KTH, is the sole holder of the preference shares.

10. Share price history

MMI's share price on the JSE is summarised in Annexure 7 to this circular. On the last practicable date, the closing price per share on the JSE was 1734 cents and on NSX was 1730.

11. Litigation statement

There are no legal or arbitration proceedings, including any proceedings that are pending or threatened, of which MMI is aware that may have, or have had, in the recent past (being at least the previous 12 months), a material effect on the MMI group's financial position.

12. Solvency and liquidity test

12.1 Pursuant to, and in terms of, the Listings Requirements, as well as in terms of section 48 of the Companies Act and articles 32(f) and 134 of the Company's memorandum of incorporation, the MMI board is satisfied that, after considering the effect of the specific repurchase, the provisions of section 4 and section 48 of the Companies Act have been complied with and the:-

12.1.1 Company and the MMI group will be able in the ordinary course of business to pay its debts for a period of 12 months after the date of the approval of the circular; and

12.1.2 the assets of the Company and the MMI group will be in excess of the liabilities of MMI and the MMI group for a period of 12 months after the date of the approval of the circular, where such assets and liabilities have been recognised and measured in accordance with the accounting policies used in the latest audited consolidated annual financial statements of the MMI group.

12.2 The directors have furthermore passed a resolution authorising the repurchase of securities in terms of the offers and resolve that, as at the last practicable date, the Company has satisfied the solvency and liquidity test as defined in the Companies Act and that since the solvency and liquidity test had been applied, there have been no material changes to the financial position of the MMI group.

13. Share issues in the last three years

Other than the 951,496,294 new MMI shares issued as consideration shares to FirstRand for the acquisition of Momentum and the shares issued for the purposes of the staff share purchase scheme, there have been no share issues in the last three years.

14. Independent reporting accountant's report

Shareholders are referred to Annexure 3 for an independent accountant's report by PwC.

15. Expenses relating to the proposed transaction

No preliminary expenses relating to the proposed transactions were incurred by MMI within the three years preceding the date of this circular. The cash expenses of the proposed transaction before VAT, as detailed below, are estimated to be R5,211,338 and relate, *inter alia*, to:

Type	Party	Amount
Merchant bank and debt advisor	Rand Merchant Bank	R2,000,000
Legal fees	Edward Nathan Sonnenbergs	R2,000,000
Reporting accountants	PricewaterhouseCoopers	R90,000
MMI sponsor	Merrill Lynch SA	R250,000
Independent expert	Ernst & Young	R375,000
JSE documentation	Johannesburg Stock Exchange	R33,988
Printing and distribution	Greymatter & Finch	R350,000
Transfer secretaries	Link Market Services	R112,350

16. General meeting

A notice of general meeting of shareholders forms part of this circular. The general meeting will be held at the registered offices of MMI at 268 West Avenue, Centurion at 12:00 on Monday, 18 June 2012 for the purpose of obtaining the necessary approvals required to give effect to the proposed BEE restructuring and the offers.

17. Corporate governance and King Code Report

The MMI Directors will continue to implement, apply and comply with all principles of good corporate governance as contained in the King Code. MMI's corporate governance policies and principles are outlined below and in Annexure 8. The MMI board has appointed members to the various board committees such as the remuneration and nomination committees in compliance with the King Code. MMI shareholders have appointed, and will continue to appoint the audit committee in compliance with the King Code.

MMI is committed to the principles of the Code on Corporate Practices and Conduct as espoused in the King Code. MMI's business philosophy is informed by its values, which include being a good corporate citizen, integrity, accountability, responsibility and its desire to be the leading financial services provider on the African continent. Appropriate best practice is adopted and monitored in the countries where it has operations. MMI has its primary listing on the JSE and a secondary listing on the NSX. MMI complies in all material respects with the regulations and codes of these exchanges as they apply to MMI.

18. Directors' responsibility statements

All the directors of MMI, whose names are set out in Annexure 1, collectively and individually accept full responsibility for the accuracy of the information given and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this circular contains all information required by the Listings Requirements.

19. Consents

All of the external parties listed on page 1 have consented in writing to act in the capacities stated and to their names being included in this circular and have not withdrawn their consents prior to the publication of this circular.

Further, the reporting accountants have provided written consent to the issue of this circular containing their reporting accountants report in the form and context in which it appears in Annexure 3. This consent has not been withdrawn prior to the publication of this circular.

20. Documents available for inspection

The following documents, or copies thereof, will be available for inspection by shareholders at the registered office of the Company during normal business hours from the date of posting of this circular up to and including 18 June 2012:

- The memorandum of incorporation of MMI and its subsidiaries;
- The draft resolutions amending the MOI of MMI;
- The reporting accountants' report on the unaudited *pro forma* financial information;
- The independent expert's report referred to in paragraph 8 of part I;
- The audited financial statements of MMI for the last financial reporting period;
- The audited financial statements of Metropolitan for the last three financial reporting periods;
- Consent letters referred to in paragraph 19 of part III; and
- All signed transaction agreements as contemplated in this circular.

SIGNED IN CENTURION FOR AND ON BEHALF OF THE BOARD OF MMI ON 11 MAY 2012.

NAS Kruger
Chief Executive Officer

FD Jooste
Company Secretary

INFORMATION ON DIRECTORS

Executive directors**Nicolaas Kruger***Group chief executive officer***Academic qualifications**

BCom, FFA, FASSA, Advanced Management and Leadership Programme (Oxford)

Experience

Nicolaas Kruger started his career at Momentum as an actuarial assistant in July 1991. He qualified as an actuary in 1992 through the Faculties of Actuaries in Scotland. He was appointed as chief actuary of Momentum in 1997. He obtained wider management experience as CEO of Momentum's employee benefits and health divisions prior to taking over as chief financial officer of Momentum in 2007. He was appointed chief executive officer of Momentum with effect from 1 January 2009. He is currently a board member of the Association of Savings and Investments SA (ASISA). Following the merger of Momentum and MMI, Nicolaas was appointed as CEO of MMI.

Business address

268 West Avenue
Centurion, 0014

Wilhelm van Zyl*Deputy group chief executive officer***Academic qualifications**

BCom, Fellow of the Institute of Actuaries, AMP (Harvard)

Experience

Wilhelm van Zyl was appointed as managing director of Metropolitan Odyssey in 1999, following the acquisition of Commercial Union Life and Protea Life. Thereafter he was appointed as MMI group actuary in 2001 before assuming the position of head of the group's corporate business in 2006. He was appointed group chief executive of MMI in April 2008 and was the managing director of Metropolitan Life Limited. Following the merger of Momentum and MMI, Wilhelm was appointed as Deputy CEO of MMI.

Business address

268 West Avenue
Centurion, 0014

Preston Speckmann*Group finance director***Academic qualifications**

BCompt (Hons), CA(SA)

Experience

Preston Speckmann was appointed as group finance director of MMI in 1999 and has served on the MMI board since 1999. He was previously an audit partner at Coopers & Lybrand and held a senior position at Old Mutual where he was responsible for the accounting aspects of their demutualisation and listing. Following the merger of Momentum and MMI, Preston was appointed as finance director of MMI.

Business address

268 West Avenue
Centurion, 0014

Morris Mthombeni*Chief executive: Momentum Investments***Academic qualifications**

BJuris, BProc, LLB, Master of Business Administration (Finance)

Experience

Morris Mthombeni has been employed in insurance-based financial services since 1991, gaining experience in retail insurance, employee benefits, health and investments over the years. He was employed at Liberty Life from 1991 to

1999 before joining mCubed Asset Management in 1999, which was acquired by Momentum in 2005. He has held several middle and senior management positions since 2003, including legal and technical advisor, head of institutional business and chief executive officer of various business units. He was appointed chief executive officer of the Momentum investments cluster in July 2008.

Business address

268 West Avenue
Centurion, 0014

Non-executive directors

Johan Burger

Non-executive director

Academic qualifications

BCom (Hons), CA(SA)

Experience

Johan Burger graduated from Rand Afrikaans University in 1983 and qualified as a chartered accountant after serving articles with PwC. He joined Rand Merchant Bank in 1986 and was appointed as an executive director in 1995. Following the formation of FirstRand in 1998, he was appointed financial director of the FirstRand banking group. In January 2009, he was appointed to the board of FirstRand Limited as financial director and assumed the additional role of group chief operating officer in June 2009.

Business address

FirstRand, 4th Floor, 4 Merchant Place
Sandton, 2146

Blignault Gouws

Independent non-executive director

Academic qualifications

BSc, Fellow of the Faculty of Actuaries in Scotland, AMP (Oxford), Fellow of the Actuarial Society of South Africa

Experience

Blignault Gouws started his career in 1964 in the actuarial department of Sanlam. He later joined DJ Malan & Partners, actuarial consultants, and became a partner. He joined Momentum Life in 1983 as a general manager and became managing director in 1985. He previously served as a council member and president of the Actuarial Society of South Africa. He was managing director of Lifegro, a subsidiary of Momentum Life, and became executive deputy chairman of Momentum Life following the take-over of Lifegro in 1988. Blignault has served on the management committee of the Life Offices' Association of South Africa.

Business address

C/o 268 West Avenue
Centurion, 0157

Fatima Jakoet

Independent non-executive director

Academic qualifications

BSc, CA(SA)

Experience

Fatima Jakoet runs her own business consulting practice. She was formerly a general manager at both Denel and Eskom.

Business address

53 Rokeby Road
Rondebosch East, 7780

Prof JD Krige

Independent non-executive director

Academic Qualifications

MCom (University of Stellenbosch)

FIA (Institute of Actuaries, London)

AMP (Harvard Business School)

Experience

Prof Krige has 30 years' experience in the life insurance and asset management industries and was the managing director of Momentum Life for the period from 1988-1994. He was also the deputy chairman of Momentum for the period from 1995-2003. Prof Krige further served as the chairman of the Life Offices Association for the period 2001-2002. He is currently an Associate Professor at the University of Stellenbosch and the Programme Director: Post-graduate Diploma in Financial Planning, University of Stellenbosch.

Business address

Room 316, Schumann Building, Bosman Street
Stellenbosch, 7600

Jabu Moleketi

Independent non-executive director

Academic qualifications

AMP (USA), MSc (financial economics) (London), post-graduate diploma in economic principles (London), senior military management course (up to guerrilla bridge commander) (USSR)

Experience

Jabu Moleketi was the deputy minister of finance in South Africa from 2004 to 2008. He was instrumental in founding BlueIQ, responsible, *inter alia*, for the Gautrain project. In 2004, he was appointed chairman of the Public Investment Corporation and served in this capacity for four years. He was the South African government representative in the SA Customs Union (SACU) ministerial meeting for four years. He was also an alternate governor of the IMF, representing South Africa from 2004 to 2008. He was a member of the FIFA 2010 local organising committee (LOC) board, where he served on the executive committee and chaired the finance and procurement committee. He is currently the chairman of Brait, Harith Fund Management Company and the Development Bank of South Africa.

Business address

2nd Floor, 9 Fricker Road, Illovo Boulevard
Illovo, 2196

Syd Muller

Independent non-executive director

Academic qualifications

BCom (Hons), CA(SA), Master of Business Administration, AMP (Harvard)

Experience

Syd Muller was formerly the chairman of Woolworths Holdings and a director of other companies in the Wooltru group. He served on the board of Metropolitan International and on the audit, investment and human resources and empowerment sub-committees of MMI. He is also active on the boards of a number of private companies.

Business address

Swift Lane, Steenberg Estate, Tokai Road
Tokai, 7945

John Newbury

Independent non-executive director

Experience

John Newbury serves on the boards of various companies, including Super Group, Tracker, SAIL Group, InVenFin, National Airways Corporation and Metropolitan Health.

Business address

50A Third Avenue
Illovo, 2196

Vuyisa Nkonyeni

Non-executive director

Academic qualifications

CA(SA)

Experience

Vuyisa has more than 15 years' experience in investment banking and private equity. He is a chartered accountant by training having served his training contract with PwC. Subsequent to his training which he completed in 1996, he joined Deutsche Bank in 1997 where he gained investment banking experience primarily in corporate and project finance advisory work over a four year period. He has in the past also served as the Financial Director of Worldwide African Investment Holdings Proprietary Limited and Director at Actis LLP, where he was part of a team of three investment professionals responsible for Actis' Black Economic Empowerment funding unit, the Actis Africa Indigenous Fund. Vuyisa was appointed Chief Executive Officer of KTH in January 2012.

Business address

100 West Street, Kagiso Tiso House, Wierda Valley
Sandton, 2196

Sizwe Nxasana

Non-executive director

Academic qualifications

BCom, BCompt (Hons), CA(SA)

Experience

Sizwe Nxasana started his career at Unilever. In 1989 he established Sizwe & Co, the first black-owned audit practice in KwaZulu-Natal. In 1996 he became the founding partner of Nkonki Sizwe Ntsaluba, the first black-owned national firm of accountants and was national managing partner until 1998 when he joined Telkom SA as chief executive officer. He held this position until August 2005. He joined the board of FirstRand Bank Holdings in 2003 and was appointed chief executive officer with effect from January 2006. In February 2006, he was appointed as an executive director of FirstRand. Sizwe was appointed chief executive officer of FirstRand Limited in January 2010.

Business address

FirstRand, 4th Floor, 4 Merchant Place,
Sandton, 2146

Khehla Shubane

Non-executive director

Academic qualifications

BA (Hons), Master of Business Administration

Experience

Khehla Shubane is self employed as a consultant. He has subcontracted in research on local governments and low income housing. From 2004 to 2007, he was the chief executive officer of BusinessMap Foundation, a monitoring and research organisation focusing on black economic empowerment (BEE). Khehla joined Simeka, a general management consultancy firm, in 2001. He assisted in setting up a consulting business in Simeka's financial services area, focusing specifically on asset management. He also worked for the Nelson Mandela Foundation as chief executive officer from 1999 to 2001. From 1995 to 1996, Khehla was a member of the Soweto Civic Association, a body representing the local community.

Business address

14 Cole Street
Kensington, 2094

Frans Truter

Independent non-executive director

Academic qualifications

BCom (Hons), CA(SA) AMP (Oxford)

Experience

Frans Truter was an associate director at Deloitte and also worked at the SA Reserve Bank. He joined Momentum in 1988 as chief financial officer and was involved with the transactions to acquire Lifegro (1988), Southern Life (1998),

Sage (2004) and Sovereign Health (2005). He also served as executive director of strategic investments at Momentum. Frans resigned as an executive from Momentum Group in 2007 and is currently involved in certain private equity investments.

Business address

C/o 268 West Avenue
Centurion, 0157

Benedict van der Ross

Independent non-executive director

Experience

Benedict van der Ross has a diploma in law from the University of Cape Town and was admitted to the Cape Side Bar as an attorney and conveyancer. He practised for his own account for 16 years. He was an executive director with the Urban Foundation for five years to 1990 and thereafter of the Independent Development Trust, where he was deputy chief executive officer from 1995 to 1998. He acted as chief executive officer of the South African Rail Commuter Corporation from 2001 to 2003 and as chief executive officer of Business South Africa from 2003 to 2004. He served on the board of The Southern Life Association from 1986 until the formation of the FirstRand Group in 1998.

Business address

FirstRand, 1st Floor, 4 Merchant Place
Sandton, 2146

Johan van Reenen

Independent non-executive director

Academic qualifications

BSc (Hons), Master of Business Administration

Experience

Currently executive director of Imalivest, Johan van Reenen has a wealth of expertise and experience in investment banking and asset management, both locally and internationally.

Business address

17 Termo Avenue, Techno Park
Stellenbosch, 7600

Mary Vilakazi

Independent non-executive director

Academic qualifications

BCom (Honours), HDip Auditing, CA(SA)

Experience

Mary Vilakazi is an independent consultant. Prior to this, she was the chief financial officer of the Mineral Services Group (MS Group), where she is also a director of some of the Group subsidiaries. Prior to joining the MS Group, Mary was an audit partner at PwC until September 2008, where she specialised in the audit of financial services companies. Mary served on the minister of finance's long-term insurance advisory committee. She currently serves on the boards of Holdsport, DBSA and Kagiso Media.

Business address

Block B Technosquare
42 Morningside road,
Ndabeni, Pinelands, 7405

INDEPENDENT EXPERT'S OPINION

The Directors
MMI Holdings Limited
Mispel Road
Parc Du Cap
Bellville
7535

11 May 2012

Dear Sirs

Fairness opinion relating to the proposed restructuring of the empowerment transaction between MMI Holdings Limited (“MMI”) and Kagiso Tiso Holdings Proprietary Limited (RF) (“KTH”), through Off The Shelf Investments 108 Proprietary Limited (“SPV”) and Off The Shelf Investments 109 Proprietary Limited (“Newco”).

Introduction and BEE restructuring

The definitions outlined in the “Definitions” section of the circular to which this opinion is attached have been used throughout this opinion, unless otherwise indicated.

MMI wishes to facilitate the refinancing of the BEE transaction, through the BEE restructuring as set out in the circular to which this opinion is attached.

Scope

The BEE restructuring involves the amendment of a previously approved BEE transaction and includes the conversion and extension of existing preference shares and in this regard a fairness opinion is required to be provided for any variation or restructuring of an existing agreement in relation to the BEE transaction where there are unlisted voting instruments, in terms of the JSE listings requirements.

In this context, the Board of MMI has appointed Ernst & Young Advisory Services Limited (“Ernst & Young”) to advise it as to the fairness of the terms of the BEE restructuring.

Responsibility

Compliance with the JSE regulations is the responsibility of the MMI Board. Our responsibility is to report on the terms and conditions of the BEE restructuring.

We confirm that our fairness opinion has been provided to the MMI Board for the sole purpose of assisting the MMI Board in forming and expressing an opinion for the benefit of the MMI shareholders.

Definition of fairness

A transaction will generally be considered fair to a company’s shareholders if the benefits received by the shareholders, as a result of the transaction, are equal to or greater than the value surrendered by the shareholders.

The assessment of fairness is primarily based on quantitative matters. The BEE restructuring may be considered fair if the value to MMI shareholders expected to be derived from the BEE restructuring is expected to be equal to or greater than the value surrendered by the MMI shareholders.

A transaction is generally fair if the cost in terms of that transaction is equal to or less than the benefit of the shares which form the subject matter of the transaction.

A transaction is generally unfair if the cost in terms of that transaction is greater than the benefit of the shares which form part of the subject matter of the transaction.

In opining on whether or not the BEE restructuring is fair to the shareholders of MMI, we have assumed that the Financial Benefit and the Economic Cost, which is a benefit and a cost to the Company, is representative of the cost and benefit to the shareholders of MMI.

Sources of Information

In arriving at our opinion we have utilised the following information:

- RMB presentation to the MMI BEE subcommittee dated February 2012;
- The circular relating to the BEE restructuring;
- Publicly available information relating to MMI and its peers that Ernst & Young deemed to be relevant, including discussions with market participants and fund managers;
- Discussions with RMB and MMI management;
- "Second Amended and Restated Relationship Agreement" between MMI, KTI, Newco and SPV;
- "2012 Amended and Restated Relationship Agreement" between MMI, KTH, Newco and SPV;
- "Restructure Agreement" between MMI, KTH, Newco and SPV; and
- "Term Sheet Annexure B Restructure Agreement", provided to us by MMI management.
- A3 MMI Prefs Amendment Agreement

Procedures performed

In arriving at our opinion we have undertaken the following procedures:

- Reviewed the information outlined in Part 1 of the circular to which this opinion is attached;
- Performed a valuation of the various options embedded in the A1 preference shares, A2 preference shares and A3 preference shares;
- Assessed the financial impact on MMI of the immediate conversion of the A1 preference shares and A2 preference shares to MMI ordinary shares, by determining the Present Value of the differential dividend flows related to the respective instruments;
- Assessed the impact of extending the term on the A3 preference shares by determining the Present Value of the differential dividend flows on the A3 preference shares and the equivalent MMI ordinary shares;
- Determined the cost to MMI of the implied put option resulting from the extension of the A3 preference shares;
- Assessed the cost and benefit of extending the A3 SPV preference shares, including the economic cost to MMI of remaining invested in the A3 SPV preference shares;
- Analysed the appropriateness of the listed MMI share price, by considering the:
 - The long term discount to embedded value per share of the MMI share price; and
 - The long term discount to embedded value of comparable companies to MMI.
- Considered the benefit of the extended SPV lock-ins (the restrictions imposed through the BEE restructuring on the SPV's ability to dispose of certain of its MMI ordinary shares) in terms of the likelihood and impact of the loss of empowerment ownership credentials to MMI; and
- Where practical, we have considered the relative cost of replacing KTH as MMI's strategic BEE partner.

We have corroborated the reasonableness of the information provided to us (where practical), for the purpose of supporting our Opinion, whether received in writing or obtained in discussion with Management of MMI, and we are satisfied with the appropriateness of such information.

Valuation

The principle valuation methodologies used include:

- Black Scholes option pricing model to value the call options relating to A1 preference share, A2 preference shares and A3 preference shares;
- Black Scholes option pricing model to value the implied put option relating to the extension of the A3 preference shares;
- DCF method to value the differential dividend cashflows payable by MMI under the existing BEE structure and the BEE restructuring; and
- Listed MMI share price, taking into account the liquidity and the appropriateness of the MMI price in relation to the discount to embedded value.

Opinion

In arriving at our opinion we have considered the following significant factors:

- The incremental cost to MMI of the immediate conversion of the A1 and A2 preference shares to MMI ordinary shares (i.e. the Present Value of the differential dividend flows applicable to A1 and A2 preference shares and the equivalent MMI ordinary shares);
- The net benefit of extending the options on the A3 preference shares (i.e. the Present Value of the differential dividend flows applicable to A3 preference shares and the equivalent MMI ordinary shares);
- The cost and benefit of extending the A3 SPV preference shares, including the economic cost to MMI of staying invested in the A3 SPV preference shares; and
- The financial benefits of limiting the dilution of MMI's BEE ownership credentials as well as retaining KTH as MMI's strategic BEE partner, as a result of the BEE restructuring.

Based upon and subject to the conditions set out below, we are of the opinion that the BEE restructuring is fair to MMI shareholders.

This opinion does not purport to cater for each individual shareholder's circumstances and/or risk profile, but rather that of the general body of MMI shareholders taken as a whole. Each shareholder's decision will be influenced by such shareholder's particular circumstances and accordingly shareholders should consult with an independent advisor if they are in any doubt as to the merits or otherwise of the BEE restructuring.

Use of this opinion

This opinion is provided solely for the use of the MMI board and MMI shareholders in connection with and for the purpose of their consideration of the BEE restructuring. This opinion shall not, in whole or in part, be disclosed, reproduced, disseminated, quoted, summarised or referred to at any time, in any manner or for any purpose, nor shall any public references to Ernst & Young or Ernst & Young Advisory Services Limited be made by MMI or any of its affiliates, without the prior consent of Ernst & Young Advisory Services Limited.

Limiting conditions

We have relied upon the accuracy of the information used by us in deriving our opinion albeit that, where practicable, we have corroborated the reasonableness of such information through, amongst other things, reference to work performed by independent third party/ies, historic precedent or our own knowledge and understanding. While our work has involved an analysis of the annual financial statements and other information provided to us, our engagement does not constitute, nor does it include, an audit conducted in accordance with generally accepted auditing standards.

Accordingly, we assume no responsibility and make no representations with respect to the accuracy of any information provided to us in respect of MMI.

The opinion expressed above is necessarily based upon the information available to us, the financial, regulatory, securities market and other conditions and circumstances existing and disclosed to us as at the date hereof. We have assumed that all conditions precedent in the transaction agreements, including any material regulatory and other approvals required in connection with the proposed transaction, have been or will be properly fulfilled/obtained. Subsequent developments may affect our opinion, however, we are under no obligation to update, revise or re-affirm such.

Independence and consent to publication

We have been retained by the MMI board as an independent advisor to the board and shareholders in connection with the BEE restructuring and we will receive a fixed fee for the services provided in connection herewith, which fee is payable upon delivery of this opinion. We confirm that, other than the aforementioned, we have no interest, direct or indirect, beneficial or non-beneficial, in MMI or in the success or failure of the BEE restructuring which forms the subject matter hereof.

We hereby consent to this letter and the references thereto being made public to holders of MMI shares in the form and context in which they are to be published in the document to shareholders on or about 18 May 2012. We confirm that we have given and have not withdrawn our consent prior to the issue of the said document to MMI shareholders.

Yours faithfully,

Steve Alt
Director
Ernst & Young Advisory Services Limited

INDEPENDENT REPORTING ACCOUNTANT'S REPORT

The Board of Directors
MMI Holdings Limited
268 West Avenue
Centurion
0046

11 May 2012

Dear Sirs

Independent reporting accountants' limited assurance report on the unaudited *pro forma* financial information of MMI Holdings Limited ("the Company")

1. Introduction

MMI Holdings Limited is issuing a circular to its shareholders ("the Circular") regarding its proposed BEE restructuring and repurchase offer ("the Proposed Transaction").

At your request and for the purposes of the Circular to be dated on or about 18 May 2012, we present our limited assurance report on the unaudited *pro forma* statement of financial position as at 31 December 2011, the unaudited *pro forma* statement of comprehensive income for the six months ended 31 December 2011 and unaudited *pro forma* financial effects ("the unaudited *pro forma* financial information") of the Company presented in paragraph 7 of part I, paragraph 6 of part II and Annexures 4, 5 and 6 to the Circular.

The unaudited *pro forma* financial information has been prepared in accordance with the JSE Limited ("JSE") Listings Requirements, for illustrative purposes only, to provide information about how the Proposed Transaction might have affected the reported historical financial information presented, had the Proposed Transaction been undertaken at the commencement of the period or date of the unaudited *pro forma* statement of financial position being reported on.

2. Directors' responsibility

The directors of the Company are responsible for the compilation, contents and presentation of the unaudited *pro forma* financial information contained in the Circular, and for the financial information from which it has been prepared. Their responsibility includes determining that: the unaudited *pro forma* financial information contained in the Circular has been properly compiled on the basis stated; the basis is consistent with the accounting policies of the Company; and the *pro forma* adjustments are appropriate for the purposes of the unaudited *pro forma* financial information disclosed in terms of the JSE Listings Requirements.

3. Reporting accountants' responsibility

Our responsibility is to express our limited assurance conclusion on the unaudited *pro forma* financial information included in the Circular. We conducted our limited assurance engagement in accordance with ISAE 3000 (Revised): International Standard on Assurance Engagements applicable to Assurance Engagements Other Than Audits or Reviews of Historical Financial Information and the Guide on *Pro forma* Financial Information issued by the South African Institute of Chartered Accountants. This standard requires us to obtain sufficient appropriate evidence on which to base our limited assurance conclusion.

We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited *pro forma* financial information, beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

4. Sources of information and work performed

Our procedures consisted primarily of comparing the unadjusted financial information of the Company with the source documents, considering the *pro forma* adjustments in light of the accounting policies of the Company, considering the evidence supporting the unaudited *pro forma* adjustments and discussing the adjusted unaudited *pro forma* financial information with the directors of the Company in respect of the Proposed Transaction that is the subject of the Circular.

In arriving at our limited assurance conclusion, we have relied upon financial information prepared by the directors of the Company and other information from various public, financial and industry sources.

While our work performed involved an analysis of the historical financial information and other information provided to us, our limited assurance engagement does not constitute either an audit or review of any of the underlying financial information conducted in accordance with the International Standards on Auditing or the International Standards on Review Engagements and, accordingly, we do not express an audit or review opinion.

In a limited assurance engagement, the evidence-gathering procedures are more limited than for a reasonable assurance engagement and therefore less assurance is obtained than in a reasonable assurance engagement. We believe our evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

5. Conclusion

Based on our examination of the evidence obtained, nothing has come to our attention that causes us to believe that:

- the unaudited *pro forma* financial information has not been properly compiled on the basis stated;
- such basis is inconsistent with the accounting policies of the Company; and
- the adjustments are not appropriate for the purposes of the unaudited *pro forma* financial information as disclosed pursuant to Sections 8.17 and 8.30 of the JSE Listings Requirements.

Yours faithfully

PricewaterhouseCoopers Inc
Director: HD Nel
Registered Auditor

PRO-FORMA FINANCIAL INFORMATION RELATING TO THE BEE RESTRUCTURE

UNAUDITED PRO FORMA INCOME STATEMENT

The unaudited *pro forma* financial information of MMI is the responsibility of the directors and was prepared in order to illustrate the effects of the proposed BEE restructuring assuming that the proposed BEE restructuring took place to its full extent on 1 July 2011 for purposes of the income statement for the six-month period ended 31 December 2011 and at 31 December 2011 for purposes of the statement of financial position. The unaudited *pro forma* financial effects have been prepared for illustrative purposes only and may not fairly present the financial position, changes in equity, results of operations and cashflows of MMI after the BEE restructuring. The unaudited *pro forma* financial effects have been prepared using accounting policies that are consistent with IFRS and in terms of the accounting policies adopted by MMI.

All figures are in R million unless otherwise stated

	BEE <i>Pro Forma</i>		
	Before restructuring	After	
Notes	(1)	(2)	
Net insurance premiums received	9,625	–	9,625
Fee income	2,612	–	2,612
Investment income	6,925	–	6,925
Net realised and fair value gains	4,720	–	4,720
Net income	23,882	–	23,882
Net insurance benefits and claims	9,345	–	9,345
Change in liabilities	1,606	–	1,606
Change in insurance contract liabilities	1,779	–	1,779
Change in investment contracts with DPF liabilities	(23)	–	(23)
Change in reinsurance provision	(150)	–	(150)
Fair value adjustments on investment contract liabilities	5,258	–	5,258
Fair value adjustments on collective investment scheme liabilities	63	–	63
Depreciation, amortisation and impairment expenses	489	–	489
Employee benefit expenses	1,948	–	1,948
Sales remuneration	1,508	–	1,508
Other expenses	1,834	5	1,839
Expenses	22,051	5	22,056
Results of operations	1,831	(5)	1,826
Share of profit of associates	22	–	22
Finance costs	(584)	24	(560)
Profit before tax	1,269	19	1,288
Income tax expenses	(454)	1	(453)
Earnings	815	20	835
Attributable to:			
Owners of the parent	805	20	825
Non-controlling interests	(5)	–	(5)
Momentum preference shares	15	–	15
	815	20	835

Notes	BEE		Pro Forma
	Before restructuring (1)	(2)	After
BASIC			
Earnings	805	20	825
Realised gains on available-for-sale financial assets	(12)	-	(12)
Goodwill and other impairments	19	-	19
Headline earnings	812	20	832
Net realised and fair value gains on excess	(93)	-	(93)
Basis and other changes and investment variances	153	-	153
BEE cost	25	-	25
Secondary tax on companies (STC)	88	-	88
Amortisation of intangible assets relating to business combinations	257	-	257
Core headline earnings	1,242	20	1,262

All figures are in R million unless otherwise stated

Notes	BEE		Pro Forma
	Before restructuring (1)	(2)	After
DILUTED			
Earnings	805	20	825
Finance costs – convertible preference shares	46	(24)	22
Diluted earnings	851	(4)	847
Realised gains on available-for-sale financial assets	(12)	-	(12)
Goodwill and other impairments	19	-	19
Headline earnings	858	(4)	854
Net realised and fair value gains on excess	(93)	-	(93)
Basis and other changes and investment variances	153	-	153
BEE cost	25	-	25
Secondary tax on companies (STC)	88	-	88
Dilutory effect of subsidiaries	(3)	-	(3)
Investment income on treasury shares – contract holders	9	-	9
Amortisation of intangible assets relating to business combinations	257	-	257
Core headline earnings (3)	1,294	(4)	1,290

Number of shares

Weighted average number of shares in issue (millions)	1,489	66	1,555
Diluted weighted average number of shares in issue (millions)	1,590	-	1,590
Diluted weighted average number of shares in issue used for core purposes (millions) (4)	1,605	-	1,605

EARNINGS PER SHARE (cents)

Basic			
Core headline earnings	83		81
Headline earnings	54		54
Earnings	54		53
Diluted			
Core headline earnings	81		80
Headline earnings	54		54
Earnings	53		53

Notes to the income statement:

- The "Before" column represents MMI Holdings Limited group's financial information for the 6 months ended 31 December 2011, and has been extracted, without adjustment from the published December 2011 unaudited interim results of MMI Holdings Limited group.
- The "BEE restructuring" column represents the impact of the BEE restructuring transaction and has an ongoing effect:
 - The SPV converts the A1 and A2 MMI preference shares into MMI ordinary shares, resulting in a reduction of preference share dividends (accounted for as finance costs) of R15 million. The impact of additional interest income, and the related tax impact, is negligible and has been ignored for these purposes. No adjustment was made to dividends paid on MMI ordinary shares. This also results in the basic weighted average number of shares increasing by 65.7 million shares.
 - Both the A3 MMI preference shares and the A3 SPV preference shares are extended for a period of five years. The dividend rate per annum payable by MMI on the A3 MMI preference shares will be R1.32 per share, resulting in a saving of R9 million in finance costs. The net impact of interest income on this saving and the extension of the A3 SPV preference shares, and the related tax impact, is negligible and has been ignored for these purposes.

Transaction costs of R5 million (R4 million net of taxation of 28%) have been taken into account.

3. Core headline earnings are a measure of the performance that is used by MMI in addition to earnings and headline earnings as it is seen by the directors of MMI as an appropriate measure. Core headline earnings eliminate items of both a once-off and an inherently volatile nature such as changes to the valuation basis, investment variances, capital appreciation/depreciation, Secondary Tax on Companies and the amortisation of any intangible assets recognised due to business combinations.
4. The diluted weighted average number of shares before the BEE restructuring transaction assumes that all the MMI preference shares would convert into MMI ordinary shares on a one-for-one basis. This represents the fully diluted effect of these preference shares.

UNAUDITED *PRO FORMA* STATEMENT OF FINANCIAL POSITION

The unaudited *pro forma* financial information of MMI is the responsibility of the directors and was prepared in order to illustrate the effects of the proposed BEE restructuring assuming that the proposed BEE restructuring took place to its full extent on 1 July 2011 for purposes of the income statement for the six-month period ended 31 December 2011 and at 31 December 2011 for purposes of the statement of financial position. The unaudited *pro forma* financial effects have been prepared for illustrative purposes only and may not fairly present the financial position, changes in equity, results of operations and cashflows of MMI after the BEE restructuring. The unaudited *pro forma* financial effects have been prepared using accounting policies that are consistent with IFRS and in terms of the accounting policies adopted by MMI.

All figures are in R million unless otherwise stated

Notes	BEE <i>Pro Forma</i>	
	Before restructuring (1)	After (2)
ASSETS		
Intangible assets	11,935	–
Owner-occupied properties	1,446	–
Property and equipment	321	–
Investment properties	6,140	–
Investment in associates	8,663	–
Employee benefit assets	387	–
Financial instrument assets	239,921	–
Insurance and other receivables	2,427	–
Deferred income tax	106	1
Reinsurance contracts	1,337	–
Current income tax assets	309	–
Cash and cash equivalents	16,527	(5)
Non-current assets held for sale	53	–
Total assets	289,572	(4)
EQUITY		
Equity attributable to owners of the parent	22,311	384
Non-redeemable, non-cumulative, non-participative preference shares	500	–
Share capital and reserves	22,811	384
Non-controlling interests	250	–
Total equity	23,061	384
LIABILITIES		
Insurance contract liabilities		
Long-term insurance contracts	84,710	–
Financial instrument liabilities		
Investment contracts	149,723	–
– with discretionary participation features	24,257	–
– designated at fair value through income	125,466	–
Other financial instrument liabilities	16,148	(388)
Deferred income tax	4,049	–
Employee benefit obligations	736	–
Other payables	10,977	–
Provisions	104	–
Current income tax liabilities	64	–
Total liabilities	266,511	(388)
Total equity and liabilities	289,572	(4)

Notes	BEE		Pro Forma
	Before restructuring	(2)	After
	(1)		
Net asset value attributable to ordinary shareholders	22,811	384	23,195
Tangible net asset value attributable to ordinary shareholders	10,876	384	11,260
Number of MMI ordinary shares in issue (millions)	1,489	66	1,555
Basic			
Net asset value per ordinary share (cents)	1,532		1,492
Tangible net asset value per ordinary share (cents)	730		724

Notes to the statement of financial position:

1. The "Before" column represents MMI Holdings Limited group's financial information as at 31 December 2011, and has been extracted, without adjustment from the published December 2011 unaudited interim results of MMI Holdings Limited group.
2. The "BEE restructuring" column represents the impact of the BEE restructuring transaction and has an ongoing effect:
 - 2.1 The SPV converts 65.7 million MMI convertible, redeemable preference shares into 65.7 million MMI ordinary shares, resulting in the conversion of R388 million preference share liability to equity.
 - 2.2 Both the A3 MMI preference shares and the A3 SPV preference shares are extended for a period of five years.

Transaction costs of R5 million (R1 million deferred tax) have been taken into account.

PRO-FORMA FINANCIAL INFORMATION RELATING TO THE ODD-LOT AND VOLUNTARY REPURCHASE OFFER**UNAUDITED PRO FORMA INCOME STATEMENT**

The unaudited *pro forma* financial information of MMI is the responsibility of the directors and was prepared in order to illustrate the effects of the offers, assuming that the offers took place to their fullest extent possible on 1 July 2011, for purposes of the income statement for the six-month period ended 31 December 2011 and at 31 December 2011 for purposes of the statement of financial position. The unaudited *pro forma* financial effects have been prepared for illustrative purposes only and may not fairly present the financial position, changes in equity, results of operations and cashflows of MMI after the proposed offers. The unaudited *pro forma* financial effects have been prepared using accounting policies that are consistent with IFRS and in accordance with the accounting policies adopted by MMI.

All figures are in R million unless otherwise stated

Notes	Odd-lot offer and voluntary		Pro Forma after
	Before (1)	offer (2)	
Net insurance premiums received	9,625	-	9,625
Fee income	2,612	-	2,612
Investment income	6,925	(1)	6,924
Net realised and fair value gains	4,720	-	4,720
Net income	23,882	(1)	23,881
Net insurance benefits and claims	9,345	-	9,345
Change in liabilities	1,606	-	1,606
Change in insurance contract liabilities	1,779	-	1,779
Change in investment contracts with DPF liabilities	(23)	-	(23)
Change in reinsurance provision	(150)	-	(150)
Fair value adjustments on investment contract liabilities	5,258	-	5,258
Fair value adjustments on collective investment scheme liabilities	63	-	63
Depreciation, amortisation and impairment expenses	489	-	489
Employee benefit expenses	1,948	-	1,948
Sales remuneration	1,508	-	1,508
Other expenses	1,834	-	1,834
Expenses	22,051	-	22,051
Results of operations	1,831	(1)	1,830
Share of profit of associates	22	-	22
Finance costs	(584)	-	(584)
Profit before tax	1,269	(1)	1,268
Income tax expenses	(454)	-	(454)
Earnings	815	(1)	814
Attributable to:			
Owners of the parent	805	(1)	804
Non-controlling interests	(5)	-	(5)
Momentum preference shares	15	-	15
	815	(1)	814

Notes	Before (1)	Odd-lot offer and voluntary offer (2)	<i>Pro Forma</i> after
BASIC			
Earnings	805	(1)	804
Realised gains on available-for-sale financial assets	(12)	-	(12)
Goodwill and other impairments	19	-	19
Headline earnings	812	(1)	811
Net realised and fair value gains on excess	(93)	-	(93)
Basis and other changes and investment variances	153	-	153
BEE cost	25	-	25
Secondary tax on companies (STC)	88	-	88
Amortisation of intangible assets relating to business combinations	257	-	257
Core headline earnings	1,242	(1)	1,241
DILUTED			
Earnings	805	(1)	804
Finance costs – convertible preference shares	46	-	46
Diluted earnings	851	(1)	850
Realised gains on available-for-sale financial assets	(12)	-	(12)
Goodwill and other impairments	19	-	19
Headline earnings	858	(1)	857
Net realised and fair value gains on excess	(93)	-	(93)
Basis and other changes and investment variances	153	-	153
BEE cost	25	-	25
Secondary tax on companies (STC)	88	-	88
Dilutory effect of subsidiaries	(3)	-	(3)
Investment income on treasury shares – contract holders	9	-	9
Amortisation of intangible assets relating to business combinations	257	-	257
Core headline earnings (3)	1,294	(1)	1,293
Number of shares			
Weighted average number of shares in issue (millions)	1,489	(3)	1,486
Diluted weighted average number of shares in issue (millions)	1,590	(3)	1,587
Diluted weighted average number of shares in issue used for core purposes (millions)	1,605	(3)	1,602
EARNINGS PER SHARE (cents)			
Basic			
Core headline earnings	83		84
Headline earnings	54		54
Earnings	54		54
Diluted			
Core headline earnings	81		81
Headline earnings	54		54
Earnings	53		54

Notes to the income statement:

- The "Before" column represents MMI Holdings Limited group's financial information for the 6 months ended 31 December 2011, and has been extracted, without adjustment from the published December 2011 unaudited interim results of MMI Holdings Limited group.
- The "Odd-lot offer and voluntary offer" column represents the impact of the odd-lot offer and voluntary offer as follows and has an ongoing effect:
 - All odd-lot offer shareholders are assumed to sell their odd-lot holdings (less than 100 shares) to MMI at the offer price, totalling R3 million.
 - 100% of the voluntary holdings (100 to 500 shares) are assumed to be sold by the voluntary shareholders to MMI at the offer price, totalling R53 million.

The total costs associated with the offers are expected to be R56 million which has been taken into account. The offer price assumed for *pro forma* purposes is R19.07 (based on the closing MMI share price on 8 May 2012 of R17.34 plus 10%); the actual offer price is defined in this circular. The impact of the offers results in a loss of interest income of R1 million on an assumed 5% interest rate (based on MMI Holdings Limited's actual average interest rate earned on cash during the six months from 1 July to 31 December 2011) before tax (tax impact is negligible) and a reduction of 3 million in the weighted average number of shares.

3. Core headline earnings are a measure of the performance that is used by MMI in addition to earnings and headline earnings as it is seen by the directors of MMI as an appropriate measure. Core headline earnings eliminate items of both a once-off and an inherently volatile nature such as changes to the valuation basis, investment variances, capital appreciation/depreciation, Secondary Tax on Companies and the amortisation of any intangible assets recognised due to business combinations.

UNAUDITED *PRO FORMA* STATEMENT OF FINANCIAL POSITION

The unaudited *pro forma* financial information of MMI is the responsibility of the directors and was prepared in order to illustrate the effects of the proposed offers assuming that the proposed offers took place to its full extent on 1 July 2011 for purposes of the income statement for the six-month period ended 31 December 2011 and at 31 December 2011 for purposes of the statement of financial position. The unaudited *pro forma* financial effects have been prepared for illustrative purposes only and may not fairly present the financial position, changes in equity, results of operations and cashflows of MMI after the proposed offers. The unaudited *pro forma* financial effects have been prepared using accounting policies that are consistent with IFRS and in terms of the accounting policies adopted by MMI.

All figures are in R million unless otherwise stated

Notes	Before (1)	Odd-lot offer and voluntary offer (2)	<i>Pro Forma</i> after
ASSETS			
Intangible assets	11,935	–	11,935
Owner-occupied properties	1,446	–	1,446
Property and equipment	321	–	321
Investment properties	6,140	–	6,140
Investment in associates	8,663	–	8,663
Employee benefit assets	387	–	387
Financial instrument assets	239,921	–	239,921
Insurance and other receivables	2,427	–	2,427
Deferred income tax	106	–	106
Reinsurance contracts	1,337	–	1,337
Current income tax assets	309	–	309
Cash and cash equivalents	16,527	(56)	16,471
Non-current assets held for sale	53	–	53
Total assets	289,572	(56)	289,516
EQUITY			
Equity attributable to owners of the parent	22,311	(56)	22,255
Non-redeemable, non-cumulative, non-participative preference shares	500	–	500
Share capital and reserves	22,811	(56)	22,755
Non-controlling interests	250	–	250
Total equity	23,061	(56)	23,005
LIABILITIES			
Insurance contract liabilities			
Long-term insurance contracts	84,710	–	84,710
Financial instrument liabilities			
Investment contracts	149,723	–	149,723
– with discretionary participation features	24,257	–	24,257
– designated at fair value through income	125,466	–	125,466
Other financial instrument liabilities	16,148	–	16,148
Deferred income tax	4,049	–	4,049
Employee benefit obligations	736	–	736
Other payables	10,977	–	10,977
Provisions	104	–	104
Current income tax liabilities	64	–	64
Total liabilities	266,511	–	266,511
Total equity and liabilities	289,572	(56)	289,516

	Before	Odd-lot offer and voluntary offer	<i>Pro Forma</i> after
Notes	(1)	(2)	
Net asset value attributable to ordinary shareholders	22,811	(56)	22,755
Tangible net asset value attributable to ordinary shareholders	10,876	(56)	10,820
Number of MMI ordinary shares in issue (millions)	1,489	(3)	1,486
Basic			
Net asset value per ordinary share (cents)	1,532		1,531
Tangible net asset value per ordinary share (cents)	730		728

Notes to the statement of financial position:

1. The "Before" column represents MMI Holdings Limited group's financial information as at 31 December 2011, and has been extracted, without adjustment from the published December 2011 unaudited interim results of MMI Holdings Limited group.
2. The "Odd-lot offer and voluntary offer" column represents the impact of the odd-lot offer and voluntary offer as follows:
 - 2.1 All odd-lot offer shareholders are assumed to sell their odd-lot holdings (less than 100 shares) to MMI at the offer price, totalling R3 million.
 - 2.2 100% of the voluntary holdings (100 to 500 shares) are assumed to be sold by the voluntary shareholders to MMI at the offer price, totalling R53 million.

The offer price assumed for *pro forma* purposes is R19.07 (based on the closing MMI share price on 8 May 2012 of R17.34 plus 10%); the actual offer price is defined in this circular.

**PRO-FORMA FINANCIAL INFORMATION RELATING TO THE COMBINED EFFECT OF THE BEE
RESTRUCTURING AND ODD-LOT AND VOLUNTARY REPURCHASE OFFER**

UNAUDITED PRO FORMA INCOME STATEMENT

The unaudited *pro forma* financial information of MMI is the responsibility of the directors and was prepared in order to illustrate the effects of the BEE restructuring and the offers, assuming that they took place to their fullest extent possible on 1 July 2011, for purposes of the income statement for the six-month period ended 31 December 2011 and at 31 December 2011 for purposes of the statement of financial position. The unaudited *pro forma* financial effects have been prepared for illustrative purposes only and may not fairly present the financial position, changes in equity, results of operations and cashflows of MMI after the proposed transactions. The unaudited *pro forma* financial effects have been prepared using accounting policies that are consistent with IFRS and in accordance with the accounting policies adopted by MMI.

All figures are in R million unless otherwise stated

	Before	Odd-lot offer and voluntary offer restructuring	BEE	<i>Pro Forma After</i>
Notes	(1)	(2)	(3)	
Net insurance premiums received	9,625	-	-	9,625
Fee income	2,612	-	-	2,612
Investment income	6,925	(1)	-	6,924
Net realised and fair value gains	4,720	-	-	4,720
Net income	23,882	(1)	-	23,881
Net insurance benefits and claims	9,345	-	-	9,345
Change in liabilities	1,606	-	-	1,606
Change in insurance contract liabilities	1,779	-	-	1,779
Change in investment contracts with DPF liabilities	(23)	-	-	(23)
Change in reinsurance provision	(150)	-	-	(150)
Fair value adjustments on investment contract liabilities	5,258	-	-	5,258
Fair value adjustments on collective investment scheme liabilities	63	-	-	63
Depreciation, amortisation and impairment expenses	489	-	-	489
Employee benefit expenses	1,948	-	-	1,948
Sales remuneration	1,508	-	-	1,508
Other expenses	1,834	-	5	1,839
Expenses	22,051	-	5	22,056
Results of operations	1,831	(1)	(5)	1,825
Share of profit of associates	22	-	-	22
Finance costs	(584)	-	24	(560)
Profit before tax	1,269	(1)	19	1,287
Income tax expenses	(454)	-	1	(453)
Earnings	815	(1)	20	834
Attributable to:				
Owners of the parent	805	(1)	20	824
Non-controlling interests	(5)	-	-	(5)
Momentum preference shares	15	-	-	15
	815	(1)	20	834

Notes	Before	Odd-lot offer and voluntary offer	BEE	<i>Pro Forma After</i>
	(1)	(2)	(3)	
BASIC				
Earnings	805	(1)	20	824
Realised gains on available-for-sale financial assets	(12)	-	-	(12)
Goodwill and other impairments	19	-	-	19
Headline earnings	812	(1)	20	831
Net realised and fair value gains on excess	(93)	-	-	(93)
Basis and other changes and investment variances	153	-	-	153
BEE cost	25	-	-	25
Secondary tax on companies (STC)	88	-	-	88
Amortisation of intangible assets relating to business combinations	257	-	-	257
Core headline earnings	1,242	(1)	20	1,261
DILUTED				
Earnings	805	(1)	20	824
Finance costs – convertible preference shares	46	-	(24)	22
Diluted earnings	851	(1)	(4)	846
Realised gains on available-for-sale financial assets	(12)	-	-	(12)
Goodwill and other impairments	19	-	-	19
Headline earnings	858	(1)	(4)	853
Net realised and fair value gains on excess	(93)	-	-	(93)
Basis and other changes and investment variances	153	-	-	153
BEE cost	25	-	-	25
Secondary tax on companies (STC)	88	-	-	88
Dilutory effect of subsidiaries	(3)	-	-	(3)
Investment income on treasury shares – contract holders	9	-	-	9
Amortisation of intangible assets relating to business combinations	257	-	-	257
Core headline earnings (4)	1,294	(1)	(4)	1,289
Number of shares				
Weighted average number of shares in issue (millions)	1,489	(3)	66	1,552
Diluted weighted average number of shares in issue (millions)	1,590	(3)	-	1,587
Diluted weighted average number of shares in issue used for core purposes (millions)	1,605	(3)	-	1,602
EARNINGS PER SHARE (cents)				
Basic				
Core headline earnings	83			81
Headline earnings	54			54
Earnings	54			53
Diluted				
Core headline earnings	81			80
Headline earnings	54			54
Earnings	53			53

Notes to the income statement:

- The "Before" column represents MMI Holdings Limited group's financial information for the 6 months ended 31 December 2011, and has been extracted, without adjustment from the published December 2011 unaudited interim results of MMI Holdings Limited group.
- The "Odd-lot offer and voluntary offer" column represents the impact of the odd-lot offer and voluntary offer as follows:
 - All odd-lot offer shareholders are assumed to sell their odd-lot holdings (less than 100 shares) to MMI at the offer price, totalling R3 million.
 - 100% of the voluntary holdings (100 to 500 shares) are assumed to be sold by the voluntary shareholders to MMI at the offer price, totalling R53 million.

The total costs associated with the offers are expected to be R56 million which has been taken into account. The offer price assumed for *pro forma* purposes is R19.07 (based on the closing MMI share price on 8 May 2012 of R17.34 plus 10%); the actual offer price is defined in this circular. The impact of the offers results in a loss of interest income of R1 million on an assumed 5% interest rate

(based on MMI Holdings Limited's actual average interest rate earned on cash during the six months from 1 July to 31 December 2011) before tax (tax impact is negligible) and a reduction of 3 million in the weighted average number of shares.

3. The "BEE restructuring" column represents the impact of the BEE restructuring transaction and has an on-going effect:
- 3.1 The SPV converts the A1 and A2 MMI preference shares into MMI ordinary shares, resulting in a reduction of preference share dividends (accounted for as finance costs) of R15 million. The impact of additional interest income, and the related tax impact, is negligible and has been ignored for these purposes. No adjustment was made to dividends paid on MMI ordinary shares. This also results in the basic weighted average number of shares increasing by 65.7 million shares.
- 3.2 Both the A3 MMI preference shares and the A3 SPV preference shares are extended for a period of five years. The dividend rate per annum payable by MMI on the A3 MMI preference shares will be R1.32 per share, resulting in a saving of R9 million in finance costs. The net impact of interest income on this saving and the extension of the A3 SPV preference shares, and the related tax impact, is negligible and has been ignored for these purposes.

Transaction costs of R5 million (R4 million net of taxation of 28%) have been taken into account.

4. Core headline earnings are a measure of the performance that is used by MMI in addition to earnings and headline earnings as it is seen by the directors of MMI as an appropriate measure. Core headline earnings eliminate items of both a once-off and an inherently volatile nature such as changes to the valuation basis, investment variances, capital appreciation/depreciation, Secondary Tax on Companies and the amortisation of any intangible assets recognised due to business combinations.

UNAUDITED *PRO FORMA* STATEMENT OF FINANCIAL POSITION

The unaudited *pro forma* financial information of MMI is the responsibility of the directors and was prepared in order to illustrate the effects of the BEE restructuring and the offers, assuming that they took place to their fullest extent possible on 1 July 2011, for purposes of the income statement for the six-month period ended 31 December 2011 and at 31 December 2011 for purposes of the statement of financial position. The unaudited *pro forma* financial effects have been prepared for illustrative purposes only and may not fairly present the financial position, changes in equity, results of operations and cashflows of MMI after the proposed transactions. The unaudited *pro forma* financial effects have been prepared using accounting policies that are consistent with IFRS and in accordance with the accounting policies adopted by MMI.

All figures are in R million unless otherwise stated

Notes	Before	Odd-lot offer and voluntary offer restructuring	BEE	<i>Pro Forma</i>
	(1)	(2)	(3)	After
ASSETS				
Intangible assets	11,935	–	–	11,935
Owner-occupied properties	1,446	–	–	1,446
Property and equipment	321	–	–	321
Investment properties	6,140	–	–	6,140
Investment in associates	8,663	–	–	8,663
Employee benefit assets	387	–	–	387
Financial instrument assets	239,921	–	–	239,921
Insurance and other receivables	2,427	–	–	2,427
Deferred income tax	106	–	1	107
Reinsurance contracts	1,337	–	–	1,337
Current income tax assets	309	–	–	309
Cash and cash equivalents	16,527	(56)	(5)	16,466
Non-current assets held for sale	53	–	–	53
Total assets	289,572	(56)	(4)	289,512
EQUITY				
Equity attributable to owners of the parent	22,311	(56)	384	22,639
Non-redeemable, non-cumulative, non-participative preference shares	500	–	–	500
Share capital and reserves	22,811	(56)	384	23,139
Non-controlling interests	250	–	–	250
Total equity	23,061	(56)	384	23,389

Notes	Before	Odd-lot offer and voluntary offer	BEE restructuring	<i>Pro Forma After</i>
	(1)	(2)	(3)	
LIABILITIES				
Insurance contract liabilities				
Long-term insurance contracts	84,710	–	–	84,710
Financial instrument liabilities				
Investment contracts	149,723	–	–	149,723
– with discretionary participation features	24,257	–	–	24,257
– designated at fair value through income	125,466	–	–	125,466
Other financial instrument liabilities	16,148	–	(388)	15,760
Deferred income tax	4,049	–	–	4,049
Employee benefit obligations	736	–	–	736
Other payables	10,977	–	–	10,977
Provisions	104	–	–	104
Current income tax liabilities	64	–	–	64
Total liabilities	266,511	–	(388)	266,123
Total equity and liabilities	289,572	(56)	(4)	289,512
Net asset value attributable to ordinary shareholders	22,811	(56)	384	23,139
Tangible net asset value attributable to ordinary shareholders	10,876	(56)	384	11,204
Number of MMI ordinary shares in issue (million)	1,489	(3)	66	1,552
Basic				
Net asset value per ordinary share (cents)	1,532			1,491
Tangible net asset value per ordinary share (cents)	730			722

Notes to the statement of financial position:

1. The "Before" column represents MMI Holdings Limited group's financial information as at 31 December 2011, and has been extracted, without adjustment from the published December 2011 unaudited interim results of MMI Holdings Limited group.
2. The "Odd-lot offer and voluntary offer" column represents the impact of the odd-lot offer and voluntary offer as follows:
 - 2.1 All odd-lot offer shareholders are assumed to sell their odd-lot holdings (less than 100 shares) to MMI at the offer price, totalling R3 million.
 - 2.2 100% of the voluntary holdings (100 to 500 shares) are assumed to be sold by the voluntary shareholders to MMI at the offer price, totalling R53 million.

The offer price assumed for *pro forma* purposes is R19.07 (based on the closing MMI share price on 8 May 2012 of R17.34 plus 10%); the actual offer price is defined in this circular.
3. The "BEE restructuring" column represents the impact of the BEE restructuring transaction and has an on-going effect:
 - 3.1 The SPV converts 65.7 million MMI convertible, redeemable preference shares into 65.7 million MMI ordinary shares, resulting in the conversion of R388 million preference share liability to equity.
 - 3.2 Both the A3 MMI preference shares and the A3 SPV preference shares are extended for a period of five years.

Transaction costs of R5 million (R1 million deferred tax) have been taken into account.

PRICE HISTORY OF SHARES ON THE JSE

Price History						
Daily	High (cents)	Low (cents)	Close (cents)	Volume traded	Value traded (R)	
5-Apr-12	1750	1725	1743	3,866,280	67,389,230	
10-Apr-12	1761	1729	1746	2,365,710	41,305,330	
11-Apr-12	1746	1720	1726	3,723,180	64,262,020	
12-Apr-12	1743	1721	1728	3,177,560	54,908,200	
13-Apr-12	1740	1729	1729	4,233,100	73,190,370	
16-Apr-12	1730	1706	1706	3,507,640	59,840,340	
17-Apr-12	1734	1700	1734	3,985,800	69,113,790	
18-Apr-12	1740	1718	1730	3,524,270	60,969,790	
19-Apr-12	1747	1718	1722	5,185,710	89,297,930	
20-Apr-12	1750	1707	1732	4,748,410	82,242,460	
23-Apr-12	1750	1707	1732	4,748,410	82,242,460	
24-Apr-12	1756	1734	1752	2,842,440	49,799,460	
25-Apr-12	1756	1736	1736	4,846,720	84,139,010	
26-Apr-12	1754	1736	1745	5,394,220	94,129,050	
30-Apr-12	1760	1741	1751	2,804,800	49,112,080	
2-May-12	1762	1745	1753	3,862,770	67,714,360	
3-May-12	1770	1751	1757	4,257,300	74,800,800	
3-May-12	1770	1751	1757	4,257,300	74,800,800	
4-May-12	1789	1755	1768	4,253,350	75,199,190	
7-May-12	1753	1735	1745	1,564,200	27,295,260	
8-May-12	1745	1730	1734	3,452,470	59,865,760	
Monthly	High (cents)	Low (cents)	Close (cents)	Volume traded	Value traded (R)	
29-Apr-11	1707	1617	1700	2,200,470	36,698,380	
30-May-11	1720	1681	1717	1,734,840	29,510,280	
30-Jun-11	1762	1665	1699	3,284,900	55,983,740	
31-Jul-11	1748	1695	1700	1,112,090	19,100,940	
31-Aug-11	1700	1513	1674	1,748,550	27,806,640	
30-Sep-11	1709	1606	1698	2,176,210	36,236,280	
31-Oct-11	1747	1585	1705	1,518,730	25,054,370	
30-Nov-11	1705	1645	1674	1,688,850	28,248,100	
31-Dec-11	1725	1674	1710	1,914,940	32,575,740	
31-Jan-12	1835	1729	1815	1,846,040	33,204,280	
29-Feb-12	1940	1800	1908	3,628,990	68,632,070	
31-Mar-12	1924	1750	1771	5,255,470	95,621,630	
30-Apr-12	1795	1706	1732	3,421,110	59,436,380	
Quarterly	High (cents)	Low (cents)	Close (cents)	Volume traded	Value traded (R)	
30-Nov-10	-	-	-	-	-	
30-Mar-11	1775	1600	1639	3,286,620	54,701,420	

Source: Capital IQ

STATEMENT IN SUPPORT OF KING CODE REPORT

CORPORATE GOVERNANCE OF MMI**Board**

The MMI group has a fully functional unitary board. The board structures have roles and responsibilities as set out below.

Role and functions

The board is ultimately responsible and accountable for the affairs and performance of the MMI group, and also for ensuring the sustainability of the group's existence into the future. This responsibility is executed through the delegation of authority to board committees and management.

The functions and responsibilities of the board committees are described comprehensively in their terms of reference, while the powers delegated to management are prescribed and include limited financial decision-making capacity without prior approval by the board.

The board's role includes but is not limited to the following:

- ensuring that appropriate systems and procedures are in place to enable the group to conduct its business in an honest, ethical and responsible manner;
- ensuring that effective audit, risk management and compliance measures are in place across all businesses;
- reviewing, assessing and guiding management in setting group strategy and drawing up business plans;
- reviewing and approving all strategic and significant investment acquisitions and disinvestments as well as other substantial capital expenditure of the group;
- reviewing and approving corporate plans, financial policies and operating budgets as well as monitoring financial performance;
- ensuring accurate, concise, transparent and timely reporting to shareholders;
- exercising overriding control over the business of the group; and
- exercising independent judgement on issues facing the group.

Composition

Johnson ("JJ") Njeke, a non-executive director, was appointed chairman of the board on 22 November 2011. The group chief executive, Nicolaas Kruger, assisted by his deputy, two executive directors and an executive management team, is responsible for the day-to-day management of the group. The roles of group chairman and group chief executive are segregated in accordance with the principles of good corporate governance:

- The chairman manages the board and provides effective leadership in setting strategic direction.
- Appropriate governance principles are adopted and implemented at board meetings, and conflicts of interest are managed properly. The board has also appointed a deputy chairman who will act as a lead director to, amongst other duties, chair board meetings when the chairman is conflicted.
- Non-executive directors do not hold service contracts and their remuneration is subject to shareholder approval.
- All the members of the board's audit committee are independent non-executive directors. The majority of the directors serving on the other committees are also independent.
- All directors have access to the services of the company secretary and are entitled, at the group's expense and after consultation with the group chairman, to seek independent expert advice on the affairs of the group.

Appointment and re-election of directors

The nominations committee is responsible for identifying fit and proper candidates who could be appointed to the board, and evaluating them against the specific disciplines and areas of expertise required. This committee has board-approved terms of reference that clearly define its roles and responsibilities, taking into account legislative and regulatory requirements and adopting codes of good practice.

Divisional boards

The MMI group has established divisional boards for businesses that are clustered together. These boards comprise non-executive board members, including such other appropriate persons as may be required, and have oversight of the clustered businesses.

The roles and responsibilities, authority, composition, operations and other matters relating to the divisional boards will be defined and set out in the respective divisional board charters.

The divisional boards report to the board on their activities.

Board committees

The board has eight committees that assist it in discharging its duties. The committees meet independently and their chairpersons report findings and recommendations to the board.

Each committee has formal terms of reference that clearly define its roles and responsibilities, taking into account legislative and regulatory requirements and adopting codes of good practice. The deliberations of these committees do not reduce the individual and collective responsibilities of board members, including board members of the life companies, in respect of their fiduciary duties and responsibilities, and they are nonetheless required to exercise due care and judgement in accordance with their statutory obligations. All board-delegated authorities are reviewed and updated annually.

The board committees are as follows:

Actuarial committee

This committee has board-approved terms of reference that clearly define its roles and responsibilities, taking into account legislative and regulatory requirements and adopting codes of good practice. The terms of reference are subject to the provisions of the constitution of the group and related documents, professional guidance issued by the Actuarial Society of South Africa, the Companies Act and any other applicable law or regulatory provision of the Republic of South Africa and, where relevant, territories in which the group conducts life insurance business.

The committee is appointed by the board, and comprises at least three members, including:

- a chairperson, who is an independent non-executive director of the group and an actuary
- an executive director of the group, who is an actuary
- at least one other director of the group.

The chairperson of the board may not also serve as the chairperson of the actuarial committee.

Actuaries assist the board in actuarial matters and conduct the actuarial valuations of the life companies in the group. Actuaries are subject to professional governance by the Actuarial Society of South Africa.

A statutory actuary appointed in accordance with the Long-Term Insurance Act, 1998 (Act No. 52 of 1998), has specific responsibilities relating to the solvency of a life company as well as the interests of its policyholders.

The committee meets at least twice a year, with additional meetings being held as and when necessary.

The primary objectives of the committee are to:

- review the actuarial reporting process and results;
- review the systems of internal control and management of actuarial risks;
- review the appropriateness and consistency of actuarial assumptions and methodology for all the life companies in the group; and
- review the principles and practices of financial management of discretionary participation policies and the communication thereof to policyholders.

It should, however, be noted that there is a separate committee of the board, the fair practices committee, that is principally tasked with monitoring the fair treatment of policyholders as well as with overseeing adherence to the group's principles and practices of financial management (PPFM) in respect of participating business.

Audit committee

This committee has board-approved terms of reference that clearly define its roles and responsibilities, taking into account legislative and regulatory requirements and adopting codes of good practice. The committee consists of not less than three members who are independent non-executive directors, to be elected by the shareholders at each annual general meeting on recommendation by the nominations committee and the board. The group CEO, deputy group CEO, group financial director, the head of corporate governance, the group actuary, the external auditors, the chief internal auditor and members of the group's financial management team attend audit committee meetings.

In addition to overseeing the financial reporting process, the audit committee's principal objectives include:

- satisfying the board that adequate internal, financial and operating controls are in place and are being monitored by management, and that material financial risks have been identified and are being contained and monitored;
- reviewing the financial statements and make appropriate recommendations to the board for approval;
- providing the respective boards with an assessment of the effectiveness and independence of the external auditors and the effectiveness of the internal audit function;
- dealing appropriately with any financial complaints received relating to the group's accounting policies, internal audit function, the content of the group's financial and/or auditing statements and the group's internal financial controls; and
- reviewing and recommending the integrated report for approval by the board.

The board is currently reviewing its policy governing the provision of non-audit services by the group's external auditor. The proposed policy will limit the combined fees for non-audit services in any year to a percentage of the external audit fee, an amount that must be approved by the audit committee. Each individual assignment within specified parameters is subject to pre-approval by the audit committee. Any further scope of changes to be undertaken also requires the audit committee's approval.

The audit committee considers the appropriateness of the expertise and experience of the financial director when such appointment is made and makes annual reassessments.

Divisional audit panels

The group has established divisional audit panels that report to each of the divisional boards. These panels have at least three members (appointed by the board on recommendations by the nominations committee), including such other appropriate persons as may be required. The divisional boards will have oversight responsibilities in respect of these divisional audit panels.

The roles and responsibilities, authority, composition, operations and other matters relating to the divisional audit panels are defined and set out in their respective terms of reference.

The divisional audit panels report to the audit committee of the board on their activities.

Balance sheet management committee

This committee has board-approved terms of reference defining its roles and responsibilities, taking into account legislative and regulatory requirements and adopting codes of good practice.

The balance sheet management committee comprises at least three members, both executive and non-executive directors, all of whom, including the chairperson, are appointed by the board.

Fair practices committee

This committee has board-approved terms of reference, defining its roles and responsibilities, taking into account legislative and regulatory requirements and adopting codes of good practice.

The fair practices committee comprises at least three members, both executive and non-executive directors, all of whom, including the chairperson, are appointed by the board.

The main responsibility of the fair practices committee is to ensure that MMI embeds fair treatment of customers as a core corporate value at all levels in the group. The fair practices committee also functions as the discretionary participation committee of the Metropolitan and Momentum life insurance companies and acts as the independent governance forum responsible for overseeing the implementation of and adherence to the *Treating Customers Fairly Initiative* of the Financial Services Board.

Nominations committee

This committee has board-approved terms of reference, defining its roles and responsibilities taking into account legislative and regulatory requirements and adopting codes of good practice.

The nominations committee is chaired by a non-executive director appointed by the board and its members are the chairperson of the board, the deputy chairperson of the board, the chairpersons of the risk and compliance committee, the remuneration committee and the audit committee as well as any other person appointed by the board.

The nominations committee is responsible for identifying fit and proper candidates who could be appointed to the board, and evaluating them against the specific disciplines and areas of expertise required. The interests of different stakeholders are also considered. Proposals are presented to the board for a final decision.

Meetings are held at least twice a year, with additional meetings taking place as and when necessary.

Remuneration committee

This committee has board-approved terms of reference that clearly define its roles and responsibilities, taking into account legislative and regulatory requirements and adopting codes of good practice. The chairperson and members of the remuneration committee are appointed by the board. The board appoints a non-executive director as the chairperson. The remuneration committee comprises only non-executive directors (a minimum of three), of whom the majority must be independent. Members of senior management also attend meetings.

Remuneration policy for all staff members is set by the remuneration committee. Guidelines, balanced scorecards and key performance indicators (KPIs) are under review to assist the directors and members of the committee in evaluating the key individuals.

The remuneration committee also deals with all aspects of the remuneration of non-executive directors, executive directors and executive management, including share incentive arrangements.

The remuneration committee's principal objectives are to:

- review the group's compensation and benefit policies and procedures;
- ensure compliance with applicable legislation and regulations;
- ensure that effective, affordable and equitable compensation practices are implemented across the wider group;
- review and approve proposed adjustments to standard conditions of employment;
- review the performance measures and criteria to be applied for annual incentive payments;
- evaluate the group's performance and then approve the performance bonus pool and long-term incentive scheme grants;
- review and approve general proposals for salary and benefit adjustments for all staff;
- set remuneration levels for executive directors as well as the chairman and non-executive directors, subject to board approval;
- consider the guaranteed remuneration and annual performance bonuses of executive management; and
- devise and implement appropriate short- and long-term incentive schemes across the group for executive directors and management.

MMI has formulated remuneration, policies and practices in terms of guaranteed remuneration as well as short- and long-term incentives.

Risk and compliance committee

This committee has board-approved terms of reference that clearly define its roles and responsibilities, taking into account legislative and regulatory requirements and adopting codes of good practice.

The risk and compliance committee comprises at least three members, both executive and non-executive directors, all of whom, including the chairperson, are appointed by the board. Meetings are held at least four times a year, with additional meetings taking place as and when necessary.

The role of the risk and compliance committee is to assist the board in ensuring that the following objectives are achieved:

- forming an opinion about the quality, integrity and reliability of the group's risk and compliance management processes;
- implementing an effective policy and plan for risk management at group level that enhances the group's ability to achieve its strategic objectives;
- providing objective oversight and review of the information presented by the various management teams on risks and risk management in their specific divisions;
- monitoring the group's entire risk profile, ensuring that the major risks are identified and escalated appropriately;
- ensuring that the risk disclosure is comprehensive, timely and relevant; and
- discharging its duties relating to corporate accountability and the associated risks in terms of management, assurance and risk reporting.

Transformation monitoring committee

This committee has board-approved terms of reference that clearly define its roles and responsibilities, taking into account legislative and regulatory requirements and adopting codes of good practice. It is chaired by an independent non-executive director who is appointed by the board, as are the other non-executive directors (a minimum of three) who serve on it, the majority of whom must be independent.

The transformation monitoring committee, which meets at least four times a year, is responsible for reviewing the strategy to be adopted by the group in support of its strategic transformation objectives, including:

- employment equity;
- preferential procurement, focusing on the use of suppliers from designated groups;

- corporate social investment; and
- skills development.

(This committee has been designated as the group's Social and Ethics committee, see below)

Social and ethics committee

The MMI group has three established board committees that already perform a substantial number of the functions prescribed for the social and ethics committee, including the fair practices committee, the risk and compliance committee and the transformation monitoring committee. The board has designated the transformation monitoring committee to discharge the responsibilities of the Social and Ethics Committee. It has been renamed the "Social, ethics and transformation committee". Some of the statutory responsibilities will still reside with other committees, which will report to this committee on their activities in this context. The mandate of the Social, ethics and transformation monitoring committee as well as the other committees will be adjusted appropriately to ensure compliance and efficient functioning.

Executive committee

This committee has terms of reference determined by the Group CEO in terms of delegated authority from the board, defining its scope, mandate, authority and roles and responsibilities as well as its required composition and meeting procedures and in addition taking into account legislative and regulatory requirements and adopting codes of good practice.

The executive committee comprises the group CEO, the deputy group CEO and other executive directors as well as persons from the ranks of group senior management. The group CEO chairs the executive committee and appoints the members thereof.

The executive committee's role is strategic in nature: it is the custodian of the group strategy as approved by the board and is also responsible for its execution as well as for the day-to-day running of the group. It meets once a month.



MMI HOLDINGS

MMI Holdings Limited

(Registration number 2000/031756/06)

(Incorporated in the Republic of South Africa)

JSE share code: MMI NSX share code: MIM

ISIN: ZAE000149902

("MMI" or "the Company")

NOTICE OF GENERAL MEETING

The definitions and interpretations commencing on page 10 of the circular, to which this notice of general meeting is attached ("circular") and forms part, apply *mutatis mutandis* to this notice of general meeting.

The general meeting of shareholders of the Company ("general meeting") will be held at 12:00 on Monday, 18 June 2012 at the registered offices of the Company, namely 268 West Avenue, Centurion, for the purpose of considering and, if deemed fit, passing with or without modification the special and ordinary resolutions detailed below. Registration for attendance at the general meeting will commence at 12:00.

ELECTRONIC PARTICIPATION IN THE GENERAL MEETING

Please note that the Company intends to make provision for the shareholders of MMI, or their proxies, to participate in the general meeting by way of electronic communication. In this regard, the Company intends making video-conferencing facilities available at the Auditorium, 7 Parc du Cap, Mispel Road, Bellville, Cape Town.

Should you wish to participate in the general meeting by way of electronic communication as aforesaid, you, or your proxy, will be required to give written notice to the Company of your intention to participate in the general meeting by means of electronic communication by no later than 12:00 on Thursday, 14 June 2012. Having given notice as aforesaid, you, or your proxy, will be required to attend at the above-mentioned location on the date and at the time of the general meeting. The above mentioned location will be linked by means of a real time video feed on the date of, and from the time of commencement of, the general meeting. The real-time video feed will enable all persons to participate electronically in the general meeting in this manner and to communicate concurrently with each other without an intermediary, and to participate reasonably effectively in the general meeting.

Please note that the cost of the video conferencing facilities described will be for the account of the Company.

RECORD DATES

The MMI directors have determined that the record date for the purpose of determining which shareholders of the Company are entitled to receive notice of the general meeting was 11 May 2012, and the record date for purposes of determining which shareholders of the Company are entitled to participate in and vote at the general meeting is Friday, 8 June 2012. Accordingly, only shareholders who are registered in the register of members of the Company on Friday, 8 June 2012 will be entitled to participate in and vote at the general meeting.

The MMI directors have further determined that the record date for the purpose of determining which shareholders of the Company are entitled to participate in the odd-lot offer or the voluntary repurchase offer, as the case may be, if approved by the shareholders is Friday, 20 July 2012. Accordingly, only shareholders who are registered in the register of members of the Company and who are odd-lot holders or voluntary holders, as the case may be, on Friday, 20 July 2012, will be entitled to participate in the odd-lot offer or the voluntary repurchase offer, as the case may be.

MEMORANDUM OF INCORPORATION

Until the Companies Act came into effect on 1 May 2011, the memorandum of incorporation of the Company comprised of its memorandum of association and its articles of association. On the date that the Companies Act came into effect, the memorandum of association and articles of association of the Company automatically converted into what is known as the Company's memorandum of incorporation. Accordingly, for consistency of reference, in this notice of general meeting the term "memorandum of incorporation" is used throughout to refer to the Company's memorandum of incorporation (which previously comprised the Company's memorandum of association and its articles of association, as aforesaid).

All references in this notice of general meeting (including all of the ordinary and special resolutions contained herein) to the Company's memorandum of incorporation refer to provisions of that portion of the Company's memorandum of incorporation that was previously called the Company's articles of association.

The purpose of the general meeting is for the following business to be transacted and for the following special and ordinary resolutions to be proposed.

SPECIAL RESOLUTION NUMBER 1

Amendment to the memorandum of incorporation of the Company in respect of the A3 preference shares

The MMI board believes that an amendment to the memorandum of incorporation of the Company is required for commercial reasons, so as to amend the preferences, rights, limitations and other terms associated with the A3 preference shares to give effect to the restructuring of KTH's shareholding in the Company as detailed in the circular.

"RESOLVED AS A SPECIAL RESOLUTION THAT the memorandum of incorporation of the Company be and is hereby amended with effect from the date agreed in writing between the holder of the A3 preference shares and the Company as follows:

- (i) by the deletion of article 137 of the memorandum of incorporation of the Company in its entirety and the replacement thereof with a new article 137 as detailed in schedule 1 hereto."

The reason for and effect of special resolution 1 is to amend the memorandum of incorporation of the Company so as to amend the preferences, rights, limitations and other terms associated with the A3 preference shares to give effect to the restructuring of KTH's shareholding in the Company as detailed in the circular. The passing and filing of this special resolution 1 will have the effect of amending the memorandum of incorporation of the Company so that the new terms attaching to the A3 preference shares shall be as detailed in schedule 1 hereto. The passing of this special resolution is not intended to be, and is not, a harmonisation of any part of the Company's memorandum of incorporation in accordance with the Companies Act, whether in terms of item 4(2)(a) of Schedule 5 of the Companies Act, or otherwise. This special resolution 1 is being proposed for commercial reasons only, to facilitate the BEE restructuring.

The minimum percentage of voting rights that is required for special resolution 1 to be adopted is 75% (seventy five percent) of voting rights to be cast on the resolution.

SPECIAL RESOLUTION NUMBER 2

Specific authority to repurchase shares in terms of the offers

"RESOLVED THAT, subject to the MMI board being satisfied that the requirements of the solvency and liquidity test as detailed in the Companies Act are complied with, the Company hereby approves, as a specific authority in terms of the Listings Requirements as well as section 48 of the Companies Act and articles 32(f) and 134 of the Company's memorandum of incorporation, the acquisition by the Company or any of its subsidiaries, at a price per share which is equal to the VWAP for the 5 (five) trading days commencing on Thursday, 28 June 2012 and ending on Wednesday, 4 July 2012 plus a 10% premium:

1. pursuant to the odd-lot offer, the shares of shareholders (odd-lot holders) holding less than 100 (one hundred) MMI ordinary shares in the Company (odd-lot holdings) who elect, pursuant to the odd-lot offer, to sell their odd-lot holdings to MMI or who do not make an election to retain their odd-lot holdings; and
2. pursuant to a voluntary offer (voluntary offer), the shares of shareholders (voluntary holders) holding from 100 (one hundred) to 500 (five hundred) shares (voluntary holdings) who elect, pursuant to the voluntary offer, to sell their voluntary holdings to MMI.”

Additional requirements imposed by the Listings Requirements

It is recorded that the Company or its subsidiaries may only make a specific repurchase of shares if the following Listings Requirements are met:

- a. the specific approval for the repurchase of securities will only be valid until such time as the approval is amended or revoked by special resolution of MMI shareholders;
- b. if the Company announces its intention to make a specific repurchase, it must pursue such proposal unless the JSE permits the Company not to do so; and
- c. the Company and/or its subsidiaries may not repurchase any shares in terms of this authority during a prohibited period, as defined in the Listings Requirements, unless the Company and/or its subsidiaries has in place a repurchase programme, where dates and quantities of shares to be traded during the prohibited period are fixed and full details of the programme have been disclosed in an announcement over SENS prior to the commencement of the prohibited period. The Company will be in a prohibited period at the time of the repurchase, but will comply with the provisions of the Listings Requirements in this regard.

Statement by the MMI directors

Pursuant to, and in terms of, the Listings Requirements, as well as in terms of section 48 of the Companies Act and articles 32(f) and 134 of the Company's memorandum of incorporation, the MMI board hereby states that, after considering the effect of the specific repurchase, the provisions of section 4 and section 48 of the Companies Act have been complied with and that the:-

- a. Company and the MMI group will be able in the ordinary course of business to pay its debts for a period of 12 months after the date of the approval of the circular;
- b. the assets of the Company and the MMI group will be in excess of the liabilities of MMI and the MMI group for a period of 12 months after the date of the approval of the circular, where such assets and liabilities have been recognised and measured in accordance with the accounting policies used in the latest audited consolidated annual financial statements of the MMI group which comply with the Companies Act.

Shareholders from whom the MMI ordinary shares will be repurchased

The shareholders from whom MMI ordinary shares will be purchased in terms of:-

- the odd-lot offer, are all MMI shareholders who hold in aggregate less than 100 MMI ordinary shares as at the record date; and
- the voluntary repurchase offer, are all MMI shareholders who hold in aggregate 100 to 500 MMI ordinary shares as at the record date.

Reason for and effect of special resolution number 2

The reason for special resolution number 2 is to obtain a specific approval, in terms of the Listings Requirements as well as section 48 of the Companies Act and articles 32(f) and 134 of the Company's memorandum of incorporation, for the acquisition by the Company or any of its subsidiaries from the odd-lot holders of their odd-lot holdings as proposed in the odd-lot offer, and from voluntary holders of their voluntary holdings as proposed in the voluntary offer, which authority shall be valid until such time as the approval is amended or revoked by special resolution of MMI shareholders. The reason for making the odd-lot offer and voluntary repurchase offer is to provide a mechanism for

minority shareholders in MMI to realise their investment in MMI in a cost effective manner and to enable MMI to reduce the substantial and ongoing costs of administration connected with a large number of odd-lot and voluntary holders. The passing and filing of special resolution number 2 will have the effect that MMI and/or any of its subsidiaries will be authorised, by way of a specific authority, to acquire shares in the Company in terms of the odd-lot offer from the odd-lot holders who elect to sell their odd-lot holding to MMI or who do not make an election, and in terms of the voluntary offer from voluntary holders who elect to sell their voluntary holdings to MMI.

The minimum percentage of voting rights that is required for special resolution 2 to be adopted is 75% (seventy five percent) of voting rights to be cast on the resolution. Odd-lot holders and voluntary holders and their associates (as such term is defined in the Listing Requirements) will, in terms of the Listings Requirements, be excluded from voting on special resolution 2 in respect of the resolutions required to authorise and implement the offers, but will be entitled to vote on special resolution 1 in respect of the resolutions required to effect the amendment to MMI's memorandum of incorporation.

ORDINARY RESOLUTION NUMBER 1

Authority to make and implement

"RESOLVED AS AN ORDINARY RESOLUTION THAT, subject to the passing and registration of special resolution 2 above, the MMI directors be and are hereby authorised and empowered, as required in terms of articles 32(f) and 134 of the memorandum of incorporation of the Company, to make and implement an odd-lot offer to shareholders holding less than 100 (one hundred) MMI ordinary shares in the Company and to make and implement a voluntary repurchase offer to shareholders holding between 100 (one hundred) and 500 (five hundred) MMI ordinary shares in the Company as at the close of business on Friday, 20 July 2012, according to the terms and conditions of the odd-lot offer and voluntary repurchase offer contained in the circular and which has been approved by the JSE."

ORDINARY RESOLUTION NUMBER 2

Authority to give effect to resolutions passed

"RESOLVED AS AN ORDINARY RESOLUTION THAT any independent non-executive director or officer of the Company, acting alone, be and is hereby authorised to take all such steps and sign all such documents as may be necessary to give effect to the resolutions duly passed at this general meeting."

By order of the MMI Board

Mr NAS Kruger
Group chief executive officer
Centurion, 0014
11 May 2012

Mr FD Jooste
Company Secretary
Centurion, 0014
11 May 2012

SCHEDULE 1: AMENDED TERMS ATTACHING TO THE A3 PREFERENCE SHARES

137 PREFERENCES, RIGHTS, LIMITATIONS AND OTHER TERMS OF THE "A3" MMI PREFS

Notwithstanding anything to the contrary in this article, the following terms and conditions shall attach to the fixed coupon convertible cumulative "A3" redeemable preference shares of 0,0001 cent (Zero comma Zero Zero Zero One Cent) each in the Company.

137.1 Interpretation

For the purposes of this article, unless the context clearly indicates a contrary intention, the following words and expressions shall bear the meanings assigned to them below and cognate words and expressions shall bear corresponding meanings:

"A3' MMI Preference Dividend"	the preferential cash dividend payable to the Holders of "A3" MMI Prefs in accordance with 137.2 below;
"A3' MMI Prefs"	the fixed coupon cumulative convertible redeemable "A3" preference shares in the Company with a par value of 0,0001 cent (Zero comma Zero Zero Zero One Cent);
"A3' SPV Prefs"	the variable rate cumulative redeemable "A3" preference shares in the SPV with a par value of R1,00 (one Rand) each;
"the Act"	the Companies Act, 71 of 2008, as amended from time to time;
"Business Day"	any day, other than a Saturday, Sunday or a day which is a statutory public holiday in the Republic of South Africa;
"Dividend Date"	31 March and 30 September each year;
"Extension Date"	the date set out in the Notice of Amendment (as contemplated in the Act) on which the memorandum of incorporation of the Company is amended to insert this definition and related amendments adopted by special resolution;
"Holder"	the holder of the "A3" MMI Prefs from time to time;
"Issue Date"	the date of issue of the "A3" MMI Prefs, being 5 December 2005;
"Issue Price"	R10.18 (ten Rand and eighteen cents) per "A3" MMI Pref, of which 0,0001 (zero comma zero zero zero one) cent was allocated to the par value of such share and the balance to the share premium account of the Company;
"JSE"	JSE Limited;
"MMI Ords"	the ordinary shares of 0,0001 cent (Zero comma Zero Zero Zero One Cent) in the Company;
"Pre-Extension Date Terms"	the preferences, rights, limitations and other terms of the "A3" MMI Prefs as set out in clause 137 of the memorandum of incorporation of the Company immediately prior to the amendments to the memorandum of incorporation that become effective on the Extension Date;
"Prime Rate"	the prevailing interest rate (per cent, per annum, compounded monthly) from time to time published by First National Bank, a division of FirstRand Bank Limited, as being its prime overdraft rate (as certified by any manager of FirstRand Bank Limited whose appointment and designation need not be proved) expressed as a percentage;
"Redemption Amount"	the amount detailed in 137.5.1
"Redemption Date"	the date which falls on the 5th anniversary of the Extension Date, unless the "A3" MMI Prefs are converted or redeemed at an earlier date in terms of this clause 137, or such later date as agreed in writing between the SPV and the Company;
"Return of Capital"	any distributions in respect of any share in the Company to the extent that such distribution results in a reduction of contributed tax capital of the Company;
"SPV"	Off the Shelf Investments 108 (Proprietary) Limited, a private company incorporated under the laws of South Africa with Registration Number 2004/013271/07;
"Subsidiary"	any subsidiary as defined in the Act.

137.2 Preference Dividends

- 137.2.1 The “A3” MMI Prefs shall confer on the Holder thereof the right to receive out of the profits of the Company, which right shall rank *pari passu* with the rights of all other holders of preference shares in the Company but prior to the provision for, or declaration or payment of, any dividends or other distributions of any nature whatsoever on any ordinary share in the capital of the Company, a cumulative preferential cash dividend which shall accrue on a daily basis and which shall be determined in the manner set out in articles 137.2.2 to 137.2.4 and article 137.3 below.
- 137.2.2 In the period from (and including) the Extension Date up to (but excluding) the first Dividend Date thereafter (“First Period”), each “A3” MMI Pref shall confer on the Holder registered as such on the Business Day immediately preceding such Dividend Date the right to receive out of the profits of the Company a cumulative preferential cash dividend in the amount equal to 132 cents divided by 365 and multiplied by the number of days in such First Period. Thereafter, the “A3” MMI Pref shall confer on the Holder registered as such on the Business Day immediately preceding each Dividend Date the right to receive out of the profits of the Company a cumulative preferential cash dividend in the amount of 132 cents per annum per share, paid in equal amounts semi-annually in arrears on each Dividend Date.
- 137.2.3 Such cumulative preferential cash dividends shall for purposes of the calculation thereof from time to time accrue on each day at such amount as is equal to 132 cents divided by 365.
- 137.2.4 Should any “A3” MMI Pref be redeemed or converted in accordance with the provisions of this clause 137, then the Holder registered as such on the date of such redemption or conversion shall be entitled to receive, immediately prior to such redemption or conversion, out of the profits of the Company:
- 137.2.4.1 any arrear “A3” MMI Preference Dividends which have not been paid on such “A3” MMI Pref in accordance with the terms and conditions attaching to such “A3” MMI Pref, on the basis that a dividend will be deemed to be in arrear if at any earlier dividend payment date the applicable “A3” MMI Preference Dividend was not paid; and
- 137.2.4.2 any “A3” MMI Preference Dividends which accrued since (and including) the last Dividend Date in respect of such “A3” MMI Pref for the period from the last Dividend Date up to (but excluding) such date of redemption or conversion.

137.3 Adjustment Events

In the event that, on or following the Extension Date, the SPV becomes obliged to pay to the holder of an “A3” SPV Pref any additional dividend or increased dividend or other amount pursuant to the provisions of article 39.7, which is to be amended to constitute the subclause headed “*Adjustment Events and Additional Dividends*”, of the terms attaching to the A3 SPV Prefs in Schedule 1 to the memorandum of incorporation of SPV (appearing as clause 1.2.4 of Annexure A to the A3 SPV Prefs Amendment Agreement) (“Increased Amount”), the Company shall pay to the SPV such additional dividend or increased dividend or other amount as will place the SPV in the same net after-tax position after the payment by the SPV of the Increased Amount as it would have been in had it not become obliged to pay the Increased Amount, within 7 days after receipt of the SPV’s written demand in the case that the SPV is obliged to pay an additional dividend or other amount and on the next succeeding Dividend Date in the case that the SPV is obliged to pay an increased dividend. The obligation in this article 137.3 shall endure notwithstanding the redemption of the “A3” MMI Prefs in full.

137.4 Return of Capital

Save if the Holder and the Company have agreed otherwise in writing, in the event that the Company makes any distribution to holders of MMI Ords which constitutes a Return of Capital, then the "A3" MMI Prefs shall confer upon the Holder the right to receive and be paid an amount constituting a Return of Capital in respect of each "A3" MMI Pref held which shall be equal to the amount so distributed by the Company in respect of each MMI Ord, but which shall not exceed the amount in article 137.5.1.1.

137.5 Redemption

137.5.1 The amount at which the Company shall redeem each "A3" MMI Pref in terms of article 137.5.2 shall be an amount equal to:

137.5.1.1 the Issue Price, less any Return of Capital or any payments of share capital or premium to Holders in respect of the "A3" MMI Prefs since the Issue Date; plus

137.5.1.2 any unpaid arrear "A3" MMI Preference Dividend which has not been paid in accordance with clause 137.2.4, on the basis that a dividend will be deemed to be in arrear if at any earlier dividend payment date the "A3" MMI Preference Dividend was not paid; plus

137.5.1.3 any "A3" MMI Preference Dividends which accrued since the last Dividend Date in respect of such "A3" MMI Pref for the period from the last Dividend Date to the date of redemption (and which has not been paid in accordance with 137.2.4); plus

137.5.1.4 interest on arrear "A3" MMI Preference Dividends calculated daily at the Prime Rate plus 2%, from (and including) the due date for payment of the "A3" MMI Preference Dividend up to (but excluding) the date of redemption, compounded monthly.

137.5.2 Subject to the further provisions of the Act and the provisions of article 137.6 below, the Company shall redeem the "A3" MMI Prefs in full for the Redemption Amount, on the Redemption Date against either:

137.5.2.1 surrender to the Company of the certificates in respect of the "A3" MMI Prefs; or

137.5.2.2 if such certificates are lost, receipt of a suitable written indemnity from the Holder that the certificates have not been alienated or pledged.

137.5.3 Should the Redemption Amount not be paid on due date, then such amount shall bear interest at the Prime Rate plus 2% from (and including) the due date until (but excluding) the date of payment.

137.6 Redemption Events

137.6.1 Notwithstanding anything to the contrary herein contained, all the issued "A3" MMI Prefs shall be redeemed in full, if:

137.6.1.1 the Company should after the Extension Date have failed to pay any dividend on the "A3" MMI Prefs on the due date of payment therefor and has failed to remedy such breach within 1 (one) Business Day of written notice by the Holder requesting it to do so; and

137.6.1.2 the SPV has given the Company written notice that it requires redemption of the "A3" MMI Prefs.

- 137.6.2 Notwithstanding anything to the contrary herein contained, all the “A3” MMI Prefs shall become immediately redeemable and shall be redeemed in full conditional upon the occurrence of any one or more of the following events after the Extension Date, namely:
- 137.6.2.1 if the Company should fail to redeem any of the “A3” MMI Prefs on the Redemption Date or fail to pay to the Holder thereof the full proceeds of redemption on the due date of payment therefor and has failed to remedy such breach within 1 (one) Business Day of written notice by the Holder requesting it to do so; or
 - 137.6.2.2 if the Company commits an act which, if it were a natural person, would be an act of insolvency in terms of Section 8 of the Insolvency Act and has failed to remedy such breach within 10 (ten) Business Days of written notice by the Holder requesting it to do so; or
 - 137.6.2.3 if the Company should be placed into liquidation or wound-up, in any case whether provisionally or finally and whether voluntarily or compulsorily and has failed to remedy such breach within 10 (ten) Business Days of written notice by the Holder requesting it to do so; or
 - 137.6.2.4 if the Company should be placed under supervision pursuant to business rescue proceedings and has failed to remedy such breach within 10 (ten) Business Days of written notice by the Holder requesting it to do so; or
 - 137.6.2.5 if the Company should give any notice or take any steps to convene a meeting of its shareholders to adopt a resolution placing it in liquidation (whether provisionally or finally) or to be placed under supervision pursuant to business rescue proceedings and has failed to remedy such breach within 10 (ten) Business Days of written notice by the Holder requesting it to do so; or
 - 137.6.2.6 if the Company should make or attempt to make or recommend any general offer of compromise with any or all of its creditors and has failed to remedy such breach within 10 (ten) Business Days of written notice by the Holder requesting it to do so; or
 - 137.6.2.7 if any asset of the Company is attached for a judgement in excess of R50 000 000 (Fifty Million Rand) and the Company fails to set such attachment aside within 60 (sixty) days following receipt of written notice given by the Holder to the Company to do so; or
 - 137.6.2.8 if the SPV is required to redeem the “A3” SPV Prefs prior to their scheduled redemption date pursuant to the occurrence of a Trigger Event or an Illegality Event (as respectively defined in Schedule 1 of the memorandum of incorporation of the SPV); or
 - 137.6.2.9 any repudiation by the Company of its obligations under the terms of this article 137 and the Company has failed to remedy such breach within 10 (ten) Business Days of written notice by the Holder requesting it to do so.

137.7 Meetings

The Holder shall be entitled to receive notice of, and to be present at, any general meeting of the Company and shall (in its capacity as holder) be entitled to vote, either in person, by representation or by proxy, at any such meeting as if the Holder is an ordinary shareholder of the Company holding as many ordinary shares of the Company as it holds “A3” MMI Prefs, but subject to the following conditions imposed by the Listing Division of the JSE:

- 137.7.1 the exercise of the voting rights of the “A3” MMI Prefs is entirely subject to the conditions of approval issued by the Listings Division of the JSE, in particular that the Holder be a black person or company;
- 137.7.2 no further issue of “A3” MMI Prefs may be made without the written consent of the JSE; and
- 137.7.3 the Holder may not veto any resolutions of the Company that would otherwise have been passed by the holders of MMI Ords together with the Holder of the “A3” MMI Prefs.

137.8 Rights of Conversion

- 137.8.1 The Holder may, upon written notice to the secretary of the Company in the period after 3 (three) years and one day following the Issue Date but prior to the Redemption Date require the Company to convert all or a portion of the “A3” MMI Prefs held by the Holder on a one for one basis into MMI Ords, ranking *pari passu* in all respects with the then existing ordinary shares of the Company, with effect from the date of receipt by the secretary of the Company of the said notice.
- 137.8.2 Upon such conversion the Holder of the “A3” MMI Prefs shall deliver to the Company certificates in respect of the number of MMI Prefs converted and details of its Central Securities Depository Participant to hold the uncertificated MMI Ords against payment of all costs incurred by the Company to issue such MMI Ords, whereafter the Company shall within 5 (five) Business Days apply for the listing of such MMI Ords on the JSE.

137.9 General

- 137.9.1 The Company shall not be liable to the Holders for interest on any unclaimed “A3” MMI Preference Dividend or distribution of redemption monies. The Company shall retain all unclaimed monies until they are claimed; provided that any amount remaining unclaimed for a period of 12 (twelve) years shall be forfeited by the Holder to the Company.
- 137.9.2 Subject to contrary agreement in writing between the Company and the Holder, if the date scheduled for payment by the Company of any “A3” Preference Dividend or Redemption Amount falls on a day other than a Business Day, then such dividend or amount shall be paid by the Company to the Holder on the next succeeding Business Day.
- 137.9.3 The Holder and the Company may agree in writing that MMI shall make all payments due by the Company to the Holder in respect of the “A3” MMI Prefs to an agent of the Holder.

137.10 Extension Date

- 137.10.1 The Pre-Extension Date Terms shall continue to govern the preferences, rights, limitations and other terms attaching to the Preference Shares up to the date immediately prior to the Extension Date.
- 137.10.2 Without derogating from the generality of article 137.10.1, the 6 (six) monthly preferential cash dividend accumulating in respect of the “A3” MMI Prefs in the period from (and including) 30 March 2012 up to (and including) the day immediately prior to the Extension Date shall be paid by the Company in accordance with the Pre-Extension Date Terms on 30 September 2012.
- 137.10.3 The provisions contained in this article 137.10 shall replace the Pre-Extension Date Terms with effect from the Extension Date and shall, subject to article 137.10.1, constitute the preferences, rights, limitations and other terms attaching to the “A3” MMI Prefs from the Extension Date.



MMI HOLDINGS

MMI Holdings Limited
(Metropolitan Holdings Limited)
(Registration number 2000/031756/06)
(Incorporated in the Republic of South Africa)
JSE share code: MMI NSX share code: MIM
ISIN: ZAE000149902
("MMI" or "the Company")

PROXY FORM

For use by certificated shareholders and dematerialised shareholders who have "own name" registration of shares at the general meeting to be held at the registered office of MMI, 268 West Avenue, Centurion, at 12:00 on Monday, 18 June 2012.

I/We (Please print full names) _____

of (address) _____

Being the holders of MMI shares in the company, hereby appoint (see note 1)

1. _____ or failing him/her,

2. _____ or failing him/her,

the chairman of the general meeting as my/our proxy to attend and speak and vote for me/us on my/our behalf at the general meeting which will be held for the purpose of considering and, if deemed fit, passing with or without modification, the special and ordinary resolutions to be proposed and at each adjournment of the meeting and to vote for or against the special and ordinary resolutions or to abstain from voting in respect of the MMI shares in the issued capital of the Company registered in my/our name/s, in accordance with the following instructions (see note 2).

Insert an "X" or the number of MMI shares (see note 2)

	For	Against	Abstain
Special resolution number 1: Amend MMI's memorandum of incorporation to reflect the amended terms of the A3 preference shares			
Special resolution number 2: Voluntary repurchase of MMI ordinary shares (in respect of the odd lot offer and voluntary repurchase offer)			
Ordinary resolution number 1: Make and implement the odd-lot offer and voluntary repurchase offer			
Ordinary resolution number 2: Do all things necessary to give effect to resolutions passed			

Insert an "X" in the relevant spaces above according to how you wish your votes to be cast. However, if you wish to cast your votes in respect of a lesser number of shares than you own in the Company, insert the number of shares held in respect of which you desire to vote (see note 2).

Signed at _____ on _____ 2012

Signature _____

Assisted by me (where applicable) _____

Each shareholder is entitled to appoint one or more proxies (who need not be a member of the company) to attend speak and, on a poll, vote in place of that member at the general meeting.

PLEASE READ THE NOTES ON THE REVERSE SIDE OF THIS PROXY FORM.

Notes:

1. In accordance with the provisions of section 58 of the Companies Act, shareholders have the right to be represented by proxy at shareholders' meetings. A shareholder may appoint one or more persons of his own choice as his proxy/ies by inserting the name/s of such proxy/ies in the space provided, with or without deleting "the chairman of the general meeting", but any such deletion must be initialled by the shareholder. Any such proxy need not be a shareholder of the Company. Should this space be left blank, the proxy will be exercised by the chairman of the meeting. The person whose name stands first on the proxy form and who is present at the general meeting will be entitled to act as proxy to the exclusion of those whose names follow.
2. Please insert an "X" in the relevant space according to how you wish your votes to be cast. However, if you wish to cast your votes in respect of a lesser number of shares than you own in the Company, insert the number of shares held in respect of which you wish to vote. Failure to comply with the above will be deemed to authorise the proxy to vote or to abstain from voting at the general meeting as he/she deems fit in respect of all your votes exercisable at the meeting. A shareholder or his/her proxy is not obliged to use all the votes exercisable by the shareholder or by his/her proxy, but the total of the votes cast and in respect of which abstention is recorded may not exceed the total of the votes exercisable by the shareholder or by his/her proxy.
3. If a shareholder does not indicate on this instrument that his proxy is to vote in favour of or against any resolution or resolutions or to abstain from voting, or gives contradictory instructions, or should any further resolution/s or any amendment/s that may be properly put before the general meeting be proposed, the proxy shall be entitled to vote as he thinks fit.
4. Subject to the restrictions set out in this form of proxy, a proxy may delegate the proxy's authority to act on behalf of a shareholder to another person.
5. The appointment of the proxy shall be suspended to the extent that a shareholder chooses to exercise any rights as a member in person. Furthermore, a shareholder may revoke a proxy appointment by:
 - a. cancelling the form of proxy in writing or making a later inconsistent appointment of a proxy, and
 - b. delivering a copy of the revocation instrument to the proxy and to the Company,which revocation will constitute a complete and final cancellation of the proxy's authority to act on behalf of the shareholder with effect from the date stated in the revocation instrument or the date on which it is delivered in terms of paragraph 5b above.
6. Unless the above section is completed for a lesser number of shares, this proxy shall apply to all the MMI ordinary shares registered in the name of the shareholder /s at the date of the general meeting or any adjournment thereof.
7. Companies and other corporate bodies are advised to appoint a representative in terms of section 57(5) of the Companies Act, for which purpose a duly certified copy of the resolution appointing such a representative should be lodged with the Company's transfer office, as set out in 12 below.
8. Documentary evidence establishing the authority of a person signing this proxy form in a representative capacity must be attached to this proxy form unless previously recorded by the transfer secretaries or waived by the chairman of the general meeting.
9. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the transfer secretaries.
10. In accordance with the provisions of section 63(1) of the Companies Act, before any person may attend or participate in a shareholders' meeting, that person must present reasonably satisfactory identification, and the person presiding at the meeting must be reasonably satisfied that the right of that person to participate and vote, either as a shareholder or as a proxy for a shareholder, has been reasonably verified. Any shareholder of the Company that is a company may authorise any person to act as its representative at the general meeting.
11. Any alterations made to this form of proxy must be initialled.
12. Proxy forms must be received lodged at the Company's transfer secretaries, Link Market Services SA (Proprietary) Limited, 13th Floor, Rennie House, 19 Ameshoff Street, Braamfontein, Johannesburg 2001 (PO Box 4844, Johannesburg 2000) in South Africa or Transfer Secretaries Proprietary Limited, No. 4 Robert Mugabe Avenue, Windhoek, Namibia (PO Box 2401, Windhoek) in Namibia, to be received by not later than 12:00 on Thursday, 14 June 2012, or must be delivered to the Company secretary/Bill Botha at 268 West Avenue, Centurion or to the person designated by the chairman of MMI to receive such proxy forms in the alternate venue allocated for electronic participation, namely auditorium, 7 Parc du Cap, Mispel Road, Bellville, Cape Town, if such venue is made available, immediately before the general meeting commences.
13. The chairman of the general meeting may accept any proxy form which is completed other than in accordance with these notes if he is satisfied as to the manner in which the shareholder wishes to vote.
14. All references to times in this notice are to South African local times unless otherwise stated.

For completion by certificated shareholders who hold less than 100 MMI ordinary shares in total ("odd-lot holdings") as at the close of business on Friday, 20 July 2012 ("odd-lot holders"). Your share certificate must be submitted along with this form in the event that you do not elect to retain your odd-lot holding.



MMI HOLDINGS

MMI Holdings Limited
 (Metropolitan Holdings Limited)
 (Registration number 2000/031756/06)
 (Incorporated in the Republic of South Africa)
 JSE share code: MMI NSX share code: MIM
 ISIN: ZAE000149902
 ("MMI" or "the Company")

ODD-LOT OFFER FORM OF ELECTION AND SURRENDER

Instructions:

- Part 1 must be completed by ALL odd-lot holders who hold a share certificate in respect of their shares and who return this form.
- Part 2 must ONLY be completed by odd-lot holders who hold a share certificate in respect of the MMI ordinary shares and WHO WISH TO SELL THEIR ODD-LOT HOLDINGS TO MMI.
- Part 3 must ONLY be completed by odd-lot holders who hold a share certificate in respect of their MMI ordinary shares and WHO ARE EMIGRANTS FROM OR NON-RESIDENTS OF THE COMMON MONETARY AREA, and WHO WISH TO SELL THEIR ODD-LOT HOLDINGS TO MMI.
- Additional forms of election and surrender may be obtained from the transfer secretaries at the applicable address set out below.
- ALL odd-lot holders who complete this *blue* form of election and surrender must attach a certified copy of their identity document.
- If an odd-lot holder chooses the cash consideration and wishes to have the money deposited directly into his/her bank account, a certified copy of a recent bank statement must be attached to this *blue* form of election and surrender.
- All forms of election and surrender must be lodged with the transfer secretaries at the addresses set out below, so as to be received by no later than 12:00 Friday, 20 July 2012.

To be delivered at:

Link Market Services SA Proprietary Limited
 (Registration number 2000/007239/07)
 13th Floor, Rennie House
 19 Ameshoff Street
 Braamfontein
 Johannesburg 2001
 in South Africa

Transfer Secretaries Proprietary Limited
 (Registration number 93/713)
 No. 4 Robert Mugabe Avenue,
 Windhoek, Namibia
 in Namibia

or posted at the risk of the odd-lot holder to:

Link Market Services SA Proprietary Limited
 (PO Box 4844, Johannesburg, 2000)

Transfer Secretaries Proprietary Limited
 (PO Box 2401, Windhoek)

- Odd-lot holders who have dematerialised their MMI ordinary shares must advise their CSDP or broker as to the action they wish to take in terms of the agreement entered into between them and their CSDP or broker. Such shareholders must NOT return this form of election and surrender to the transfer secretaries.

ALL CERTIFICATED ODD-LOT HOLDERS MUST COMPLETE THE SIGNATURE AND CONTACT DETAILS SECTION BELOW.

Name	
Surname	
Share certificate number	
ID number/ Company registration number	
Assisted by me (if applicable)	
(State full name and capacity)	
Date	2012
Telephone number (Home)	()
Telephone number (Work)	()
Cellular number	()
Postal address	
Signature of shareholder	

PART 1 – To be completed by ALL odd-lot holders who return this form.

Odd-lot holders who hold a share certificate in respect of their MMI ordinary shares and who do not complete and return this form of election and surrender so as to be received by no later than 12:00 on Friday, 20 June 2012 should note that their MMI ordinary shares will be repurchased by MMI without any further action on their part and without any further notice to them. However, until such odd-lot holders have put in a claim with the transfer secretaries and completed the forms and statements that are required in this regard, the money owing to them will be held on their behalf. No interest will be paid on the money so held.

Indicate your choice by means of an “X”.

OPTION A I would like to sell all my MMI ordinary shares at the offer price.

OPTION B I would like to retain all my MMI ordinary shares.

If OPTION A is chosen:

Please complete Part 2. If you do not provide bank account details, payment will be made by cheque to you which will be sent to the postal address provided above and where no postal address is given or such address is incomplete, payment will be posted to your address contained in the share register of MMI as at the close of business on Monday, 23 July 2012. The posting of such cheque will be at your risk.

PART 2 – To be completed by odd-lot holders who WISH TO SELL THEIR ODD-LOT HOLDINGS

I have a bank account and would like to sell my shares. Please pay the cash owing to me for selling my shares into the following bank account:

Banking Details	
Account Holder:	
Bank Name:	
Account number:	
Bank branch:	
Branch code:	

NB: In order to comply with FICA requirements, the transfer secretaries will be unable to record any changes of address or payment mandates unless a certified true copy of the following documentation is received from the relevant shareholder, namely: (i) a copy of an identification document (in respect of change of address and payment mandate); and (ii) a copy of a bank statement (in respect of bank mandate).

PART 3 – EMIGRANTS FROM OR NON-RESIDENTS OF THE COMMON MONETARY AREA who wish to sell their MMI ordinary shares, must complete this section

Name of authorised dealer	Stamp and address of agent lodging this form (if any)
Address	
Account number	

Notes:

1. This form is to be used by odd-lot holders who have not dematerialised their MMI ordinary shares and who wish to sell their odd-lot holdings in terms of the odd-lot offer and who are registered as such at the close of business on Friday, 20 July 2012.
2. Odd-lot holders who have not made an election or who have chosen OPTION A will have payments for the proceeds of the sale of their odd-lot holdings processed in the manner set out in paragraph 3.8. of Part II of the circular, on or about Monday, 23 July 2012 or within 5 (five) business days after they have submitted their claim, whichever is the later.
3. If this form of election and surrender is signed under a power of attorney, then such power of attorney, or certified copy of the original, must be sent with this form of election and surrender for noting (unless it has already been noted by MMI or the transfer secretaries).
4. Where the odd-lot holder is a company or a close corporation, unless it has already been registered with MMI or transfer secretaries, a certified copy of the directors' or members' resolution authorising the signing of this form of election and surrender must be submitted if so requested by MMI.
5. Note 4 above does not apply in the event of this form of election and surrender bearing the stamp of a broking member of the JSE.
6. Where there are joint holders of any MMI ordinary shares, only that holder whose name appears first in the register in respect of such MMI ordinary shares need sign this form of election and surrender.
7. No receipts will be issued for documents lodged, unless specifically requested. In compliance with the requirements of the JSE, lodging agents are required to prepare special transaction receipts.
8. The directors of MMI reserve the right to accept or reject any form of election and surrender where the odd-lot holder has not completed all the required information or has not delivered all the required documents to the transfer secretaries.
9. All references to times in this form are to South African local times unless otherwise stated.

For completion by certificated shareholders who hold from 100 to 500 MMI ordinary shares in total ("voluntary holdings") as at the close of business on Friday, 20 July 2012 ("voluntary holders"). Your share certificate must be submitted along with this form.



MMI HOLDINGS

MMI Holdings Limited
 (Metropolitan Holdings Limited)
 (Registration number 2000/031756/06)
 (Incorporated in the Republic of South Africa)
 JSE share code: MMI NSX share code: MIM
 ISIN: ZAE000149902
 ("MMI" or "the Company")

VOLUNTARY OFFER FORM OF ELECTION AND SURRENDER

Instructions:

- Part 1 and Part 2 must be completed by **ALL** voluntary holders who hold a share certificate in respect of their MMI ordinary shares and **WHO WISH TO SELL ALL THEIR VOLUNTARY HOLDINGS TO MMI**.
- Part 3 must **ONLY** be completed by voluntary holders who hold a share certificate, who wish to sell their voluntary holdings to MMI and **WHO ARE EMIGRANTS FROM OR NON-RESIDENTS OF THE COMMON MONETARY AREA**.
- Additional forms of election and surrender may be obtained from the transfer secretaries at the applicable address set out below.
- ALL voluntary holders who complete this *green* form of election and surrender must attach a certified copy of their identity document.**
- If a voluntary holder chooses the cash consideration and wishes to have the money deposited directly into his/her bank account, a certified copy of a recent bank statement must be attached to this *green* form of election and surrender.
- All forms of election and surrender must be lodged with the transfer secretaries at the address set out below, so as to be received by no later than 12:00 on Friday, 20 July 2012.

To be delivered at:

Link Market Services SA Proprietary Limited
 (Registration number 2000/007239/07)
 13th Floor, Rennie House
 19 Ameshoff Street
 Braamfontein
 Johannesburg 2001
 in South Africa

Transfer Secretaries Proprietary Limited
 (Registration number 93/713)
 No. 4 Robert Mugabe Avenue,
 Windhoek, Namibia
 in Namibia

or posted at the risk of the odd-lot holder to:

Link Market Services SA Proprietary Limited
 (PO Box 4844, Johannesburg, 2000)

Transfer Secretaries Proprietary Limited
 (PO Box 2401, Windhoek)

- Voluntary holders who have dematerialised their MMI ordinary shares must advise their CSDP or broker as to the action they wish to take in terms of the agreement entered into between them and their CSDP or broker. Such shareholders must **NOT** return this form of election and surrender to Link Market Services.

ALL CERTIFICATED VOLUNTARY HOLDERS WHO WISH TO SELL THEIR MMI ORDINARY SHARES TO MMI MUST COMPLETE THE SIGNATURE AND CONTACT DETAILS SECTION BELOW.

Name	
Surname	
Share certificate number	
ID number/ Company registration number	
Assisted by me (if applicable)	
(State full name and capacity)	
Date	2012
Telephone number (Home)	()
Telephone number (Work)	()
Cellular number	()
Postal address	
Signature of shareholder	

PART 1 – To be completed by ALL certificated voluntary holders who wish to sell their MMI ordinary shares to MMI.

Voluntary holders who hold a share certificate in respect of their MMI ordinary shares and who elect to sell their MMI ordinary shares should note that their MMI ordinary shares will be repurchased by MMI without any further action on their part and without any further notice to them.

Indicate that you wish to sell all your MMI ordinary shares by means of an “X”.

--

I would like to sell all my MMI ordinary shares at the offer price.

If you have elected to sell your voluntary holding, please complete Part 2. If you do not provide bank account details, payment will be made by cheque to you which will be sent to the postal address provided above and where no postal address is given or such address is incomplete, payment will be posted to your address contained in the share register of MMI as at the close of business on Friday, 20 July 2012. The posting of such cheque will be at your risk.

PART 2 – To be completed by voluntary holders who wish to have the offer price deposited into their bank account

I have a bank account and would like to sell my MMI ordinary shares. Please pay the cash owing to me for selling my MMI ordinary shares into the following bank account:

Banking Details	
Account Holder:	
Bank Name:	
Account number:	
Bank branch:	
Branch code:	

NB: In order to comply with FICA requirements, the transfer secretaries will be unable to record any changes of address or payment mandates unless a certified true copy of the following documentation is received from the relevant shareholder, namely: (i) a copy of an identification document (in respect of change of address and payment mandate); and (ii) a copy of a bank statement (in respect of bank mandate).

PART 3 – VOLUNTARY HOLDERS WHO ARE EMIGRANTS FROM OR NON-RESIDENTS OF THE COMMON MONETARY AREA who wish to sell their MMI ordinary shares to MMI, must complete this section

Name of authorised dealer	Stamp and address of agent lodging this form (if any)
Address	
Account number	

Notes:

1. This form is to be used by voluntary holders who have not dematerialised their MMI ordinary shares and who wish to sell their MMI ordinary shares in terms of the voluntary repurchase and who are registered as such as at the close of business on Friday, 20 July 2012.
2. Voluntary holders who have elected to sell their MMI ordinary shares will have payments for the proceeds of the sale of their MMI ordinary shares processed in the manner set out in paragraph 3.8 of the circular, on or about Monday, 23 July 2012.
3. If this form of election and surrender is signed under a power of attorney, then such power of attorney, or a certified copy of the original, must be sent with this form of election and surrender for noting (unless it has already been noted by MMI or the transfer secretaries).
4. Where the voluntary holder is a company or a close corporation, unless it has already been registered with MMI or the transfer secretaries, a certified copy of the directors' or members' resolution authorising the signing of this form of election and surrender must be submitted if so requested by MMI.
5. Note 4 above does not apply in the event of this form of election and surrender bearing the stamp of a broking member of the JSE.
6. Where there are joint holders of any MMI ordinary shares, only that holder whose name appears first in the register in respect of such MMI ordinary shares need sign this form of election and surrender.
7. No receipts will be issued for documents lodged, unless specifically requested. In compliance with the requirements of the JSE, lodging agents are required to prepare special transaction receipts.
8. The directors of MMI reserve the right to accept or reject any form of election and surrender where the voluntary holder has not completed all the required information or has not delivered all the required documents to the transfer secretaries.
9. All references to times in this form are to South African local time unless otherwise stated.

