

Old Mutual Limited

(Incorporated in the Republic of South Africa)

(Registration number: 2017/235138/06)

ISIN: ZAE000255360

JSE Share Code: OMU

NSX Share Code: OMM

("Old Mutual")

LEI: 213800MON84ZWWPQCN47

Ref 65/18

11 October 2018

UPDATE ON THE UNBUNDLING BY OLD MUTUAL OF THE MAJORITY OF ITS SHAREHOLDING IN NEDBANK GROUP LIMITED

- **CASH PROCEEDS IN RESPECT OF FRACTIONAL ENTITLEMENTS AND APPLICABLE RATE**
- **INTERNAL RE-ORGANISATION BY OLD MUTUAL OF ITS SHAREHOLDING IN NEDBANK GROUP LIMITED**

NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, IN WHOLE OR IN PART, IN OR INTO THE UNITED STATES OF AMERICA, CANADA, AUSTRALIA OR JAPAN OR ANY JURISDICTION WHERE IT IS UNLAWFUL TO DISTRIBUTE THIS ANNOUNCEMENT.

This announcement does not constitute an offer or form part of any offer or invitation to purchase, subscribe for, sell or issue, or a solicitation of any offer to purchase, subscribe for, sell or issue, any securities (whether pursuant to this announcement or otherwise) in any jurisdiction, including an offer to the public or section of the public in any jurisdiction. This announcement does not comprise a prospectus or a prospectus equivalent announcement.

Background

Old Mutual shareholders ("**Shareholders**") are referred to the announcement published on the Johannesburg Stock Exchange's Stock Exchange News Service, the London Stock Exchange's Regulatory News Service and the news services of the Malawi Stock Exchange, the Namibian Stock Exchange and the Zimbabwe Stock Exchange dated 26 September 2018 ("**Announcement**"), wherein it was announced that Old Mutual will unbundle (the "**Unbundling**") the majority of its shareholding in the issued share capital of Nedbank Group Limited ("**Nedbank**") on Monday, 15 October 2018 ("**Unbundled Nedbank Shares**"). It is noted that the timing for the implementation of the Unbundling is in line with the anticipated timeline previously communicated by Old Mutual plc to its shareholders on 20 April 2018. Capitalised terms used but not defined have the meaning given to them in the Announcement.

In terms of the Unbundling, each qualifying Shareholder will receive 3.21176 Unbundled Nedbank Shares (listed on the Johannesburg Stock Exchange and the Namibian Stock Exchange), for every 100 Old Mutual shares held on the relevant securities register of Old Mutual as at 5.00 p.m. (SA time) / 4.00 p.m. (UK time) on Friday, 12 October 2018 ("**Record Time**"). The distribution of Unbundled Nedbank Shares to Shareholders in the above ratio may result in fractional entitlements for the recipients.

Cash Proceeds of Fractional Entitlements

In accordance with the Listings Requirements of the JSE Limited (“**Listings Requirements**”) and as outlined in paragraph 3.2 of Part II of the Announcement, fractional entitlements to Unbundled Nedbank Shares will be rounded down to the nearest whole number and the aggregated fractions of the Unbundled Nedbank Shares to which a Shareholder is entitled will not be transferred to them, but will instead be sold in the market as soon as practicable after the Unbundling.

Shareholders will accordingly receive monetary compensation in respect of their fractional entitlements to Unbundled Nedbank Shares. In accordance with the Listings Requirements, this amount has been determined with reference to the volume weighted average price in Rand of a share in Nedbank traded on the Johannesburg Stock Exchange on Wednesday, 10 October 2018, ZAR 249.51027 (being the first day on which Old Mutual shares trade ‘ex’ the entitlement to receive the Unbundled Nedbank Shares), reduced by 10% (“**Cash Proceeds**”). On this basis, Shareholders are advised that the Cash Proceeds due to Shareholders in respect of any fractional entitlements is ZAR 224.55924 (ZAR 249.51027 x 0.9) per Unbundled Nedbank Share.

The Cash Proceeds will be paid (i) by Old Mutual to the relevant registered Shareholders that hold their Old Mutual shares in certificated form and (ii) by a nominee or CSDP to the relevant Shareholders that hold their Old Mutual shares in uncertificated form within a nominee account or within a CSDP.

Shareholders on Old Mutual’s Namibian register, Malawian register, UK register and the Zimbabwean register will be paid the local currency cash equivalents of the Cash Proceeds. The Cash Proceeds will be converted to local currency at the following rates:

- Namibia: 1.00000 Namibian dollars per Rand
- Malawi: 49.71197 Malawian kwacha per Rand
- United Kingdom: 19.33618 Rand per Pound sterling
- Zimbabwe: 14.64960 Rand per US dollar

Examples of fractional entitlement:

- **Example 1:** This example assumes that a Shareholder holds 100 Old Mutual shares at the close of business at the Record Time. The rounding convention described above is then applied and the Shareholder will receive 3 Unbundled Nedbank Shares in respect of the 100 Old Mutual shares held by them as at the Record Time and a cash payment for the fractional entitlement of $0.21176 \times \text{ZAR } 224.55924 = \text{ZAR}47.55266$
- **Example 2:** This example assumes that a Shareholder holds 1,000 Old Mutual shares at the close of business at the Record Time. The rounding convention described above is then applied and the Shareholder will receive 32 Unbundled Nedbank Shares in respect of the 1,000 Old Mutual shares held by them as at the Record Time and a cash payment for the fractional entitlement of $0.1176 \times \text{ZAR}224.55924 = \text{ZAR}26.40817$

Taxation

Shareholders are further referred to paragraph 4 of Part III of the Announcement, outlining the tax treatment in respect of the Unbundling. Some additional information in relation to South African and United Kingdom taxation is set out below. More information in relation to the tax treatment, including in respect of Shareholders resident in certain jurisdictions other than South Africa and the United Kingdom, is contained in paragraph 4 of Part III of the Announcement.

South African Taxation

The apportionment ratio for South African resident Shareholders is based on the closing share price of ZAR21.55 per Old Mutual share and the closing share price of ZAR248.59 per Unbundled Nedbank Share, on Wednesday, 10 October 2018. In accordance with the formula set out in paragraph 4.1 of Part III of the Announcement, the Apportionment Ratio is 27.03353%, to be applied to the base cost (if the Old Mutual shares are held as capital assets) or expenditure (if the Old Mutual shares are held as trading stock) of the Old Mutual shares that would be allocated to the Unbundled Nedbank Shares for South African taxation purposes. Therefore the Old Mutual shares will carry the base cost apportionment of the remaining 72.96647%.

United Kingdom Taxation

As referred to in paragraph 4 of Part III of the Announcement, Old Mutual requested HMRC's views on the treatment of the Nedbank Unbundling for United Kingdom tax purposes. The summary in paragraph 4 of Part III of the Announcement reflected the initial indication received from HMRC.

Following further correspondence, HMRC have now confirmed that the receipt of Unbundled Nedbank Shares and any Cash Proceeds pursuant to the Unbundling should constitute a capital distribution for United Kingdom tax purposes, with the value of the capital distribution being the aggregate of the market value (at the time of the Unbundling) of the Unbundled Nedbank Shares plus the amount of any Cash Proceeds received. Accordingly, Shareholders who are resident in the United Kingdom should be treated as making a part disposal of their Old Mutual shares which may, depending on the Shareholder's individual circumstances (including the availability of exemptions, reliefs or allowable losses), give rise to a liability to United Kingdom capital gains tax or corporation tax on chargeable gains (as applicable). In calculating the chargeable gain (or allowable loss) on the part disposal, a proportion of the Shareholder's allowable cost in his Old Mutual shares will be taken into account, equal to the proportion which the value of the capital distribution represents of the aggregate of (i) the market value of the Shareholder's Old Mutual shares immediately after the Unbundling plus (ii) the value of the capital distribution.

However, if the value of the capital distribution is small in comparison with the value of the Shareholder's Old Mutual shares, the Shareholder should not be treated as making a part disposal and, instead, an amount equal to the value of the capital distribution will be deducted from the Shareholder's base cost in his Old Mutual shares. Under current HMRC practice, where the value of the capital distribution received by a Shareholder is £3,000 or less, such value will generally be treated as small for these purposes.

Save where expressly indicated, the commentary above applies only to Shareholders resident and, in the case of an individual, domiciled or deemed domiciled for tax purposes in the United Kingdom and to whom "split year" treatment does not apply, who hold Old Mutual shares as an investment and who are the absolute beneficial owners thereof. Certain categories of Shareholders, including those carrying on certain financial activities, those subject to specific tax regimes and those for whom the Old Mutual shares are employment-related securities may be subject to special rules and the commentary above does not apply to such Shareholders. Shareholders are recommended to consult with their own professional advisers to consider the implications for them in light of their own circumstances.

Internal re-organisation by Old Mutual of its shareholding in Nedbank in anticipation of the Unbundling

Following the Unbundling, the Old Mutual group will retain (in its shareholder funds) a minority stake of 19.9% in the issued ordinary share capital of Nedbank. It is intended that this minority shareholding will

be aggregated and held by Old Mutual Life Assurance Company (South Africa) Limited ("**OMLACSA**"), an indirect wholly-owned subsidiary of Old Mutual, (in its shareholder funds) as the direct holder thereof. Accordingly, in anticipation of the Unbundling and to achieve the above shareholding structure following the Unbundling, certain internal transfers of Nedbank shares will be undertaken by indirect wholly-owned subsidiaries of Old Mutual. Where such transfers comprise 5% or more of the issued ordinary share capital of Nedbank, Old Mutual shall advise Nedbank thereof. Accordingly, the necessary disclosures will be made in compliance with the Companies Act, No. 71 of 2008 (as amended) in due course.

Notice to US investors

Shareholders with a registered address in the United States of America are reminded that Unbundled Nedbank Shares will only be delivered to Shareholders who are qualified institutional buyers ("**QIBs**") and who have returned executed investor letters to Old Mutual, with a copy to the relevant CSDP, broker, custodian or nominee in the case of Shareholders that hold their Old Mutual shares in uncertificated form, and to the SA Registrar in the case of Shareholders that hold their Old Mutual shares in certificated form, by the Record Time. Shareholders who are QIBs are further referred to paragraph 2.6 of Part III of the Announcement, outlining the full details in relation to the process and requirements for QIBs for the purpose of the Unbundling.

Sponsors:

Merrill Lynch South Africa Proprietary Limited, Johannesburg Stock Exchange sponsor
Stockbrokers Malawi Limited, Malawi Stock Exchange sponsor
PSG Wealth Management (Namibia) Proprietary Limited, Namibian Stock Exchange sponsor
Imara Edwards Securities (Private) Limited, Zimbabwe Stock Exchange sponsor

Joint Financial Advisers:

Merrill Lynch South Africa Proprietary Limited
Rothschild (South Africa) Proprietary Limited

Legal advisers:

Webber Wentzel, South African legal adviser
Linklaters LLP, legal adviser with respect to English law and U.S. law

DISCLAIMER

This announcement is not for distribution, directly or indirectly, in or into the United States of America (including its territories and possessions, any State of the United States of America and the District of Columbia), Australia, Canada or Japan. These materials do not constitute or form a part of any offer or solicitation to purchase or subscribe for, or otherwise invest in, securities in the United States of America, Australia, Canada or Japan. The Unbundled Nedbank Shares mentioned herein have not been, and will not be, registered under the US Securities Act of 1933 (the "US Securities Act"). The Unbundled Nedbank Shares may not be offered or sold in the United States of America except pursuant to an exemption from or in a transaction not subject to the registration requirements of the US Securities Act. There will be no public offer of securities of Nedbank in the United States of America.

The information contained in this announcement constitutes factual information as contemplated in section 1(3)(a) of the South African Financial Advisory and Intermediary Services Act, 37 of 2002 (as amended) and should not be construed as an express or implied recommendation, guide or proposal that any particular transaction in respect of the Old Mutual shares or the Unbundled Nedbank Shares or in relation to the business or future investments of Old Mutual or Nedbank is appropriate to the particular investment objectives, financial situations or needs of a prospective investor, and nothing in

this announcement should be construed as constituting the canvassing for, or marketing or advertising of, financial services in South Africa.

No representation or warranty, express or implied, is made by any person other than Old Mutual as to the accuracy, completeness or verification of the information set out in this announcement, and nothing contained in this announcement is, or shall be relied upon as, a promise or representation in this respect, whether as to the past or the future. No person other than Old Mutual assumes responsibility for this announcement's accuracy, completeness or verification and all other persons accordingly disclaim, to the fullest extent permitted by applicable laws and regulations, any and all liability whether arising in delict, tort, contract or otherwise that they might otherwise be found to have in respect of this announcement or any such statement.

Enquiries:

Investor Relations

Patrick Bowes

(Interim Head of Investor Relations)

Communications:

Tabby Tsengiwe

T: +44 (0)20 7002 7440

E: patrick.bowes@omg.co.uk

T: +27 (11) 217 1953

M: +27 (0)60 547 4947

E: ttsengiwe@oldmutual.com

Notes to Editors

About Old Mutual

Old Mutual is a premium African financial services group that offers a broad spectrum of financial solutions to retail and corporate customers across key markets segments in 17 countries. Old Mutual's primary operations are in South Africa and the rest of Africa, and it has niche businesses in Latin America and Asia. With over 173 years of heritage across sub-Saharan Africa, we are a crucial part of the communities we serve and broader society on the continent.

For further information on Old Mutual, and its underlying businesses, please visit the corporate website at www.oldmutual.com.