

Sanlam Limited

(Incorporated in the Republic of South Africa)

Registration number 1959/001562/06

JSE share code: SLM

NSX share code: SLA

ISIN: ZAE000070660

("Sanlam")

Santam Limited

(Incorporated in the Republic of South Africa)

Registration number: 1918/001680/06

JSE share code: SNT

NSX share code: SNM

ISIN: ZAE000093779

("Santam")

ACQUISITION OF A FURTHER INTEREST IN SAHAM FINANCES S.A. ("SAHAM Finances") VIA THE INDIRECT ACQUISITION OF THE REMAINING 53.37% SHAREHOLDING NOT OWNED BY SANLAM EMERGING MARKETS IRELAND LIMITED

1. INTRODUCTION

The board of directors of Sanlam is pleased to announce the conclusion of agreements, in terms of which Sanlam Emerging Markets Ireland Limited ("SEMIL") will increase its stake in SAHAM Finances to 100% (directly and indirectly) (the "Transaction") by acquiring all the issued shares of SAHAM S.A. ("SAHAM"), which holds the remaining 53.37% of the shares in SAHAM Finances not already owned by SEMIL ("SAHAM Finances interest"), from Mr Moulay Hafid Elalamy and Ms. Ghita Lahlou El Yacoubi (collectively the "Sellers"). SEMIL is the wholly-owned subsidiary of SAN JV Proprietary Limited ("SAN JV"), a special purpose vehicle currently held jointly by Sanlam's wholly-owned subsidiary Sanlam Emerging Markets Proprietary Limited ("SEM") (85%) and Santam (15%). Santam is supportive of the Transaction, which will enable it to play a more meaningful role in the specialist and reinsurance businesses of SAHAM Finances. Santam will confirm the extent of its participation before the Transaction becomes effective. The total consideration payable in terms of the Transaction is US\$1050 million (the "Consideration").

SEMIL first acquired a 30% stake in SAHAM Finances in February 2016 and subsequently acquired a further 16.63% stake in May 2017, bringing the total held by SEMIL in SAHAM Finances prior to the implementation of the Transaction to 46.63%.

2. OVERVIEW OF SAHAM AND SAHAM FINANCES

At the time of implementation of the Transaction, SAHAM's sole asset will be the SAHAM Finances Interest.

SAHAM Finances is an insurance group with operations in 26 countries across North, West and East Africa, and the Middle East. It predominantly writes personal lines general insurance business (which exceeds 80% of its portfolio). SAHAM Finances has approximately 65 subsidiaries, a network of 700 branches and a staff complement of more than 3,000 people. SAHAM Finances has a leading market share in many of the markets in which it operates.

SAHAM Finances owns *inter alia* 58.48% of SAHAM Assurance Morocco, which is listed on the Moroccan Stock Exchange. The Transaction will give rise to an obligation on SEMIL (as the controlling shareholder of SAHAM Finances) to launch a mandatory offer to minority shareholders in SAHAM Assurance Morocco. SEMIL does not anticipate being required to incur any additional capital outlay in relation to such an offer.

3. RATIONALE FOR THE TRANSACTION

Sanlam sees a number of strategic benefits in increasing its interest in SAHAM Finances to 100%, which includes the following:

- SAHAM Finances enables Sanlam, its subsidiaries and associates (the “Sanlam Group”) to deepen its direct presence in North Africa as well as Francophone West Africa and Southern African Lusophone countries, which provides it with a unique positioning on the African continent;
- The Sanlam Group will become a truly Pan-African insurance, investment and ancillary services group, able to service multi-national clients and their intermediaries more effectively than any other group operating across the continent;
- Continued expansion of the life insurance operations of SAHAM Finances with the support of the Sanlam Group;
- Potential synergies in general insurance, including optimisation of reinsurance and enhancement of Sanlam’s product line diversification;
- SAHAM Finances has a strong health and assistance business with a well-tested model in Africa that can be rolled out further; and
- Improved line of business diversification within the overall SEM operations, which in turn improves earnings resilience.

The acquisition of 100% of SAHAM Finances enables Sanlam to have a meaningful presence across sub-Saharan and North Africa, and is a natural extension of Sanlam’s stated strategy. SAHAM Finances’ overall performance has been in line with the original business case which was put forward when the initial acquisition of a 30% interest in SAHAM Finances was considered, and the SAHAM Finances’ management teams are working well with the Sanlam and Santam support teams. The Transaction increases Sanlam’s exposure to high-growth markets as well as general insurance products.

4. CONSIDERATION

The Consideration payable for the acquisition of the SAHAM Finances interest will be US\$1050 million, plus transaction costs.

The Sanlam Group will fund the Consideration by using a combination of available discretionary capital, debt facilities and the issuance of equity instruments within current approved shareholder limits and taking cognisance of its existing credit ratings and solvency ratios.

5. CONDITIONS PRECEDENT TO THE TRANSACTION

The implementation of the Transaction will remain subject to the fulfilment or waiver, as the case may be, of a number of conditions precedent including, *inter alia*, the receipt of all necessary regulatory approvals and the implementation by SAHAM of a corporate restructure in order to divest itself of all its investment holdings, assets and liabilities other than the SAHAM Finances interest.

6. FINANCIAL EFFECTS OF THE TRANSACTION

Based on the reviewed financial statements for the year ended 31 December 2017, the consolidated net asset value of SAHAM Finances on 31 December 2017 was US\$ 850million and the earnings for the period were US\$ 77.4million. Sanlam is satisfied with the quality of these reviewed financial statements.

Post the implementation of the Transaction, SEMIL will participate in 100% of the earnings and net asset value of SAHAM Finances.

Sanlam will consolidate its proportionate ownership in SAHAM Finances in its consolidated financial statements.

7. EFFECTIVE DATE

The effective date of the Transaction will be dependent on the fulfilment or waiver, as the case may be, of the conditions precedent and is expected to occur during the second half of 2018.

8. JSE LIMITED LISTINGS REQUIREMENTS

For purposes of the Listings Requirements of the JSE Limited, the Transaction has been categorised as a Category 2 transaction in terms of the Listings Requirements of the JSE Limited for Sanlam.

Post the implementation of the Transaction, SAHAM and SAHAM Finances will become subsidiaries of Sanlam. Sanlam will ensure that the memorandum of incorporation of SAHAM and SAHAM Finances are amended to comply with the provisions of 10.21 of Schedule 10 of the JSE Listings Requirements

Cape Town

8 March 2018

Transaction Sponsor to Sanlam: J.P. Morgan Equities South Africa Proprietary Limited

Sponsor to Santam: Investec Bank Limited

Legal Advisors: ENSafrica

Transaction Support: Ernst & Young Advisory Services (Pty) Ltd