

African Rainbow Capital Investments Limited  
(Incorporated in the Republic of Mauritius)  
(Registration number C148430)  
JSE share code: AIL  
ISIN: MU0553S00000  
("ARC Investments" or "the Company")

## **PROPOSED ACQUISITION OF 25% SHAREHOLDING IN SANLAM'S THIRD-PARTY ASSET MANAGEMENT BUSINESS**

ARC Investments wishes to draw shareholders' attention to the announcement released by Sanlam Limited ("**Sanlam**") on the Stock Exchange News Service ("**SENS**") today, regarding Sanlam's intention to reorganise its third-party asset management business in order to enhance the competitiveness and empowerment credentials of the business.

Sanlam intends to establish a leading South African black-owned asset management company through the sale of 25% of its South African third party asset management business, other than the investment management business conducted by Sanlam Private Wealth Proprietary Limited and the Sanlam Specialised Finance division to its B-BBEE partner, Ubuntu-Botho Investments Proprietary Limited ("**UBI**" or "**UBI Group**") (the "**Transaction**"). The Transaction will support Sanlam's growth and enhance its position in this important market, whilst also building on the Sanlam philosophy of mutually beneficial partnerships in pursuit of shareholder value creation.

The Transaction will entail:

- (i) the creation of a new investment holding company ("**NewCo**"), in which Sanlam will initially hold 100%. NewCo will hold 100% of the interest in Sanlam Investment Holdings Proprietary Limited ("**SIH**") which will, in turn, hold the Sanlam Investment Group's interests in third party asset management businesses in South Africa, other than the investment management business conducted by Sanlam Private Wealth Proprietary Limited and the Sanlam Specialised Finance division; and
- (ii) African Rainbow Capital Financial Services Holdings Proprietary Limited ("**ARC FS**") purchasing shares in NewCo which will give it an effective economic interest of 25% in SIH (the "**ARC Transaction**") for a cash consideration calculated with reference to a base value of R 787.5 million, adjusted for the period between 30 April 2020 and the ARC Transaction effective date with a factor equal to the funding rate of the preference share facility made available by Sanlam to UBI which was approved by Sanlam Shareholders in December 2018 ("**UBI Facility**"). The ARC Transaction will be funded from ARC FS' existing cash resources and the UBI Facility.

ARC FS, which is 50.1% owned by African Rainbow Capital Proprietary Limited (“**ARC**”) and 49.9% owned by the ARC Fund, is the entity which holds all the financial services investments in the UBI Group, other than the investment in Sanlam which is held directly by UBI. ARC is a wholly owned subsidiary of UBI.

Full details of the Transaction are contained in Sanlam’s SENS announcement.

#### Disclaimer

The Company will report in detail after the finalisation of the financial results for the full-year ended 30 June 2020. This is expected to be released on or about 15 September 2020.

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#### Sponsor

RAND MERCHANT BANK (A division of FirstRand Bank Limited)