

Sanlam Limited

(Incorporated in the Republic of South Africa)

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("Sanlam")

SANLAM INVESTMENT HOLDINGS TRANSACTION WITH ABSA FINANCIAL SERVICES

1. INTRODUCTION

The board of directors of Sanlam is pleased to announce the conclusion of agreements with Absa which will result in Absa Financial Services Limited ("**AFS**") exchanging its investment management business, **Absa Investments**, for a shareholding of up to 17.5% in Sanlam Investment Holdings Proprietary Limited ("**SIH**") (the "**IM Transaction**"). AFS (together with other subsidiaries of Absa) and SIH have also entered into a distribution agreement pursuant to which SIH will be the preferred provider of investment products for distribution through certain Absa distribution channels ("**Distribution Agreement**").

In addition, the intention is that Sanlam's subsidiary Glacier Financial Solutions Proprietary Limited ("**Glacier**") will enter into an agreement to acquire Absa's market linked investment service provider ("**LISP**") business (the "**LISP Transaction**"), as well as a relationship agreement with Absa pursuant to which Glacier will become the preferred LISP for certain Absa intermediaries ("**LISP Relationship Agreement**"). The conclusion of these agreements is a suspensive condition to the IM Transaction.

2. RATIONALE FOR THE IM TRANSACTION AND THE LISP TRANSACTION

As at 30 June 2021, SIH and Absa Investments had assets under management, administration and advice of R879 billion and R238 billion, respectively. Therefore, on conclusion of the IM Transaction, SIH is expected to have assets under management, administration and advice in excess of R1 trillion. This will further enhance SIH's position as one of South Africa's largest black-owned asset managers.

Similarly, the Absa LISP business which Glacier intends to acquire had R66 billion of assets under administration as at 30 June 2021. Glacier is therefore expected to have assets under administration of approximately R350 billion on conclusion of the LISP Transaction, making it one of the leading LISP businesses in South Africa.

On completion of the respective transactions, SIH and Glacier will have access to the distribution network of Absa in addition to that of Sanlam, which significantly broadens their respective distribution reach. Sanlam and Absa clients will benefit from the improved investment offering, by having access to a wider and more holistic range of investment solutions.

3. OVERVIEW OF THE IM TRANSACTION AND THE LISP TRANSACTION

3.1. Structure and Pricing

Absa's investment management business is a diversified South African financial and investment services business, providing a comprehensive range of local and global investment solutions for retail and institutional clients.

The Absa businesses that SIH will acquire are:

- Absa Asset Management ("**ABAM**");
- Absa Alternative Asset Management ("**AAM**");
- Absa Fund Managers ("**AFM**") (excluding the Absa Prudential Money Market Fund);
- Absa Multi Management ("**AMM**"); and
- Absa's NewFunds (RF) Proprietary Limited (excluding the commodity ETF business).

AFS will exchange its entire interest in ABAM, AAM, AFM (excluding the Absa Prudential Money Market Fund) and AMM for a shareholding of up to 17.5% in SIH, determined with reference to the relative values of SIH and Absa Investments

3.2 Distribution Agreement and LISP Relationship Agreement

The initial term of the Distribution Agreement and the LISP Relationship Agreement will be 10 years, with a review on the third anniversary to allow for adjustments to enhance the agreements. Each of these agreements will be renewable by agreement after the initial 10-year term.

3.3 Conditions to and key terms of the IM Transaction and the LISP Transaction

The IM Transaction and the LISP Transaction (together the "**Transactions**") will be subject to certain suspensive conditions, including (but not limited to) the relevant approvals from the competition authorities and other regulatory authorities (including the Prudential Authority and the Financial Sector Conduct Authority), which applications will be submitted in due course, the entry into transitional services agreements to allow for a smooth integration of Absa Investments into SIH and the Absa LISP business into Glacier and the entry into other ancillary agreements.

The definitive transaction agreements to give effect to the Transactions contain (or will contain) warranties and indemnities customary for transactions of their nature.

The shareholders' agreement entered into in respect of SIH as part of the IM Transaction incorporates, among others, customary undertakings given by Absa and Sanlam not to compete with the business of SIH, certain reserved matters in respect of which shareholders will need to agree and customary pre-emptive rights and deemed offer provisions. It also entitles Absa to appoint a director to the board of directors of SIH for as long as it maintains a minimum shareholding.

3.4 Absa Prudential Money Market Fund

ABAM has been appointed as the asset manager of the Absa Prudential Money Market Fund. The value of ABAM for purposes of the IM Transaction does not include the value of this contract. The value of this contract and the further consideration to be paid to AFS for it as part of the IM Transaction will be determined 12 months after the effective date of the IM Transaction with reference to the value of the contract at that date.

4. EFFECTIVE DATE

The effective date of the Transactions will be dependent on the fulfilment of the relevant suspensive conditions to each of the Transactions. The Transactions are expected to have the same (or similar) effective date during the first half of 2022. Sanlam will continue to consolidate SIH from the effective date of the IM Transaction.

The market will be updated once the Transactions are effective.

5. JSE LIMITED LISTINGS REQUIREMENTS

For Sanlam, the IM Transaction and the LISP Transaction fall below the Category 2 threshold and the information in respect of the Transactions described in this announcement is provided on a voluntary basis.

Bellville
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