

**Sanlam Limited**

(Incorporated in the Republic of South Africa)

Registration number 1959/001562/06

JSE share code: SLM

A2X share code: SLM

NSX share code: SLA

ISIN: ZAE000070660

(**"Sanlam"**)

**PROPOSED DISPOSAL OF SANLAM'S OPERATIONS IN LARGE STAND-ALONE RETIREMENT FUND ADMINISTRATION****1. INTRODUCTION**

The board of directors of Sanlam is pleased to announce the conclusion of a sale and transfer of business agreement with Alexander Forbes Group Holdings Limited (**"Alexander Forbes"**) which will result in Sanlam Life Insurance Limited, (**"Sanlam Life"**), disposing of its operations in relation to large stand-alone retirement fund administration (the **"EB Stand-alone Administration Business"**) to Alexander Forbes as a going concern (the **"Proposed Transaction"**).

Alexander Forbes is an associate of African Rainbow Capital Financial Services Proprietary Limited, a wholly-owned subsidiary of Ubuntu-Botho Investments Proprietary Limited (**"UBI"**). For purposes of the Listings Requirements of the JSE Limited (**"JSE"**), UBI is a material shareholder in Sanlam.

The Proposed Transaction is therefore deemed a small related party transaction in terms of the Listings Requirements of the JSE following the aggregation of transactions entered into over the past 12 months between Sanlam and entities related to UBI. These transactions include the acquisition of African Rainbow Life and the acquisition of the group risk and retail life businesses of Alexander Forbes Life Limited by Sanlam Life.

**2. RATIONALE FOR THE TRANSACTION**

Sanlam has made the strategic decision to dispose of its operations in relation to large stand-alone retirement fund administration in order to focus on areas it considers key to its future positioning. These areas include umbrella fund administration, group risk underwriting, investment management, life investments, consulting services and health solutions.

### **3. OVERVIEW OF THE TRANSACTION**

#### **3.1. STRUCTURE AND PRICING**

The EB Stand-alone Administration Business consists of Sanlam's commercial interests in 44 contracts to provide stand-alone administration services (including ancillary services) to retirement funds. The Proposed Transaction entails the transfer of the administration contracts, know-how and the employees relevant to the administration of the retirement funds.

As per Sanlam's latest reviewed interim financial statements for the six-month period ended 30 June 2021 (prepared in terms of IFRS), the aggregated net asset value of the EB Stand-alone Administration Business was Rnil and the aggregated net profit after tax for the period attributable to the net assets was R18.4million.

The Proposed Transaction will be settled in cash by Alexander Forbes for a purchase consideration of R154 million; payable between the closing date of the Proposed Transaction and the 2<sup>nd</sup> anniversary of the closing date, contingent on the successful transfer of clients to Alexander Forbes.

#### **3.2. USE OF PROCEEDS**

The cash proceeds will be retained as discretionary capital.

#### **3.3. CONDITIONS TO AND KEY TERMS OF THE PROPOSED TRANSACTION**

The Proposed Transaction is subject to certain suspensive conditions, including but not limited to the relevant approvals from the competition authorities and other regulatory authorities, obtaining board of trustee approvals from the relevant transferring retirement funds and the entry into a transitional services agreement to allow for a smooth migration of the retirement funds to Alexander Forbes.

The definitive transaction agreements to give effect to the Proposed Transaction contain warranties and indemnities customary for transactions of this nature.

#### **3.4. INDEPENDENT FAIRNESS OPINION**

As indicated in paragraph 1 above, the Proposed Transaction is categorised as a small related party transaction in terms of paragraph 10.7 of the Listings Requirements of the JSE.

Accordingly, the Sanlam Board is required to provide the JSE with written confirmation from an independent professional expert confirming that the terms of the Proposed Transaction are fair insofar as Sanlam shareholders are concerned (the "**Fairness Opinion**").

The Sanlam Board appointed Deloitte & Touche (South Africa) (“**Deloitte**”) as independent professional expert to provide it with the Fairness Opinion.

Deloitte has furnished an opinion to the Sanlam Board confirming that the terms of the Proposed Transaction are fair insofar as Sanlam shareholders are concerned. This opinion has been provided to the JSE.

Once approved by the JSE, the Fairness Opinion of Deloitte will be made available for inspection at Sanlam’s registered office, 2 Strand Road, Bellville Cape Town, 7530, for a period of 28 days from the date of release of this announcement. It will also be made available during this period on request from Sanlam’s Company Secretary at [Sana-Ullah.Bray@sanlam.co.za](mailto:Sana-Ullah.Bray@sanlam.co.za).

#### **4. EFFECTIVE DATE**

The effective date of the Proposed Transaction will be dependent on the fulfilment of the suspensive conditions to the Proposed Transaction and is expected to occur during the second half of 2022.

Bellville  
6 December 2021

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