

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 ACQUISITION OF THE ALEXANDER FORBES INDIVIDUAL CLIENT ADMINISTRATION BUSINESS**1. INTRODUCTION**

The board of directors of Sanlam is pleased to announce the conclusion of agreements with Alexander Forbes Group Holdings Limited (“**Alexander Forbes**”) which will result in Sanlam Life Insurance Limited, (“**Sanlam Life**”), a wholly owned subsidiary of Sanlam, acquiring 100% of Alexander Forbes’ Individual Client Administration business (Alexander Forbes Individual Client Administration Proprietary Limited and its two wholly owned subsidiaries, Alexander Forbes Retail Client Administration Proprietary Limited and Alexander Forbes Nominees Proprietary Limited, collectively the AFICA Group) (the “**Proposed Transaction**”).

Alexander Forbes is an associate of African Rainbow Capital Financial Services Proprietary Limited (“ARC FS”) a wholly owned subsidiary of Ubuntu-Botho Investments Proprietary Limited (“**UBI**”) which is, for purposes of the Listings Requirements of the JSE Limited (“**JSE**”), 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 PROPOSED TRANSACTION

Glacier by Sanlam, a wholly owned subsidiary of Sanlam Limited and leading investment platform in South Africa, will take full responsibility for the business from effective date. The Proposed Transaction will enhance Sanlam’s competitiveness in respect of the provision of LISP services and provide individual clients of Alexander Forbes with an enhanced experience through improved administration and user functionality that is enabled by the technological capability of the Glacier system. Through the implementation of the Proposed Transaction, a comprehensive set of Alexander Forbes’ individual client products covering both retirement and savings needs will be administered on the Glacier platform.

3. OVERVIEW OF THE TRANSACTION

3.1. STRUCTURE AND ANCILLARY AGREEMENTS

The AFICA Group is a South African administration business that offers retail and institutional investors access to a wide variety of retirement and savings solutions. As per the Alexander Forbes audited annual financial statements for the year ended 31 March 2021, prepared in terms of IFRS, the net asset value, excluding the investment in subsidiary (R68 million) of the AFICA Group on 31 March 2021 was R52 million and the profit after tax for the year ended 31 March 2021 was R27 million.

The Proposed Transaction will be settled in cash by Sanlam for a purchase consideration of R200 million; consisting of an upfront amount of R160 million and a deferred amount of R40 million. The deferred amount is payable on the second anniversary of the closing date or on the complete and successful migration of clients and customers to the Glacier investment platform, whichever occurs first.

Alexander Forbes and Sanlam will also enter into a relationship agreement (the “**Relationship Agreement**”) in terms of which Alexander Forbes will continue to play an important role in developing solutions that reflect its best advice model. Alexander Forbes’ living annuity and endowment solutions will be administered by Glacier through binder and outsourced functions.

3.2. 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 (including the Prudential Authority), the entry into a transitional services agreement to allow for a smooth migration and integration of the AFICA Group business into Glacier, the entry into the Relationship Agreement and the entry into other ancillary agreements.

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

3.3. 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 an 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 the 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 by email from Sanlam's Company Secretary at 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 first half of 2022.

Bellville
6 December 2021

Enquiries
Sanlam Investor Relations
Phone: +27 21 947 8455
E-mail: ir@sanlam.co.za

Sponsor to Sanlam

The Standard Bank of South Africa Limited

Legal Advisers to Sanlam

Glyn Marais Incorporated
Nortons Inc

Independent Professional Expert

Deloitte & Touche (South Africa)