

SANTAM LIMITED

(Incorporated in the Republic of South Africa)

Registration number: 1918/001680/06

JSE Share Code: SNT & ISIN: ZAE000093779

NSX share code: SNM

Debt company code: BISAN

("Santam" or the "Company")

DISPOSAL OF SANTAM'S 10% INTEREST IN SAN JV RF PROPRIETARY LIMITED ("SAN JV") AND WITHDRAWAL OF CAUTIONARY

1. INTRODUCTION

Further to the cautionary announcements released by Santam on the Stock Exchange News Service ("**SENS**") of the JSE Limited ("**JSE**") on 22 December 2021, 3 February 2022 and 18 March 2022, Santam is pleased to announce that on 4 May 2022 it entered into an agreement with Allianz Europe BV ("**Allianz**"), in terms of which Santam will dispose of its 10% interest in SAN JV to Allianz (the "**Proposed Transaction**").

Shareholders are also referred to the announcement released by Sanlam Limited ("**Sanlam**") earlier today in which it informed its shareholders that it, Allianz and certain of their affiliates have entered into definitive agreements in respect of a long-term strategic joint venture (the "**JV**") arrangement regarding their operations on the African continent, outside of South Africa.

2. DESCRIPTION OF THE SAN JV BUSINESS

SAN JV and its associated entities operate across 25 countries, including Morocco and Ivory Coast, with life and general insurance as their core operations.

3. RATIONALE FOR THE PROPOSED TRANSACTION

An important part of the strategic rationale for Santam's investment in SAN JV was to create a platform for Santam and Sanlam Pan Africa Maroc Société Anonyme ("**SPA GI**"), previously Saham Finances, to become the leading Pan-African specialist insurance provider. In line with this strategic objective, Santam, Sanlam Emerging Markets Proprietary Limited ("**SEM**") and SPA GI have subsequently established an operating model for specialist business on the African continent to ensure alignment between them and to maximise specialist business growth opportunities. The framework cooperation agreement that governs the relationship between the aforementioned parties in respect of specialist business will endure in all material respects post implementation of the Proposed Transaction. Furthermore, post the JV becoming operative, the arrangement will also incorporate Allianz's African

business (excluding South Africa), from which Santam will also benefit. It is therefore no longer deemed necessary for Santam to retain its equity investment in SAN JV.

Sanlam furthermore has a stated strategy to drive expansion in certain key jurisdictions on the African continent, which would require Santam to either contribute its proportionate share of capital to fund further investments via SAN JV or to be diluted and become a smaller minority shareholder in SAN JV over time.

The Santam board, after careful consideration, concluded that it is optimal for Santam to pursue the disposal of its investment in SAN JV in terms of the Proposed Transaction.

Africa is a key region for Santam in terms of growing its specialist business. The Proposed Transaction provides Santam with the opportunity to expand its Pan-Africa specialist business with the JV, while simultaneously reducing the concentration risk on its balance sheet and the need for further capital to support future expansion in Africa.

It is Santam's intention to, in time and separate from the Proposed Transaction, also pursue the exit from its 10% economic participation rights in the general insurance businesses of SEM in Africa that are held outside of SAN JV. Santam will, however, retain its investment in Santam Namibia Limited ("**Santam Namibia**"), with SEM transferring its economic participation rights in Santam Namibia to the JV.

4. SALIENT TERMS OF THE PROPOSED TRANSACTION

- 4.1. 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 within 12-15 months of this announcement (the "**Effective Date**").
- 4.2. The disposal consideration in relation to the Proposed Transaction is EUR 120.5 million (c. R2 billion at the current spot rate) being the fair value of Santam's investment in SAN JV as at 31 December 2021 expressed in Euro, which will be escalated at a fixed rate of 3.5% per annum from 1 January 2022 until the Effective Date and which will be subject to the following adjustments:
 - 4.2.1. a downward adjustment for dividends declared or paid by SAN JV to Santam between 31 December 2021 and the Effective Date;
 - 4.2.2. an upward adjustment for capital contributions made by Santam to SAN JV between 31 December 2021 and the Effective Date; and
 - 4.2.3. a downward adjustment for any negative movement in the tangible net asset value of SAN JV (attributable to Santam's 10% interest) from 31 December 2021 to the Effective Date.
- 4.3. The disposal consideration will be settled in cash.

- 4.4. The Proposed Transaction excludes SAN JV's investment in the Continental Re group of companies, which will be restructured prior to the Effective Date.
- 4.5. The Proposed Transaction is subject to the fulfilment or waiver, as the case may be, of certain conditions precedent, including:
- 4.5.1. obtaining all approvals from the relevant regulatory authorities (including competition authorities); and
 - 4.5.2. the completion of *inter alia* the transfer of all the shares in SAN JV held by SEM to the JV pursuant to the JV arrangement between Allianz and Sanlam.
- 4.6. Santam has provided certain warranties and indemnities that are appropriate for the nature of the Proposed Transaction.

5. APPLICATION OF SALE PROCEEDS

Santam will conduct a full assessment regarding the application of the sale proceeds closer to the time of closing of the Proposed Transaction, considering Santam's target capital range and requirements at such time.

6. FINANCIAL INFORMATION

As at 31 December 2021 (being the date of Santam's most recent audited financial statements), the carrying value of Santam's 10% investment in SAN JV equated to R1 848 million and the equity accounted earnings for the year to 31 December 2021 attributable to Santam's share of SAN JV was R8 million.

7. CATEGORISATION OF PROPOSED TRANSACTION

The Proposed Transaction is a Category 2 transaction for Santam in terms of the Listings Requirements of the JSE and therefore Santam shareholder approval is not required.

8. WITHDRAWAL OF CAUTIONARY

Shareholders are advised that on the basis of the above disclosure caution is no longer required to be exercised when dealing in the Company's shares.

9. INVESTOR CONFERENCE CALL

A conference call for analysts and investors will take place at 17h00 (South African time) today, 4 May 2022. Investors and analysts who wish to participate in the conference call should register at: <https://www.diamondpass.net/1809313> for the call.

4 May 2022

Financial advisor and Sponsor: Investec Bank Limited

Debt Sponsor: Rand Merchant Bank (a division of FirstRand Bank Limited)

Legal advisors: ENSafrica and Reidlaw Proprietary Limited