

## **AFROCENTRIC INVESTMENT CORPORATION LIMITED**

(Incorporated in the Republic of South Africa)

(Registration number: 1988/000570/06)

(JSE Share Code: ACT)

(ISIN: ZAE000078416)

("Afrocentric")

## **SANLAM LIMITED**

(Incorporated in the Republic of South Africa)

(Registration number: 1959/001562/06)

(JSE Share Code: SLM)

(NSX Share Code: SLA)

(A2X Share Code: SLM)

(ISIN: ZAE000070660)

("Sanlam")

## **JOINT ANNOUNCEMENT REGARDING OFFER BY SANLAM TO ACQUIRE CONTROL OF AFROCENTRIC, AND CAUTIONARY ANNOUNCEMENT IN RESPECT OF AFROCENTRIC SHAREHOLDERS**

### **1. INTRODUCTION**

- 1.1. Shareholders of Afrocentric ("**Afrocentric Shareholders**") are hereby advised that the board of directors of Afrocentric ("**Afrocentric Board**") has received an offer letter from Sanlam, expressing Sanlam's firm intention to acquire shares ("**Afrocentric Shares**") constituting no less than 36.9% ("**Minimum Shares Requirement**") and up to 43.9% ("**Maximum Shares Percentage**") of the current issued share capital of Afrocentric from Afrocentric Shareholders.
- 1.2. Sanlam is entitled to waive the Minimum Shares Requirement and shall, in its discretion, be entitled to acquire more than the Maximum Shares Percentage, as applicable, subject to paragraph 3.2 below.
- 1.3. The offer is for a purchase consideration of R6.00 per Afrocentric Share ("**Offer Consideration**") and will be implemented by way of a conditional partial offer ("**Partial Offer**") as contemplated in section 125(3) of the Companies Act, 71 of 2008, as amended ("**Companies Act**").
- 1.4. Should the Transaction (as defined in paragraph 3.1.8 below) proceed and (i) if the Minimum Shares Requirement is not waived and (ii) Sanlam does not elect to acquire more than the Maximum Shares Percentage, Sanlam will hold no less than 55.0% and no more than 60.0% of the Afrocentric Shares, subject to paragraph 3.2.6 below.

### **2. RATIONALE FOR THE TRANSACTION**

#### **2.1. Sanlam**

- 2.1.1. Affordable and reliable healthcare is an important need for consumers. Sanlam intends to expand its client proposition to provide a more holistic product offering, including medical aid, health insurance and administration. Through this Transaction, Sanlam will be able to integrate Afrocentric's product offering into its ecosystem, while Afrocentric will gain increased access to the wide Sanlam distribution network. Afrocentric's client base will also benefit from access to the overall Sanlam product offering and vice versa.
- 2.1.2. Afrocentric is focused on delivering affordable medical aid, health insurance and administration which complements Sanlam's purpose of enabling its clients to be financially secure and prosperous.
- 2.1.3. Sanlam has an excellent offering in the employee benefits market and by offering health insurance and administration alongside its other benefits, Sanlam will be able to create a simpler and more convenient solution for employers.
- 2.1.4. Sanlam believes in the long-term growth potential of Afrocentric and the businesses' combined abilities to deliver a differentiated proposition in the healthcare sector. This will be done through developing bespoke healthcare solutions and enhanced commercial visibility through increased marketing and Sanlam co-branding at the administrator level.
- 2.1.5. In addition to the opportunity to participate in Sanlam's vision for the future of Afrocentric, the implementation of the Partial Offer will afford Afrocentric Shareholders an attractive opportunity to partially liquidate their otherwise illiquid Afrocentric Shares at an attractive premium to the volume weighted average

traded price (“**VWAP**”) of the Afrocentric Shares, while maintaining the benefits of remaining invested in a listed environment.

## 2.2. **Afrocentric**

Afrocentric currently holds 71.3% of ACT Healthcare Assets Proprietary Limited (registration number 2008/025969/07) (“**AHA**”) and, subsequent to the Transaction, AHA will be a wholly owned subsidiary of Afrocentric. Sanlam, individually or together with its subsidiary companies, including Sanlam Life (“**Sanlam Group**”) will become a strategic and controlling shareholder in Afrocentric and thereby have alignment with other Afrocentric Shareholders in the future strategy of Afrocentric and AHA. The Asset for Share Transaction (as defined in paragraph 3.1.2 below) will facilitate a structure whereby Sanlam Life Insurance Limited (registration number 1998/021121/06), a wholly owned subsidiary of Sanlam (“**Sanlam Life**”), will hold shares at a listed Afrocentric level and not at the level of its subsidiary, AHA. This will facilitate improved alignment of interest between Sanlam Group and Afrocentric, potentially supporting further investment from Sanlam Group, development of bespoke healthcare solutions through the co-operation of the Sanlam Group and Afrocentric teams and potential integration of the Sanlam Group and Afrocentric products. Further investment from Sanlam Group in Afrocentric would enable integration of Afrocentric into the ecosystem of the Sanlam Group, Afrocentric will gain increased access to the wider Sanlam Group distribution network and Afrocentric’s client base will benefit from access to the overall Sanlam Group product offering.

## 3. **TERMS AND CONDITIONS OF THE TRANSACTION**

### 3.1. **Overview of the Transaction**

- 3.1.1. The Partial Offer is subject to the fulfilment or, if applicable, waiver of the conditions precedent set out in paragraph 3.6 of this announcement (“**Conditions Precedent**”).
- 3.1.2. The Conditions Precedent to the Partial Offer include the condition that the Afrocentric Shareholders approve the issue by Afrocentric to Sanlam Life of 231 340 754 new shares in Afrocentric (“**Consideration Shares**”), credited as fully paid-up and listed on the stock exchange operated by JSE Limited (“**JSE**”). These shares will constitute approximately 28.7% of the issued shares in Afrocentric subsequent to such issue and will be issued in exchange for and as consideration for the disposal by Sanlam Life to Afrocentric of all the shares held by Sanlam Life in AHA (“**Asset for Share Transaction**”). Sanlam Life currently holds 28.7% of the issued share capital of AHA (“**A4S Shares**”).
- 3.1.3. The number of Consideration Shares has been calculated based on the number of Afrocentric Shares in issue on the date of this announcement, excluding treasury shares. Should the number of Afrocentric Shares in issue increase before implementation of the Asset for Share Transaction, including by virtue of any issue of new Afrocentric Shares (other than treasury shares) pursuant to any long-term share incentive plans approved by Afrocentric Shareholders, the number of Consideration Shares will increase proportionately, such that the number of Consideration Shares constitutes 28.7% of the issued shares in Afrocentric, excluding treasury shares, after the issue of shares in terms of the Asset for Share Transaction.
- 3.1.4. Once the Partial Offer has been implemented, the Asset for Share Transaction will be implemented.
- 3.1.5. The Afrocentric Shares will remain listed on the JSE following implementation of the Transaction.
- 3.1.6. If the Transaction becomes unconditional, it shall become effective from the date, and be implemented in accordance with the terms, detailed in the combined circular to be issued by Afrocentric and Sanlam to the Afrocentric Shareholders in respect of the Transaction (“**Circular**”) and in terms of which a meeting of the Afrocentric Shareholders will be convened (“**General Meeting**”) to consider and, if deemed fit, to pass the resolutions required to be adopted by Afrocentric Shareholders for purposes of the Transaction (including the issue of the Consideration Shares). See paragraph 12 of this announcement for further detail in this regard.
- 3.1.7. The Partial Offer constitutes an “affected transaction” as defined in section 117(1)(c) of the Companies Act and will therefore be regulated by the Companies Act, the regulations published in terms of the Companies Act (“**Takeover Regulations**”) and the Takeover Regulations Panel (“**TRP**”).

- 3.1.8. The Partial Offer and the Asset for Share Transaction are referred to collectively as the **“Transaction”**.
- 3.2. **Detail of the Partial Offer**
- 3.2.1. If less than the Minimum Shares Requirement of the Afrocentric Shares are tendered in terms of the Partial Offer, Sanlam will be entitled to elect whether or not to proceed with the Transaction provided that Sanlam shall not declare the Partial Offer unconditional as to acceptances (as contemplated in section 125(4) of the Companies Act) unless it receives acceptances in respect of at least 179 752 572 Afrocentric Shares (constituting 31.3% of Afrocentric Shares, the **“Absolute Floor”**). If Sanlam elects to proceed in circumstances where less than the Minimum Shares Requirement is tendered, Sanlam will acquire all Afrocentric Shares that are tendered in terms of the Partial Offer.
- 3.2.2. The Transaction will not proceed (and Sanlam shall have no election in this regard) if less than the Absolute Floor is tendered in terms of the Partial Offer.
- 3.2.3. If between 36.9% (the Minimum Shares Requirement) and 43.9% (the Maximum Shares Percentage) (inclusive) of the Afrocentric Shares are tendered in terms of the Partial Offer, Sanlam will be obliged to proceed with the Transaction and accept all Afrocentric Shares tendered in terms of the Partial Offer up to the Maximum Shares Percentage, on the basis that (i) Sanlam will accept all of the Afrocentric Shares tendered by each Afrocentric Shareholder who tenders up to the Maximum Shares Percentage of the Afrocentric Shares it holds; and (ii) in respect of each Afrocentric Shareholder who tenders Afrocentric Shares in excess of the Maximum Shares Percentage, subject to paragraph 3.2.6 below, Sanlam shall accept such proportion of the excess tender as will (taking into account all other excess tenders by Afrocentric Shareholders and treating all Afrocentric Shareholders equally) result in Sanlam holding, prior to implementation of the Asset for Share Transaction, the Maximum Shares Percentage of the Afrocentric Shares in aggregate.
- 3.2.4. For the avoidance of doubt, should the tendered Afrocentric Shares equal or exceed the Minimum Shares Requirement, Sanlam will acquire such shares proportional to the shareholding of the Afrocentric Shareholders that tendered the Afrocentric Shares.
- 3.2.5. Should Sanlam receive acceptances of the Partial Offer which would (before implementation of the Asset for Share Transaction) result in Sanlam holding more than the Maximum Shares Percentage (**“Excess Acceptances”**), Sanlam shall, subject to paragraph 3.2.6 below, be entitled, at its election, to acquire all or a portion of the shares constituting the Excess Acceptances. If Sanlam elects to accept all or a portion of the Excess Acceptances, it will (i) issue an announcement on the Stock Exchange News Services of the JSE (**“SENS”**) on the record date of the Partial Offer, stating the percentage of Afrocentric Shares which it will accept (**“Partial Offer Percentage”**), which will not exceed 64.8% of the Afrocentric Shares (before implementation of the Asset for Share Transaction), (**“Absolute Ceiling”**); (ii) accept an Excess Acceptance in full from any Afrocentric Shareholder who tenders up to the Partial Offer Percentage; and (iii) in respect of each Afrocentric Shareholder who tenders Afrocentric Shares in excess of the Partial Offer Percentage, accept such proportion of the excess tender as will (taking into account all other excess tenders by Afrocentric Shareholders and treating all Afrocentric Shareholders equally) result in Sanlam holding, prior to implementation of the Asset for Share Transaction, the Partial Offer Percentage in aggregate.
- 3.2.6. Under no circumstances shall the acquisition by Sanlam of Afrocentric Shares in terms of the Transaction result in Sanlam holding more than 74.9% of the issued share capital of Afrocentric following the implementation of the Partial Offer and the Asset for Share Transaction.
- 3.3. **Mechanism of the Transaction**
- 3.3.1. In relation to the Partial Offer but subject to the provisions of the Circular:
- 3.3.1.1. Afrocentric Shareholders who tender shares in terms of the Partial Offer (**“Offer Participants”**) will be entitled to tender more than 36.9% of the Afrocentric Shares they hold to Sanlam and Sanlam shall be obliged to accept all excess tenders up to the Maximum Shares Percentage *pro rata* between all Offer Participants who make such an excess tender, on the basis set out in paragraph 3.2.1 and 3.2.3 above;

- 3.3.1.2. Subject to paragraph 3.2.6 above, Sanlam is entitled, on written notice to Afrocentric issued on SENS on the record date for purposes of the Partial Offer (as detailed in the Circular):
- 3.3.1.2.1. to waive the Minimum Shares Requirement and, as a result, nonetheless implement the Partial Offer even if Sanlam will acquire less than the Minimum Shares Requirement in terms of the Partial Offer, provided that Sanlam shall at all times acquire no less than the Absolute Floor in terms of the Partial Offer; or
- 3.3.1.2.2. in its discretion, to acquire all or a portion of shares tendered in excess of the Maximum Shares Percentage and up to the Partial Offer Percentage in terms of the Partial Offer, subject to a maximum equal to the Absolute Ceiling, on the basis set out in paragraph 3.2.5 above.
- 3.3.1.3. Offer Participants shall be entitled to receive the Offer Consideration from Sanlam in return for the sale of their Afrocentric Shares (“**Offer Shares**”) to Sanlam; and
- 3.3.1.4. Sanlam shall acquire registered and beneficial ownership, free of encumbrances, of the Offer Shares against settlement of the Offer Consideration.
- 3.3.2. In relation to the Asset for Share Transaction but subject to the provisions of the Circular:
- 3.3.2.1. Sanlam Life shall transfer and Afrocentric shall acquire ownership of the A4S Shares in exchange and as consideration for the issue of the Consideration Shares; and
- 3.3.2.2. Afrocentric shall issue and Sanlam Life shall acquire ownership of the Consideration Shares.
- 3.3.3. Once the Transaction has been implemented:
- 3.3.3.1. the Sanlam Group will hold no less than 55.0% of the Afrocentric Shares (subject to Sanlam’s right to waive the Minimum Shares Requirement), made up of the Offer Shares (being Sanlam’s direct 31.3% holding in Afrocentric following implementation of the Partial Offer) and the Consideration Shares (being Sanlam Life’s direct 28.7% holding in Afrocentric following implementation of the Asset for Share Transaction); and
- 3.3.3.2. AHA will be a wholly owned subsidiary of Afrocentric.
- 3.3.4. Sanlam has undertaken that, once the Transaction has been implemented, it will not increase its shareholding in Afrocentric to 75% or more without making an offer to all the Afrocentric Shareholders (other than the Sanlam Group) to acquire all their Afrocentric Shares under Section 117(1)(c)(v) of the Companies Act.

#### 3.4. **Effects of the Transaction**

The table below provides an illustration of the resultant shareholding of Sanlam in Afrocentric should the Transaction proceed, and taking into account both the implementation of the Partial Offer and the Asset for Share Transaction, respectively:

<b>Aggregate percentage of Afrocentric Shares tendered under the Partial Offer</b>	<b>Sanlam’s rights and obligations in terms of the Partial Offer</b>	<b>Resultant shareholding by Sanlam Group in Afrocentric post Asset for Share Transaction</b>
Below 31.3%	Transaction fails	0% (Transaction not implemented)
31.3% - 36.9%	Sanlam shall be entitled to elect whether to proceed with the Transaction and, if it proceeds, will accept all Afrocentric Shares tendered in terms of the Partial Offer	51.0% - 55.0%
36.9% - 43.9%	Sanlam shall be obliged to proceed with the Transaction and accept all Afrocentric Shares tendered in terms of the Partial Offer, up to the Maximum Shares Percentage	55.0% (inclusive) – 60.0% (inclusive)

43.9% - 64.8%	Sanlam shall be entitled to elect whether or not to accept all or a portion of the Excess Acceptances up to the Partial Offer Percentage, which shall not exceed 64.8%	60.0% - 74.9%
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### 3.5. Offer Consideration

- 3.5.1. The consideration for the Offer Shares is R6.00 per Offer Share, payable either in cash or in shares in Sanlam ("**Sanlam Shares**") or a combination thereof, at the election of each Afrocentric Shareholder, as follows:
- 3.5.1.1. cash in respect of 100% of the Afrocentric Shares tendered by such Afrocentric Shareholder;
  - 3.5.1.2. cash in respect of 50% and Sanlam Shares in respect of 50% of the Afrocentric Shares tendered by such Afrocentric Shareholder; or
  - 3.5.1.3. Sanlam Shares in respect of 100% of the Afrocentric Shares tendered by such Afrocentric Shareholder.

- 3.5.2. Where an Afrocentric Shareholder has elected to receive the Offer Consideration (or part thereof) in Sanlam Shares ("**Consideration Share Election**"), the number of Sanlam Shares to be delivered to such Afrocentric Shareholder in settlement will be calculated according to the following formula which, for the avoidance of doubt, will result in Afrocentric Shareholders receiving no more than 1 Sanlam Share for every 10 Afrocentric Shares tendered in the Partial Offer:

$$X = \frac{R6.00 \times Y}{Z}$$

where

- X is the number of Sanlam Shares to be delivered;
- Y is the number of Afrocentric Shares tendered pursuant to the Consideration Share Election; and
- Z is the higher of (i) the 30-day VWAP of Sanlam Shares as at the last practicable date prior to implementation of the Partial Offer and (ii) an amount of R60 (which represents the price per Sanlam Share).

If the above calculation results in any fraction of a Sanlam Share being required to be delivered, the relevant number of Sanlam Shares will be rounded down and the shortfall will be paid to the Afrocentric Shareholder in cash.

- 3.5.3. Where an Afrocentric Shareholder accepts the Partial Offer but does not indicate an election with regard to whether the Offer Consideration due to such Afrocentric Shareholder must be settled in cash or Sanlam Shares, such Afrocentric Shareholder shall be deemed to have elected to receive the Offer Consideration in cash.
- 3.5.4. The Offer Consideration represents a premium of 49.01% to the 30-day VWAP of an Afrocentric Share, and a premium of 55.84% to the closing price of an Afrocentric Share (namely R3.85 per Afrocentric Share), on the JSE as at 7 October 2022.

### 3.6. Conditions Precedent

- 3.6.1. The Partial Offer is subject to the fulfilment or, where applicable, waiver of the following Conditions Precedent:
- 3.6.1.1. sufficient Afrocentric Shareholders accepting the Partial Offer and selling their Offer Shares to Sanlam, so that following the implementation of the Partial Offer (and before the Asset for Share Transaction) Sanlam holds no less than 36.9% of the Afrocentric Shares;
  - 3.6.1.2. independent Afrocentric Shareholders adopting an ordinary resolution in terms of section 125(3)(b)(ii) of the Companies Act, approving the making of the Partial Offer by Sanlam;
  - 3.6.1.3. Afrocentric Shareholders adopting a special resolution in terms of section 41(3) of the Companies Act and in respect of paragraph 9.20 of the Listings Requirements of the JSE, approving the issue by Afrocentric of the Consideration Shares to Sanlam Life in terms of the Asset for Share Transaction;

- 3.6.1.4. all regulatory approvals required to implement the Transaction being obtained, including:
  - 3.6.1.4.1. all relevant competition authorities to which the Transaction is notifiable as a merger granting such approvals for the Transaction as may be required by law, either unconditionally or subject to such conditions as may be acceptable to (i) Sanlam in its reasonable discretion in respect of any conditions which are imposed on and/or will apply in respect of Sanlam only, and/or (ii) Sanlam and Afrocentric in their reasonable discretion in respect of any other conditions;
  - 3.6.1.4.2. the JSE granting such approvals for the Transaction as may be required by law; and
  - 3.6.1.4.3. the TRP having issued a compliance certificate in respect of the Partial Offer as required in terms of section 119(4)(b) and section 121(b) of the Companies Act ("**TRP Certificate Condition**");
- 3.6.1.5. all conditions to the agreement regulating the Asset for Share Transaction, other than the condition relating to the Partial Offer being implemented, being fulfilled or, if permitted, waived; and
- 3.6.1.6. no material adverse change in circumstances ("**MAC**") having occurred prior to the date upon which all Conditions Precedent, other than this Condition Precedent and the TRP Certificate Condition, are fulfilled or, if applicable, waived, in circumstances where the MAC has or is reasonably likely to cause the EBITDA of Afrocentric to decrease by more than 5%, when measured with reference to the comparable EBITDA for the financial year ended 30 June 2022. For the purpose of this paragraph 3.6.1.5, EBITDA means the earnings before interest, taxes, depreciation and amortisation of Afrocentric calculated in accordance with the International Financial Reporting Standards.
- 3.6.2. The Conditions Precedent in paragraphs 3.6.1.1, 3.6.1.5 and 3.6.1.6 may be waived by Sanlam. The Conditions Precedent in paragraphs 3.6.1.2 to 3.6.1.4 cannot be waived.
- 3.6.3. The Conditions Precedent must be fulfilled or, where applicable, waived by no later than 2 May 2023 or such later date as Sanlam and Afrocentric may agree in writing prior to 2 May 2023 ("**Longstop Date**").

#### 4. **AHA FINANCIAL INFORMATION**

- 4.1. The value of the net assets comprising A4S Shares as at 30 June 2022, being the date of the last audited annual financial statements of Afrocentric, was R976.4 million, representing 28.7% of AHA.
- 4.2. The audited profits after tax attributable to A4S Shares for the period ended 30 June 2022, was R136.1 million, representing 28.7% of AHA, based on the audited annual financial statements of Afrocentric for the year ending 30 June 2022, which were prepared in terms of International Financial Reporting Standards.

#### 5. **PRO FORMA FINANCIAL INFORMATION**

- 5.1. The value of the net assets as at 30 June 2022 and the comprehensive net income for the year attributable to shareholders of AfroCentric for the year ended 30 June 2022 are R3 445.9 million and R314.3 million, respectively ("**AfroCentric Financial Information**").
- 5.2. The AfroCentric Financial Information in this announcement has been extracted from AfroCentric's audited results for the year ended 30 June 2022, which were prepared in terms of International Financial Reporting Standards.
- 5.3. The TRP has granted a dispensation that the pro forma financial information for AfroCentric, as required in terms of regulation 101(7)(b)(iv) of the Takeover Regulations, will be contained in the Circular. Accordingly, shareholders of Afrocentric are advised to exercise caution when dealing in their Afrocentric Shares until the pro forma financial effects of the Transaction are released in the Circular.

6. **TRANSACTION FUNDING AND BANK GUARANTEE AND CONFIRMATION OF AUTHORISED SHARE CAPITAL IN SANLAM**
- 6.1. The Offer Consideration which is required to be settled in cash will be funded by Sanlam from available cash balances.
- 6.2. Sanlam has confirmed that it has (and will continue to have) sufficient authorized share capital available from which to transfer Sanlam Shares to Afrocentric Shareholders who elect to receive the Offer Consideration in the form of Sanlam Shares.
- 6.3. In compliance with regulations 111(4) and 111(5) of the Takeover Regulations, Sanlam has furnished the TRP with an irrevocable bank guarantee (in a form approved by the TRP) issued by Rand Merchant Bank, a division of FirstRand Bank Limited, a licensed bank in terms of the Banks Act, 94 of 1990, in terms of which the guarantor undertakes to pay a maximum cash consideration of R2 234 413 136 (two billion two hundred and thirty four million four hundred and thirteen thousand one hundred and thirty six rand) in relation to the Partial Offer, should Sanlam fail to do so. Payment under the written irrevocable bank guarantee is subject to the Partial Offer becoming unconditional and being implemented in accordance with its terms and conditions.
7. **SHARES IN AFROCENTRIC HELD BY SANLAM AND/OR PERSONS ACTING IN CONCERT WITH SANLAM**
- 7.1. Neither Sanlam nor any persons acting in concert with Sanlam hold or control, directly or indirectly, any beneficial interest in Afrocentric Shares.
- 7.2. Neither Sanlam nor any persons acting in concert with Sanlam hold any option to purchase any beneficial interest in Afrocentric Shares.
- 7.3. Sanlam confirms that it is the ultimate prospective purchaser of the Afrocentric Shares and that it is acting alone, and not in concert with, any other person in respect of the Partial Offer.
8. **AFROCENTRIC INDEPENDENT BOARD, INDEPENDENT EXPERT AND INDEPENDENT EXPERT'S REPORT AND FAIR AND REASONABLE OPINION**
- 8.1. In accordance with the provisions of the Companies Act and the Takeover Regulations, Afrocentric has established an independent board ("**Independent Board**") for purposes of assessing the terms of the Partial Offer, as well as advising Afrocentric Shareholders thereon. The Independent Board comprises Bruno Fernandes (as lead independent director), Alice le Roux, and Mmaboshadi Chauke.
- 8.2. The Independent Board has appointed BDO Corporate Finance (Proprietary) Limited, a private company incorporated under the laws of South Africa with registration number 1983/002903/07, to act as independent expert, as required in terms of section 114(2) of the Companies Act and Regulation 110 of the Takeover Regulations ("**Independent Expert**"), to provide it with external advice in relation to the Partial Offer and to make appropriate recommendations to the Independent Board in the form of a fair and reasonable opinion ("**Independent Expert's Report**"). The preliminary view of the Independent Expert is that the Offer Consideration falls within the range of what constitutes a fair price. The Independent Board of Afrocentric, constituted in accordance with the Companies Act, is of the preliminary opinion that the Offer Consideration is fair and reasonable. The Independent Expert's Report as well as the Independent Board's final opinion on the terms of the Partial Offer will be detailed in the Circular referred to in paragraph 12 below.
9. **RESTRICTIONS OUTSIDE SOUTH AFRICA**
- 9.1. Any persons who are subject to the laws of any jurisdiction other than South Africa should inform themselves about, and observe, any applicable requirements imposed by any such jurisdiction. Any failure to comply with the applicable requirements may constitute a violation of the securities laws of any such jurisdiction. It is the responsibility of any non-South African Afrocentric Shareholder to satisfy themselves as to the full observation of the laws and regulatory requirements of the relevant jurisdiction in connection with the Partial Offer, including the obtaining of any governmental, exchange control or other consent or the making of any filings which may be required, the compliance with other necessary formalities, or the payment of any issue, transfer or other taxes or requisite payments due in such jurisdiction.
- 9.2. Any non-South African Afrocentric Shareholder who is in doubt as to their position, including, without limitation, their tax status, should consult an appropriate independent professional adviser in the relevant jurisdiction. The legality of the Partial Offer to persons resident in jurisdictions outside of South Africa may be affected by laws of the relevant jurisdiction. Such persons should satisfy themselves as to any applicable legal requirements that they are obliged to observe. It is the responsibility of any such person wishing to accept the Partial

Offer to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith.

- 9.3. The Partial Offer is not being made, directly or indirectly, in or into any jurisdiction where it is illegal for the Partial Offer to be made or accepted.

## 10. **INFORMATION ABOUT AFROCENTRIC**

- 10.1. Afrocentric group is a majority black-owned JSE-listed investment holding company which operates in and provides specialised services to the public and private healthcare sectors, making quality healthcare more accessible and affordable to members and beneficiaries in both sectors. A principal objective of the group is to ensure the delivery of efficient health management services, the distribution of quality products, all at manageable and affordable cost, for the benefit of scheme clients, scheme members and the group's growing customer base in various new product lines being developed.
- 10.2. The Afrocentric group operates through three main clusters, namely the Services cluster, Pharmaceutical cluster and Corporate Solutions cluster. The Services cluster substantially comprises the medical scheme administration business. The Pharmaceutical cluster has a presence across manufacturing, wholesale and retail of drugs and multi-vitamins. The Corporate Solutions cluster comprises various entities that support the overall aim of offering uniquely integrated, employee-focused health and wellness solutions to corporate and institutional clients.
- 10.3. The Afrocentric group operates in South Africa, Botswana, Mauritius and Namibia.

## 11. **INFORMATION ABOUT THE SANLAM GROUP**

- 11.1. Sanlam is a pan-African financial services group listed on the Johannesburg, Namibian and A2X stock exchanges. Through its clusters: Life and Savings encompassing Retail Mass, Retail Affluent and Corporate business units; Sanlam Emerging Markets; Sanlam Investment Group; and Santam, the Group provides comprehensive and bespoke financial solutions to institutional clients and consumers across all market segments. Sanlam's areas of expertise include life and general insurance, financial planning, retirement, investments, and wealth management.
- 11.2. Established in 1918 as a life insurance company, Sanlam has evolved into the largest non-banking financial services group in Africa through its diversification strategy.
- 11.3. Headquartered in South Africa, Sanlam has a direct stake in financial services entities in Namibia, Botswana, Swaziland, Zimbabwe, Mozambique, Mauritius, Malawi, Zambia, Tanzania, Rwanda, Uganda, Kenya, and Nigeria. The Group has a footprint of insurance operations in Morocco, Angola, Algeria, Tunisia, Ghana, Niger, Mali, Senegal, Burkina Faso, Cote D'Ivoire, Togo, Benin, Cameroon, Gabon, Madagascar, Burundi, and Lesotho.
- 11.4. Sanlam also has business interests in India, Malaysia and the United Kingdom and a niche presence in selected developed markets.

## 12. **CIRCULAR POSTING DATE**

- 12.1. Afrocentric Shareholders are advised that it is anticipated that the Circular, containing the full details of the terms of the Transaction and convening the General Meeting, will be posted by no later than 8 December 2022, subject to any extension granted by the TRP and / or the JSE.
- 12.2. Afrocentric Shareholders will be advised of the posting of the Circular and the opening of the Partial Offer by means of a SENS announcement.
- 12.3. The Partial Offer will remain open for acceptance for at least 30 business days after the opening date of the Partial Offer, and at least 10 business days after the Partial Offer has been declared wholly unconditional. Sanlam shall be entitled to extend the closing date of the Partial Offer.

## 13. **RESPONSIBILITY STATEMENTS**

- 13.1. The Independent Board, individually and collectively, accepts responsibility for the information contained in this announcement insofar as it relates to Afrocentric. In addition, the Independent Board confirms that, to the best of its knowledge and belief, the information contained in this announcement, as it relates to Afrocentric, is true and correct and, where appropriate, does not omit anything that is likely to affect the importance of the information contained herein pertaining to Afrocentric and that all reasonable enquiries to ascertain such information have been made.
- 13.2. The Afrocentric Board, individually and collectively, accepts responsibility for the information contained in this announcement insofar as it relates to Afrocentric. In addition, the Afrocentric Board confirms that, to the best of its knowledge and belief, the information contained in this announcement, as it relates to Afrocentric, is true and correct and, where appropriate, does



not omit anything that is likely to affect the importance of the information contained herein pertaining to Afrocentric and that all reasonable enquiries to ascertain such information have been made.

- 13.3. The board of directors of Sanlam ("**Sanlam Board**"), individually and collectively, accepts responsibility for information contained in this announcement insofar as it relates to Sanlam. In addition, the Sanlam Board certifies that to the best of its knowledge and belief, the information contained in this announcement as it relates to Sanlam, is true and correct and, where appropriate, does not omit anything that is likely to affect the importance of the information contained herein pertaining to Sanlam and that all reasonable enquiries to ascertain such information have been made.

14. **CATEGORISATION OF THE TRANSACTION**

- 14.1. The Asset for Share Transaction constitutes a category 1 transaction for Afrocentric in terms of the Listings Requirements of the JSE and is required to be approved by Afrocentric Shareholders.
- 14.2. The Circular will incorporate the required provisions and disclosures which are required by the Listings Requirements of the JSE in respect of the Asset for Share Transaction.
- 14.3. It is anticipated that the Circular and notice of general meeting, containing the full details of the terms of the Partial Offer and the Asset for Share Transaction, response by the Afrocentric Independent Board to the Partial Offer, and Transaction disclosure (required both in terms of the Takeover Regulations and in respect of a category 1 transaction under the Listings Requirements of the JSE) will be posted by no later than 8 December 2022, subject to any extension granted by the TRP and / or the JSE.

By order of the Afrocentric Board  
Johannesburg  
11 October 2022

Transaction Advisor to Afrocentric  
Investec Bank Limited

Transaction Sponsor to Afrocentric  
Investec Bank Limited

Legal adviser to Afrocentric  
Norton Rose Fulbright South Africa

Independent Expert to Afrocentric  
BDO Corporate Finance Proprietary Limited

By order of the board of directors of Sanlam Limited  
Johannesburg  
11 October 2022

Exclusive Financial Adviser to Sanlam Limited  
Rand Merchant Bank, a division of FirstRand Bank Limited

Legal adviser to Sanlam Limited  
ENSafrica

Transaction Sponsor to Sanlam Limited  
Rand Merchant Bank, a division of FirstRand Bank Limited