
VOLUNTARY ANNOUNCEMENT REGARDING THE ACQUISITION BY ALEXFORBES OF A MAJORITY STAKE IN TSA ADMINISTRATION

1. Introduction and rationale

Alexforbes is pleased to announce the conclusion of a binding agreement with shareholders of TSA Administration Proprietary Limited (**TSA**) for the acquisition of a majority interest in TSA, subject to the fulfilment of commercial conditions precedent (the **acquisition** or **transaction**).

TSA is an independent provider of institutional group risk insurance administration services in South Africa, with a 25-year track record. The business has carved a significant leadership position in this space by providing a hassle-free experience to intermediaries through the combination of TSA service specialists and procuring group insurance from a panel of market-leading insurers. The business serves over 120 000 insured members across more than 2 000 institutional clients.

The transaction represents a natural and seamless alignment between the two companies, as we share an independence from product providers, a dedication to enhancing customer experience and the appetite to partner with intermediaries. Both the TSA business and the Alexforbes binder business (**AF Insured Solutions**) will be enhanced due to our combined scale in the administration operations as well as expanded market reach.

This acquisition aligns with Alexforbes's strategic intent and will enable the group to further expand its service offerings to intermediaries alongside its existing umbrella fund and investments capabilities, while remaining capital-light.

Commenting on the acquisition, Alexforbes CEO, Dawie de Villiers, said, '*We are delighted to welcome the people and clients of TSA to the Alexforbes group. This strategic move bolsters our existing binder business, further strengthens our offering to clients and broadens our relationship with intermediaries. We are committed to maintaining the relationship of trust that TSA has earned with intermediaries and look to build upon this into the future.*'

2. Particulars of the acquisition

In terms of the acquisition Alexforbes, through Alexander Forbes Financial Services (Proprietary) Limited, an indirect wholly owned subsidiary of the Company, will initially acquire 60% of TSA, with the option to acquire the remaining 40% of TSA over a period of five years from effective date. The purchase consideration will be settled in cash and Alexforbes intends to fund the acquisition by drawing down on its existing term loan facility.

TSA will operate as an independently managed unit within the Alexforbes group to preserve business continuity, maintain relationships with intermediaries, and sustain the TSA team culture. As part of the Alexforbes group, TSA will benefit from the support structures and intellectual capability available within the group to sustainably serve the needs of its clients now and into the future. AF Insured Solutions will be integrated within TSA, ensuring a consistent customer experience and to realise the anticipated benefits of specialised scale.

Employees are assured of their job security and continuity of their current terms and conditions of service. The management of TSA will continue to perform their duties given their understanding of the business, its people and clients.

The acquisition is subject to customary terms and conditions for transactions of this nature, including certain commercial conditions being fulfilled. The acquisition will be effective on the date on which all conditions precedent have been fulfilled and is expected to occur before the end of June 2023.

3. Uncategorized transaction

The acquisition falls below the threshold for categorisation, is not a related parties transaction in terms of the JSE Limited Listings Requirements, and therefore this is a voluntary announcement provided for information purposes only.

Carina Wessels
Executive: Governance, Legal, Compliance and Sustainability (Company Secretary)

5 May 2023
Sandton

Sponsor
RAND MERCHANT BANK (A division of FirstRand Bank Limited)