

**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" or "Sanlam Group")

**SANLAM LIFE INSURANCE LIMITED**

*(Incorporated in the Republic of South Africa)*

(Registration number: 1998/021121/06)

Bond Issuer Code: BISLI

LEI: 378900E10332DF012A23

("Sanlam Life" or "Offeror")

**ASSUPOL HOLDINGS LIMITED**

*(Incorporated in the Republic of South Africa)*

(Registration Number: 2010/015888/06)

CTSE Share Code: 4AASP

ISIN: ZAE400000051

("Assupol" or "Assupol Group")

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**JOINT ANNOUNCEMENT OF THE FIRM INTENTION BY SANLAM LIFE TO ACQUIRE ALL THE ISSUED ORDINARY SHARES IN ASSUPOL BY WAY OF A SCHEME OF ARRANGEMENT OR GENERAL OFFER ("FIRM INTENTION ANNOUNCEMENT")**

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**1. INTRODUCTION**

On 3 April 2023 Assupol released an announcement on the Cape Town Stock Exchange ("CTSE") News Service wherein Budvest Proprietary Limited ("**Budvest**"), a material shareholder of Assupol which holds approximately 46.11% of the Assupol Ordinary Shares (as defined below) (excluding Treasury Shares (as defined below)), through its wholly owned subsidiary K2022679730 (South Africa) Proprietary Limited, as well as the International Finance Corporation ("**IFC**"), a significant minority shareholder of Assupol which holds approximately 19.36% of the Assupol Ordinary Shares (excluding Treasury Shares), noted their intention to commence a sale process in respect of their interests in Assupol. Following the successful conclusion of the sale process, holders of Assupol ordinary shares ("**Assupol Ordinary Shareholders**") are advised that Assupol and Sanlam, through its wholly owned subsidiary Sanlam Life, entered into an implementation agreement on 1 February 2024 (the "**Implementation Agreement**") pursuant to which:

1.1. Sanlam Life has made an offer to acquire all the issued ordinary shares of Assupol ("**Assupol Ordinary Shares**") (excluding Treasury Shares, unless the Standby Offer, as defined below, is made), for a total purchase consideration of ZAR6 500 000 000:

1.1.1. minus the amount of any dividends, distributions or similar payments declared, made or paid by Assupol in respect of the Assupol Ordinary Shares during the period from

1 July 2023 until the Scheme Implementation Date (as defined below) or the date of implementation of the Standby Offer (as defined below) (both dates included);

1.1.2. divided by the number of issued Assupol Ordinary Shares (excluding the Assupol Ordinary Shares held by subsidiaries of Assupol ("**Treasury Shares**")) and B Shares (as defined below) (up to a maximum of 444 893 B Shares) as at the Scheme Implementation Date or the date of implementation of the Standby Offer (both dates included); and

1.1.3. increased (taking into account the timing of the adjustments referred to in paragraph 1.1.1 above) at the Escalation Rate (as defined below) from 1 July 2023 until the Scheme Implementation Date or the date of implementation of the Standby Offer (both dates included),

(the "**Per Share Scheme Consideration**").

1.2. The Sanlam Offer (as defined below), subject to the fulfilment or waiver of the Scheme Conditions Precedent (as defined below), will be effected by way of a single offer comprising:

1.2.1. a scheme of arrangement in terms of section 114 of the Companies Act, 71 of 2008 (the "**Companies Act**") (read with section 115 of the Companies Act) between Assupol and the Assupol Ordinary Shareholders, excluding holders of Treasury Shares (the "**Scheme**"), proposed by the board of directors of Assupol (the "**Board**") to Assupol Ordinary Shareholders; or

1.2.2. should the Scheme fail or be terminated in the circumstances outlined below, a standby general offer will be made by Sanlam Life (the "**Standby Offer**") to Assupol Ordinary Shareholders (including holders of Treasury Shares) to acquire all the Assupol Ordinary Shares, including the Treasury Shares, for the Per Share Scheme Consideration in terms of section 117(1)(c)(v) of the Companies Act and Regulation 102 of the Takeover Regulations prescribed from time to time by the Minister of Trade, Industry and Competition in terms of section 120 of the Companies Act (the "**Takeover Regulations**"), subject, if Sanlam so elects, to a minimum acceptance level threshold of 65% of the issued Assupol Ordinary Shares or such lower percentage as Sanlam may specify from time to time,

collectively the "**Sanlam Offer**".

The Scheme and the Standby Offer constitute one single offer in terms of the Takeover Regulations. The Standby Offer will take effect if: (i) the General Meeting (as defined below) does not take place; (ii) any of the Scheme Conditions Precedent set out in paragraphs 5.3.1.1 to 5.3.1.4 are not fulfilled; (iii) any of the Scheme Conditions Precedent set out in paragraphs 5.3.1.7 to 5.3.1.9 are not fulfilled; or (iv) the Scheme otherwise fails other than as contemplated in paragraph 5.3.1.6. The terms and conditions of the Standby Offer will be more fully set out in the Scheme circular which will be published in the manner prescribed in the Takeover Regulations.

The Board has in accordance with Regulation 108 of the Takeover Regulations constituted an independent board (the "**Independent Board**") comprising Dr. Reuel Khoza, Ms. Lesego Sennelo, Mr. Mark Collier, Mrs. Bridget Duker and Mr. Sandile Mbili to, *inter alia*, consider the terms of the Sanlam Offer and make a recommendation to the Assupol Ordinary Shareholders and the holders of B shares in Assupol ("**B Shares**", and "**B Shareholders**") issued pursuant to the Assupol incentive scheme (and which are entitled to vote on the Scheme Resolution (as defined below)) in respect thereof. The Independent Board has resolved to recommend the Sanlam Offer to the Assupol Ordinary Shareholders and B Shareholders.

The purpose of this Firm Intention Announcement is to advise Assupol Ordinary Shareholders and the B Shareholders of Sanlam Life's firm intention to proceed with the Sanlam Offer and specifically the key terms and conditions of the Sanlam Offer.

The Sanlam Offer will not be a categorised transaction for Sanlam in terms of the Listings Requirements of the JSE Limited ("**JSE**").

## **2. OVERVIEW OF ASSUPOL**

Assupol is the holding company of the Assupol Group of companies ("**Assupol Group**"). It operates through two wholly owned subsidiaries, Assupol Life Limited ("**Assupol Life**") and Assupol Investment Holdings Proprietary Limited.

Assupol Life began in 1913 as a burial society for members of the South African Police Service. From the beginning it has grown into a fully-fledged life-insurer, serving those who serve and leading with innovative products and services. Assupol has become a household name, synonymous with high-quality service and affordable products tailored for focused markets and provides funeral, life, savings and retirement products and services to South Africans from every walk of life.

Assupol is listed on the CTSE with a market capitalisation of c.ZAR4.94 billion as at 1 February 2024. As at 30 June 2023, being the date of the last audited annual financial statements of Assupol, the value of the net assets of the Assupol Group was ZAR5.39 billion, the embedded value was ZAR7.07 billion and the profit after tax for the period was ZAR716.26 million.

### **3. OVERVIEW OF SANLAM**

Sanlam is the holding company of a pan-African financial services group, and is listed on the JSE, Namibian Stock Exchange and A2X with a market capitalisation of c.ZAR158.90 billion as at 1 February 2024. Through its clusters, Sanlam Life and Savings (including Retail Mass, Retail Affluent and Sanlam Corporate), Sanlam Emerging Markets (including SanlamAllianz (operating on the African continent, outside of South Africa)), Sanlam Investment Group and Santam, Sanlam 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.

For over 100 years, Sanlam has contributed to financial and social economic development in South Africa, as well as the broader region, empowering generations to be financially confident, secure and prosperous. Sanlam's commitment to South Africa as an engaged corporate citizen, spans more than a century. Sanlam is an experienced and credible partner in the region, with strong relationships and aligned objectives with local and national government bodies and communities, having been at the forefront of South Africa's financial inclusion, transformation and socio-economic development since its inception.

### **4. RATIONALE FOR THE SCHEME**

Sanlam sees Assupol as a strong strategic fit within the Sanlam Group that can enhance and contribute to Sanlam's existing scale in the Retail Mass segment. This market segment is of strategic priority for Sanlam and is receiving significant focus and support to ensure strong ongoing growth. Furthermore, Assupol's strong customer base in Gauteng can strengthen the strategic position in this competitive province.

The Sanlam Offer is an attractive proposition for Sanlam and Assupol alike for, among others, the following reasons:

#### **4.1. Enhanced customer offering**

Opportunity to provide a broader product offering, for the benefit of Sanlam's and Assupol's customers, by capitalising on the businesses' respective routes to market and leveraging cross-selling opportunities across the enlarged Sanlam Group.

#### 4.2. Synergies

Value creation potential for all stakeholders through the realisation of potential synergies with respect to reinsurance, capital optimisation through the Sanlam Group balance sheet, IT and other back-office synergies, whilst ensuring strong customer service level continuity.

#### 4.3. Brand preservation

Preservation and promotion of Assupol's excellent brand and reputation that is trusted and widely recognised with over five million lives insured in South Africa.

#### 4.4. Shared values

Sanlam and Assupol share similar values regarding socio-economic transformation and ethical behaviour and are excited about the positive impact their combination can bring to the South African market and to the lives of customers.

### 5. TERMS AND CONDITIONS OF THE SCHEME

The Scheme is an "affected transaction" as defined in section 117(1)(c)(iii) of the Companies Act and, as such, is regulated by the Companies Act and the Takeover Regulations. The salient terms of and other information pertaining to the Scheme are set out below.

#### 5.1. Overview of the Scheme

5.1.1. Assupol will propose the Scheme between Assupol and the Assupol Ordinary Shareholders (excluding the holders of Treasury Shares).

5.1.2. If the Scheme Conditions Precedent are fulfilled or, where applicable, waived, then, subject to issue by the Takeover Regulation Panel ("TRP") of the compliance certificate referred to in paragraph 7, on the date on which the Scheme is to be implemented, being the Monday immediately following the Scheme Record Date (as will be defined in the Scheme circular to be distributed to Assupol Ordinary Shareholders and B Shareholders) (or such other date as Sanlam Life and Assupol, with the consent of the CTSE and TRP, if required, may agree in writing) ("**Scheme Implementation Date**"):

5.1.2.1. Sanlam Life shall:

5.1.2.1.1. acquire all the Assupol Ordinary Shares (excluding Treasury Shares) from the Assupol Ordinary Shareholders; and

5.1.2.1.2. settle the Per Share Scheme Consideration in relation to all the Assupol Ordinary Shares (excluding Treasury Shares); and

**5.1.2.2.** each Assupol Ordinary Shareholder (excluding holders of Treasury Shares) shall receive the Per Share Scheme Consideration.

## **5.2. Scheme Consideration**

The consideration payable by Sanlam Life to Assupol Ordinary Shareholders (excluding holders of Treasury Shares) for their Assupol Ordinary Shares is the Per Share Scheme Consideration.

The maximum number of B Shares referred to in paragraph 1.1.2 above is equal to the total number of B Shares that have been allocated to certain executives of Assupol under the Assupol incentive scheme as at the date of this announcement (as described in paragraph 5.4.1 below) and which are expected to be in issue as at the Scheme Implementation Date. This maximum number has been included to provide Assupol Ordinary Shareholders with certainty on the potential adjustment to the Per Share Scheme Consideration relating to B Shares.

### **Illustrative example of the calculation of the Per Share Scheme Consideration**

Purchase consideration (cum dividend)	ZAR 6 500 000 000.00
Minus dividends, distributions or similar payments	ZAR 564 938 961.84
<b>Purchase consideration (ex dividend)</b>	<b>ZAR 5 935 061 038.16</b>
Escalation Rate <sup>(1)</sup>	8.25%
Start date	01-Jul-23
Dividend payment date	16-Oct-23
Assumed Scheme Implementation Date	26-Aug-24
No. of days cum dividend	107
No. of days ex dividend	315
<b>Purchase consideration as at the assumed Scheme Implementation Date</b>	<b>ZAR 6 514 831 308.65</b>
Assupol Ordinary Shares	429 552 289
Maximum B Shares	444 893
Excluding Treasury Shares	2 248 498
	<b>427 748 684</b>
<b>Per Share Scheme Consideration as at the assumed Scheme Implementation Date</b>	<b>ZAR 15.23</b>

(1) “**Escalation Rate**” means the publicly quoted repurchase rate of interest, calculated based on a 365 day year irrespective of whether or not the year is a leap year, from time to time published by the South African Reserve Bank as being its repo rate. For purposes of the above illustrative example, a repo rate of 8.25% as at 1 February 2024 has been utilised.

The Per Share Scheme Consideration (before any adjustments) represents a premium of 32.17% to the closing price of the Assupol Ordinary Shares on the CTSE the day before 3 April 2023 and a premium of 32.17% to the closing price of the Assupol Ordinary Shares on the CTSE of ZAR11.50 as at 31 January 2024, being the last trading date prior to the date of signature of the Implementation Agreement.

### **5.3. Scheme Conditions Precedent**

**5.3.1.** The implementation of the Scheme will be subject to the fulfilment or waiver, as the case may be, of each of the following conditions precedent by 31 January 2025 or such later date/s as may be agreed in writing from time to time between Sanlam Life and Assupol (“**Scheme Conditions Precedent**”):

**5.3.1.1.** either:

**5.3.1.1.1.** no Assupol Ordinary Shareholder (i) gives notice objecting to the scheme resolution to be proposed to Assupol Ordinary Shareholders and B Shareholders seeking their approval of the Scheme (the “**Scheme Resolution**”), as contemplated in section 164(3) of the Companies Act and (ii) votes against the Scheme Resolution at the general meeting of Assupol Ordinary Shareholders and B Shareholders at which the Scheme Resolution will be proposed (the “**General Meeting**”); or

**5.3.1.1.2.** if any Assupol Ordinary Shareholder gives notice objecting to the Scheme Resolution as contemplated in section 164(3) of the Companies Act and then votes against the Scheme Resolution at the General Meeting, Assupol Ordinary Shareholders holding no more than 5% of all of the issued Assupol Ordinary Shares give such notice objecting to the Scheme Resolution as contemplated in section 164(3) of the Companies Act and vote against the Scheme Resolution at the General Meeting; or

**5.3.1.1.3.** if any Assupol Ordinary Shareholder gives notice objecting to the Scheme Resolution as contemplated in section 164(3) of the Companies Act and then votes against the Scheme Resolution at the General Meeting in respect of more than 5% of all of the issued Assupol Ordinary Shares, such shareholders exercise their appraisal rights, by giving valid

demands in terms of sections 164(5) to 164(8) of the Companies Act, in respect of no more than 5% of all of the issued Assupol Ordinary Shares within the maximum period permitted by the Companies Act;

- 5.3.1.2.** the Scheme Resolution is approved by the requisite majority of votes at the General Meeting and as contemplated in section 115(2) of the Companies Act;
- 5.3.1.3.** to the extent required in terms of the Companies Act, the High Court of South Africa approves the implementation of the Scheme Resolution;
- 5.3.1.4.** if any person who voted against the Scheme Resolution has applied to court for a review of the Scheme in terms of section 115(3)(b) and section 115(6) of the Companies Act either:
  - 5.3.1.4.1.** leave to apply to the High Court of South Africa for any such review is refused; or
  - 5.3.1.4.2.** if leave is so granted, the High Court of South Africa refuses to set aside the Scheme Resolution;
- 5.3.1.5.** save for the requirement that the TRP has issued a compliance certificate with respect to the Sanlam Offer in terms of section 121(b) of the Companies Act, all regulatory approvals, consents or waivers required to implement the Sanlam Offer are obtained, including:
  - 5.3.1.5.1.** the CTSE grants such approvals, consents or waivers as are required in terms of the CTSE Listings Requirements with respect to the Sanlam Offer;
  - 5.3.1.5.2.** the competition authorities granting such approvals, consents or waivers as are required in terms of the Competition Act, 89 of 1998 to implement the Sanlam Offer, either unconditionally, or, if subject to conditions acceptable to Sanlam Life and/or Assupol, subject to the Implementation Agreement, provided that each of Sanlam Life and Assupol shall, when considering whether or not any conditions are acceptable to it, act reasonably and in good faith;

- 5.3.1.5.3.** the Financial Surveillance Department of the South African Reserve Bank granting such approvals, consents or waivers as are required with respect to the Sanlam Offer, either unconditionally, or subject to conditions acceptable to Sanlam acting reasonably and in good faith; and
- 5.3.1.5.4.** the Financial Sector Conduct Authority and/or the Prudential Authority, as the case may be, granting such approvals, consents or waivers as are required in terms of relevant Financial Sector Laws, as such term is defined in the Financial Sector Regulation Act, 9 of 2017, to implement the Sanlam Offer, either unconditionally, or subject to conditions acceptable to Sanlam Life, acting reasonably and in good faith;
- 5.3.1.6.** the Implementation Agreement is not terminated in accordance with its terms as further set out in paragraph 9.4 below;
- 5.3.1.7.** the Independent Board does not withdraw, modify or qualify its recommendation of the Sanlam Offer to the Assupol Ordinary Shareholders or its view regarding the fairness or reasonableness (or otherwise) of the Per Share Scheme Consideration;
- 5.3.1.8.** the Independent Board does not approve or recommend a Superior Competing Assupol Proposal (as will be defined in the Scheme circular to be distributed to Assupol Ordinary Shareholders), whether conditionally and whether or not that approval or recommendation is legally binding on Assupol; and
- 5.3.1.9.** no Superior Competing Assupol Proposal (as will be defined in the Scheme circular to be distributed to Assupol Ordinary Shareholders) has been completed.
- 5.3.2.** Save as may be inconsistent with Assupol's rights or obligations in relation to a Competing Assupol Proposal, each of Assupol and Sanlam Life shall use its reasonable endeavours to procure the fulfilment of the Scheme Conditions Precedent as soon as reasonably practicable.
- 5.3.3.** Sanlam Life shall be entitled, in its sole and exclusive discretion, by notice in writing delivered to Assupol, to waive, in part or in whole, the Scheme Condition Precedent in paragraph 5.3.1.1. Neither Assupol nor Sanlam Life shall be entitled to waive any other Scheme Condition Precedent unless that waiver is agreed to in writing by Assupol and Sanlam and is permissible in law.

## **5.4. B Shares Repurchase and Cancellation**

- 5.4.1.** Assupol has allocated B Shares to certain executives of Assupol under the Assupol incentive scheme as follows:
- 5.4.1.1.** 192 028 B5 Shares issued by Assupol ("**B5 Shares**") to participating executives; and
  - 5.4.1.2.** 252 865 B6 Shares to be issued by Assupol ("**B6 Shares**") to participating executives.
- 5.4.2.** Assupol expects to allocate B7 Shares to participating executives of Assupol after the finalisation of its 2024 year-end financial statements.
- 5.4.3.** In terms of the rights attaching to the B Shares and the rules of the Assupol incentive scheme, B Shares will convert into Assupol Ordinary Shares following implementation of the Sanlam Offer.
- 5.4.4.** The participating executives and Assupol have concluded written agreements in terms of which Assupol will repurchase the participating executives B Shares (or the Assupol Ordinary Shares into which they convert following the implementation of the Sanlam Offer) and cancel any outstanding rights to B7 Shares that may be allocated to them in terms of the Assupol incentive scheme rules before the implementation of the Sanlam Offer, at a price equal to the Per Share Scheme Consideration in respect of each B Share (or converted Assupol Ordinary Share) or cancelled right, as the case may be, forthwith after the implementation of the Sanlam Offer, subject to applicable statutory requirements.
- 5.4.5.** Sanlam has delivered a letter to Assupol and the participating Assupol executives undertaking in favour of Assupol and the participating Assupol executives to take the necessary steps and pass the necessary resolutions to implement the repurchase and cancellation referred to above forthwith after the Sanlam Offer is implemented. If it is not possible to implement the repurchase and cancellation for any reason, Sanlam will make an equivalent offer to the participating executives at a price per B Share (or converted Assupol Ordinary Share) or right, as the case may be, equal in each case to the Per Share Scheme Consideration and otherwise on terms no less favourable than those offered under the agreements referred to in paragraph 5.4.4.

**5.4.6.** In addition, notwithstanding that the Holders of B Shares are entitled to vote on the Scheme Resolution in terms of Assupol's memorandum of incorporation, in order to address concerns expressed by the TRP about the possible impact that the voting rights that may be exercised in respect of B Shares may have on the outcome of the Scheme should the Holders of the B Shares attend the General Meeting and vote on the Scheme Resolution, the participating Assupol executives have irrevocably agreed that they will not attend the General Meeting in their capacity as Holders of B Shares or vote their B Shares (or submit any proxy forms exercising their voting rights in respect of the B Shares) in respect of the Scheme Resolution.

## **5.5. Delisting of Assupol Ordinary Shares**

Upon implementation of the Scheme, the Assupol Ordinary Shares will be delisted from the CTSE and, subject to implementation of the B Share repurchase or equivalent offer, as described in paragraph 5.4 above, Assupol will be a wholly owned subsidiary of Sanlam Life.

## **6. TERMS AND CONDITIONS OF THE STANDBY OFFER**

The Standby Offer is part of the Sanlam Offer and is a continuation of the "affected transaction" as defined in section 117(1)(c)(v) of the Companies Act.

### **6.1. Standby Offer Consideration**

Standby Offer participants who accept the Standby Offer shall receive the Per Share Scheme Consideration. The Treasury Shares will be included in the Standby Offer.

If the Standby Offer is made, then the Treasury Shares purchased by Sanlam Life pursuant to the Standby Offer will also be acquired at the Per Share Scheme Consideration and the Per Share Scheme Consideration will not be reduced as a result of the Standby Offer being made with respect to a greater number of Assupol Ordinary Shares than those that would be acquired pursuant to the Scheme.

### **6.2. The Standby Offer Conditions**

**6.2.1.** If after the Scheme is proposed, (i) the General Meeting is cancelled by Assupol, or is not held for any reason, or (ii) the Scheme Conditions Precedent in paragraphs 5.3.1.1, 5.3.1.2, 5.3.1.3 or 5.3.1.4 are not fulfilled, or (iii) the Scheme Conditions Precedent in paragraphs 5.3.1.7, 5.3.1.8 or 5.3.1.9, are not fulfilled; or (iv) the Scheme otherwise fails other than as contemplated in paragraph 5.3.1.6, an offer to holders of Assupol Ordinary Shares (including holders of Treasury Shares) to acquire their Assupol Ordinary Shares by way of a Standby Offer in terms of the Companies Act for the Per

Share Scheme Consideration will be made on terms and conditions precedent consistent, *mutatis mutandis*, with those of the Scheme and, to the extent applicable, the Implementation Agreement, save that:

**6.2.1.1.** the Scheme Conditions Precedent in paragraphs 5.3.1.1, 5.3.1.2, 5.3.1.3, 5.3.1.4, 5.3.1.7, 5.3.1.8 and 5.3.1.9 will not apply to the Standby Offer; and

**6.2.1.2.** if Sanlam Life so elects, the Standby Offer will be subject to an additional condition precedent that Assupol Ordinary Shareholders tender that number of Assupol Ordinary Shares which, when accepted by Sanlam Life, would result in Sanlam Life holding at least 65% of the issued Assupol Ordinary Shares, or such lower percentage as Sanlam Life may specify from time to time, of the issued Assupol Ordinary Shares, which additional condition precedent, if elected, Sanlam Life shall be entitled to waive.

**6.2.2.** If a Standby Offer is triggered as a result of the Scheme Conditions Precedent in paragraphs 5.3.1.7, 5.3.1.8 or 5.3.1.9 not being fulfilled, the Standby Offer will be made unless irrevocable undertakings provided to Sanlam Life are withdrawn or terminated and as a result Sanlam Life does not have irrevocable support for acceptance of at least the percentage required to fulfil the condition referred to in paragraph 6.2.1.2 if such condition is applicable.

**6.2.3.** The Standby Offer will be implemented in accordance with the Companies Act and the Takeover Regulations and will be regulated by the TRP.

**6.2.4.** If the Scheme fails due to the required regulatory approvals not being granted, the Standby Offer will not be made.

**6.2.5.** Upon the implementation of the Standby Offer, Sanlam Life will acquire all Assupol Ordinary Shares of Assupol Ordinary Shareholders who have accepted the Standby Offer and if acceptances are received in respect of at least 90% of all the Assupol Ordinary Shares, Sanlam may choose to acquire all remaining Assupol Ordinary Shares in accordance with section 124 of the Companies Act.

**6.2.6.** If the Scheme fails and the Standby Offer is made, the salient dates and times relating to the Standby Offer will be published on the CTSE News Service.

## **7. COMPLIANCE CERTIFICATE**

The Sanlam Offer shall not be implemented unless the TRP has issued a compliance certificate with respect to the Sanlam Offer in terms of section 121(b) of the Companies Act.

## **8. FUNDING OF THE CONSIDERATION AND CONFIRMATION OF FINANCIAL RESOURCES**

The Per Share Scheme Consideration will be funded by Sanlam Life from cash resources.

In accordance with regulation 111(4) and regulation 111(5) of the Takeover Regulations, The Standard Bank of South Africa Limited on behalf of Sanlam Life has provided an unconditional and irrevocable bank guarantee to the TRP (in a form approved by the TRP) and for the benefit of Assupol Ordinary Shareholders, in which The Standard Bank of South Africa Limited has agreed to pay up to a maximum guaranteed amount of ZAR6 500 000 000 in the event that Sanlam Life fails to discharge its obligation to make payment of all monies due under the Sanlam Offer by the due date for payment.

## **9. SALIENT TERMS OF THE IMPLEMENTATION AGREEMENT**

### **9.1. Non-Solicitation by Assupol**

In terms of the Implementation Agreement, Assupol has provided certain non-solicitation undertakings to Sanlam Life that are appropriate for a transaction of the nature of the Sanlam Offer. Further details of these undertakings will be included in the Scheme circular.

### **9.2. Business Operations**

Assupol has provided certain undertakings to the Offeror regarding the continuing conduct of its business in the ordinary course, that are appropriate for a transaction of this nature for the duration of the Exclusivity Period (as defined below). Further details of these undertakings will be included in the Scheme circular.

### **9.3. Exclusivity**

Assupol and the Offeror have agreed to an exclusivity period being the period commencing on the Implementation Agreement signature date and expiring on the day following the earliest of the following dates:

**9.3.1.** the date of completion of the Scheme;

**9.3.2.** the date on which the Implementation Agreement is terminated in accordance with its terms;  
or

**9.3.3.** if the Standby Offer is made, the earliest of:

**9.3.3.1.** the date on which a condition precedent to the Standby Offer fails or is waived; and

**9.3.3.2.** the date of completion of the Standby Offer,

("Exclusivity Period").

#### **9.4. Termination of the Implementation Agreement**

**9.4.1.** The Implementation Agreement shall terminate on written notice by Sanlam Life to Assupol if a Material Adverse Change occurs. A "**Material Adverse Change**" occurs, subject to customary exclusions that are appropriate for a transaction of this nature, if the Assupol Group embedded value as reflected in any of Assupol's management accounts for the months from 30 June 2023 until the Scheme Implementation Date is less than 90% of the Assupol Group embedded value as reflected in the 30 June 2023 audited annual financial statements; or on the occurrence of any event, circumstance, effect or state of affairs (or a combination thereof) during the Exclusivity Period which will cause the Assupol Group embedded value to decrease to an amount that is less than 90% of the Assupol Group embedded value as reflected in the 30 June 2023 audited annual financial statements.

**9.4.2.** The Implementation Agreement may be terminated by either Sanlam Life or Assupol, on written notice, if (i) it becomes illegal to implement all or a material part of the Sanlam Offer; or (ii) in the case of an insolvency event on the part of Assupol or Sanlam Life.

**9.4.3.** Termination rights cannot be exercised after the Scheme Finalisation Date.

#### **9.5. Warranties and representations**

Assupol and Sanlam Life have provided warranties and representations to one another regarding capacity and authority. In addition, Assupol has provided warranties regarding the issued shares of Assupol.

### **10. SHAREHOLDING OF THE OFFEROR AND ITS ASSOCIATES IN ASSUPOL**

**10.1.** The Offeror does not hold any Assupol Ordinary Shares.

**10.2.** The Offeror has not had any dealings in Assupol Ordinary Shares during the six-month period prior to the date of signature of the Implementation Agreement.

**10.3.** None of the Offeror's directors have a beneficial interest in Assupol Ordinary Shares.

**10.4.** None of the Offeror's directors have had any dealings in Assupol Ordinary Shares during the six-month period prior to the date of signature of the Implementation Agreement.

## 11. IRREVOCABLE UNDERTAKINGS TO VOTE IN FAVOUR OF THE SCHEME

11.1. At the date of this Firm Intention Announcement, the following Assupol Ordinary Shareholders have provided irrevocable undertakings to vote the following number of Assupol Ordinary Shares, including all additional Assupol Ordinary Shares they may hold at the time of the General Meeting, in favour of all the resolutions required to implement the Scheme:

Shareholder	Number of Assupol Ordinary Shares beneficially held	% of issued Assupol Ordinary Shares (Excluding Treasury Shares)
K2022679730 (South Africa) Proprietary Limited	197 029 940	46.11%
IFC	82 711 565	19.36%
Bridget Mokwena-Halala	2 941 347	0.69%
Niel de Klerk	6 758 969	1.58%
Siphiwe Ndwalaza	8 846 392	2.07%
<b>Total</b>	<b>298 288 213</b>	<b>69.81%</b>

11.2. The aforesaid irrevocable undertakings represent 69.81% of all Assupol Ordinary Shares (excluding Treasury Shares) eligible to vote on the resolutions in respect of the Scheme. The B Shares, which will not be voted in terms of the waivers referred to in paragraph 5.4.6 above, represent 0.1% of all issued Assupol securities.

## 12. APPOINTMENT OF INDEPENDENT EXPERT

Assupol has appointed Oxford Partners Proprietary Limited (the “**Independent Expert**”) to act as independent expert in accordance with the requirements of the Takeover Regulations to advise the Independent Board and report to the Independent Board on the Sanlam Offer by way of a fair and reasonable opinion. The Independent Expert’s report will be included in the Scheme circular to be issued to Assupol Ordinary Shareholders. The Independent Expert's report has been provided to the

Independent Board and the report confirms that the Per Share Scheme Consideration is fair and reasonable.

### **13. VIEWS OF THE INDEPENDENT BOARD ON THE SCHEME (INCLUDING THE STANDBY OFFER)**

**13.1.** The Independent Board, after due consideration of the report of the Independent Expert, and the requirements of Regulation 110, has considered the terms and conditions of the Scheme (including the Standby Offer), and has resolved that the terms and conditions thereof are fair and reasonable to the Assupol Ordinary Shareholders and, accordingly, recommend that the Assupol Ordinary Shareholders and B Shareholders vote in favour of the Scheme at the General Meeting.

**13.2.** As at the date of this Firm Intention Announcement, the Independent Board has not received any firm intention offers, other than the Sanlam Offer set out above.

### **14. RESPONSIBILITY STATEMENTS**

The Independent Board accepts responsibility for the information contained in this announcement insofar as it relates to Assupol, and certifies that, to the best of its knowledge and belief, such information contained herein is true and nothing has been omitted which is likely to affect the import of such information.

The Offeror accepts responsibility for the information contained in this announcement insofar as it relates to the Offeror, and certifies that, to the best of its knowledge and belief, the information contained in this announcement relating to the Offeror is true and nothing has been omitted which is likely to affect the import of such information.

### **15. POSTING OF THE CIRCULAR**

A Scheme circular detailing the Sanlam Offer is in the process of being prepared.

Assupol Ordinary Shareholders will be advised of the posting of the Scheme circular by means of an announcement on the CTSE News Service. The salient dates in relation to the Scheme and Standby Offer will be published at or about the time of posting of the Scheme circular.

### **16. INVESTOR AND ANALYST CONFERENCE CALL**

Paul Hanratty, group CEO, will host a conference call for investors, analysts and the media at 16:30 South African time (UTC+2) on 2 February 2024.

Those wishing to participate in the conference call should navigate to: <https://www.diamondpass.net/8867472>

Registered participants will receive their dial-in number on registration.

Recorded playback will be available until 8 February 2024.

Access code for recorded playback:	45756#
South Africa	010 500 4108
USA	1 412 317 0088
UK	0 203 608 8021
Australia	073 911 1378
Other countries	+27 10 500 4108

Bellville  
2 February 2024

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The Standard Bank of South Africa Limited

**Legal Advisor to Assupol**

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Pallidus Exchange Services Proprietary Limited

**Independent Expert**

Oxford Partners Proprietary Limited

**Legal Advisor to Sanlam**

Bowmans

**Financial Advisor to Sanlam**

J.P. Morgan

**JSE Equity Sponsor to Sanlam**

The Standard Bank of South Africa Limited

**JSE Debt Sponsor to Sanlam Life Insurance Limited**

Rand Merchant Bank, a division of FirstRand Bank Limited

**Financial Advisor to Budvest**

Investec Bank Limited

**Legal Advisor to Budvest**

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