

18 December 2020

Sanlam to acquire a non-controlling minority shareholding in ARC Financial Services subsidiary

Sanlam Group today announced that it has reached an agreement with African Rainbow Capital Financial Services (ARC FS) for Sanlam to acquire a 25% non-controlling minority shareholding in ARC FS SubCo, a wholly owned subsidiary of ARC FS.

The transaction is subject to certain suspensive conditions being met. On conclusion of the transaction, Sanlam will become a 25% minority shareholder of ARC FS SubCo and ARC FS will retain 75% majority shareholding.

Today's announcement follows Sanlam's 2018 announcement of a package of Broad-based Black Economic Empowerment (B-BBEE) transactions, which is part of the Group's ambition to realise its South African growth strategy through enhanced B-BBEE. The 2018 announcement also communicated that ARC FS would, among other things, hold strategic investments funded via the Ubuntu-Botho Facility.

ARC FS SubCo will hold the financial services assets of ARC FS, excluding the banking related investments, comprising of TymeBank, AI Fund and Ooba. ARC FS SubCo will become the vehicle through which non-banking financial services assets will be held.

ARC FS SubCo currently holds investments in the following financial services entities: Alexander Forbes Group Holdings, Afrocentric Investment Corporation, Rand Mutual Holdings, Capital Legacy, Colourfield, Umvuso, Indwe, QED, African Rainbow Life, Global ASP, LifeCheq, Lima Mbeu, National Care Solutions, InFund Solutions, Khumo Capital, Sinayo Capital, Constellation Capital, Bravura, A2X, Edge Growth and Alternative Prosperity.

Following completion of the recent transaction in which ARC FS has invested in Sanlam's asset management business to create South Africa's largest black owned asset manager, ARC FS SubCo will also hold ARC FS's effective 25.0% shareholding in Sanlam Investments Holding Proprietary Limited (SIH) through a newly incorporated investment holding company (SIH HoldCo) in which Sanlam will hold the remaining 75.0%.

Sanlam Group Chief Executive Officer, Mr Paul Hanratty said: "We are pleased to have agreed this transaction as part of the series of transactions announced in November 2018.

This transaction strengthens our long-term strategic partnership with Ubuntu-Botho and creates the opportunity for further growth. Sanlam is well positioned to serve a wide range of clients and through our partnership with Ubuntu-Botho we are continuing to create tremendous value for a very broad set of stakeholders across South African society.”

The base valuation of the 25% minority shareholding in ARC FS SubCo at 30 June 2020 is R739 million. The transaction will be funded from Sanlam’s existing resources.

African Rainbow Capital Proprietary Limited (ARC) Chairman Dr Patrice Motsepe commented: “Our partnership with Sanlam was established almost two decades ago and over this period, we have created significant value for Sanlam’s shareholders and all stakeholders.

“Whereas we have always been a long-term and anchor empowerment shareholder in Sanlam, the latest transaction is the first where Sanlam invests in us. We have an exciting portfolio of growth businesses and the benefit to Sanlam is that the company obtains exposure to these growth businesses. This transaction is another hallmark in our longstanding partnership and our focus on ensuring that Sanlam is a globally competitive and an attractive investment company. Our partnership continues to grow from strength to strength.”

ARC FS is owned 50.1% by ARC and 49.9% by the ARC Fund. ARC is a wholly owned subsidiary of UBI which is, for the purposes of the JSE Listing Requirements, a material shareholder in Sanlam and accordingly deemed a related party.

Ends

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About Sanlam Group

Sanlam is a pan-African financial services group listed on the Johannesburg, Namibian and A2X stock exchanges. Through its five business clusters – Sanlam Personal Finance, Sanlam Emerging Markets, Sanlam Investment Group, Sanlam Corporate 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.

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.

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 owns Saham Finances, thereby having a footprint of insurance operations in Morocco, Angola, Algeria, Tunisia, Ghana, Niger, Mali, Senegal, Guinea, Burkina Faso, Cote D’Ivoire, Togo, Benin, Cameroon, Gabon, Republic of the Congo, Madagascar, Burundi, and Lesotho.

Sanlam also has insurance business interests in India, Malaysia and the United Kingdom and has business interests in the USA, Australia, the Philippines, Lebanon and Saudi Arabia.

For further information on Sanlam, please visit us at www.sanlam.com

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