

SANLAM LIMITED  
(Incorporated in the Republic of South Africa)  
(Registration number: 1959/001562/06)  
JSE share code: SLM  
NSX share code: SLA  
ISIN: ZAE000070660  
("Sanlam")

AFROCENTRIC INVESTMENT  
CORPORATION LIMITED  
(Incorporated in the Republic of South Africa)  
(Registration number: 1988/000570/06)  
JSE Code: ACT  
ISIN: ZAE000078416  
("AfroCentric" or "ACT")

## JOINT ANNOUNCEMENT REGARDING THE SUBSCRIPTION OF SHARES BY SANLAM IN A WHOLLY OWNED SUBSIDIARY OF AFROCENTRIC

### 1. Introduction

Shareholders are advised that AfroCentric has accepted an offer by Sanlam on 30 September 2014 ("**Offer**") in terms of which Sanlam, or its nominee, will subscribe for a 28.7% interest in the issued share capital of ACT Healthcare Assets Proprietary Limited ("**AHA**"), currently a wholly owned subsidiary of AfroCentric, which owns 94.1% of AfroCentric Health Limited ("**AHL**"), for a cash subscription price of R593.7 million ("**Sanlam Subscription**"). In addition, in terms of the Offer, pursuant to the conclusion of the acquisition of the WAD Holdings Proprietary Limited ("**WAD**") assets ("**WAD Transaction**") by AfroCentric, and the subsequent transfer of the WAD assets to AHA, Sanlam, or its nominee, will be entitled to, and will, subscribe for such number of shares in AHA as will ensure that its shareholding in AHA is restored to 28.7% of all shares in issue. Sanlam will subscribe for such additional shares ("**Further Shares**") at an aggregate cash subscription price of R109.3 million ("**Further Sanlam Subscription**") (the Sanlam Subscription and Further Sanlam Subscription are collectively the "**Sanlam Investment**").

Further details of the WAD Transaction are set out in the announcement published on the Stock Exchange News Service ("**SENS**") today, 30 September 2014. The Sanlam Subscription and the WAD Transaction are not inter-conditional and each will be implemented independently of the other. The Sanlam Investment is subject to the fulfilment or waiver of the suspensive conditions set out in paragraph 3 of this announcement and entails, *inter alia*, entering into the customary agreements.

The post-tax profits attributable to AHA for the year ended 30 June 2014 was R119.4 million (which reflects dividends received from its subsidiary investment in AHL) while the net asset value of AHA as at 30 June 2014 was negligible due to intra-group loan claims. The proceeds raised through the Sanlam Investment shall be applied against third party and intra-group loan claims owing by AHA. As a result of the Sanlam Investment, and after the transfer of WAD assets to AHA and the repayment of third party debt of approximately R160

million, AfroCentric shall have almost no debt and have additional cash resources of approximately R542 million.

## **2. Rationale for the Sanlam Subscription**

AfroCentric is a black-controlled, diversified investment holding company. AfroCentric holds a substantial 94.1% majority stake in AHL, indirectly, through AHA. Subsequent to the Sanlam Investment, AfroCentric's indirect interest in AHL will be 67.1% and Sanlam's indirect interest will be 27%. AHL owns 100% of the issued share capital in Medscheme Holdings Proprietary Limited ("**Medscheme**"), a multi-medical scheme administrator and managed care provider. As the largest health risk management services provider and third largest medical scheme administrator in South Africa, Medscheme's focus is to achieve sustainability through innovation, effective health risk management, complemented by a drive for operational and service excellence. Medscheme has over 3.2 million lives under management. Medscheme's healthcare management expertise has been gained over 41 years, which includes several years of experience with the Government Employees Medical Scheme, Bonitas and Fedhealth. Although Medscheme is essentially a South African enterprise, the group has a meaningful presence in Botswana, Namibia, Mauritius, Swaziland, Kenya and Zimbabwe. Medscheme's operations in Mauritius provide a platform for further international expansion. Health management and technical support services are provided to clients in the Republic of Ireland out of the Medscheme Mauritius office.

Sanlam is one of the largest financial services groups in South Africa, with business interests elsewhere in Africa, Europe, India and South East Asia. With Sanlam's extensive local and global distribution network and suite of financial products, together with the medical administration capabilities and membership base under management of AHL, the investment by Sanlam will establish a platform for the joint pursuit and expansion of the parties' traditional activities as part of an expanded administration and managed healthcare business model.

## **3. Suspensive conditions**

The Offer will become effective upon the fulfilment or waiver of the following suspensive conditions:

- the completion to the satisfaction of Sanlam of a financial, tax, legal, operational and IT due diligence investigation by Sanlam and its advisors in respect of AHA and its subsidiaries, including the WAD assets;
- the conclusion of definitive transaction agreements;
- the parties obtaining the necessary shareholder and board approvals;

- the parties obtaining the necessary regulatory approvals (including, to the extent required, Competition Commission approval); and
- the parties agreeing the necessary amendments to the corporate documents relating to, among others, AHA and AHL to give effect to the principles agreed between them.

#### **4. Categorisation of the Sanlam Investment**

For AfroCentric, the Sanlam Investment is categorised in terms of section 9 – “Transactions” of the JSE Limited Listings Requirements at the time the Offer was accepted by AfroCentric and is a Category 1 transaction requiring AfroCentric shareholder approval. A circular incorporating a notice convening a general meeting and setting out information regarding the Sanlam Investment will be despatched to AfroCentric shareholders in due course.

For Sanlam, the Sanlam Investment is below the Category 2 threshold and this announcement is made on a voluntary basis.

Johannesburg  
30 September 2014

Sponsor to AfroCentric  
Sasfin Capital (a division of Sasfin Bank Limited)

Corporate Advisor to AfroCentric  
Sinergi Corporate Advisors (Proprietary) Limited

Joint Legal Advisor to AfroCentric  
HR Levin Attorneys, Notaries and Conveyancers

Joint Legal Advisor to AfroCentric  
Rothbart Ingham Incorporated

Sponsor to Sanlam  
Deutsche Securities (SA) Proprietary Limited

Legal Advisor to Sanlam  
Glyn Marais