

Chesnara PLC
("Chesnara" or the "Company")

13 September 2021

ACQUISITION

**CHESNARA ENHANCES SCALE IN THE UK WITH THE ACQUISITION OF SANLAM
LIFE & PENSIONS UK LIMITED**

TRANSACTION HIGHLIGHTS:

- Chesnara has entered into an agreement with Sanlam UK Limited to acquire Sanlam Life & Pensions UK Limited (SLP), a specialist provider of insurance and long-term savings products in the UK.
- Enhances the scale of its operations in the UK by adding £2.9bn of assets under administration and c.80,000 policies.
- Cash consideration of £39.0m funded from Chesnara's existing debt facility.
- £48.1m estimated SLP Economic Value ("EcV")¹ on a Chesnara defined basis.
- Material further commercial value upside potential supporting Chesnara's progressive dividend strategy.
- Completion is expected to occur in early 2022, conditional upon customary regulatory approvals.

STRATEGIC RATIONALE AND BENEFITS OF THE TRANSACTION:

- **Scale enhancement:** SLP's specialist pension and long-term savings propositions and risk profile are well aligned with Chesnara's existing life and pension liability mix in the UK. Adds c80,000 additional policies and increases Chesnara group AuA by 34% to £11.4bn at the end of 2020 and UK AuA by 126% to £5.2bn.
- **Attractive financial terms:** Cash consideration of £39.0m represents an attractive discount to estimated EcV of £48.1m, providing an incremental EcV per share of 4p after deal costs. Provides future material value creation potential from expense and capital synergies, real world returns above risk free and risk margin run-off which will add further EcV accretion over time.
- **Enhanced dividend support:** Incremental cash generation of c£5m per annum under steady state conditions, supporting Chesnara's progressive dividend strategy.
- **Preserved financial flexibility:** Including the impact of the acquisition, Chesnara's pro forma estimated year-end 2020 Solvency II ratio would remain strong and within our target operating range at 142%. Chesnara's debt leverage ratio will remain low at 15%, leaving the Company with further financing capacity for additional transactions.
- **Integration into our UK platform:** the SLP business will be integrated into Countrywide Assured plc, Chesnara's UK platform, and will follow its tried and tested business model as a focused, closed-book consolidator. SLP will retain a commercial relationship with Sanlam Investments UK Limited for investment management.

¹ Chesnara estimate, as of 31 December 2020

COMMENTS ON THE TRANSACTION:

John Deane, Chief Executive Officer, Chesnara stated:

"We are delighted to announce this transaction which will expand the scale of our UK operations and deliver potential for material value creation for Chesnara. The expected incremental cash generation from SLP will enhance the sustainability of our progressive dividend strategy.

SLP's business is well aligned to Chesnara's acquisition strategy and will be integrated with our existing UK operations. We look forward to welcoming SLP's customers and staff to the Chesnara group and continuing to work with Sanlam on the management of SLP assets.

We believe that the market prospects for further acquisitions across our target markets remain positive and we continue to be confident in our ability to finance and execute such transactions on attractive terms for both vendors and our shareholders."

Jonathan Polin, Chief Executive Officer, Sanlam UK Limited stated:

"This deal is a testament to the strength and quality of SLP and its long-standing track record of excellent client service. I would like to thank all my colleagues there for their unstinting efforts. Chesnara is a highly respected and established life insurance and pensions consolidator and I am confident that the business will flourish under its new ownership for the benefit of all its key stakeholders, including policyholders."

Enquiries

Chesnara

John Deane, Chief Executive Officer - 01772 972079

Steve Murray, Chief Executive Officer (Designate) - 01772 972079

David Rimmington, Chief Financial Officer - 01772 972079

FWD Consulting

Roddy Watt - 0207 280 0651 / 07714 770493

Notes to Editors

LEI Number: 213800VFRMBRTSZ3SJ06

This announcement contains inside information for the purposes of Article 7 of Regulation (EU) No 596/2014 (as it forms part of retained EU law as defined in the European Union (Withdrawal) Act 2018).

About Chesnara plc

Chesnara is a life and pensions consolidator listed on the London Stock Exchange. It administers approximately 900,000 policies with approximately £8.7 billion of assets under management as at 30 June 2021, with those assets spread broadly equally across businesses in the UK, the Netherlands and Sweden. Chesnara operates as Countrywide

Assured in the UK, as The Waard Group and Scildon in the Netherlands, and as Movestic in Sweden.

Following a three pillar strategy, Chesnara's primary responsibility is the efficient administration of its customers' life and savings policies, ensuring good customer outcomes and providing a secure and compliant environment to protect policyholder interests. It also adds value by writing profitable new business in Sweden and the Netherlands and by undertaking value-adding acquisitions of either companies or portfolios.

Chesnara has a proven track record of acquiring and consolidating life and pension portfolios and businesses. The acquisition that is the subject of this press release is evidence of the continuation of this capability. The acquisition process adds value for our shareholders whilst also providing a solution for vendors to realise value and release capital. This is achieved by vendors divesting life and pensions businesses or portfolios which are not core to their wider strategic focus, or where diminishing scale creates operational and hence financial viability pressure. Chesnara's robust regulatory framework and strong solvency ensures policyholder interests are well protected and remain at the heart of any divestment decision.

Consistent delivery of the company strategy has enabled Chesnara to increase its dividend for 17 years in succession.

Further details are available on the Company's website (www.chesnara.co.uk).

About Sanlam Life & Pensions UK Limited (SLP)

SLP is specialist provider of insurance and long-term savings, with key products of unit-linked pensions and SIPPs, aimed primarily at affluent and high net worth private clients in the UK.

SLP is part of Sanlam UK Limited, a financial services group offering wealth management, life and pension insurance products and asset management services. Sanlam UK Limited is a wholly-owned subsidiary of Sanlam Limited, an international financial services group headquartered in South Africa and listed on the Johannesburg, A2X and Namibia stock exchanges.

Key financial data for SLP:

<i>£m, unless stated</i>	31 December 2020
<u>Alternative performance measures</u>	
AuA (£bn)	2.9
Policies (thousands)	80
<u>IFRS</u>	
Result after tax	(2.4)
Total assets	2,976.3
Shareholders' equity	32.1
<u>Solvency II</u>	
Own Funds ⁽¹⁾	58.5
Unrestricted Tier 1 / Own Funds (%)	100
Solvency ratio (%) ⁽¹⁾	133

(1) As reported under the SLP basis of preparation

Important Notice

This announcement contains forward-looking statements with respect to the operations, performance and financial condition of Chesnara. By their nature, these statements are subject to risks, assumptions and uncertainties that could cause actual results to differ materially from those expressed or implied because they relate to future events. Unless otherwise required by applicable law, regulation or accounting standard, the Company does not undertake to publicly update any forward-looking statements, whether as a result of new information, future developments or otherwise. Nothing in this document should be construed as a profit forecast.

Nothing contained in this announcement constitutes or shall be deemed to constitute an offer or invitation to invest in otherwise deal in any shares or other securities of Chesnara.