



15 November 2020

Dear Stakeholder,

As we have previously communicated, the promulgation into law of the Amended Financial Services Charter (AFSC) on 1 December 2017 created significant challenges for the Lombard Insurance group. Due to our shareholding structure, we have not been able to comply with AFSC Code's Broad-Based Black Economic Empowerment (B-BBEE) Scorecard.

Over the past three years, we have engaged with numerous parties with a view to finding a new shareholder possessed of the appropriate empowerment credentials to take a 25% stake in our business in order to resolve our non-compliance. We have sought to complete a transaction that would contribute a minimum of 16 ownership points to our scorecard. Were this ownership element to be combined with other elements of our scorecard, our analysis shows that we would achieve compliant status.

As we communicated to stakeholders in February 2020, we were near to completing this process. We had selected a potential investor that fulfilled our strategic requirements, and entered into an exclusivity agreement with this potential investor. The potential investor had completed their due diligence process to its satisfaction, and we had agreed terms.

Unsurprisingly, the COVID-19 pandemic and its attendant policy consequences have led our potential investor to reconsider their appetite to close on an investment in the Lombard group at this time. While the potential investor does not wish to withdraw from the process, they have agreed that it is reasonable for us to reopen the process to other parties.

We have therefore decided to resume discussions with other parties, including certain parties that competed in our previous process. We are targeting completion of a transaction by 31 December 2021. If we are able to complete this process, we expect that we would achieve AFSC B-BBEE compliant status for the current financial year, which ends 30 June 2021.

We look forward to engaging with you on our progress over the coming months. However, should you require more detail, please feel free to contact me directly at jameso@lombardins.com.

Yours sincerely,

A handwritten signature in black ink, appearing to read "James Orford". The signature is fluid and cursive, with a large initial "J" and "O".

James Orford

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