

EXECUTION COPY

**TRANSFER AGREEMENT**

between

**SHOPRITE INSURANCE COMPANY LIMITED**  
(Registration number 1948/030484/06)  
("Shoprite")

and

**CENTRIQ LIFE INSURANCE COMPANY LIMITED**  
(Registration number 1943/016409/06)  
("Centriq Life")

and

**CENTRIQ INSURANCE COMPANY LIMITED**  
(Registration number 1998/007658/06)  
("Centriq Insurance")

and

**SHOPRITE CHECKERS PROPRIETARY LIMITED**  
(Registration number 1929/001817/07)  
("Shoprite Checkers")

 J. MD  
BJ

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## 1. Definitions and interpretation

1.1 In this Agreement, the following words shall, unless otherwise stated or inconsistent with the context in which they appear, bear the following meanings and other words derived from the same origins as such words (that is, cognate words) shall bear corresponding meanings:

- 1.1.1 **"Agreement"** this transfer agreement, as amended from time to time in terms of 19.5;
- 1.1.2 **"Business Day"** any day other than a Saturday, Sunday or public holiday in the Republic of South Africa;
- 1.1.3 **"Centriq Insurance"** Centriq Insurance Company Limited, registration number 1998/007558/06, a public company as contemplated in the Companies Act;
- 1.1.4 **"Centriq Insurance Cell"** the notionally ring-fenced cell created in Centriq Insurance respect of the Non-Life Business through the issue of a class O9 preference share(s) to Shoprite Checkers in terms of the Centriq Insurance Subscription Agreement;
- 1.1.5 **"Centriq Insurance Subscription Agreement"** the written subscription agreement concluded between Centriq Insurance and Shoprite Checkers on 7 July 2020 as amended from time to time in writing;
- 1.1.6 **"Centriq Life"** Centriq Life Insurance Company Limited, registration number 1943/016409/06, a public company as contemplated in the Companies Act;
- 1.1.7 **"Centriq Life Cell"** the notionally ring-fenced cell created in Centriq Life respect of the Life Business through the issue of a class O8 preference

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share(s) to Shoprite Checkers in terms of the Centriq Life Subscription Agreement;

- 1.1.8 **Centriq Life Subscription Agreement"** the written subscription agreement concluded between Centriq Life and Shoprite Checkers on 7 July 2020 as amended from time to time in writing;
- 1.1.9 **"Closing Date"** the last day of the month in which the last of the Suspensive Conditions is fulfilled;
- 1.1.10 **"Companies Act"** the Companies Act 71 of 2008;
- 1.1.11 **"Competition Authority"** the Competition Commission, the Competition Tribunal or the Competition Appeal Court, whichever has jurisdiction for the purposes of the Transactions, as established by the Competition Act, 1998;
- 1.1.12 **"Effective Date"** 1 July 2020;
- 1.1.13 **"Excluded Contracts"** means --
- (i) the intermediary agreement concluded between Shoprite and Shoprite Checkers, dated 10 April 2013, as amended on 2 March 2017, which intermediary agreement shall terminate on the Closing Date in accordance with the provisions of clause 14 of this Agreement; and
  - (ii) the binder agreement concluded between Shoprite and Shoprite Checkers, dated 21 May 2012, as amended in terms of four addenda thereto dated 10 April 2013, 11 February 2014, 2 March 2017 and 6 December 2017, respectively, which binder agreement shall terminate on the Closing Date in accordance with the

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provisions of clause 14 of this Agreement;

- 1.1.14        **"Goodwill"**                    means the goodwill of the Life Business and the Non-Life Business as at the Closing Date;
- 1.1.15        **"IFRS"**                                International Financial Reporting Standards and interpretations issued by the International Financial Reporting Interpretations Committee published by the International Accounting Standards Board as adopted by the European Union;
- 1.1.16        **"Insurance Act"**                    means the Insurance Act, 18 of 2017;
- 1.1.17        **"Life Actuarial Reserve"**        the amount that Shoprite sets aside to fulfil its insurance obligations and settle all commitments to Policyholders and other beneficiaries in respect of the Life Contracts over the lifetime of the insurance obligations, and which actuarial reserves, for purposes of the Transactions are calculated on an IFRS basis, all as at the Closing Date;
- 1.1.18        **"Life Assets"**                        a cash amount determined as at the Closing Date equal to the Life Actuarial Reserves, including the Goodwill;
- 1.1.19        **"Life Business"**                    the life insurance portion of the business conducted by Shoprite comprising of the Life Assets, the Life Contracts and the Life Liabilities;
- 1.1.20        **"Life Contracts"**                    all the Life Policies and Life Reinsurance Policies underwritten by Shoprite, including all contracts, agreements, mandates, commitments and arrangements (including any debit orders and stop orders), whether written, oral, tacit or otherwise as amended from time to time, entered into by Shoprite in respect of the Life Business and which are in force as at

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		the Closing Date, but specifically excluding the Excluded Contracts;
1.1.21	"Life DAC"	the technical reserve calculated by the actuaries of Shoprite as at the Closing Date, being the deferred acquisition costs in respect of the Life Reinsurance Business;
1.1.22	"Life Liabilities"	all liabilities or obligations of Shoprite (whether known or unknown, whether asserted or unasserted, whether absolute or contingent, whether accrued or unaccrued, whether liquidated or unliquidated, whether incurred or consequential and whether due or to become due) arising from the Life Contracts, equal and limited to the sum of the Life Actuarial Reserve in respect of the Life Business and the Life DAC;
1.1.23	"Life Policies"	the Consumer Protection: Death, Disability, Loss of Employment or Inability to Earn an Income policies in terms of which Shoprite underwrites risks akin to life insurance business as classified in terms of the Insurance Act;
1.1.24	"Life Reinsurance Policies"	the portion of the Reinsurance Agreements in terms of which Shoprite reinsures risks akin to life insurance business as classified in terms of the Insurance Act;
1.1.25	"Losses"	includes all damages, fines, penalties, liabilities, claims, losses, actions, demands, costs and out-of-pocket expenses (including but not limited to fees and expenses of attorneys on an attorney and own client basis);
1.1.26	"Non-Life Actuarial Reserve"	the amount that Shoprite sets aside to fulfil its insurance obligations and settle all

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		commitments to Policyholders and other beneficiaries in respect of the Non-Life Contracts over the lifetime of the insurance obligations, and which actuarial reserves, for purposes of the Transactions are calculated on an IFRS basis, all as at the Closing Date;
1.1.27	"Non-Life Assets"	a cash amount equal to the Non-Life Actuarial Reserve, including the Goodwill;
1.1.28	"Non-Life Business"	the non-life insurance portion of the business conducted by Shoprite comprising of the Non-Life Assets, the Non-Life Contracts and the Non-Life Liabilities;
1.1.29	"Non-Life Contracts"	all the Non-Life Policies and the Non-Life Reinsurance Policies underwritten by Shoprite, including all contracts, agreements, mandates, commitments and arrangements (including any debit orders and stop orders), whether written, oral, tacit or otherwise as amended from time to time, entered into by Shoprite in respect of the Non-Life Business and which are in force as at the Closing Date, but specifically excluding the Excluded Contracts;
1.1.30	"Non-Life DAC"	the technical reserve calculated by the actuaries of Shoprite as at the Closing Date, being the deferred acquisition costs in respect of the Non-Life Reinsurance Business as at the Closing Date;
1.1.31	"Non-Life Liabilities"	all liabilities or obligations of Shoprite (whether known or unknown, whether asserted or unasserted, whether absolute or contingent, whether accrued or unaccrued, whether liquidated or unliquidated, whether incurred or consequential and whether due or to become due) arising from the Non-Life Contracts, equal and limited to the sum of the Non-Life Actuarial

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		Reserve in respect of the Non-Life Business and the Non-Life DAC;
1.1.32	<b>"Non-Life Policies"</b>	the Consumer Protection Policies: All Risk Insurance and Extension of Manufacturer's Warranty or Guarantee policies terms of which Shoprite underwrites risks akin to non-life insurance business as classified in terms of the Insurance Act;
1.1.33	<b>"Non-Life Reinsurance Policies"</b>	the portion of the Reinsurance Agreements in terms of which Shoprite reinsures risks akin to non-life insurance business as classified in terms of the Insurance Act;
1.1.34	<b>"Parties"</b>	Shoprite, Shoprite Checkers, Centriq Life and Centriq Insurance;
1.1.35	<b>"Policies"</b>	collectively the Life Policies and the Non-Life Policies;
1.1.36	<b>"Policyholders"</b>	all policyholders of the Policies;
1.1.37	<b>"Prudential Authority"</b>	the Prudential Authority established in terms of the Financial Sector Regulation Act 9 of 2017;
1.1.38	<b>"Rainbow Finance"</b>	Rainbow Finance, a division of Shoprite Investments Limited (registration number 1985/000928/07);
1.1.39	<b>"Reinsurance Agreements"</b>	the written reinsurance agreements, including all endorsements thereto, concluded between Shoprite and each of: <ul style="list-style-type: none"> <li>(i) Old Mutual Short-Term Insurance Botswana Limited on or about 13 November 2016;</li> <li>(ii) Lesotho National General Insurance Company Limited on or about 3 August 2010;</li> </ul>

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- (iii) Global Alliance Seguros S.a.r.l. on or about 26 March 2007;
- (iv) Mayfair Insurance Company Limited on or about 2 March 2012; and
- (v) Swaziland Royal Insurance Corporation on or about 16 July 2014,

in terms of which Shoprite reinsures the insurance business of the aforementioned foreign insurers;

1.1.40	<b>"Shoprite"</b>	Shoprite Insurance Company Limited, registration number 1948/030484/06, a public company as contemplated in the Companies Act;
1.1.41	<b>"Shoprite Checkers"</b>	means Shoprite Checkers Proprietary Limited, registration number 1929/001817/07, a private company as contemplated in the Companies Act;
1.1.42	<b>"Shoprite Holdings"</b>	means Shoprite Holdings Limited, registration number 1936/007721/06, a public company as contemplated in the Companies Act;
1.1.43	<b>"Short-term Insurance Act"</b>	Short-term Insurance Act, 53 of 1998;
1.1.44	<b>"Signature Date"</b>	when this Agreement has been signed by each Party (whether or not in counterpart), the latest of the dates on which this Agreement (or any counterpart) was signed by any Party;
1.1.45	<b>"Surviving Provisions"</b>	the provisions of 1, 2, 3, and 15 - 19;
1.1.46	<b>"Suspensive Conditions"</b>	the suspensive conditions in 3.1;
1.1.47	<b>"Tax"</b>	any tax including, but not limited to, normal tax, secondary tax on companies, VAT, capital gains tax, donations tax, stamp duties,

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- securities transfer tax, transfer duties, employees' tax, unemployment insurance fund contributions and any charge, duty, levy or rates (including any penalty, fine or interest) imposed by any law administered by the South African Revenue Service;
- 1.1.48 "Transactions" the transactions contemplated in this Agreement, being the transfer of the Life Business and the Non-Life Business, respectively;
- 1.1.49 "VAT" value-added tax levied in terms of the VAT Act; and
- 1.1.50 "VAT Act" the Value-Added Tax Act, 89 of 1991.
- 1.2 In this Agreement:
- 1.2.1 references to a statutory provision include any subordinate legislation made from time to time under that provision and include that provision as modified, replaced or re-enacted from time to time;
- 1.2.2 words importing the masculine gender include the feminine and neuter genders and *vice versa*, the singular includes the plural and *vice versa*, and natural persons include artificial persons and *vice versa*;
- 1.2.3 references to a "person" include a natural person, company, close corporation or any other juristic person or other corporate entity, a charity, trust, partnership, joint venture, syndicate, or any other association of persons;
- 1.2.4 if a definition imposes substantive rights and obligations on a Party, such rights and obligations shall be given effect to and shall be enforceable, notwithstanding that they are contained in a definition;
- 1.2.5 any definition, wherever it appears in this Agreement, shall bear the same meaning and apply throughout this Agreement unless otherwise stated or inconsistent with the context in which it appears;
- 1.2.6 if there is any conflict between any definitions in this Agreement then, for purposes of interpreting any clause of the Agreement, the definition

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appearing in that clause shall prevail over any other conflicting definition appearing elsewhere in the Agreement;

- 1.2.7 where any number of days is prescribed, those days shall be reckoned exclusively of the first and inclusively of the last day unless the last day falls on a day which is not a Business Day, in which event the last day shall be the next succeeding Business Day;
- 1.2.8 where the day upon or by which any act is required to be performed is not a Business Day, the Parties shall be deemed to have intended such act to be performed upon or by the next succeeding Business Day;
- 1.2.9 the rule of construction that if general words or terms are used in association with specific words or terms which are a species of a particular genus or class, the meaning of the general words or terms shall be restricted to that same class (i.e. the *eiusdem generis* rule) shall not apply, and whenever the word "including" is used followed by specific examples, such examples shall not be interpreted so as to limit the meaning of any word or term to the same genus or class as the examples given.
- 1.3 The expiration or termination of this Agreement shall not affect such of the provisions of this Agreement which are expressly provided to operate after any such expiration or termination, or which of necessity must continue to have effect after such expiration or termination, notwithstanding that the relevant provisions themselves do not provide for this.
- 1.4 Each of the provisions of this Agreement has been negotiated by the Parties and drafted for the benefit of the Parties, and accordingly the rule of construction that the contract shall be interpreted against or to the disadvantage of the Party responsible for the drafting or preparation of the Agreement (i.e. the *contra proferentem* rule), shall not apply.

## 2. Introduction

- 2.1 Pursuant to the promulgation of the Insurance Act, it is no longer possible to underwrite the Life Policies as non-life policies, for which Shoprite was registered before the promulgation of the Insurance Act, and/or to underwrite both the Life Policies and the Non-Life Policies in the same licensed entity.
- 2.2 As a result of discussions between Shoprite and the Prudential Authority, Shoprite's license as a registered insurer in terms of the Short-term Insurance Act

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was not converted into a licence as a licenced insurer as required in terms of the Insurance Act.

- 2.3 As a result, the Prudential Authority instructed Shoprite to:
- 2.3.1 cease writing new Policies and new Reinsurance Agreements with effect from the Effective Date; and
- 2.3.2 transfer the Life Business and the Non-Life Business to licensed insurers, following which the existing insurance license of Shoprite shall be of no further force and effect.
- 2.4 Shoprite was instructed by the Prudential Authority to conclude the Transactions by 30 June 2021 (or such later date further to an application for extension filed in terms of section 66 of the Insurance Act).
- 2.5 As a result of the instructions from the Prudential Authority, Shoprite Checkers established the Centriq Insurance Cell and the Centriq Life Cell, and commenced procuring the conclusion of policies similar to the Life Policies, the Non-Life Policies, the Life Reinsurance Policies and the Non-Life Reinsurance Policies with Centriq Life and Centriq Insurance, respectively with effect from the Effective Date.
- 2.6 Shoprite and Shoprite Checkers accordingly agreed to transfer i) the Life Business to Centriq Life; and ii) the Non-Life Business to Centriq Insurance, to be notionally allocated to the Centriq Life and Centriq Insurance Cells, respectively, with effect from the Closing Date.
- 2.7 The Parties accordingly wish to enter into this Agreement to regulate –
- 2.7.1 the transfer of the Life Business from Shoprite to Centriq Life (more specifically, to the Centriq Life Cell), and
- 2.7.2 the transfer of the Non-Life Business from Shoprite to Centriq Insurance (more specifically, to the Centriq Insurance Cell).

### 3. Suspensive Conditions

- 3.1 The provisions of this Agreement (other than the Surviving Provisions, which shall be unconditional and of immediate force and effect on and with effect from the Signature Date) are subject to the fulfilment of the following Suspensive Conditions by no later than 17h00 on 31 August 2021:

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- 3.1.1 the board of directors of Shoprite passes a resolution unconditionally approving the terms of this Agreement;
- 3.1.2 the board of directors of Shoprite Checkers passes a resolution unconditionally approving the terms of this Agreement;
- 3.1.3 Shoprite Holdings, in its capacity as the sole shareholder of Shoprite, passes a special resolution in terms of section 112(2) read with 115(2)(a) of the Companies Act, specifically approving the disposals by Shoprite recorded in this Agreement;
- 3.1.4 the board of directors of Centriq Insurance passes a resolution unconditionally approving the terms of this Agreement;
- 3.1.5 the board of directors of Centriq Life passes a resolution unconditionally approving the terms of this Agreement;
- 3.1.6 all of the employees of Shoprite are transferred to Shoprite Checkers;
- 3.1.7 to the extent required, each of the counterparties to the Reinsurance Agreements consents in writing to the assignment of the relevant Reinsurance Agreement to Centriq Life and Centriq Insurance, as contemplated in 4.2.2.1 and 5.2.2.1 respectively;
- 3.1.8 the Takeover Regulation Panel exempts, in writing, the disposals contemplated in this Agreement from the provisions of Parts B and C and Chapter 5 of the Companies Act, and the Takeover Regulations;
- 3.1.9 the Competition Authority approves, in writing, the Transactions (to the extent required), provided that such approval shall either be unconditional or, if such approval is conditional, shall be subject to conditions acceptable to Centriq Life and/or Centriq Insurance (acting reasonably) insofar as such conditions affect them and to Shoprite (acting reasonably) insofar as such conditions affect Shoprite;
- 3.1.10 Centriq Life is registered as a VAT vendor in terms of the VAT Act; and
- 3.1.11 the Prudential Authority approves, in writing, the Transactions, provided that such approval shall either be unconditional or, if such approval is conditional, shall be subject to conditions acceptable to Centriq Life and Centriq Insurance (acting reasonably) insofar as such conditions affect them and to Shoprite (acting reasonably) insofar as such conditions affect Shoprite.

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- 3.2 The Parties shall, where it is within their respective power and control to do so, use their reasonable endeavours to procure the fulfilment of each of the Suspensive Conditions by no later than the date stipulated in 3.1.
- 3.3 The Suspensive Conditions are not capable of waiver.
- 3.4 If any Suspensive Condition is not fulfilled on or prior to the date stipulated in 3.1, the Surviving Provisions shall continue to be of force or effect, but the remaining provisions of this Agreement shall never become effective.
- 3.5 If any Suspensive Condition is not fulfilled in terms of this 2, no Party shall have any claim against any other Party as a result of or in connection with any such non-fulfilment (other than a claim for a breach by a Party of any of its obligations under 3.2).

#### 4. Transfer of the Life Business

- 4.1 Shoprite transfers, with effect from the Closing Date, the Life Business to Centriq Life, which accepts such transfer of the Life Business, and which Life Business will be notionally attributed to the Centriq Life Cell.
- 4.2 The transfer of the Life Business encompasses:
- 4.2.1 the transfer of the Life Assets;
- 4.2.2 the assignment by Shoprite and the assumption by Centriq Life of:
- 4.2.2.1 all of Shoprite's rights and obligations in respect of the Life Contracts;  
and
- 4.2.2.2 the Life Liabilities
- all as at the Closing Date.
- 4.3 The transfer of the Life Business is subject to the provisions of the Insurance Act, in particular the approval by the Prudential Authority. The Prudential Authority requires that the Life Business be identified as at the Effective Date in order to analyse the impact of the transfers based on the financial position of Shoprite and Centriq Life as at the Effective Date.
- 4.4 Shoprite shall continue to underwrite the Life Business until the Closing Date.

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4.5 Since Shoprite will continue to conduct the Life Business until the Closing Date, the Life Business as at the Effective Date and the Life Business as at the Closing Date will differ.

4.6 Shoprite's delivery obligations are therefore limited to delivering the Life Assets, assigning the rights and liabilities in respect of the Life Contracts, and delegating the Life Liabilities, that constitute the Life Business, as at the Closing Date.

#### 5. Transfer of the Non-Life Business

5.1 Shoprite transfers, with effect from the Closing Date, the Non-Life Business to Centriq, which accepts such transfer of the Non-Life Business, and which Non-Life Business will be notionally attributed to the Centriq Insurance Cell.

5.2 The transfer of the Non-Life Business encompasses:

5.2.1 the transfer of the Non-Life Assets;

5.2.2 the assignment by Shoprite and the assumption by Centriq Life of:

5.2.2.1 all of Shoprite's rights and obligations in respect of the Non-Life Contracts; and

5.2.2.2 the Non-Life Liabilities

all as at the Closing Date.

5.3 The transfer of the Non-Life Business is subject to the provisions of the Insurance Act, in particular the approval by the Prudential Authority. The Prudential Authority requires that the Non-Life Business be identified as at the Effective Date in order to analyse the impact of the transfers based on the financial position of Shoprite and Centriq Insurance as at the Effective Date.

5.4 Shoprite shall continue to underwrite the Non-Life Business until the Closing Date.

5.5 Since Shoprite will continue to conduct the Non-Life Business until the Closing Date, the Non-Life Business as at the Effective Date and the Non-Life Business as at the Closing Date will differ.

5.6 Shoprite's delivery obligations are therefore limited to delivering the Non-Life Assets, assigning the rights and liabilities in respect of the Non-Life Contracts, and delegating the Non-Life Liabilities, that constitute the Non-Life Business, as at the Closing Date.

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## 6: Policyholder interests

- 6.1 The Parties record that the Policyholders are not parties to this Agreement; however, if and once the Prudential Authority approves the transfer as set out in this Agreement, as contemplated in section 50(6) of the Insurance Act, the Policyholders will incur and acquire, against Centriq Life and Centriq Insurance, respectively, all those obligations, rights and entitlements stipulated in the Policies and the Reinsurance Agreements.
- 6.2 Centriq Life and Centriq Insurance shall instruct their respective heads of the actuarial function to ensure that the reasonable benefit expectations of the Policyholders are not prejudiced by the transfer of the Policies and the Reinsurance Agreements.
- 6.3 It is recorded that:
- 6.3.1 VAT is charged on the premiums payable in terms of the Life Policies ("the VAT charge") since such Life Policies are underwritten as short-term insurance policies by Shoprite as an insurer registered in terms of the Short-term Insurance Act;
- 6.3.2 Pursuant to the transfer of the Life Policies to Centriq Life as contemplated in this Agreement, the VAT charge will no longer be payable in terms of the Life Policies underwritten by Centriq Life;
- 6.3.3 Rainbow Finance, as the credit provider of the credit agreements in terms of which the Life Policies were concluded, will reduce the premiums payable in terms of the Life Policies with the VAT charge, however is unable to reduce the instalment amount collected in terms of the credit agreement with the VAT charge (which will no longer be payable once the Transactions is implemented), due to system complications;
- 6.3.4 As a result, upon implementation of the Transactions, the instalment amount collected monthly will remain unchanged notwithstanding the reduction of the premiums in terms of the Life Policies with the VAT charge;
- 6.3.5 The component of the VAT charge previously paid in terms of the Life Policies will therefore be treated as an early payment of the debt due in terms of the credit agreement, as contemplated in section 126 of the National Credit Act, 34 of 2005;

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- 6.3.6 the Parties will give notice to the Policyholders of the Life Policies of the fact that –
- 6.3.6.1 the VAT charge is no longer payable in terms of the Life Policies;
- 6.3.6.2 notwithstanding the above, that the monthly instalment will remain unchanged, provided that the VAT charge previously paid in terms of the Life Policies and collected as part of the monthly instalment in terms of the credit agreements, will forthwith constitute an early repayment of the debts due under the credit agreement, for the benefit of such Policyholders; and
- 6.3.6.3 upon approval of the Transactions contemplated in this Agreement, that the terms of this Agreement will, in accordance with section 50(6) of the Insurance Act, be binding on all persons, including without limitation, Rainbow Finance.

## 7. Consideration

- 7.1 Other than the assumption of the Life Liabilities by Centriq Life, no further consideration will be payable by Centriq Life to Shoprite for the transfer of the Life Assets and the Life Contracts. It is specifically agreed that no consideration will be paid by Centriq Life to Shoprite in respect of the Goodwill of the Life Business.
- 7.2 Other than the assumption of the Non-Life Liabilities by Centriq Insurance, no further consideration will be payable by Centriq Insurance to Shoprite for the transfer of the Non-Life Assets and the Non-Life Contracts. It is specifically agreed that no consideration will be paid by Centriq Insurance to Shoprite in respect of the Goodwill of the Non-Life Business

## 8. VAT treatment in respect of the transfer of the Non-Life Business

- 8.1 It is recorded that Shoprite and Centriq Insurance are and will be registered vendors in terms of the VAT Act as at the Closing Date.
- 8.2 The Parties agree that for the purposes of section 11(1)(e) of the VAT Act:
- 8.2.1 the Non-Life Business constitutes an enterprise (as defined in section 1 of the VAT Act) which is capable of separate operation;
- 8.2.2 the Non-Life Business is sold as a going concern;



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- 8.2.3 the Non-Life Business will constitute an income-earning activity on the Closing Date; and
- 8.2.4 all the assets necessary to carry on the Non-Life Business are being transferred to Centriq Insurance in terms of this Agreement.
- 8.3 The transfer of the Non-Life Business falls within the ambit of section 11(1)(e) of the VAT Act and therefore the consideration of the supply includes VAT at the rate of 0%.

#### 9. VAT treatment in respect of the transfer of the Life Business

- 9.1 Shoprite is and will be a registered vendor in terms of the VAT Act as at the Closing Date.
- 9.2 Centriq Life will be a registered vendor in terms of the VAT Act as at the Closing Date.
- 9.3 The Parties agree that for the purposes of section 11(1)(e) of the VAT Act:
- 9.3.1 the Life Business constitutes an enterprise (as defined in section 1 of the VAT Act) which is capable of separate operation;
- 9.3.2 the Life Business is sold as a going concern;
- 9.3.3 the Life Business will constitute an income-earning activity on the Closing Date; and
- 9.3.4 all the assets necessary to carry on the Life Business are being transferred to Centriq Life in terms of this Agreement.
- 9.4 The transfer of the Life Business falls within the ambit of section 11(1)(e) of the VAT Act and therefore the consideration of the supply includes VAT at the rate of 0%.

#### 10. Indemnity

- 10.1 Shoprite and Shoprite Checkers jointly and severally indemnify Centriq Life and Centriq Insurance against any and all Losses of whatsoever nature suffered or incurred by Centriq Life and/or Centriq Insurance under contract, delict, breach of duties (statutory or otherwise) or any other basis and howsoever arising as a result of or in connection with:

  
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- 10.1.1 the South African Revenue Service ("SARS") ruling that VAT is payable on the transfer of the Life Business and/or Non-Life Business at a rate other than 0%; and
- 10.1.2 any Tax liabilities arising in respect of Centriq Life or Centriq Insurance as a result of the transfer of the Life Business to Centriq Life or the transfer of the Non-Life Business to Centriq Insurance in terms of this Agreement; and
- 10.1.3 the transfer of the Shoprite employees to Shoprite Checkers, including but not limited to any claim made by any such employee contending that such employee should have transferred with the Life Business to Centriq Life or with the Non-Life Business to Centriq Insurance; and
- 10.1.4 the inability of Rainbow Finance to reduce the instalment amount with the VAT charge which is no longer payable in terms of the Life Policies as contemplated in clause 6.3; and/or any non-compliance with any applicable laws as a result of such inability to reduce the instalment amount with the VAT charge;
- 10.2 Without derogating from the rights of Centriq Life and Centriq Insurance under the indemnity contemplated in 10.1.1, in the event of SARS making any ruling as contemplated in 10.1.1 the consideration for the relevant Transaction shall, notwithstanding what is stated in clauses 7.1 and 7.2, be increased by an amount equal to such VAT that SARS rules is payable, and Shoprite shall, against payment of the additional consideration by Centriq Insurance and/or Centriq Life, as the case may be, furnish a revised corresponding tax invoice to Centriq Insurance and/or Centriq Life, respectively, as the case may be.

#### 11. Ownership, risk and benefit

- 11.1 The ownership of, risk in and the benefit of the Life Business will pass to Centriq Life on the Closing Date.
- 11.2 The ownership of, risk in and the benefit of the Non-Life Business will pass to Centriq Insurance on the Closing Date.

#### 12. Delivery

- 12.1 Shoprite shall deliver the Life Business to Centriq Life by placing Centriq Life in possession and control of the Life Business on the Closing Date.



J. MD  
R. J.

- 12.2 Shoprite shall deliver the Non-Life Business to Centriq Insurance by placing Centriq Insurance in possession and control of the Non-Life Business on the Closing Date.
- 12.3 Shoprite and Shoprite Checkers irrevocably undertake in favour of Centriq Life and Centriq Insurance to sign such documents and do such things as may be necessary or desirable to effect delivery as contemplated in this 12. Without limitation hereof, Shoprite and Shoprite Checkers shall transfer all Policyholder data to Centriq Life or Centriq Insurance, as the case may be, to enable them to conduct the Life Business and the Non-Life Business respectively.

### 13. Capitalisation obligations of Shoprite Checkers

- 13.1 Without derogating from any obligations of Shoprite Checkers in terms of the Centriq Insurance Subscription Agreement and/or the Centriq Life Subscription Agreement, Shoprite Checkers undertakes to capitalise each of the Centriq Life Cell and the Centriq Insurance Cell to the value of such amounts as may be prescribed in writing by the actuaries of Centriq Life and Centriq Insurance respectively, in order to --
- 13.1.1 support the solvency requirements of such cells as a result of the implementation of the Transactions; and/or
- 13.1.2 place Centriq Life and/or Centriq Insurance in funds as a result of any Tax liability which may arise as a result of the Transactions contemplated in this Agreement.
- 13.2 Shoprite Checkers shall comply with any instructions by Centriq Life and Centriq Insurance without delay, and within the time periods as may be prescribed in writing by Centriq Life and Centriq Insurance.

### 14. Termination of the Excluded Contracts

Pursuant to the implementation of the Transactions as contemplated in this Agreement, Shoprite and Shoprite Checkers agree that the Excluded Agreements shall terminate on the Closing Date, and that neither Party thereto shall have any further rights and/or obligations in terms of such Excluded Agreements with effect from the Closing Date save for such rights and/or obligations which may have accrued to a Party as at the Closing Date.

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## 15. Warranties and representations

- 15.1 Each Party gives to the others the following warranties on the Signature Date (subject to 2) and the Closing Date:
- 15.1.1 it has and will have the power and capacity to enter into and perform its obligations in terms of this Agreement;
- 15.1.2 all necessary corporate actions, shareholder and director consents and approvals and the like have been or will be obtained to authorise the entry into and performance of its obligations in terms of this Agreement;
- 15.1.3 the obligations expressed to be assumed by it in terms of this Agreement are and will remain legal, valid, binding and enforceable against it; and
- 15.1.4 the execution of this Agreement and the performance by it of its obligations under this Agreement does not and will not:
- 15.1.4.1 contravene any law or regulation to which it is subject;
- 15.1.4.2 contravene any provision of its memorandum of incorporation; or
- 15.1.4.3 conflict with, or result in a breach of any of the terms of, or constitute a default under any agreement or other instrument to which it is a party or subject or by which it is bound.
- 15.2 Other than the warranties and representations set out herein the Parties give no other warranties or representations (whether express, implied or tacit) in relation to or in connection with the Life Business and/or the Non-Life Business.

## 16. Confidentiality

- 16.1 Save as set out below, the Parties agree to keep confidential and not to disclose to any person:
- 16.1.1 the details of this Agreement, the details of the negotiations leading to this Agreement, and the information handed over to the other Parties during the course of negotiations, as well as the details of the Transactions or agreements contemplated in this Agreement; and
- 16.1.2 all information relating to the Business or the operations and affairs of the Parties,



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(together "Confidential Information") unless the disclosing Party has received the prior written consent of the protected Party and/or Parties, which consent may not be unreasonably withheld or delayed.

- 16.2 This 16 shall not prevent the Parties from disclosing Confidential Information to their shareholders, officers, directors, employees, consultants and professional advisers who:
- 16.2.1 have a need to know (and then only to the extent that each such person has a need to know);
  - 16.2.2 are aware that the Confidential Information should be kept confidential;
  - 16.2.3 are aware of the disclosing Party's undertaking in relation to such information in terms of this Agreement; and
  - 16.2.4 have been directed by the disclosing Party to keep the Confidential Information confidential and have undertaken to keep the Confidential Information confidential.
- 16.3 The obligations of non-disclosure under this Agreement do not extend to information that:
- 16.3.1 is disclosed to a receiving Party in terms of this Agreement but at the time of such disclosure, such information is in the lawful possession or control of that Party and not subject to an obligation of confidentiality;
  - 16.3.2 is or becomes public knowledge, otherwise than pursuant to a breach of this Agreement by the Party who disclosed such Confidential Information; or
  - 16.3.3 is required by the provisions of any law, or regulation, or during any proceedings, or by the rules or regulations of any stock exchange to be disclosed, and the Party required to make the disclosure has taken all reasonable steps to oppose or prevent the disclosure and has consulted with the other Party prior to making such disclosure.

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## 17. Dispute resolution

### 17.1 separate, divisible agreement

This 17 is a separate, divisible agreement from the rest of this Agreement and shall:

17.1.1 not be or become void, voidable or unenforceable by reason only of any alleged misrepresentation, mistake, duress, undue influence, impossibility (initial or supervening), illegality, immorality, absence of consensus, lack of authority or other cause relating in substance to the rest of this Agreement and not to this clause. The Parties intend that any such issue shall be subject to arbitration in terms of this clause; and

17.1.2 remain in effect even if this Agreement expires or terminates for any reason whatsoever.

### 17.2 disputes subject to arbitration

Any disputes arising out of or in connection with this Agreement or the subject matter of this Agreement, including, without limitation, any dispute concerning:

17.2.1 the existence of the Agreement apart from this 17;

17.2.2 the interpretation and effect of this Agreement;

17.2.3 the Parties' respective rights or obligations under this Agreement;

17.2.4 the rectification of this Agreement;

17.2.5 any alleged misrepresentation, mistake, duress, undue influence, impossibility (initial or supervening), illegality, immorality, absence of consensus, lack of authority or other cause relating to or in any way connected with the Agreement or any part or portion thereof;

17.2.6 the breach, expiry, termination or cancellation of this Agreement or any matter arising out of such a breach, expiry, termination or cancellation; and

17.2.7 any claims in delict, compensation for unjust enrichment or any other claim,

whether or not the rest of the Agreement, apart from this clause, is valid and enforceable, shall be referred to arbitration as set out in 17.3.

  
 MD N  
 J. Bf

**17.3 arbitration**

All disputes shall be finally determined in accordance with the Commercial Arbitration Rules of the Arbitration Foundation of Southern Africa ("AFSA") without recourse to the ordinary courts of law, except as explicitly provided for in 17.8.

**17.4 appointment of arbitrator**

17.4.1 The Parties shall agree on the arbitrator who shall be a senior advocate (with at least 15 years' experience in commercial legal practice) on the panel of arbitrators of AFSA. If agreement is not reached within 10 Business Days after any Party calls in writing for such agreement, the arbitrator shall be a senior advocate (with at least 15 years' experience in commercial legal practice) nominated by the Chairperson of AFSA for the time being.

17.4.2 The request to nominate an arbitrator shall be in writing outlining the claim and any counterclaim of which the Party concerned is aware and, if desired, suggesting suitable nominees for appointment, and a copy shall be furnished to the other Party who may, within five Business Days, submit written comments on the request to the addressee of the request with a copy to the first Party.

**17.5 venue and period for completion of arbitration**

The arbitration shall be held in Johannesburg and the Parties to the dispute shall endeavour to ensure that it is completed within 90 days after notice requiring the claim to be referred to arbitration is given.

**17.6 binding nature of arbitration**

The Parties irrevocably agree that any decisions and awards of the arbitrator:

17.6.1 shall be binding on them;

17.6.2 shall be carried into effect; and

17.6.3 may be made an order of any court of competent jurisdiction.

**17.7 appeal**

The Parties agree that there shall be no appeal against the decision of the arbitrator.

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17.8 **application to court for urgent interim relief**

Nothing contained in this 17 shall prohibit a Party from approaching any court of competent jurisdiction for urgent interim relief pending the determination of the dispute by arbitration. In respect of such proceedings, each of the Parties specifically consents to the non-exclusive jurisdiction of the High Court of South Africa (Gauteng Local Division, Johannesburg).

18. **Breach**

If a Party breaches any provision of this Agreement and remains in breach of such provision for 10 Business Days after written notice to that Party requiring that Party to rectify that breach, the aggrieved Party shall be entitled (without derogating from any of its other rights or remedies under this Agreement or at law), to sue for immediate specific performance of any of the defaulting Party's obligations under this Agreement, whether or not such obligation is then due, and to claim any damages it has suffered. The Parties agree that cancellation of this Agreement shall not be a remedy available to either of them.

19. **Miscellaneous matters**

19.1 ***domicilia and notices***

19.1.1 For the purposes of this Agreement, including the giving of notices and the serving of legal process, the Parties choose the following *domicilium citandi et executandi*:

19.1.1.1 in the case of Shoprite to:

address : Shoprite Head Office Building 4A  
Cnr William Dabs and Old Paarl Roads  
Brackenfell  
7561

email : lhoffman@shoprite.co.za

and marked for the attention of Le-Roux Hoffman, Group Insurance Manager;

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19.1.1.2 in the case of Shoprite Checkers to:

address : Shoprite Head Office Building 4A  
Cnr William Dabs and Old Paarl Roads  
Brackenfell  
7561

email : pdupreez@shoprite.co.za

and marked for the attention Pieter du Preez, Company Secretary;

19.1.1.3 in the case of Centriq Insurance to:

address : Second Floor, The Oval West Wing  
Wanderers Office Park  
52 Corlett Drive  
Illovo  
2196

email : pjennett@centriq.co.za

and marked for the attention of Chief Executive Officer; and

19.1.1.4 in the case of Centriq Life to:

address : Second Floor, The Oval West Wing  
Wanderers Office Park 52 Corlett Drive  
Illovo  
2196

email : pjennett@centriq.co.za

and marked for the attention of the Chief Executive Officer.

19.1.2 The notice shall be deemed to have been duly given:

19.1.2.1 on delivery, if delivered to the Party's physical address in terms of 19.1.1 between 08:30 and 17:00 on a Business Day (or on the first Business Day after that if delivered outside such hours);

19.1.2.2 on despatch, if sent to the Party's e-mail address between 08:30 and 17:00 on a Business Day (or on the first Business Day after that if despatched outside such hours), provided that the sender has proof of successful transmission,

unless the addressor is aware, at the time the notice would otherwise be deemed to have been given, that the notice is unlikely to have been received by the addressee through no act or omission of the addressee.

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19.1.3 A Party may change that Party's physical address or e-mail address for this purpose by notice in writing to the other Parties, such change to be effective only on and with effect from the fifth Business Day after the giving of such notice.

19.1.4 Notwithstanding anything to the contrary herein contained, a written notice or communication actually received by a Party shall be an adequate written notice or communication to that Party notwithstanding that it was not sent to or delivered at that Party's chosen address in 19.1.1.

19.2 **entire contract**

This Agreement contains all the provisions agreed on by the Parties with regard to the subject matter of the Agreement and supersedes and novates in its entirety any previous understandings or agreements between the Parties in respect thereof, and the Parties waive the right to rely on any alleged provision not expressly contained in this Agreement.

19.3 **no stipulation for the benefit of a third person**

Save as is expressly provided for in this Agreement, no provision of this Agreement constitutes a stipulation for the benefit of a third person (i.e. a *stipulatio alteri*) which, if accepted by the person, would bind any Party in favour of that person.

19.4 **no representations**

A Party may not rely on any representation which allegedly induced that Party to enter into this Agreement, unless the representation is recorded in this Agreement.

19.5 **variation, cancellation and waiver**

No contract varying, adding to, deleting from or cancelling this Agreement, and no waiver of any right under this Agreement, shall be effective unless reduced to writing and signed by or on behalf of the Parties.

19.6 **indulgences**

The grant of any indulgence, extension of any time or relaxation of any provision by a Party under this Agreement (or under any other agreement or document issued or executed pursuant to this Agreement) shall not constitute a waiver of any right by the grantor or prevent or adversely affect the exercise by the grantor of

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**19.7 cession and delegation**

Except as provided for elsewhere in this Agreement, a Party may not cede any or all of that Party's rights or delegate any or all of that Party's obligations under this Agreement without the prior written consent of the other Parties.

**19.8 applicable law**

This Agreement is to be governed, interpreted and implemented in accordance with the laws of the Republic of South Africa.

**19.9 costs**

19.9.1 Each Party shall be responsible for payment of its own legal costs and disbursements of and incidental to the negotiation, preparation, settling, signing and implementation of this Agreement.

19.9.2 Any costs, including all legal costs on an attorney and own client basis and VAT, incurred by a Party arising out of or in connection with a breach by another Party shall be borne by the Party in breach.

**19.10 signature in counterparts**

This Agreement may be executed in counterparts, each of which shall be deemed to be an original and which together shall constitute one and the same agreement.

**19.11 independent advice**

Each of the Parties hereby respectively agrees and acknowledges that:

19.11.1 it has been free to secure independent legal advice as to the nature and effect of each provision of this Agreement and that it has either taken such independent legal advice or has dispensed with the necessity of doing so; and

19.11.2 each provision of this Agreement is fair and reasonable in all the circumstances and is part of the overall intention of the Parties in connection with this Agreement.

**19.12 good faith**

The Parties shall at all times act in good faith towards each other and shall not bring the other Parties into disrepute.

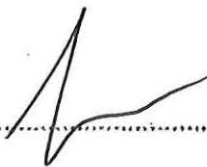
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19.13 co-operation

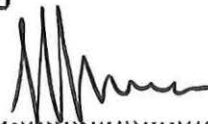
Each of the Parties undertakes at all times to do all such things, perform all such acts and take all such steps, and to procure the doing of all such things, within its power and control, as may be open to it and necessary for and incidental to the putting into effect or maintenance of the terms, conditions and import of this Agreement.

Signed at on 2021

Witness

  
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For SHOPRITE INSURANCE COMPANY LIMITED

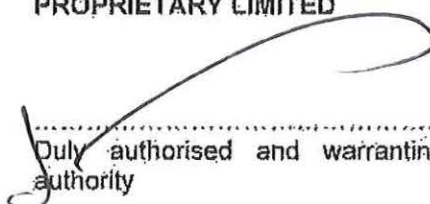
  
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Duly authorised and warranting such authority

Signed at *BIACKENFELL* on *25 MAY* 2021

Witness

  
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For SHOPRITE CHECKERS PROPRIETARY LIMITED

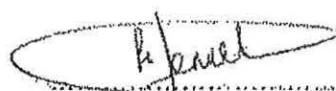
  
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Duly authorised and warranting such authority

Signed at *Illovo* on *24<sup>th</sup> May* 2021

Witness

  
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For CENTRIQ INSURANCE COMPANY LIMITED

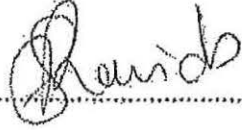
  
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Duly authorised and warranting such authority

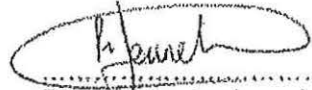
Signed at Illovo

on 24<sup>th</sup> May 2021

Witness

For CENTRIQ LIFE INSURANCE  
COMPANY LIMITED

  
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Duly authorised and warranting such  
authority