

PRESS RELEASE

CHANGE OF MAJORITY OWNERSHIP FOR PRINCIPAL

Principal Investment Holdings Limited, the private client portfolio management specialist, announced today that a majority interest is to be acquired by Sanlam, a leading South African financial services group.

Founded over 20 years ago, Principal specialises in discretionary portfolio management for private individuals, family trusts and smaller corporate clients. The deal with Sanlam will give Principal access to a broader range of investment capabilities, whilst allowing its day-to-day operations to continue unchanged. Principal will continue as an autonomous business, operating from its three existing locations in Sevenoaks, London and Bath, and with the Principal brand name maintained.

Sanlam, which already has a successful private client portfolio management business in its home market, is seeking, through this deal with Principal, to build a substantial presence in the UK.

Dr Johan van Zyl, Sanlam's Group Chief Executive, said:

“The acquisition of Principal again reflects the consistent progress the Group is making in all the elements of the strategy it began implementing four years ago.

Principal is the type of high quality private client investment business we were looking for in the UK as another building block in our strategy for growth and diversification through selective acquisitions, geographical expansion and extended financial solutions to our clients.

Sanlam Private Investments (SPI) – the private client investment manager and stockbroker of Sanlam Investments in the Sanlam Group – has established an excellent track record in South Africa. I believe that SPI's future relationship with Principal and the access to its product range will lead to an improved client offering and the continued growth of SPI's South African client base.”

Daniël Kriel, Chief Executive Officer of Sanlam Private Investments, said:

“South African investors have become more sophisticated about their investment needs and are increasingly looking for offshore opportunities and a global spread of risk. Our clients are very comfortable dealing with UK businesses. This deal with Principal therefore strengthens our offshore offering and creates new investment opportunities for our clients.

Principal's strategy and culture perfectly compliment our own. It has a well respected management team, proven investment track record, solid client base and reputation for excellence developed over the past 20 years."

Anne Gilbert, Group Managing Director of Principal, commented:

"Throughout our discussions with Sanlam, we have been particularly impressed by the calibre of their management team and the strategic fit with Principal's own operations and ambitions. As well as providing the backing of a large financial services operation, with £35 billion of assets under management, Sanlam's involvement will allow us to enhance the investment service we offer our existing clients and introducers, whilst maintaining the high level of personal service on which our business has been built.

Furthermore, Principal has a long tradition of employee ownership, and the arrangement with Sanlam will provide the opportunity for continued employee share participation. As part of the Sanlam Group, I believe there are excellent prospects for an exciting future for Principal."

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Notes to Editors

Principal Investment Holdings Limited

Principal is one of the leading private client investment companies in the South of England. Founded in 1987, it now employs around 90 people in its offices in Sevenoaks, London and Bath. It looks after some £1 billion on behalf of its clients. It specialises in discretionary portfolio management for private individuals, family trusts and smaller corporate clients. www.principalinvestment.co.uk

The Sanlam Group

Sanlam is a leading financial services group in South Africa, listed on the JSE and Namibian stock exchanges. The Group comprises a number of mutually dependent business entities focusing mainly, but not exclusively, on wealth creation and protection, investment management and ancillary financial services solutions for individuals and institutions. Apart from the UK, the Group has business interests elsewhere in Africa and in India. On 31 December 2007, the Group had assets under management in excess of R525 billion and an employee base of 9,000. www.sanlam.co.za.

Sanlam Private Investments (SPI)

SPI is a private client portfolio management and stockbroking business which falls within the Sanlam Investments cluster of the Sanlam Group. It serves high net worth individuals, charitable trusts and smaller institutions. With some R50 billion of assets under management and nearly 90 employees, SPI is the second largest South African private investment manager. It has branches in Cape Town, Durban, George, Knysna, Johannesburg, Sandton and Pretoria.

www.sanlamprivateinvestments.co.za

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