



INTENTION TO FLOAT ANNOUNCEMENT

24 AUGUST 2017

PRESS RELEASE

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AFRICAN RAINBOW CAPITAL INVESTMENTS LIMITED ANNOUNCES ITS INTENTION TO FLOAT ON THE JSE MAIN BOARD

African Rainbow Capital Investments Limited (the "**Company**" or "**ARC Investments**") has today announced its intention to list its issued ordinary shares on the main board of the JSE, subject to market conditions and the requisite approvals by the JSE (the "**Listing**").

ARC Investments will list as an investment entity in the "*Financials – Speciality Finance*" sector of the JSE and will offer investors the unique opportunity to invest into a listed vehicle that offers long-term capital appreciation through a permanently broad-based black-controlled investment entity with a diversified underlying portfolio of indirectly held listed and unlisted investments.

History of ARC and ARC Investments

Ubuntu-Botho Investments Proprietary Limited ("**UBI**") was created in 2003 with the initial main purpose of building a broad-based black-controlled investment entity as Sanlam's empowerment partner. In addition, the vision of UBI from the outset was to make a difference in the lives of ordinary South Africans by being a premier broad-based black-owned and black-controlled financial services group in South Africa.

In July 2015, UBI established African Rainbow Capital Proprietary Limited ("**ARC**") as an investment holding company with the purpose of becoming a leading broad-based black-owned and black-controlled financial

services group. ARC seeks to utilise its empowerment credentials, balance sheet strength, the business track record of its leadership team and its brand to invest in financial services distribution businesses, to take strategic equity stakes in underlying financial services product providers and to acquire majority or significant minority empowerment stakes in non-financial services businesses. Since 2015, ARC has invested c.R5.4 billion in acquiring equity (and associated loan claim) interests in a diversified portfolio of listed and unlisted investments.

In 2017, ARC Investments was established as a capital-raising and investment entity to offer shareholders the opportunity to invest alongside ARC and to participate in the growth of its investment portfolio. ARC Investments is incorporated and managed in Mauritius and holds a Category One Global Business Licence issued by the Financial Services Commission of Mauritius.

Initial investment portfolio

Prior to the Listing, ARC will seed ARC Investments with an initial investment portfolio (the “**Initial Portfolio**”), comprising:

- 49.9% of ARC's interests in its financial services portfolio companies; and
- 100% of ARC's interests in its non-financial services portfolio companies.

ARC Investments will, in turn, transfer the Initial Portfolio to the ARC Fund, an *en commandite* partnership established in South Africa, and will hold its interest in the Initial Portfolio through its limited partnership interest in the ARC Fund.

The Initial Portfolio comprises 16 investments in the financial services sector, including interests in Alexander Forbes Limited, Alexander Forbes Group Holdings, Bravura, Colourfield, Constellation Capital, EBS International, Indwe Broker Holdings, ooba, A2X, Santam and Sinayo Securities. All of the ARC Fund's interests in the financial services sector will be held or acquired through an intermediary holding company, FinHoldCo, which aims to establish a significant presence across the following underlying financial services product provider sectors: asset management, banking, general financial services, healthcare, life insurance, property and short-term insurance.

The Initial Portfolio also comprises 17 non-financial services investments, including investments in agriculture and food production, building and construction, energy, information technology and telecommunications, investment holding companies and real estate businesses.

Following the Listing, the ARC Fund's most significant investment will be in the telecommunications sector, through its 20% interest in Multisource Telecoms Proprietary Limited (trading as “**Rain**”). Rain is intended to be a “full service” mobile network operator, focusing on data as a primary offering. The major assets constitute spectrum licences, including an allocation in the 1800 MHz band, along with the other major operators, as well as an allocation in the sought after 2600 MHz band, where Rain holds the only licence. Rain has made significant progress in building a dedicated national LTE Advanced network, which is live and carrying commercial traffic. To date Rain has rolled out over 1,400 sites and over 1,500 base stations and has interconnected all the major metros spanning over 20 points around South Africa. Rain is on track to meet a target of 2,000 sites by the end of the year, 5,000 by the end of 2018 and ultimately 10,000 in the coming years. This infrastructure will eventually facilitate an environment where open access to the internet becomes a reality in South Africa, with the best possible quality and internet speed, at affordable rates.

The directors of ARC Investments have valued the Initial Portfolio, as at 30 June 2017, at R4,476 million. This valuation includes minority and marketability discounts associated with, for example, lock in arrangements which are expected to unwind over time.

Investment strategy

By investing in a broad range of sectors and through a variety of types of listed and unlisted equity and financial instruments, ARC Fund will generally seek to gain exposure to growth and early-maturity stage businesses in which management teams are appropriately incentivised. ARC Fund will generally seek to acquire significant minority equity interests in established and start-up businesses that meet one or more of the following attributes:

- experienced, qualified and capable management;
- a demonstrable track record;
- strong cash flow generation;
- solid growth prospects;
- established market position;
- the opportunity to consolidate their respective markets and/or existing businesses within the ARC Fund portfolio; and/or
- commercial prospects which can be enhanced by having strong broad-based black economic empowerment (“**B-BBEE**”) credentials.

Management fees and performance participation

The ARC Fund will be managed by the general partner, a wholly-owned subsidiary of UBI.

In consideration for the general partner's management responsibility for the ARC Fund, as well as its obligation to maintain the ARC Fund's B-BBEE credentials, a management fee will be paid by the ARC Fund to the general partner.

Subject to achieving certain performance hurdles, the investment team and UBI shall be entitled to a performance participation which will be settled in ARC Investment shares.

Key investment highlights

ARC Investments' investment proposition is based on the following:

Unique access point – ARC Investments presents the unique opportunity to invest into a liquid, permanently broad-based black-controlled vehicle listed on the JSE, which is governed by an independent board of experienced directors. ARC Investments is able to obtain access to unlisted investment opportunities that are typically unavailable to other investors.

Strong credentials – ARC Investments has an ability to benefit from the full range of credentials of UBI, ARC and ARC Investments, including B-BBEE credentials, the comprehensive experience and strong reputation of the members of the general partner's investment committee, as well as the benefits of the ARC brand.

Black-control – ARC Investments' ability to leverage off its own, ARC's and UBI's B-BBEE credentials when making investments to negotiate an upfront discount to full market value based on its value contribution.

Demonstrated track record of deal execution – ARC was created in July 2015 and in its first two years has invested c.R5.4 billion in acquiring equity (and associated loan claim) interests in its underlying investment portfolio.

Diversification – ARC Investments provides public-market investors with a liquid vehicle to indirectly access a diversified pool of investments in companies across various industries.

Structural efficiency – ARC Investments manages and conducts its business operations in Mauritius because of the business-friendly environment, the spread of tax treaties that Mauritius has with many, but not all, of the

jurisdictions that ARC Investments is expected to invest in and its acceptance among global investors as an investment jurisdiction.

The Offer and Listing

ARC Investments is seeking to raise up to approximately R4.0 billion to fund existing commitments and other investment opportunities.

As part of the Listing, ARC Investments will undertake a private placement of up to approximately R1.9 billion to selected investors to raise primary capital by way of offers for subscription of Ordinary Shares (the “**Offer**”).

Concurrent with the Offer, the Public Investment Corporation, Sanlam Private Wealth and GIC Private Limited (a sovereign wealth fund established by the Government of Singapore) (the “**Cornerstone Investors**”) have agreed to subscribe for approximately R2.1 billion of ordinary shares, in aggregate, at the offer price on the Listing date. For the avoidance of doubt, the subscriptions by the Cornerstone Investors do not form part of the Offer.

The net proceeds of the Offer and Cornerstone Investors’ subscriptions will be transferred by ARC Investments as a capital contribution to the ARC Fund, to fund the balance of the acquisition consideration for Rain and other investment opportunities. ARC is currently evaluating a number of prospective investments which meet the investment scope and investment objectives of the ARC Fund.

A pre-listing statement including full details of the Offer and Listing will be made available in due course.

Rand Merchant Bank, a division of FirstRand Bank Limited (“**RMB**”) is acting as the financial adviser, bookrunner and JSE sponsor in relation to the Offer and Listing.

Ebène, Mauritius

24 August 2017

Enquiries

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NOTE TO EDITORS

ARC Investments management and board of directors

ARC Investments is led, managed and controlled in Mauritius by an experienced, multinational independent board of directors (“**Board**”) that has final oversight and responsibility in respect of ARC Investments' business, strategy and key policies, including investment in the ARC Fund.

The Board consists of five non-executive directors, four of whom are independent. Save for Bridget Radebe, who is the Chief Financial Officer of ARC and UBI and a member of the investment advisory committee of the General Partner, none of the directors are employed by, professional advisers to or associated with ARC or the General Partner.

Name (age)	Nationality	Function
Mark Cyril Olivier (48)	United Kingdom	Independent non-executive director (Chairperson)
Deans Tommy Lo Seen Chong (58)	Mauritian	Independent non-executive director
Sipho Abednego Nkosi (63)	South African	Independent non-executive director
Clive Msipha (35)	Zimbabwean	Independent non-executive director
Bridget Ntombenhle Radebe (37)	South African	Non-executive director

There will be no executive directors on the Board. As an investment entity, ARC Investments will not appoint a Chief Executive Officer. Karen Bodenstein will be appointed as the Chief Financial Officer of ARC Investments but will not be a director of ARC Investments.

General Partner board of directors

The board of directors of the General Partner will be responsible for the general investment review of the ARC Fund and management of the pipeline and liquidity of the ARC Fund. It will provide representation on the boards of directors of portfolio companies (where appropriate), prepare interim valuation reports to ARC Investments and provide general feedback to ARC Investments on relevant matters relating to the ARC Fund.

Patrice Tihopane Motsepe BA (Legal), LLB, D.Com (Honoris Causa) – Non-executive director
Alexander Komape Maditsi BProc, LLB, LLM, Dip Company Law – Non-executive director
Johan van der Merwe MCom, MPhil (Cantab), CA(SA), AMP (Harvard), COL (INSEAD) – Executive director
Johan van Zyl PhD (Economics), D.Sc. (Agric) – Non-executive director
Karabo Tshailane Nondumo BAcc, HDip (Acc), CA(SA) – Non-executive director

General Partner's investment committee

All investment decisions for the ARC Fund will, subject to any delegations to the investment advisory committee in place from time to time, be made by the investment committee of the General Partner, which will be a sub-committee of the board of directors.

Tom Boardman BCom, CTA
Patrice Tihopane Motsepe BA (Legal), LLB, D.Com (Honoris Causa)
Alexander Komape Maditsi BProc, LLB, LLM, Dip Company Law
Karabo Tshailane Nondumo BAcc, HDip (Acc), CA(SA)

General Partner's investment advisory committee

The General Partner's investment advisory committee will support the investment committee by sourcing and recommending investments for the ARC Fund.

Johan van der Merwe MCom, MPhil (Cantab), CA(SA), AMP (Harvard), COL (INSEAD)
Charmaine Padayachy BCom (Accounting), Accounting (Hons), CA(SA)
Bridget Ntombenhle Radebe BCom, BCom (Hons), CA(SA)