

African Rainbow Capital Investments Limited
(Incorporated in the Republic of Mauritius)
(Registration number C148430)
JSE share code: AIL
ISIN: MU0553S00000
("ARC Investments" or "the Company")

INVESTMENT UPDATE

ARC Investments is a Limited Partner in an *en-commandite* partnership ARC Fund Partnership SA ("ARC Fund").

This announcement provides shareholders with a high-level update of the Company's progress on strategy implementation. It covers the third calendar quarter as well as additional commentary regarding significant developments up to the end of November 2019.

A conference call with shareholders is scheduled for 15:00 this afternoon.

TymeBank

Following its official launch on 26 February 2019, TymeBank succeeded in acquiring one million customers by 23 November 2019. This milestone is slightly ahead of its schedule, as the bank originally expected to achieve this by end of December 2019. The bank is now working towards onboarding two million customers by December 2020.

Currently, the bank is onboarding approximately 100 000 customers per month or between 20 000 and 30 000 customers each week.

Of the current one million customers who have opened bank accounts, some 400 000 are active customers. The average number of transactions per active customer is consistently increasing.

This growth rate has resulted in TymeBank being one of the fastest growing digital banks at this stage of its lifecycle, when measured against the leading digital banks across the world.

TymeBank currently has the Everyday transactional account as well as GoalSave savings account. Customers have already deposited some R500 million in savings accounts with the bank and the average GoalSave balance per customer is R4500.

The most common transaction type has been card swipes which shows that customers enjoy earning smart shopper rewards. Following this, cash deposits at till points in Pick n Pay stores are the most common transaction type. This demonstrates that cash on hand is still prevalent within the bank's target market segment.

A personal loan product as well as a low-cost bank account for small and medium businesses are currently being piloted and prepared for public roll-out to the market in early 2020.

The bank's customer analytics show that more than half of its customers earn a salary of less than R5000 per month, and 45% of customers are older than 35 years.

rain

rain is making good progress with the roll-out of its strategy of establishing a data network.

Key to achieving this is the contractual roaming agreement with Vodacom, which essentially is one of rain connecting its devices to a specified number of Vodacom's towers to establish and expand its 4G network. At the same time, Vodacom purchases data from rain which it can on sell to Vodacom customers. The net result of this relationship is that rain can sustainably fund its tower network roll-out. By the end of November rain had about 3150 active 4G roaming sites.

rain has also launched a 5G network in September 2019, making South Africa one of the first countries in the world to have a 5G network. By end of November rain rolled out 250 5G towers and aims to roll out 700 5G towers by December 2020, ultimately having 2000 5G towers in key metro areas in South Africa.

Kropz PLC

Following the listing of the business on the Alternative Investment Market (AIM) in London towards the end of 2018, a series of challenges have been experienced related to Kropz Elandsfontein. This has led to further delays in commissioning the concentration plant. As a result, the ARC Fund announced in September that it impaired its investment in the Kropz Group by R480 million, from R965 million to R485 million at 30 June 2019. The current carrying value amounts to R530 million.

Notwithstanding these challenges, Kropz Elandsfontein management is making significant progress to find technical solutions.

A key development over the next week is the Water Tribunal hearing from 11 to 13 December 2019, although a decision is only expected in 2020.

Alexander Forbes

The company is listed on the JSE and intends to announce its interim financial results for the period to end September on Monday 9 December 2019.

Since the appointment of Mr Dawie de Villiers as CEO of Alexander Forbes, the company has announced a new business strategy and some corporate action followed with the sale of the short-term insurance business, which is aligned to the revised strategy. In brief, the strategy has the following three key focus areas:

- Refocusing on the customer, as well as the culture and values of the Alexander Forbes brand;
- Strengthening competitive position in the employee benefits, savings and retirements markets;
- Positioning the business appropriately for profitable growth and commensurate return on capital invested.

The ARC Fund is in agreement with the proposed strategy. The ARC Fund has an effective shareholding of 22% in Alexander Forbes.

Sanlam

The new empowerment transaction between Sanlam and Ubuntu-Botho Investments (UBI) was implemented in March 2019. As Sanlam's Broad-based Black Economic Empowerment partner, UBI acts as the custodian of the additional 5% shares that have been issued by Sanlam.

This transaction is part of a package of transactions at both an enterprise as well as a select number of operating businesses which Sanlam shareholders approved. As part of the new transaction, Sanlam made a R2 billion funding facility available for the UBI Group to invest in certain Sanlam subsidiaries or in complementary financial services businesses. These discussions are currently underway and the market will be informed after the relevant transactions have been concluded.

ARCH Funds

Management has invested in ARCH Emerging Markets Partners Limited which was launched in March 2018 as a new investment business outside South Africa. ARCH leverages international relationships to position African Rainbow Capital as an entry point for investments in projects in Africa and potentially elsewhere in emerging markets. Initial focus areas include a Renewable Energy Fund (US \$250 million fund size), a Cold Chain Solutions East Africa Fund (US\$100 million fund size), a Credit Fund (US\$300 million fund size) and a Resources Fund (US\$500 million fund size).

The investment period is between eight and twelve years and the targeted return of each of the funds vary between 16% and 23%. Some of the funds already have significant capital committed.

The ARCH Africa Renewable Power Fund (ARPF) achieved a first close at US\$125 million in February 2019, targeting a final close of US\$250 million. The fund aims to establish between 10 and 15 renewable energy projects across Sub-Saharan Africa throughout the investment term. The ARC Fund committed to invest \$30 million in the fund.

In January 2019, the African Development Bank Group announced an equity investment of up to US\$25 million in the ARCH Africa Renewable Power Fund. In April 2019, the European Investment Bank committed to invest US\$30 million in the fund.

Disclaimer

The financial information on which this announcement is based has not been reviewed or reported on by the Company's external auditors. The Company will be reporting in more detail on its performance after the finalisation of the results for the half-year period to 31 December 2019, expected to be released on or about 19 March 2020.

Ebène, Mauritius (with simultaneous circulation in Johannesburg)

6 December 2019

Sponsor

RAND MERCHANT BANK (A division of FirstRand Bank Limited)

Conference call

A conference call for analysts, investors and the media will take place at 15:00 (South African time) today. Please register as indicated below.

Audio dial-in facility

A toll-free dial-in facility will be available.

Participants can register for the conference by navigating to ww.diamondpass.net/1189801

For further information on African Rainbow Capital Investments, please visit our website at www.arci.mu