

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 first calendar quarter as well as additional commentary regarding significant developments until the end of May 2019.

During the period 1 January 2019 to 31 May 2019, the ARC Fund made net investments of R348 million, in line with our building block approach, and had cash of approximately R700 million available for future investments.

TymeBank

Following its soft launch in November 2018, the digital bank officially launched on 26 February 2019. TymeBank aims to achieve 2 million clients over next three years, with 1.3 million active client accounts. Of this, the bank envisages a minimum of 200 000 clients having TymeBank as their primary bank account.

Potential strategic partners are engaged with the aim of establishing partnerships that could assist in meeting the bank's growth objectives.

TymeBank has made significant progress with acquiring new clients since the February 2019 launch. The bank succeeded in acquiring more than 400 000 clients and is aiming to get to 500 000 clients by July 2019.

Management is pleased to announce an investment of R200 million by the Ethos Artificial Intelligence (AI) Fund in TymeBank. This investment will result in the AI Fund being an 8% shareholder in the bank. The transaction is subject to all conditions precedent being met.

Investment in Ethos AI Fund

ARC Financial Services has committed to a R100 million investment into the Ethos Artificial Intelligence (AI) Fund. The AI Fund identifies and invests in operating businesses that can benefit disproportionately from the use of artificial intelligence. The primary type of artificial intelligence the AI Fund will focus on includes algorithmic decision making, which typically supports organisations in making high frequency decisions that are often not suited to human capabilities due to the computational complexity and breadth of the data used.

The Ethos AI Fund was launched in October 2018 and had a successful first close of R600 million. The AI Fund has a target size of R1.0 billion and the final close is anticipated in December 2019.

rain

rain is making good progress with the roll-out of its strategy of establishing a data network. The business is on track with meeting its key implementation targets, in particular pertaining to the roll-out of towers in terms of its agreement with Vodacom.

The 4G contractual roaming arrangement with Vodacom is performing well. By the end of April *rain* had 3074 live sites.

In terms of an added distribution channel, *rain* and TymeBank have announced an agreement to pilot the distribution of rain SIM cards via TymeBank kiosks, which would make it easier to onboard rain clients.

rain has also announced its intention to launch a 5G network by the end of 2019. This will make South Africa one of the first countries in the world to have a 5G network.

KROPZ PLC

Following the listing of the business on the Alternative Investment Market (AIM) towards the end of 2018, significant progress was made to complete the testing and to finalise the engineering design for the reconfiguration of the concentration plant at the Elandsfontein mine.

Kropz PLC announced in a recent update to the market that commissioning of the mine and the concentration plant is expected to happen during the fourth quarter of 2020. The company stated that, at the time of Kropz PLC's listing on the AIM, the level of engineering design for the recommissioning of its Elandsfontein mine was at a scoping study level. While additional test work is still required, significant work has been done to advance the front-end engineering and design.

Total cost, including additional capital expenditure, operating costs and debt servicing requirements, is estimated at US\$20m more than the amount disclosed at the time of the listing.

Alexander Forbes

The company is listed on the JSE and, since announcing Mr Dawie de Villiers' appointment as new Chief Executive Officer, the company has identified areas of its business that do not align to its new strategic vision. It has commenced positioning itself as the pre-eminent player in the employee benefits space in South Africa. As a significant shareholder in Alexander Forbes, we have taken note of these developments and are supportive of the focus on Alexander Forbes' core competencies.

Sanlam Limited

Following Sanlam shareholders' approval in December 2018 of a new empowerment transaction at the holding level, the transaction was implemented in March 2019. At an operating level, discussions on the third-party asset management business continue. The new entry-level mass market life insurance business, African Rainbow Life, was launched on 30 May 2019. African Rainbow Life will focus on providing cost-effective life insurance to the low- and middle-income market segment. The company is 51% owned by Sanlam, 26% owned by the ARC Fund and 23% by a consortium comprising African Rainbow Life management and staff.

Fledge Capital

On 18 September 2018 Naspers announced that its e-commerce and classified unit, OLX Group, intended to acquire a 60% interest in the specialised car-buying service, We Buy Cars, from Fledge Capital for an amount of R1.4 billion. Fledge Capital is a 31.5% owner of We Buy Cars.

In the period under review, the Competition Commission announced its ruling on the transaction, stating that it has recommended to the Competition Tribunal that the acquisition be prohibited. We await the ruling of the Competition Tribunal, whereafter we will assess our position.

ARCH Funds

Shareholders are referred to the previous announcement in March on the establishment of ARCH Emerging Markets Partners Limited, a new investment business outside South Africa. The focus is on leveraging international relationships, and position ARC as a significant gateway for investment in initiatives on the African continent and potentially elsewhere in emerging markets.

The focus is on establishing a Renewable Energy Fund, a Cold Chain Solutions East Africa Fund, a Credit Fund and a Resources Fund.

The ARCH Africa Renewable Power Fund (ARPF) achieved a first close at US\$105 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\$35 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 full-year period to 30 June 2019, expected to be released on or about 12 September 2019.

Ebène, Mauritius (with simultaneous circulation in Johannesburg)

10 June 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 16:00 (South African time) today. Please register as indicated below.

Audio dial-in facility

A toll-free dial-in facility will be available. Please dial 010 201 6800 or 011 535 3600 to participate in the conference call.

Recorded playback will be available for three days after the conference call.

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