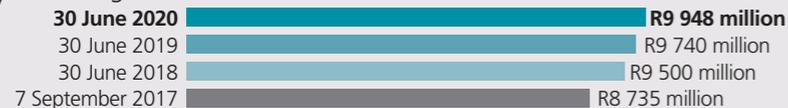




Intrinsic growth of investment in ARC Fund **2.1%**



INAV Per Share to **R9.54**
 (30 June 2019: R9.34)



Intrinsic Portfolio Value **R11 139 million**
 (30 June 2019: R9 359 million)



IFRS NAV Per Share to **R9.57**
 (30 June 2019: R9.45)

of which R1 019 million was funded by Diversified Investments and Financial Services Portfolio debt



Disposals **R335 million**



R 750 million Rights Offer announced on 15 September 2020



Acquisitions made of **R 1 976 million** including Alexander Forbes Group R738 million TymeBank R374 million Kropz plc R249 million

NATURE OF BUSINESS

African Rainbow Capital Investments Limited (ARC Investments) is a public company which is incorporated in the Republic of Mauritius and holds a Category One Global Business Licence under the Mauritian Financial Services Act 2007 and is regulated by the Mauritian Financial Services Commission.

OPERATING ENVIRONMENT

The year under review has been characterised by strained trading conditions, which are mainly the result of a contracting economy. This has adversely impacted most of the companies in our portfolio. An already poor performing economy was exacerbated by the sudden onset of the COVID-19 pandemic which led to the announcement of a state of disaster and a National Lockdown on general economic activity. As a result, some of our investee companies generally experienced low consumer, business and investor confidence, all of which were intensified by the impact of COVID-19.

PERFORMANCE HIGHLIGHTS

The Intrinsic Net Asset Value (INAV) of the Company increased from R9.34 per share at 30 June 2019 to R9.54 per share at 30 June 2020 which amounts to an increase of 2.1%. Whilst this is significantly below the medium to long-term expectation of 16% per annum, it is indicative of, and is aligned to the market performance in the current economic and political environment.

The 10% hurdle for the performance participation has not been met and therefore there will be no dilutive impact due to the conversion of any C-shares.

Investment in the ARC Fund	Net Asset Value 30 June 19	Net Investment	Net Increase in Net Asset Value	Net Asset Value 30 June 20	Growth in Net Asset Value
Intrinsic Portfolio Value	9 359	1 641	139	11 139	19.0%
Cash in the ARC Fund	725	(560)	(104)	61	(91%)
Diversified Investments and Financial Services Portfolio debt		(1 019)	(18)	(1 037)	100%
Other net liabilities	(344)		129	(215)	(37.5%)
Intrinsic Investment in the ARC Fund at FVTPL*	9 740	62	146	9 948	2.1%

* FVTPL: Fair Value Through Profit or Loss

ACQUISITIONS AND DISPOSALS DURING THE PERIOD

During the year under review acquisitions and disposals amounted to R1 976 million (excluding capitalised interest on portfolio loans receivable) and R335 million respectively.

The most significant included:

Rain

During June 2020, Rain did a capital raise and the ARC Fund followed its rights amounting to R103 million. The percentage shareholding in Rain remains the same as all other shareholders followed their rights.

TymeBank

ARC Financial Services Holdings (ARC FS) contributed R750 million to TymeBank. The ARC Fund owns 49.9% of ARC FS which owns 70.5% in TymeBank. The cash contributions are part of scheduled capital injections into the bank. The ARC Fund has an effective ownership interest of 35.18% in TymeBank.

Kropz Plc

The ARC Fund subscribed for shares amounting to R249 million in Kropz Plc in various tranches during the year. Subsequent to Kropz Plc reaching an agreement with other third-party financiers, the ARC Fund entered into a conditional convertible loan facility of up to US\$40 million (not exceeding a maximum of ZAR 680 million) which is required to bring the Elandsfontein phosphate project into production. At 30 June 2020, R140 million of this facility was drawn with the remaining facility scheduled to be drawn over the next 18 months. The repayment of the Loan Facility and any interest thereon will be in the form of ordinary shares in Kropz Plc at a conversion price of 6.75 pence per share, which will occur quarterly.

Alexander Forbes

ARC FS acquired 193 million shares in Alexander Forbes Group Holdings Limited (AFGH) from Mercer Africa Limited for a total consideration of R1 billion. Post the acquisition of these shares ARC FS concluded the flip-up of its shares in Alexander Forbes Limited into AFGH shares. These two transactions increased ARC FS's shareholding in AFGH from 13.1% to 35.09%. The ARC Fund's effective shareholding in AFGH therefore increased to 17.5%.

Capital Legacy

ARC FS acquired a 25.9% shareholding in the specialist financial services firm Capital Legacy during the year. Capital Legacy is a significant provider of services in respect of wills and estate administration. Operating since 2012, the company has identified improved, efficient and cost-effective solutions for the preparation of wills, estate planning and execution.

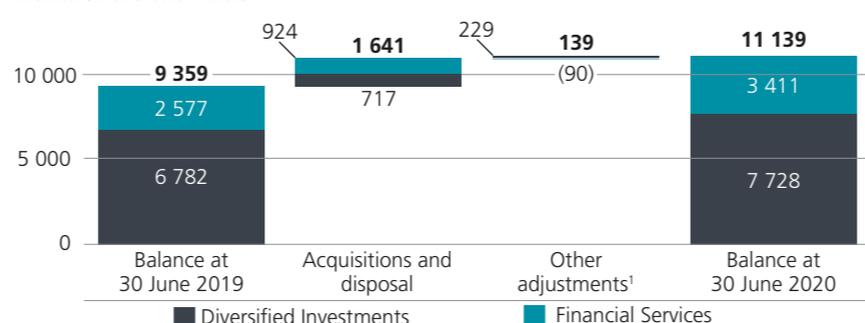
ARCH Emerging Markets Partners Ltd (ARCH EM)

During the year, the ARC Fund has contributed a total of R171 million towards the ARC Renewable Power Fund as well as the ARC Cold Storage Fund. ARCH EM aims to geographically expand its reach outside South Africa into the rest of the African continent. ARCH EM is a specialist firm focusing on private market opportunities in renewable energy, cold chain solutions and financial services in developing countries. The company is a joint venture between JCH & Partners LLP and ARC.

GROWTH IN INTRINSIC PORTFOLIO VALUE

The Intrinsic Investment in the ARC Fund at FVTPL increased by 2.1%, largely driven by net Investments executed by the ARC Fund totaling R1 641 million with net fair value adjustments increasing the net asset value by R139 million. This amounts to an overall growth in Intrinsic Portfolio Value (excluding net investment) of 0.1%.

Intrinsic Portfolio Value



¹ Fair value net of expected tax, cash flows, interest, forex and disposal gain/loss

Key Comments: Diversified Investments Portfolio (69.4% of Fund Value, 2019: 72.5%)

Rain (27.9% of Fund Value, 2019: 26.8%)

The business experienced a surge in subscriber numbers during the National Lockdown period as people were required to work from home. Economic and social activities have increasingly moved online, including schooling, entertainment and connecting with family and friends. The Rain 4G roll-out has also progressed well with 5,500 active sites live as at the end of April. The ARC Fund's investment in Rain increased from R2 508 million at 30 June 2019 to R3 111 million at 30 June 2020, mainly as a result of a fair value write-up of R479 million (2019: R364 million).

Kropz Plc (6.6% of Fund Value, 2019: 4.1%)

The carrying value of the ARC Fund's investment in the Kropz Group comprises the value at 30 June 2019 plus subsequent investments of R249 million.

The ARC Fund has given a US\$40 million capital commitment (limited to R680 million) to Kropz Plc to fund the completion of the Elandsfontein project. Completion of the reconfiguration and commissioning of the plant is scheduled for the last quarter of 2021.

Bluespec (2.3% of Fund Value, 2019: 2.9%)

The motor industry has experienced challenging trading conditions, resulting in lower volumes and profit margins. Business operations were largely resumed when the lockdown rules were eased in May 2020. Bluespec management implemented an aggressive cost saving strategy to right size and align the business to current market conditions. The fair value of the investment was written down by R11 million.

Key Comments: Financial Services Portfolio (30.6% of Fund Value, 2019:27.5%)

Rand Mutual Holdings (RMH) (2.8% of Fund Value, 2019: 3.1%)

In the year under review, the deferred consideration raised in the 30 June 2019 financial year was settled and a fair value gain of R55 million was recognized for the year ended 30 June 2020. The ARC Fund's investment in RMH increased from R289 million at 30 June 2019 to R311 million at 30 June 2020.

TymeBank (8.3% of Fund Value, 2019: 7.2%)

At 30 June 2020 the bank had on boarded 1.9 million customers, which was ahead of its business plan. TymeBank is signing up between 3 000 and 3 500 customers per day, with about half of the customers actively using their bank accounts. TymeBank is well positioned within the SA banking sector to implement its unique low-cost banking fee model. The progress to date, combined with the additional capital that has been injected, results in a fair value of R1.86 billion in ARC Financial Services at 30 June 2020 and therefore R927 million for the ARC Fund.

MAJOR EVENTS SUBSEQUENT TO REPORTING PERIOD.

SANLAM 3rd party asset management

Sanlam and ARC FS entered into a transaction to establish one of the largest black-empowered asset management companies in South Africa. Once this transaction becomes effective, ARC FS will own an approximate 25% economic interest in Sanlam's South African third-party asset management business other than the investment management business conducted by Sanlam Private Wealth (Pty) Ltd and the Sanlam Specialised Finance division. The transaction is subject to regulatory approvals

Rights offer to Shareholders

The Board approved a fully committed and underwritten pro rata non-renounceable Rights Offer to Shareholders on 9 September 2020 to raise R750 million through an offer of 272 727 273 Rights Offer Shares at a Rights Offer Price of R2.75, in the ratio of 26.09711 Rights Offer Shares for every 100 Ordinary Shares held at the close of business on Friday, 25 September 2020. The Rights Offer is fully underwritten by ARC.

LEVEL OF ASSURANCE

The annual results have been audited by the Company's auditors, PricewaterhouseCoopers Inc. who expressed an unmodified audit opinion thereon. The full audit report also includes communication of key audit matters. The full audit report is available, along with the annual financial statements on the Company's website at <https://arci.mu/investor-relations/#sens> on 15 September 2020 and available for inspection at the company's registered office.¹

GOVERNANCE & LEADERSHIP

ARC Investments is managed and controlled in Mauritius by an experienced, multinational Board of Directors (the Board) of which the majority are independent. The Board has final oversight and responsibility in respect of ARC Investments' business, strategy and key policies. This includes the investment in the ARC Fund. There are no executive directors on the Board of ARC Investments.



Mark Cyril Olivier
 Chairman of the Board



Clive Msipha
 Chairman of the Audit and Risk Committee

ABOUT THIS ANNOUNCEMENT

This short form announcement is the responsibility of the directors and the information contained herein is only a summary of the information in the full Financial Results announcement and does not contain full or complete details.

Any investment decision by investors and/or shareholders and/or bondholders should be based on consideration of the full announcement that was released on <https://senspdf.jse.co.za/documents/2020/JSE/ISSE/AILE/FRResults20.pdf> and on the ARC Investments' website <https://arci.mu/investor-relations/#sens> on 15 September 2020. This short-form announcement does not contain any additional information not appearing in the full Financial Results released on SENS.

The full announcement is available for inspection at the registered office¹ and designated office² of ARC Investments and the offices of the Sponsor³ at no charge during normal business hours. Copies of the full announcement may be requested by email from investors@arci.mu.

Ebène, Mauritius (with simultaneous circulation in Johannesburg) 15 September 2020

SPONSOR

RAND MERCHANT BANK (A division of FirstRand Bank Limited)