

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, the ARC Fund Partnership SA (“ARC Fund”). This announcement provides shareholders with a high-level update of the Company’s progress on strategic matters and a performance overview of the significant investments in the ARC Fund for the first quarter of the 2021 calendar year, following the financial results announcement for the interim reporting period ended 31 December 2020 published in March 2021. This announcement also includes commentary on significant developments up to the end of May 2021.

DIVERSIFIED INVESTMENTS

rain

As previously reported, rain experienced a surge in demand for its products and services in the 4G domain since the National Lockdown in March 2020 and remains ahead of its original business case targets. Expansion of its network footprint in terms of the Vodacom agreement is progressing well.

The business case did not anticipate the rapid growth in customer numbers which unfortunately led to customer challenges being experienced, especially on the fringes of rain’s coverage footprint. Management has prioritised the resolution of customer queries and complaints and launched various initiatives to improve customer service whilst expanding the network.

The roll-out of 5G is progressing well and rain has expanded its 5G coverage almost six-fold since launching 5G approximately 18 months ago. The network currently covers approximately 3 million households in Pretoria, Johannesburg and Cape Town.

rain is expected to participate in the upcoming spectrum auction which has been initiated by the government.

Afrimat

Afrimat Limited (“Afrimat”) is listed on the JSE and information regarding its activities and financial performance is publicly available. Afrimat’s share price has performed well, supported by excellent financial performance.

During the period under review the ARC Fund sold 3.25 million Afrimat shares for R143 million and thereby reduced its interest in Afrimat from 18.4% to 16.1%.

Kropz Plc

Kropz Plc is listed on the Alternative Investment Market (AIM) of the London Stock Exchange, issued a comprehensive update to the market on 25 May 2021.

It is expected that Kropz Elandsfontein will be commissioned in Q4 2021 as previously communicated. Good progress has been made to get developments to the current stage, despite the disruptive impact of Covid-19 on the supply chain of various components in the reconfiguration and augmentation of the concentration plant.

The Elandsfontein management has recently been informed by Transnet of unexpected bottlenecks regarding providing capacity to export the phosphate rock through the Port of Saldanha but have committed to provide alternative solutions to the extent necessary. The impact of a continuing strong Rand as well as additional transport costs that may result from the alternative solutions could have a large negative impact on the value of Kropz Elandsfontein despite the current positive trend in the phosphate rock prices.

Hatch Africa, a leading international engineering and construction firm was appointed to complete an updated feasibility study for Hinda, the other phosphate asset within the Kropz Plc portfolio which is located in the Republic of Congo.

GemCap

Following on from the recent buy-out of the minority interest in GemCap by the ARC Fund, the underlying investments in the portfolio and management thereof are in the process of being absorbed into appropriate groupings within the ARC Fund portfolio. This will allow more active management and direct oversight over these assets and the opportunity to explore synergistic opportunities between these entities and companies within the broader ARC Fund portfolio.

Fledge Capital

Fledge Capital's performance is in line with its business case and expectations. On a strategic level, the ARC Fund agreed with Fledge Capital to reassess the focus of future empowerment transactions which could lead to Fledge having a dedicated vehicle to focus on specific entities in which the ARC Fund would have an increased shareholding, specifically for empowerment purposes.

Bluespec

Bluespec has managed good recovery post the initial National Lockdown period in 2020 and business volumes continue to trend towards pre-Covid-19 levels. Bluespec introduced various measures and initiatives during 2020 because of the National Lockdown, the impact of which is seen in improved earnings and cash flows.

DIVERSIFIED FINANCIAL SERVICES

Alexander Forbes Group Holdings

Alexander Forbes Group Holdings ("AFGH") will announce its financial results for the year ended 31 March 2021 on Monday 14 June 2021. The ARC Fund remains AFGH's strategic empowerment partner. From the ARC Fund's perspective, there are ongoing efforts to drive growth and strategic opportunities between AFGH and the ARC Fund's key investment partners.

TymeBank

TymeBank has significantly de-risked its funding and capital requirements by bringing on board two strategic funding partners during the period under review, namely Apis Partners LLP and JG Summit

Group. These partners will also assist in increasing the scope of the business substantially, mainly with respect to its offshore expansion.

TymeBank continues to look for innovative ways of reaching customers and providing a well-rounded consumer proposition. The business continues to consolidate its position as South Africa's leading digital bank with sustained customer acquisition growth. TymeBank officially launched on 26 February 2019 and by March 2021, had already acquired three million customers, of which approximately half are active banking customers. In some respects, TymeBank is tracking slightly behind its objectives, mainly because of the aftermath of the National Lockdown as well as sustained economic pressures on consumers.

TymeBank continues to roll out its insurance offering, in conjunction with key insurance partners and is also preparing to launch an innovative retail credit product by early July 2021, which is expected to gain significant ground among consumers.

Rand Mutual Holdings

ARC Investments' majority shareholder African Rainbow Capital Pty Ltd has a 30% total indirect ownership in Rand Mutual Holdings ("RMH") of which the ARC Fund holds an effective 15% interest. RMH is implementing a new diversified growth strategy with the intention to build a larger and more profitable business over the next five years. There have been several executive management changes aligned to the RMH's new strategic direction. Early operational results are in line with management's newly adopted strategy.

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 its financial results for the twelve months ending 30 June 2021, expected to be released on SENS on or about 14 September 2021.

Ebène, Mauritius (with simultaneous circulation in Johannesburg)

11 June 2021

Sponsor

RAND MERCHANT BANK (A division of FirstRand Bank Limited)

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