



African Rainbow Capital Investments Limited

(Incorporated in the Republic of Mauritius)

(Company number: C148430)

JSE and A2X code: AIL ISIN: MU0553S00000

("ARC Investments" or "the Company")

DECLARATION ANNOUNCEMENT AND TERMS OF THE FULLY COMMITTED AND UNDERWRITTEN PRO RATA NON-RENOUNCEABLE RIGHTS OFFER

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1. INTRODUCTION

ARC Investments is pleased to advise shareholders that the board of directors of ARC Investments ("the Board") has resolved to undertake a fully committed and underwritten pro rata non-renounceable rights offer of ZAR750 million ("Rights Offer"). Under the Rights Offer, qualifying shareholders will receive 11.06579 rights offer shares for every 100 existing ARC Investments ordinary shares ("Ordinary Shares") held on the record date of the Rights Offer.

2. RATIONALE FOR THE RIGHTS OFFER

2.1 The purpose of the Rights Offer is to raise additional capital for ARC Investments to invest in the ARC Fund for use in its existing portfolio companies as well as for future acquisition opportunities.

2.2 The ARC Fund will continue to invest in terms of its investment strategy and mandate, focusing on the following:

2.2.1 to assist successful investee companies in pursuing opportunities such as:

2.2.1.1 New market expansions for Rain Group Holdings (Pty) Ltd as well as continued development of its existing product offering, such as rainone, providing customers with both a mobile and fixed-wireless product offering which is enabled through newly acquired spectrum;

2.2.1.2 Continued expansion opportunities at Tyme, most notably through Tyme Global which continues to see success in the Philippines with GoTyme, which has attracted 1 million customers by Mid-August 2023, with high customer activity rates;

2.2.1.3 Supporting the investment strategies of various fast growing ARC Fund investee companies such as Autoboy's, Linebooker and Apollo;

2.2.2 entirely new investment opportunities in line with the growth strategies and investment mandate of the ARC Fund; and

2.2.3 Fulfilling general liquidity requirements of the ARC Fund.

2.3 The additional capital (after expenses of the Rights Offer and ARC Investments' liquidity requirements) of approximately ZAR742.35 million, is expected to be sufficient to meet the

medium-term funding requirements of the ARC Fund, considering that a number of companies in the portfolio are maturing and that the combined portfolio is expected to become more cash generative during the next twelve months. In addition, the ARC Fund as part of its investment strategy will take advantage of opportunities to monetise some of its investments through partial or total disposal.

3. SALIENT TERMS OF THE RIGHTS OFFER

- 3.1. ARC Investments proposes to raise ZAR750 million through an offer of 150 000 000 Ordinary Shares (“Rights Offer Shares”) at a price of ZAR5.00 (500.0 cents) per Rights Offer Share (“Rights Offer Price”) in the ratio of 11.06579 Rights Offer Shares for every 100 existing Ordinary Shares held on the record date for the Rights Offer, being Friday, 1 December 2023.
- 3.2. The Rights Offer Price represents a 7.32022% discount to the 30 day volume weighted average price of the Ordinary Shares as at 10 November 2023, being the last practicable date.
- 3.3. Application will be made to the JSE and A2X for the listing on the securities exchanges operated by the JSE and A2X of the Rights Offer Shares which will be listed with effect from the commencement of business on Monday, 11 December 2023.
- 3.4. The Rights Offer Shares will, upon issue and allotment, rank *pari passu* with all other Ordinary Shares in ARC Investments.
- 3.5. Excess applications will not be allowed.
- 3.6. The Rights Offer is not conditional on any minimum subscription being obtained.
- 3.7. The Rights Offer is non-renounceable and will only be open to Shareholders registered as such at the record date. This means that qualifying shareholders will not be able to renounce their entitlement to receive Rights Offer Shares in favour of any other person/party, nor dispose of or trade in their letters of allocation.

4. IRREVOCABLE SUBSCRIPTION UNDERTAKINGS AND UNDERWRITING

- 4.1. ARC Investments has obtained the following irrevocable subscription undertakings from ARC Investments shareholders, representing 60.5% of the issued Ordinary Shares as at the last practicable date, being Friday, 10 November 2023:

Shareholder name	Number of Ordinary Shares	Percentage of Ordinary Shares held (%)
African Rainbow Capital (Pty) Ltd (“ARC”)	584 530 305	43.1%
UBI General Partner (Pty) Ltd (On behalf of ARC Fund)	78 823 621	5.8%
K2017386337 (Pty) Ltd	74 174 770	5.5%
Ubuntu-Botho Investments (Pty) Ltd	53 613 957	4.0%
ARC Financial Services Investments (Pty) Ltd	29 488 116	2.2%
Total	820 630 769	60.5%

- 4.2. No commitment fees are payable.
- 4.3. The balance of the Rights Offer is fully underwritten by ARC. The directors have made due and careful enquiry to confirm that ARC is able to meet its commitments in terms of the Rights Offer.
- 4.4. No underwriting fees are payable.

5. FRACTION ENTITLEMENT

Only whole numbers of Rights Offer Shares will be issued to qualifying shareholders. The allocation of Rights Offer Shares will be such that qualifying shareholders will not be allocated a fraction of a Rights Offer Share and accordingly entitlements to Rights Offer Shares of 0.5 or greater will be rounded up and less than 0.5 will be rounded down to the nearest whole number.

6. FOREIGN SHAREHOLDERS

Foreign shareholders may be affected by the Rights Offer, having regard to prevailing laws in their relevant jurisdictions. Such foreign shareholders should inform themselves with regard to and observe any applicable legal requirements of such jurisdiction in relation to all aspects of this announcement that may affect them, including the Rights Offer. It is the responsibility of each foreign shareholder to satisfy himself/herself as to the full observation of the laws and regulatory requirements of the relevant foreign jurisdiction in connection with the Rights Offer, including obtaining any governmental, exchange or other consents or the making of any filing which may be required, the compliance with any other necessary formalities and the payment of any issue, transfer or other taxes or other requisite payments due in such jurisdictions. Further, to the fullest extent permitted by applicable laws, ARC Investments disclaims any and all responsibility or liability for the violation of such requirements by any persons in any jurisdiction. The Rights Offer is governed by the laws of the Republic of South Africa and is subject to applicable laws and regulations, including exchange control regulations. Nothing in this declaration announcement or the Rights Offer circular referred to herein constitutes an offer to sell the letters of allocation or the Rights Offer Shares to any person in any jurisdiction where it is unlawful to do so, or a solicitation of an offer to buy the letters of allocation or the Rights Offer Shares from a person in a jurisdiction in which it is unlawful to make such solicitation.

7. SALIENT DATES AND TIMES

	Date 2023
Declaration announcement released on SENS and the A2X News Service on	Tuesday, 21 November
Declaration Rights Offer announcement released on website of ARC Investments	Tuesday, 21 November
Declaration Rights Offer announcement published in the press	Wednesday, 22 November
Finalisation announcement released by 11:00 (SAST) on SENS and the A2X News Service on	Thursday, 23 November
Finalisation Rights Offer announcement released on website of ARC Investments	Thursday, 23 November
Finalisation Rights Offer announcement published in the press	Friday, 24 November
Circular and Form of Instruction made available on ARC Investments' website	Monday, 27 November
Last day to trade in Ordinary Shares in order to qualify to participate in the Rights Offer (cum Rights)	Tuesday, 28 November
Shares trade "ex" the Rights Offer (Nil paid letters of allocation will be listed and suspended from trading under the JSE and A2X code: AILN and ISIN: MU0553S00034)	Wednesday, 29 November
Circular and Form of Instruction distributed/posted to Qualifying Certificated Shareholders on (to the extent applicable)	Friday, 1 December
Record Date for the Rights Offer, at the close of business on	Friday, 1 December
Rights Offer opens at 09:00 (SAST) on	Monday, 4 December
Circular and Form of Instruction emailed/posted to Dematerialised Shareholders	Monday, 4 December
CSDP or Broker accounts of Qualifying Dematerialised Shareholders credited with Letters of Allocation at 09:00 (SAST) on	Monday, 4 December
In respect of Qualifying Certificated Shareholders, Letters of Allocation credited to an electronic account held with the Transfer Secretaries at 09:00 (SAST) on	Monday, 4 December
Earliest date for last day to trade in respect of the take-up (no trading permitted, for processing purposes only)	Tuesday, 5 December
Record date for take-up. Rights Offer closes. Payment to be made by Certificated Shareholders	Friday, 8 December

<p>Listing and issue of Rights Offer Shares on the JSE and A2X commences at 09:00 (SAST) on</p> <p>Payment to be made by Dematerialised Shareholders. In respect of Qualifying Dematerialised Shareholders who exercise their Rights, CSDP or Broker accounts debited with the aggregate Rights Offer Price and updated with Rights Offer Shares at 09:00 (SAST) on</p> <p>In respect of Qualifying Certificated Shareholders who exercise their Rights, share certificates posted by registered post on or about</p> <p>Results of the Rights Offer announced on SENS and the A2X News Service on</p>	Monday, 11 December
<p>Notification to the FSC of the results of the Rights Offer</p>	Tuesday, 12 December

Notes:

1. *CSDPs effect payment on a delivery versus payment basis in respect of the Rights Offer Shares.*
2. *All of the above salient dates and times have been determined based on certain assumptions in relation to the Rights Offer and are subject to change. Shareholders will be notified of any amendments to these salient dates and times on SENS and the A2X News Service.*
3. *Share certificates may not be Dematerialised or rematerialised between Wednesday, 29 November 2023 and Friday, 1 December 2023, both days inclusive.*

8. TAX CONSEQUENCES

- 8.1 The purchase, holding and disposal of the Rights Offer Shares should, for taxation purposes, be treated according to the usual rules relating to the categorisation of an asset and its return as capital or revenue in accordance with the taxation laws applicable to each qualifying shareholder. The tax treatment of the purchase, holding and disposal of the Rights Offer Shares in the hands of Shareholders is dependent on their individual circumstances and the tax jurisdiction applicable to those Shareholders. No Shareholder should construe the contents of this announcement and the circular referred to below and the documentation accompanying it as tax or other advice.
- 8.2 Shareholders are advised to consult their tax and financial advisors regarding any taxation implications pertaining to them regarding the acceptance of their Rights in terms of the Rights Offer.

9. RIGHTS OFFER CIRCULAR

Further details of the Rights Offer will be disclosed in the Rights Offer circular, which will be available on the Company's website, (<http://www.arci.mu>), from Monday, 27 November 2023, and will be distributed to qualifying certificated shareholders on Friday, 1 December 2023 and to qualifying dematerialised shareholders on Monday, 4 December 2023.

Ebène, Mauritius (with simultaneous circulation in Johannesburg)

Tuesday, 21 November 2023

Transaction Sponsor: Deloitte & Touche Sponsor Services Proprietary Limited

Corporate Advisor: Deloitte Capital Proprietary Limited

Legal Adviser as to South African law: Webber Wentzel

Legal Adviser as to Mauritian law: BLC Robert & Associates

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