

<p>AFRICAN RAINBOW CAPITAL INVESTMENTS LIMITED (Incorporated in the Republic of Mauritius) (Registration number C148430) JSE and A2X Share Code: AIL ISIN: MU0553S00000 ("ARCI" or "the Company" or "ARC Investments")</p>	
<p>AFRICAN RAINBOW CAPITAL PROPRIETARY LIMITED (Incorporated in the Republic of South Africa) (Registration number 2015/000394/07) ("ARC")</p>	<p>K2025167229 (SOUTH AFRICA) PROPRIETARY LIMITED (Incorporated in the Republic of South Africa) (Registration number 2025/167229/07) ("ARC SPV")</p>

JOINT ANNOUNCEMENT OF OFFER BY AFRICAN RAINBOW CAPITAL PROPRIETARY LIMITED AND K2025167229 (SOUTH AFRICA) PROPRIETARY LIMITED TO ACQUIRE ALL OF THE ARCI SHARES THAT THEY DO NOT ALREADY OWN, THE PROPOSED DELISTING OF ARCI; AND PROPOSED RE-DOMICILIATION OF ARCI TO SOUTH AFRICA

NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, IN WHOLE OR IN PART, DIRECTLY OR INDIRECTLY, IN, INTO OR FROM ANY JURISDICTION WHERE TO DO SO WOULD CONSTITUTE A VIOLATION OF THE RELEVANT LAWS OR REGULATIONS OF SUCH JURISDICTION

1. Introduction

- 1.1 Holders of ordinary shares in ARCI ("**Shareholders**") are referred to the statement in ARCI's Integrated Annual Report of 30 June 2024, that in the next financial year, the board of directors of ARCI ("**Board**") will be "*assessing a delisting of ARC Investments while continuing to deploy strategies to narrow the discount to net asset value*".
- 1.2 In order to facilitate the delisting of ARCI, ARC and ARC SPV, (collectively the "**Offerors**") have offered to acquire all the issued ordinary shares in ARCI ("**Shares**") not already owned by the Offerors ("**Offer**"), subject to the terms and conditions set out below.
- 1.3 Subject to the relevant approvals, the Offer will result in the delisting of ARCI from the exchange operated by JSE Limited ("**JSE**") and A2X Markets ("**A2X**") ("**Delisting**"), in accordance with paragraphs 1.14, 1.15 and 1.16 of the JSE Listings Requirements ("**JSE Listings Requirements**") and the re-domiciliation of ARCI from Mauritius to South Africa ("**Re-domiciliation**").

2. Consideration

2.1 The Offer is made for a cash consideration of ZAR9.75 per Share ("**Offer Consideration**"), payable against delivery of the registered and beneficial ownership of the relevant Shares into the Offerors' names.

2.2 The Offer Consideration represents:

2.2.1 a premium of 12.6% to the closing price of ZAR 8.66 per Share; and

2.2.2 a premium of 21.0% to the 30-day volume weighted average price of ZAR8.06 per Share,

as at market close on Friday, 14 March 2025 and a discount of 22.8% to the net asset value per Share as set out in the ARCI interim results announcement issued on the same date as this announcement.

3. Salient terms of the Offer

3.1 As one of the conditions to the Offer, the Offerors require that the Board proposes and the Shareholders approve a resolution for the delisting of the Shares from the Main Board of the JSE and A2X in accordance with paragraphs 1.14, 1.15 and 1.16 of the JSE Listings Requirements ("**Delisting Resolution**"), to support the application by ARCI to the JSE for the Delisting.

3.2 The Offer will be subject to the further condition that the Board proposes, and the Shareholders approve a resolution for the re-domiciliation of ARCI from Mauritius to South Africa ("**Re-domiciliation Resolution**"). ARCI will be required to follow the prescribed procedures set out in the Mauritian Companies Act, 15 of 2001, as amended ("**Mauritian Companies Act**") and section 13 of the South African Companies Act 71 of 2008, as amended ("**South African Companies Act**") in order to implement the Re-domiciliation.

3.3 The Offer and the Delisting (on one hand) and the Re-domiciliation (on the other hand) will be subject to the fulfilment or waiver (as the case may be) of the conditions precedent set out in paragraphs 8.1 and 8.2 below, respectively.

3.4 In terms of the Offer, the Offerors will acquire all of the Shares for which they receive valid acceptances prior to the closing date of the Offer, being 12:00 South African time on a date to be announced on SENS and A2X ("**Closing Date**"), from the Shareholders who validly and lawfully accept the Offer by the Closing Date and who are thus entitled, subject to the Offer being implemented, to receive the Offer Consideration ("**Offer Participants**").

3.5 The Offer Consideration will be paid in cash into the designated bank account of Computershare Investor Services Proprietary Limited, being the transfer secretaries of ARCI ("**Transfer Secretaries**"), so that by no later than the third business day following the Closing Date, the Transfer Secretaries are able to make payment to the Offer Participants.

3.6 Immediately following the implementation of the Offer, the Shares will be delisted from the Main Board of the JSE and A2X.

4. Rationale for the Offer

- 4.1 The public shareholding in ARCI is limited, as all or almost all of the Shareholders are South African and there is limited liquidity in the ARCI shares. The ARCI share price also does not reflect the true value of the investment in the ARC Fund and trades at a discount to the net asset value of the ARC Fund, meaning that investors in ARCI are not receiving the true value of their investment. It is anticipated that the Offer will result in a return of value for investors.
- 4.2 At the time of listing ARCI, the rationale for incorporating ARCI in Mauritius was its business-friendly environment, the tax treaties which Mauritius has in place and not only to attract capital from investors outside South Africa (and the Common Monetary Area), but also to facilitate investments outside South Africa, if required by international investors. This strategy has not materialised to the extent expected. ARCI attracted very limited international funding, and no funding due to the Mauritian structure. Also, ARCI is mainly invested in South African companies. The cost to operate and oversee the affairs and operations of ARCI in Mauritius has become increasingly expensive. In addition, changes to tax legislation since the ARCI listing, have resulted in tax inefficiency for South African resident ARCI shareholders vis-à-vis the underlying South African investments.
- 4.3 ARCI will give notice of a meeting to approve the Delisting and the Re-domiciliation at the same time, so as to enable the Re-domiciliation (which will be subject to approval by Shareholders and compliance with Mauritian regulatory requirements) to occur as soon as reasonably possible after the Delisting.

5. Information about the Offerors and the ARC Fund

- 5.1 ARC SPV holds 48.82% of the Shares directly and is the largest direct Shareholder in ARCI. Ubuntu-Botho Investments Proprietary Limited ("**UBI**"), holds c.12.15% of the issued shares in ARC SPV, and ARC holds c.87.85% of the issued shares in ARC SPV. ARC holds an additional 0.81% of the Shares indirectly through its shareholding in African Rainbow Capital Financial Services Holdings Proprietary Limited ("**ARC FSH**"), which in turn is the holding company of ARC Financial Services Investment Proprietary Limited ("**ARC FSI**"), which holds 2.16% of the Shares. UBI General Partner Proprietary Limited ("**UBI GP**"), a wholly-owned subsidiary of UBI, controls 7.35% of the Shares through the ARC Fund and additionally controls a further 0.81% of the Shares through the ARC Fund's 37.4% direct interest in ARC FSH, and through ARC FSH's control of ARC FSI. Through its 50% indirect stake in K2017386337 (South Africa) Proprietary Limited ("**K2017386337**"), UBI holds an additional 2.72% of the Shares. Accordingly, directly and through ARC SPV, ARC, UBI GP and K2017386337, UBI is the largest indirect shareholder of ARCI and is its holding company, controlling in aggregate c. 60.51% of the Shares. UBI GP, K2017386337 and ARC FSI currently intend to retain their direct interests in ARCI post the Offer, Delisting and Re-domiciliation and therefore will not accept the Offer.
- 5.2 ARCI is the limited partner holding the majority of the economic interest in the ARC Fund, which is an *en commandite* partnership, of which UBI GP is the general partner. UBI GP manages the ARC Fund. ARC provides certain administrative services to UBI GP in connection with its management of the ARC Fund. ARC Fund is the vehicle through which ARCI's interests in the underlying portfolio companies are held.

6. Funding and Control

- 6.1 The Offerors have been advised that no merger notifications will be required given that UBI will retain sole control of ARCI for South African competition law purposes.
- 6.2 The Offerors hold or are able to draw down sufficient funds to fully satisfy the anticipated uptake of the Offer.

7. Circular

- 7.1 A combined offer circular containing full details of the Offer, Delisting and Re-domiciliation and notice of General Meeting and incorporating the Board's opinion and recommendation on the Offer and the final Fairness Opinion, is in the process of being prepared and will be distributed to Shareholders in due course (the "**Circular**").
- 7.2 Shareholders will be advised of the posting of the Circular and the opening date of the Offer by means of a SENS and A2X announcement.

8. Conditions Precedent

- 8.1 The implementation of the Offer and the Delisting is conditional upon the fulfilment or waiver (as the case may be) of the following conditions precedent:

8.1.1 by no later than 11 April 2025, ARCI procuring and receiving an independent expert's opinion in respect of the fairness of the Offer ("**Fairness Opinion**") in accordance with Schedule 5 of the JSE Listings Requirements as required by paragraph 1.15(d) of the JSE Listings Requirements;

8.1.2 by no later than 11 April 2025, the Board recommending that Shareholders vote in favour of the Delisting Resolution and the Re-domiciliation Resolution to be proposed at the general meeting convened for purposes of considering them ("**General Meeting**");

8.1.3 by no later than 17:00 on 22 April 2025, the receipt of the required approval from the JSE and an authorised official of the Financial Surveillance Department of the South African Reserve Bank (collectively "**Regulatory Approvals**") for the issue of the Circular and the implementation of the Offer, the Delisting and the Re-domiciliation on an unconditional basis; provided that if any such Regulatory Approval is granted subject to any condition or qualification, then the Offerors and ARCI must agree to the imposition of such condition or qualification in writing (which agreement shall not be unreasonably withheld or delayed) in which event the Regulatory Approval will be regarded as having been granted by the relevant authority;

8.1.4 by no later than 17:00 on 2 June 2025:

8.1.4.1 the Delisting Resolution having been adopted by the requisite majority of Shareholders who are entitled to attend and vote on that resolution at the General Meeting as contemplated in paragraphs 1.15(a) and 1.16 of the JSE Listings Requirements; and

8.1.4.2 the Re-domiciliation Resolution having been adopted by the requisite majority of Shareholders who are entitled to attend and vote on that resolution at the General Meeting, pursuant to the prescribed procedures set out in the Mauritian Companies Act and section 13(6)(b) of the South African Companies Act.

8.2 The implementation of the Re-domiciliation is conditional upon the fulfilment of the following conditions precedent:

8.2.1 Shareholders approving the Re-Domiciliation Resolution; and

8.2.2 all regulatory approvals required under the South African Companies Act and the Mauritian Companies Act to implement the Re-domiciliation, are obtained without conditions or subject to such conditions as are approved by the Offerors.

8.3 The Offerors and ARCI shall use their reasonable endeavours to procure the fulfilment of each of the conditions precedent as soon as practicably possible, to the extent that it is within their respective power or control to do so. The Offerors shall be permitted to waive any conditions precedent which are capable of waiver in whole or in part, on written notice to ARCI.

8.4 The dates stipulated in paragraph 8.1 for the fulfilment or waiver (as the case may be) of the conditions precedent in that paragraph may be extended by the Offeror by up to three months, subject to any approval that may be required from the JSE. The extension of any such dates will be announced on SENS, A2X and on ARCI's website at <https://arci.mu/>.

9. Termination of the Offer

9.1 The Circular will provide that the Offer will terminate with immediate effect, and all rights and obligations of the Offerors and ARCI under the Offer shall, subject to any surviving provisions of the Circular, terminate forthwith if any of the conditions precedent become incapable of fulfilment, and the Offerors do not waive the Condition/s Precedent concerned (to the extent permitted as per paragraph 8.3).

9.2 Failure to obtain the required shareholder approval for the Delisting Resolution shall not affect the implementation of the Re-domiciliation should the Re-domiciliation Resolution be approved by the requisite shareholder majority.

10. Appointment of the independent expert

10.1 The Board has appointed BDO Corporate Finance Proprietary Limited ("**BDO**"), as the independent expert, to provide the Board with the Fairness Opinion in accordance with the JSE Listings Requirements.

10.2 Based on the draft Fairness Opinion received from BDO, which takes into account ARCI's interim results for the six-month period ending on 31 December 2024, and subject to the final Fairness Opinion being issued and confirming that the Offer is fair to Shareholders, the Board is of the opinion that the Offer Consideration is fair to Shareholders, and intends, in the Circular, to recommend that Shareholders vote in favour of the Delisting Resolution and Re-domiciliation Resolution and accept the Offer.

11. The Board responsibility statement

The Board (to the extent that the information relates to ARCI), collectively and individually, accept responsibility for the information contained in this announcement and certify that, to the best of their knowledge and belief, the information contained in this announcement relating to ARCI is true and this announcement does not omit anything that is likely to affect the importance of such information.

12. Offerors responsibility statement

The Offerors (to the extent that the information relates to the Offerors) accept responsibility for the information contained in this announcement and certify that, to the best of their knowledge and belief, the information contained in this announcement relating to the Offerors is true and this announcement does not omit anything that is likely to affect the importance of such information.

Ebene, Mauritius (with simultaneous circulation in Johannesburg)

18 March 2025

Corporate Advisor to ARCI: Deloitte Consulting Proprietary Limited

Transaction Sponsor: Deloitte & Touche Sponsor Services Proprietary Limited

Legal Advisor to ARCI: BLC Robert & Associates

Independent Expert: BDO Corporate Finance Proprietary Limited

Legal Advisor to the Offerors: Webber Wentzel

The contents of this announcement do not constitute legal advice or purport to comprehensively deal with the legal, regulatory and tax implications of the Offer, Delisting, Re-Domiciliation or any other matter relevant to each Shareholder. Shareholders are accordingly advised to consult their professional advisers about their personal legal, regulatory and tax positions regarding the Offer, Delisting, Re-Domiciliation or any other matter.