

African Rainbow Capital Investments Limited
(Incorporated in the Republic of Mauritius)
(Registration number C148430)
JSE share code: AIL
ISIN: MU0553S00000
("AIL" or "the Company")

Investment update

African Rainbow Capital Investments Limited ("ARC Investments") was listed on the JSE on 7 September 2017. ARC Investments is a Limited Partner in an *en-commandite* partnership ARC Fund Partnership SA ("ARC Fund").

As indicated at listing, ARC Investments undertook, in addition to its six and twelve-monthly reporting, to also give quarterly feedback on progress. The purpose of this announcement is to provide shareholders with a high-level update of the Company's progress since the Interim Financial Results Announcement on 13 March 2018.

During the quarter under review the ARC Fund made investments of approximately R107 million in line with our building block approach. At 31 March 2018 the ARC Fund had cash available of approximately R1.9 billion for future investments.

Investments

During the three-month period to 31 March 2018, the ARC Fund subscribed for additional shares in ARC Financial Services Holdings Proprietary Limited ("ARC FinHoldCo") to maintain its 49.9% shareholding in the company. This followed investments by ARC FinHoldCo in:

1. TymeDigital

ARC FinHoldCo acquired an interest of 10% in TymeDigital by Commonwealth Bank South Africa Proprietary Limited, a company that has recently obtained a banking licence in South Africa. It is ultimately controlled by Commonwealth Bank of Australia, the seventh largest retail bank in the world. TymeDigital will start marketing its products to the emerging retail market and SMME's during the third quarter of 2018.

2. LifeCheq

LifeCheq is an independent financial advisory firm that targets the middle income market in South Africa. ARC FinHoldCo acquired an interest of 25% in the entity. Traditionally, independent financial advisors find it challenging to profitably serve this market segment as most clients in this segment are not asset-rich although they may have high income levels. LifeCheq's proposition is well positioned to benefit in terms of recent regulatory changes.

3. ARC Health

During the period under review ARC FinHoldCo acquired all the shareholding of minority investors in ARC Health. The main asset in ARC Health is a shareholding in the healthcare group Afrocentric.

Progress on developments within the existing portfolio

An update on the progress of key investments is as follows:

1. RAIN

The investment in RAIN remains a significant investment relative to the overall portfolio in the ARC Fund. RAIN's management is making good progress and they are on track with their implementation targets. Investors should take note that Mr Willem Roos, previously CEO of short-term insurer Outsurance, has been appointed as CEO of RAIN in the period under review. He is

personally invested in RAIN and ARC Investments welcomes this development. The ARC Fund has made an additional relatively small investment which will increase its shareholding marginally to 20.55%.

2. Kropz Elandsfontein Proprietary Limited (Kropz)

Kropz is in the process of establishing a phosphate mine located on the West Coast of South Africa. The deposit is the second largest known phosphate deposit in South Africa. Commissioning of the processing plant was postponed in July 2017, following test results during the pre-commissioning phase. Most of the preparatory research work has been completed to assess how the processing plant needs to be modified. It is now expected that the mine and the plant will only be fully commissioned in August 2019. Significant additional capital will be required to complete the project and the ARC Fund is in the process of considering whether it would participate in the fundraising.

3. Acorn Agri

The ARC Fund is invested in Acorn Agri in which it owns a 15% interest. Acorn Agri is a long-term investor focusing on food and food processing, agricultural processing and the agricultural value chain. Acorn Agri has amalgamated with Overberg Agri, a leading diversified agricultural business which is headquartered in Caledon in the Western Cape, to create a leading national agriculture and food investment company. The merger is supported by all shareholders. It creates potential opportunities for ARC FinHoldCo and the ARC Fund including a significant pool of clients for our financial services offering going forward.

4. BKB

The ARC Fund advised BKB that it has entered into an option agreement with another BKB shareholder relating to the sale of the ARC Fund's 20% interest (18.6 million shares) in BKB at a price of R 22 per share. In terms of the agreements between BKB and the ARC Fund the latter may not sell its shares in BKB before the end of May 2018. This has previously been communicated to the market.

5. ARC Real Estate

ARC Real Estate has concluded several transactions in the period under review. The most notable of these is the sale of a mixed use commercial property portfolio to Dipula.

Transactions post 31 March 2018

In addition to investments made during the period under review, the following transactions have recently been concluded:

1. Rand Mutual Assurance (RMA)

ARC FinHoldCo is in the process of acquiring a 30% interest in RMA. The business was founded in 1894 as a mutual assurance company with the purpose of administering workers' compensation for mining industry employees injured in the course and scope of their employment. The core of RMA's administration business is the receipt, adjudication and administration of workers' compensation claims, including the payment of medical costs, once-off disability payments and the ongoing payment of pensions in the case of severe disability and death. The business fits in well with our financial services strategy as we have access to a new pool of clients which will expand significantly over time. The transaction is still subject to regulatory approval.

2. Fledge Capital

The ARC Fund is in the process of finalising a transaction that will result in the acquisition of a 51% interest in Fledge Capital. Fledge Capital has made several investments and its portfolio is performing satisfactorily. The transaction has recently been approved by the Competition Tribunal.

3. Anglo African Finance

ARC FinHoldCo has acquired a 51% interest in Anglo African Finance. The company provides a variety of financing solutions mainly to the agricultural industry.

4. INFund Solutions

This investment supports the broad strategic rationale of the insurance businesses in the financial services portfolio. ARC FinHoldCo has acquired a 51% interest in INFund Solutions, which is a start-up business entering the pension fund market.

Investment Pipeline

ARC Investments has access to a healthy pipeline of future investments and a sufficient level of cash for such investments. The market will be informed of any developments in this regard.

Disclaimer

The financial information on which this announcement is based, has not been reviewed and reported on by the Company's external auditors. The Company will be reporting in more detail on its performance after finalisation of the results for the full year period to 30 June 2018 on or about 13 September 2018.

Ebène, Mauritius (with simultaneous circulation in Johannesburg)

9 May 2018

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 14:00 (South African time) today. Please register as indicated below.

Audio dial-in facility

A toll-free dial-in facility will be available. Please register at <https://goo.gl/7cBFNz>

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