



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-RENOUCEABLE 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 26.09711 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

The purpose of the Rights Offer is to raise additional capital for ARC Investments to invest in the ARC Fund (the South African partnership in which it is a limited partner), for use in the ARC Fund's existing portfolio companies as well as for future acquisition opportunities, and for purposes of settling the outstanding fund management fee, details of which will be set out in the circular referred to in paragraph 8 below.

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

- To assist successful investee companies to leverage their current situation, similar to the recent opportunity when additional capital and funding enabled Rain Group Holdings (Pty) Ltd to fast-track its development, as well as the various ARCH Emerging Market Funds, in which ARC Fund is an investor, that are gaining traction, and if opportune, increase its interest in such companies and existing investments;
- Continue to fund its proportional (49.9%) share of the funding required by African Rainbow Capital Financial Services Holdings (Pty) Ltd to expand its financial services portfolio. The most significant investment in the short term will be the 25% acquisition of Sanlam Limited's third-party asset management businesses which has recently been announced; and
- Entirely new investment opportunities.

The additional capital, after expenses of the Rights Offer of approximately ZAR3.5 million, is expected to be sufficient to meet the medium-term funding requirements of the ARC Fund, considering that a number of the early life cycle companies are maturing and that the combined portfolio is expected to become more cash generative during the next twenty-four 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 272 727 273 Ordinary Shares (“Rights Offer Shares”) at a price of ZAR2.75 per Rights Offer Share (“Rights Offer Price”) in the ratio of 26.09711 Rights Offer Shares for every 100 existing Ordinary Shares held on the record date for the Rights Offer, being Friday, 25 September 2020.
- 3.2. The Rights Offer Price represents a 5.4% discount to the 30 day volume weighted average price of the Ordinary Shares as at Thursday, 3 September 2020, 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, 5 October 2020.
- 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 an irrevocable subscription commitment from African Rainbow Capital (Pty) Ltd (“ARC”) in respect of all of the Ordinary Shares held by it at the last practicable date, being 533 846 624 Ordinary Shares, representing c. 51.1% of the issued Ordinary Shares. ARC has therefore irrevocably undertaken to follow all of the rights allocated to it in the Rights Offer and to subscribe and make payment of the aggregate price for the resultant number of Rights Offer Shares issued to it in the Rights Offer.
- 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. 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 2020
Declaration announcement released on the Stock Exchange News Service ("SENS") and the A2X News Service on	Tuesday, 15 September
Declaration Rights Offer announcement released on website of ARC Investments	Tuesday, 15 September
Declaration Rights Offer announcement notified to the Financial Services Commission of Mauritius ("FSC")	Tuesday, 15 September
Declaration Rights Offer announcement published in the press	Wednesday, 16 September
Finalisation announcement released by 11:00 (SAST) on SENS and the A2X News Service on	Thursday, 17 September
Finalisation Rights Offer announcement released on website of ARC Investments	Thursday, 17 September
Finalisation Rights Offer announcement notified to the FSC	Friday, 18 September
Finalisation Rights Offer announcement published in the press	Friday, 18 September
Circular and form of instruction made available on ARC Investments' website	Monday, 21 September
Last day to trade in Ordinary Shares in order to qualify to participate in the Rights Offer (<i>cum</i> rights)	Monday, 21 September
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: MU0553S00026)	Tuesday, 22 September
Circular and form of instruction distributed/posted to qualifying certificated shareholders on (to the extent applicable)	Friday, 25 September
Record date for the Rights Offer, at the close of business on	Friday, 25 September
Rights Offer opens at 09:00 (SAST) on	Monday, 28 September
Circular and form of instruction emailed/posted to qualifying dematerialised shareholders	Monday, 28 September
CSDP or broker accounts of qualifying dematerialised shareholders credited with letters of allocation at 09:00 (SAST) on	Monday, 28 September
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, 28 September
Earliest date for last day to trade in respect of the take-up (no trading permitted, for processing purposes only)	Tuesday, 29 September
Record date for take-up. Rights Offer closes. Payment to be made by certificated shareholders	Friday, 2 October
Listing and issue of Rights Offer Shares on the JSE and A2X commences at 09:00 (SAST) on	Monday, 5 October
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 (South African standard time) on	

In respect of qualifying certificated shareholders who exercise their rights, share certificates posted by registered post on or about Results of the Rights Offer announced on SENS and the A2X News Service on	
Notification to the FSC of the results of the Rights Offer	Tuesday, 6 October

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) ARC Investments shall inform the FSC of the results of the Rights Offer by no later than Tuesday, 6 October 2020, in accordance with applicable Mauritian law.
- (4) Share certificates may not be dematerialised or rematerialised between Tuesday, 22 September 2020 and Friday, 25 September 2020, both days inclusive.

8. 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, 21 September 2020, and will be distributed to qualifying certificated shareholders on Friday, 25 September 2020 and to qualifying dematerialised shareholders on Monday, 28 September 2020.

Ebène, Mauritius (with simultaneous circulation in Johannesburg)

15 September 2020

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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be communicated (all such persons together being referred to as “Relevant Persons”). The Rights Offer shares are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such Rights Offer shares will be engaged in only with, Relevant Persons. Any person who is not a Relevant Person should not act or rely on this announcement or any of its contents.

In any member state of the European Economic Area (other than the United Kingdom) that has implemented Regulation (EU) 2017/1129 (the “Prospectus Regulation”), this announcement is only addressed to and is only directed at qualified investors in that member state within the meaning of the Prospectus Regulation.