

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 2022 calendar year, following the announcement of the financial results for the interim reporting period ended 31 December 2021 published on 17 March 2022. This announcement also includes commentary on significant developments to the end of April 2022.

DIVERSIFIED INVESTMENTS

rain

The business participated successfully in the Government-initiated spectrum auction that saw rain acquire 2x10MHz in the 700MHz band and 20MHz in the 2.6GHz band for a total price of R1.43 billion. Although the additional spectrum acquired is expected to positively impact the valuation of the ARC Fund's investment in rain, the utilisation of the spectrum and its impact on rain's cash-flow forecast are still being finalised. Therefore, the estimated impact of the spectrum auction will only be reflected in the June 2022 valuation of the ARC Fund's investment in rain.

The business continues to perform well and demand for both 4G and 5G services remains strong.

Metrofibre

The transaction to divest from this business has been completed following recent approval by the industry regulator. The ARC Fund disposed of its Metrofibre investment for a total consideration of R275 million, realising an overall gain of R37 million. An amount of R244 million of the consideration was received in April 2022, with the remaining R31 million being receivable in June 2022.

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 the excellent operational and financial performance of the business.

The ARC Fund disposed of 4,0 million Afrimat shares between 31 December 2021 and 31 March 2022 at a price of R61.00 per share, which resulted in a cash injection of R244 million into the Fund and a profit of R132 million. The ARC Fund currently holds 10,6 million Afrimat shares, which equates to an approximate 7,3% shareholding in Afrimat.

Kropz Plc (Kropz)

The company is listed on the Alternative Investment Market (AIM) of the London Stock Exchange. Kropz issued an update to the market on 11 May 2022. The full announcement is available on the company's website.

The commissioning of the Elandsfontein phosphate mine is ongoing, although slower-than-expected progress has been made in ramping up production. This delay has resulted in delays in production and the ARC Fund has subsequently had to extend further funding for working capital purposes. The ARC Fund remains committed to seeing the project through to commissioning. Market demand for phosphate and fertilizer remains strong.

Payprop / Humanstate

The ARC Fund holds an 11,1% stake in Humanstate, and a 43,2% stake in Payprop SA. Humanstate is the international holding company of Payprop SA and various other international Payprop expansions. The ARC Fund was presented with an unsolicited offer to acquire both businesses and is currently considering a potential divestment of its investments in both Payprop and Humanstate.

Bluespec

The company has delivered an improvement in its overall financial performance, as a result of increased business volumes and operational efficiencies. Bluespec's core business operations continue to show a positive recovery, following the adverse impact of the Covid-19 pandemic on its business activity.

The company continues to materially reduce its interest-bearing debt while optimising cash generated from operations and increasing investments in innovation and other core business areas.

Bluespec's investment in Weelee, the digital vehicle bidding platform, is gaining traction in the marketplace.

Fledge Capital

The company disposed of its investment in WeBuyCars and is currently in an acquisition phase and is considering a series of new opportunities in the market. This follows its recent acquisition of 20% of the sports nutrition manufacturer USN.

ARC Investments

The ARC Fund has continued to invest in ARC Investments and, between 31 December 2021 and 31 March 2022, has acquired an additional 3,5 million ARC Investments shares at an average price of R6,85 per share for an aggregate consideration of R24,1 million.

Since its first investment in ARC Investments, the ARC Fund has, up to 31 March 2022, acquired a total of 98,5 million ARC Investments shares at an average price of R3,59 per share and for a total consideration of R353,8 million.

DIVERSIFIED FINANCIAL SERVICES

Alexander Forbes Group Holdings

Alexander Forbes Group Holdings ("AFGH") is a JSE-listed entity that announced its annual financial results on 6 June 2022.

In the period between 31 December 2021 and 31 March 2022, ARC Financial Services Investments ("ARC FSI") acquired an additional 21,0 million shares in AFGH, resulting in ARC FSI holding 41,47% of AFGH's total issued shares.

TymeBank

In May 2022, the bank announced that, given its international growth strategy, it had decided to assign its CEO Tauriq Keraan to a new international executive role and had contracted Coenraad Jonker, a founding member of TymeBank and Executive Chairman of Tyme Global, based in Singapore, to take up the role of CEO of TymeBank. This change in leadership has been approved by the Prudential Authority of the SA Reserve Bank.

TymeBank is sustaining the momentum of acquiring about 130 000 customers per month. The bank is also making headway in increasing the number of customers with active accounts, which has proved to be challenging, given a tough economic environment with added pressure on consumers.

Internationally, TymeBank's fellow subsidiary company, Tyme Global, based in Singapore, is set to launch a digital bank called GOtyme in the Philippines in October 2022 with its local partners, the Gokongwei family.

Rand Mutual Holdings

The business continues to generate positive results following the implementation of a new diversified five-year growth strategy. The company is making pleasing progress in using its platform and unique positioning to expand its service offering and grow revenues.

Other

The process to review the annual management and performance fees of the ARC Fund is being attended to by the fund's General Partner. Upon listing ARC Investments in 2017, the Company and the General Partner indicated that the ARC Fund fee structure would be reviewed after five years. The parties are aiming to obtain shareholder approval at the Annual General Meeting in November 2022, subject thereto with a view to effectively implement the changes from 1 July 2022.

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 12 months ending 30 June 2022, which are expected to be released on SENS on or about 13 September 2022.

Ebène, Mauritius (with simultaneous circulation in Johannesburg)

10 June 2022

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