

Fairfax Africa Holdings Corporation

News Release

TSX Stock Symbol: FAH.U

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FAIRFAX AFRICA TO INVEST IN CONSOLIDATED INFRASTRUCTURE GROUP

(Note: All dollar amounts in this news release are expressed in U.S. dollars except as otherwise noted.)

Fairfax Africa Holdings Corporation ("Fairfax Africa") (TSX:FAH.U) announces that it has agreed to invest ZAR300 million (approximately \$24 million at current exchange rates) in Consolidated Infrastructure Group Limited ("CIG") (JSE: CIL), a leading pan-African diversified infrastructure group, by way of a secured convertible loan (the "Convertible") and has agreed to underwrite a ZAR800 million (approximately \$64 million at current exchange rates) rights issue to current shareholders to be undertaken by CIG (the "Rights Offering").

The aggregate proceeds from the Convertible and Rights Offering will strongly position CIG to grow its pan-African infrastructure business by providing the company with sufficient liquidity to support its construction business ("Conco") and by providing additional capital for other growth initiatives.

The key terms of Fairfax Africa's commitment are as follows:

- **Convertible:** The initial term of the Convertible will be for a period of 12 months and the Convertible will bear interest at a rate of South African Prime plus 4% (currently 14%). Upon approval of the conversion features by CIG shareholders at an upcoming Extraordinary General Meeting (the "EGM"), the term of the Convertible will increase to 60 months and the interest rate will reduce to South African Prime plus 2% (currently 12%). The conversion features will enable Fairfax Africa to convert the Convertible at any time during the 60-month term into 57,692,308 CIG ordinary shares at a price of ZAR5.20 per ordinary share, representing 29.4% of the current outstanding CIG ordinary shares and 14.6% of the outstanding shares after the Rights Offering. CIG will also have the option after the third anniversary of the Convertible to force conversion of the Convertible into CIG ordinary shares at a price of ZAR5.20 per ordinary share provided that the CIG ordinary shares have, at the time of such conversion, traded at more than ZAR6.24 per ordinary share for no less than 90 consecutive calendar days, representing a 20% premium to the conversion price. Fairfax Africa will receive a non-refundable debt origination fee of ZAR7.5 million (approximately \$600,000 at current exchange rates) upon the drawdown of the Convertible.
- **Rights Offering:** Qualifying existing CIG shareholders will be invited to participate on a pro-rata basis in the non-renounceable Rights Offering for 200 million CIG ordinary shares at a price of R4.00 per

ordinary share (the “Issue Price”), representing a 2% premium to CIG’s 30-day volume weighted average share price. Fairfax Africa will serve as the committed underwriter of the Rights Offering, and any shares not taking up by qualifying existing CIG shareholders will be subscribed for by Fairfax Africa. Fairfax Africa will earn an underwriting fee of 2.5% of the aggregate proceeds of ZAR20 million (approximately \$1.6 million at current exchange rates). Implementation of the Rights Offering will require CIG shareholder approval at the EGM.

The Issue Price of R4.00 represents implied purchase price multiples of approximately 0.31x estimated book value per share and 0.48x estimated tangible book value per share as at February 28, 2018.

Upon closing of the Convertible, Fairfax Africa will receive rights to nominate one director (out of a total of nine) to the board of CIG. Following closing of the Rights Offering, Fairfax Africa will be entitled to nominate a number of directors in proportion to its shareholding in CIG.

In connection with the investment in CIG, Fairfax Africa has entered into a secured lending arrangement with PGR 2 Investments Proprietary Limited (“PGR 2”) (the largest shareholder of CIG) of up to ZAR260 million (approximately \$20.8 million) (the “PGR 2 Loan”). The PGR 2 Loan is secured by CIG ordinary shares held by PGR 2 and associated parties and will bear interest at a rate of 15% per annum and, assuming the approval by CIG shareholders at the EGM of the necessary resolutions to authorize the Rights Offer, will have a maximum term of 3 years, subject to early repayment if the CIG ordinary shares trade above ZAR6.50 per share for 30 consecutive days.

“We are delighted to announce Fairfax Africa’s strategic platform investment in CIG, a pan-African diversified infrastructure group with a focus on electrical infrastructure and a presence in 21 countries in Africa,” stated Michael Wilkerson, Chief Executive Officer. “Infrastructure represents a tremendous growth opportunity in Africa, and we are confident this attractive investment will create substantial value for Fairfax Africa’s shareholders. We look forward to working closely with CEO Raoul Gamsu and the CIG management team over the long-term as they continue to build their leadership position in electrical infrastructure development in Africa.”

“We are very pleased to have CIG as a partner and look forward to supporting its strategy of acquiring, building and operating infrastructure assets that are shaping Africa’s energy future,” said Paul Rivett, Vice Chairman of Fairfax Africa.

About Fairfax Africa

Fairfax Africa is an investment holding company. Its investment objective is to achieve long-term capital appreciation, while preserving capital, by investing in public and private equity securities and debt instruments in Africa and African businesses or other businesses with customers, suppliers or business primarily conducted in, or dependent on, Africa.

About Consolidated Infrastructure Group

Consolidated Infrastructure Group Ltd. engages in the establishment of electrical infrastructure and the supply of heavy building materials to the construction industry. It operates through the following segments: Building Materials, Power, Oil and Gas, and Rail. The Building Materials segment includes heavy building materials to the construction industry. The Power segment supplies high voltage turnkey electrical substations, overhead power lines, renewable energy, and wind and solar products, and designs, develops, manufacturers, markets and distributes prepaid and smart electronic metering devices and solutions. The Oil and Gas segment provides waste management services for the industrial and natural resources exploration sectors. The Rail segment offers power maintenance solutions and railway electrification. CIG's subsidiary, Conlog, is the world's leading metering solutions provider to utilities, municipalities, and property management companies in South Africa, South America, the Middle East and Africa at large.

Forward Looking Statements

This press release may contain forward-looking information within the meaning of applicable securities legislation, which reflects Fairfax Africa's current expectations regarding future events. Forward-looking information is based on a number of assumptions and is subject to a number of risks and uncertainties, many of which are beyond Fairfax Africa's control, which could cause actual results and events to differ materially from those that are disclosed in or implied by such forward-looking information. Fairfax Africa does not undertake any obligation to update such forward-looking information, whether as a result of new information, future events or otherwise, except as expressly required by applicable law.

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