

Fairfax Africa Holdings Corporation

TSX Stock Symbol: FAH.U

News Release

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FAIRFAX AFRICA ANNOUNCES PARTIAL OFFER TO ACQUIRE SHARES OF PPC LIMITED AND SUPPORT OF PROPOSED MERGER WITH AFRISAM GROUP PROPRIETARY LIMITED THROUGH RECAPITALIZATION TRANSACTION

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

Fairfax Africa Holdings Corporation (TSX: FAH.U, “Fairfax Africa”) announces that its wholly-owned South African subsidiary, Fairfax Africa Investments Proprietary Limited (“FSA”) has submitted a letter to the board of directors of PPC Limited (JSE: PPC, “PPC”) constituting a Firm Intention offer (as defined in Chapter 5 of the Companies Act, 2008 and Chapter 5 of the Companies Regulations 2011 of South Africa) by FSA to make a partial offer to acquire shares of PPC representing a value of R2 billion (approximately \$155 million at current exchange rates) (the “Partial Offer”) for cash consideration of R5.75 (approximately \$0.44) per ordinary share, representing a cash premium of 28% over the 30-day weighted average traded price of PPC’s shares on the Johannesburg Stock Exchange (as of August 30, 2017).

Simultaneously, FSA has entered into a Letter of Support with AfriSam Group Proprietary Limited (“AfriSam”) and its major shareholders, the Public Investment Corporation of South Africa (the “PIC”) and the Phembani Group (“Phembani”) whereby FSA, its affiliates and certain allied co-investors (collectively, the “Fairfax Consortium”) would subscribe for R4 billion (approximately \$309 million) in ordinary shares representing 60% of AfriSam’s equity capital and voting rights (the “AfriSam Investment”). The AfriSam Investment is conditional upon the successful implementation of the proposed merger between PPC and AfriSam on the terms described in AfriSam’s proposal submitted to the board of directors of PPC earlier today, which merger is based on a share exchange ratio of 58 (PPC):42 (AfriSam) following a recapitalization of AfriSam, as further described below (the “Merger”).

Completion of the Partial Offer is conditional upon the shareholders of PPC approving the Partial Offer and the Merger, and is subject to a minimum take-up of R1 billion (approximately US\$77 million) by the shareholders of PPC, which conditions may be waived by FSA in its sole discretion.

Consummation of the Merger is conditional upon: (i) finalization of the merger agreement and related documentation between PPC and AfriSam, (ii) the shareholders of PPC approving the Merger, (iii) the recapitalisation of AfriSam, including (a) the conversion of R3 billion (approximately US\$232 million) of PIK Notes held by the PIC and Phembani into ordinary shares representing 40% of AfriSam’s equity capital and voting rights and (b) the completion of the AfriSam Investment, proceeds of which would be used to reduce third-party debt of AfriSam immediately prior to consummation of the Merger (the “Recapitalisation”), (iv) receipt of certain approvals from relevant regulatory authorities, and (v) other customary closing conditions.

Fairfax Africa has received the irrevocable support of the PIC, Phembani and AfriSam regarding the Partial Offer, the Recapitalisation and the Merger.

The consideration for the Partial Offer will be settled by FSA in cash. As required under South African law, a South African bank has provided a cash guarantee to the South Africa Takeover Regulation Panel in respect of FSA's financial obligation to effect payment of the consideration for the Partial Offer. In connection with the cash guarantee, Fairfax Africa has entered into a non-revolving term letter of credit facility, available by way of a letter of credit in the aggregate amount of R2 billion (approximately \$155 million), pursuant to an amendment to its recently announced term loan. The letter of credit is secured by \$162 million of cash.

Assuming completion of the Partial Offer with shares tendered representing the full amount of R2 billion (approximately \$155 million), FSA would hold approximately 23% of the outstanding shares of PPC prior to consummation of the Merger. Assuming completion of the Partial Offer, the Recapitalisation and the Merger, the Fairfax Consortium would hold approximately 38.6% of the outstanding shares of the combined company for aggregate consideration of R6 billion (approximately \$464 million).

PPC, founded in 1892, is a leading supplier of cement and related products in southern Africa, producing approximately 11.5 tonnes of cement products each year. PPC has facilities in South Africa, Botswana, the Democratic Republic of the Congo ("DRC"), Ethiopia, Rwanda and Zimbabwe.

AfriSam is also a leading supplier of cement and related products in southern Africa and the largest producer of aggregate materials, the 2nd largest supplier of cement and ready mix concrete and by volume in South Africa, with over 80 years of history as a well-respected and admired African brand. AfriSam has facilities in South Africa, Swaziland, Lesotho and Tanzania.

Michael Wilkerson, CEO of Fairfax Africa said, "We strongly believe in this transaction and are encouraged by the potential it represents to work with PPC and AfriSam over the long-term to create a leading pan-African player in cement production and distribution. We believe the combined company will be well positioned to capitalize on higher growth in Africa, building on the foundation already laid by the two companies in countries including Tanzania, Rwanda, Ethiopia, Zimbabwe and the DRC, and, over time, will become a preeminent and leading African player in cement."

Prem Watsa, Chairman and CEO of Fairfax Financial Holdings Limited said, "We are excited about this opportunity and we strongly support the underlying strategic rationale for the Merger, including the potential to create a black-empowered national champion for South Africa, that is better positioned to compete in a challenging market environment."

About Fairfax Africa

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

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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