

# Fairfax Africa Holdings Corporation

TSX Stock Symbol: FAH.U

News Release

TORONTO, August 3, 2017

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## SECOND QUARTER FINANCIAL RESULTS

***(Note: All dollar amounts in this news release are expressed in U.S. dollars, except as otherwise noted. The financial results are prepared using the recognition and measurement requirements of International Financial Reporting Standards except as otherwise noted, and are unaudited.)***

Fairfax Africa Holdings Corporation (TSX: FAH.U) announces net earnings of \$3.8 million in the second quarter of 2017 (\$0.07 per basic and diluted share). Book value per basic share was \$9.84 at June 30, 2017.

Highlights in and subsequent to the second quarter of 2017 included the following:

- Results for the second quarter of 2017 included a net change in unrealized gains on investments and net foreign exchange gains of \$2.0 million and \$1.2 million respectively, primarily from the company's indirect investment in AFGRI Holdings Proprietary Limited ("AFGRI"). In addition, net earnings for the second quarter included \$1.0 million of interest income primarily from invested cash.
- On June 21, 2017 the company entered into an agreement to invest a minimum of \$130 million in Atlas Mara Limited ("Atlas Mara"), a Sub-Saharan African financial services group listed on the London Stock Exchange. This investment will be comprised of: (i) a \$100 million equity offering of new ordinary shares of Atlas Mara at a price of \$2.25 per share (the "Issue Price") to Fairfax Africa and existing Atlas Mara shareholders (the "Atlas Mara Equity Offering"), and (ii) a \$100 million mandatory convertible bond ("Atlas Mara Convertible Bond") issued to Fairfax Africa, which will convert into new ordinary shares at the Issue Price upon closing of the Atlas Mara Equity Offering. Fairfax Africa will serve as the committed underwriter of the Atlas Mara Equity Offering, with the right to secure a minimum of 30% of the offering and the obligation for Fairfax Africa or its affiliates to acquire any shares not taken up by qualifying Atlas Mara shareholders. Atlas Mara's book value per share was \$6.89 on March 31, 2017 with shareholders' equity of \$547.7 million. Upon conversion of the Atlas Mara Convertible Bond and participation in the Atlas Mara Equity Offering, Fairfax Africa and its affiliates are expected to have a total shareholding of at least 35%, but less than 50% of the total voting rights in Atlas Mara.

On July 17, 2017, the company closed the investment in Atlas Mara Convertible Bond. The company expects the Atlas Mara Equity Offering to close in the third quarter of 2017, at which time the company will receive a placing fee in the amount of \$2.8 million.

- On June 21, 2017 the company completed a secured lending arrangement with AFGRI for ZAR 300 million (approximately \$23.3 million) ("AFGRI Facility"). AFGRI is a leading African agricultural services and food processing company, in which Fairfax Africa owns a 42.2% indirect interest. The AFGRI Facility matures on December 24, 2017 and bears interest at a rate of South African Prime plus 2%. Fairfax Africa is entitled to receive a fee equal to 2% of the loan proceeds.

- On June 30, 2017 the company announced that it had agreed to invest \$20 million in Ascendant Learning Limited ("Ascendant"), the Mauritius based parent entity of Nova Pioneer (the "Nova Pioneer Investment"). Nova Pioneer is an independent school network with campuses in South Africa and Kenya, which offers preschool through secondary education for students from ages 3 through 19. The Nova Pioneer Investment will consist of \$20 million of secured debentures (due December 31, 2024) and 2 million warrants. The company expects the Nova Pioneer Investment to close in the third quarter of 2017. In advance of the Nova Pioneer Investment, the company entered into a secured lending arrangement with Ascendant (the "Nova Pioneer Facility"), pursuant to which Ascendant has borrowed \$3 million. The Nova Pioneer Facility matures on June 8, 2018 and bears interest at a rate of 5%, which rate increased to 18% on June 30, 2017. The Nova Pioneer Facility is secured against certain assets of Ascendant and its subsidiaries and will be repaid in full upon the closing of the Nova Pioneer Investment.
- At June 30, 2017, Fairfax Africa held cash and cash equivalents and permitted investments totaling \$391.7 million.
- At June 30, 2017 there were 20,620,189 subordinate voting shares and 30,000,000 multiple voting shares outstanding.

Fairfax Africa's detailed second quarter report can be accessed at its website [www.fairfaxafrica.ca](http://www.fairfaxafrica.ca).

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.

For further information, contact: Guy Bentinck, Chief Financial Officer and Corporate Secretary  
(416) 646-4181

*This press release may contain forward-looking information within the meaning of applicable securities legislation. Forward-looking statements may relate to the company's future outlook and anticipated events or results and may include statements regarding the financial position, business strategy, growth strategy, budgets, operations, financial results, taxes, dividends, plans and objectives of the company. Particularly, statements regarding future results, performance, achievements, prospects or opportunities of the Company or the African market are forward-looking statements. In some cases, forward-looking statements can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate" or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might", "will" or "will be taken", "occur" or "be achieved".*

*Forward-looking statements are based on the opinions and estimates of the company as of the date of this press release, and they are subject to known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking statements, including but not limited to the following factors: taxation of the company and its subsidiaries; substantial loss of capital; long-term nature of investment; limited number of investments; geographic concentration of investments; potential lack of diversification; financial market fluctuations; pace of completing investments; control or significant influence position risk; minority investments; ranking of company investments and structural subordination; follow-on investments; prepayments of debt investments; risks upon dispositions of*

*investments; bridge financings; reliance on key personnel; effect of fees; performance fee could induce Fairfax to make speculative investments; operating and financial risks of investments; allocation of personnel; potential conflicts of interest; employee misconduct at the portfolio advisor could harm the company; valuation methodologies involve subjective judgments; lawsuits; foreign currency fluctuation; derivative risks; unknown merits and risks of future investments; resources could be wasted in researching investment opportunities that are not ultimately completed; investments may be made in foreign private businesses where information is unreliable or unavailable; illiquidity of investments; competitive market for investment opportunities; use of leverage; investing in leveraged businesses; regulation; investment and repatriation restrictions; aggregation restrictions; restrictions relating to debt securities; pricing guidelines; emerging markets; corporate disclosure, governance and regulatory requirements; legal and regulatory risks; volatility of the African securities markets; political, economic, social and other factors; governance issues risk; African tax law; changes in law; exposure to permanent establishment; enforcement of rights; smaller company risk; due diligence and conduct of potential investment entities; African economic risk; reliance on trading partners risk; natural disaster risks; government debt risk; and economic risk. Additional risks and uncertainties are described in the company's annual information form dated March 31, 2017 which is available on SEDAR at [www.sedar.com](http://www.sedar.com) and on the company's website at [www.fairfaxafrica.ca](http://www.fairfaxafrica.ca). These factors and assumptions are not intended to represent a complete list of the factors and assumptions that could affect the company. These factors and assumptions, however, should be considered carefully.*

*Although the company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The company does not undertake to update any forward-looking statements contained herein, except as required by applicable securities laws.*