

# Fairfax Africa Holdings Corporation

News Release

TSX Stock Symbol: FAH.U

TORONTO, July 30, 2020

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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 a net loss of \$4.2 million in the second quarter of 2020 (\$0.07 net loss per diluted share), compared to a net loss of \$16.2 million in the second quarter of 2019 (\$0.27 net loss per diluted share), reflecting decreased net unrealized losses on investments in the quarter.

Strategic Transaction with Helios Holdings Limited:

- On July 10, 2020 the company announced that it had entered into a definitive agreement with Helios Holdings Group pursuant to which the Helios Holdings Group will contribute certain economic fee streams to Fairfax Africa in exchange for a 45.9% equity and voting interest in the pro forma share capital of Fairfax Africa (the "Transaction"). Following completion of the Transaction, Fairfax Africa will be renamed Helios Fairfax Partners Corporation ("HFP") and its subordinate voting shares will continue to be listed on the Toronto Stock Exchange. In connection with the Transaction, Fairfax Africa will sell its 42.4% equity interest in Atlas Mara to Fairfax for an aggregate purchase price of \$40 million. In addition Fairfax will guarantee any obligations of Atlas Mara under the Atlas Mara Facility. The Transaction is expected to close in the third quarter of 2020, subject to customary conditions including receipt of applicable regulatory and shareholder approvals.
- Upon closing, Tope Lawani and Babatunde Soyoye (the co-founders and Managing Partners of Helios Investment Partners LLP ("Helios"), the investment advisor to the Helios funds) will be appointed as co-Chief Executive Officers of HFP, Helios will be appointed sole investment advisor to HFP, and Michael Wilkerson will be appointed Executive Vice Chairman of HFP.
- "We are excited to partner with Tope and Babatunde in establishing Helios Fairfax Partners. They have an outstanding track record in investing in Africa over the past 15 years. Our cultures are very similar and Tope and Babatunde, with our support, aim to establish the pre-eminent investment vehicle for Africa in the years to come. We believe this partnership will be good for Africa, the shareholders of Fairfax Africa and Helios and the employees of both organizations," said Prem Watsa, Chairman and CEO of Fairfax Financial Holdings Limited.

Highlights in the second quarter of 2020 included the following:

- Net loss of \$4.2 million included a net change in unrealized losses on investments of \$10.9 million, principally from decreases in the market price of the company's investment in Atlas Mara common shares (\$7.3 million), GroCapital Holdings common shares (\$6.8 million), its indirect equity interest in AGH (\$6.0 million) and CIG common shares (\$3.2 million), partially offset by unrealized gains on the Nova Pioneer Bonds (\$4.2 million), Philafrica common shares (\$3.3 million), CIG loan (\$2.2 million) and net foreign exchange gains of \$5.8 million reflecting a strengthening of the South African rand relative to the U.S. dollar.
- In the second quarter of 2020 the company advanced \$39.1 million under the secured lending arrangement with Atlas Mara, which earns interest at a rate of 10% per annum and matures on March 31, 2021.

- On May 27, 2020 the company entered into a secured lending arrangement with Philafrica pursuant to which Fairfax Africa agreed to provide up to \$8.6 million (150.0 million South African rand) of financing during a commitment period which ended on June 17, 2020. The facility will earn interest at a rate of South African prime plus 2.0% per annum and will mature on March 31, 2021. During the second quarter of 2020 the company advanced \$5.7 million (100.0 million South African rand) under the facility.
- On June 30, 2020 the company invested an additional \$1.8 million (32.0 million South African rand) in GroCapital Holdings. Upon completion of this transaction, the company had invested aggregate cash consideration of \$19.4 million (285.7 million South African rand).
- During this period of uncertainty, Fairfax Africa remains in strong financial health, with sufficient undeployed cash and marketable securities of approximately \$80 million.
- At June 30, 2020 common shareholders' equity was \$391.0 million, or book value per share of \$6.62, compared to \$518.8 million, or book value per share of \$8.72, at December 31, 2019, a decrease of 24.1% primarily related to the net loss in the first six months of 2020.

There were 59.0 million and 61.0 million weighted average shares outstanding during the second quarters of 2020 and 2019 respectively. At June 30, 2020 there were 29,032,975 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).

In presenting the company's results in this news release, management has included book value per basic share. Book value per basic share is calculated by the company as common shareholders' equity divided by the number of common shares outstanding.

Fairfax Africa is an investment holding company whose 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.

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*This press release may contain forward-looking statements within the meaning of applicable securities legislation. Forward-looking statements may relate to the company's or an African Investment'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, an African Investment, 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 our opinions and estimates 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, its shareholders and subsidiaries; risk of substantial loss of capital; geographic concentration of investments; risks associated with the global pandemic caused by COVID-19, and the related global reduction in commerce and substantial downturns in stock markets worldwide; financial market fluctuations; control or significant influence position risk; minority investments; risks upon dispositions of investments; bridge financings; reliance on key personnel and risks associated with the Investment Advisory Agreement; effect of fees; operating and financial risks of investments; valuation methodologies involve subjective judgments; lawsuits; foreign currency fluctuation;*

*unknown merits and risks of future investments; illiquidity of investments; competitive market for investment opportunities; use of leverage; significant ownership by Fairfax may adversely affect the market price of the subordinate voting shares; trading price of subordinate voting shares relative to book value per share; emerging markets; volatility of African securities markets; political, economic, social and other factors; natural disaster risks; sovereign debt risk; economic risk; weather risk, oil price risk and adverse consequences to the company's business, investments and personnel resulting from or related to the COVID-19 pandemic. Additional risks and uncertainties are described in the company's annual information form dated March 6, 2020 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.*