

Fairfax Africa Holdings Corporation

News Release

TSX Stock Symbol: FAH.U

TORONTO, October 29, 2020

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THIRD 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 \$49.5 million in the third quarter of 2020 (\$0.84 net loss per diluted share), compared to a net loss of \$32.3 million in the third quarter of 2019 (\$0.54 net loss per diluted share), reflecting increased net unrealized losses on investments, and increased general and administration expenses, partially offset by net foreign exchange gains.

Update on Strategic Transaction with Helios:

- The company has filed a management information circular relating to the proposed strategic transaction with Helios Holdings Limited. The circular will be mailed to shareholders and is also available on SEDAR at www.sedar.com. The special meeting of shareholders of Fairfax Africa to consider the strategic transaction is scheduled for December 4, 2020.
- Helios is an Africa-focused private investment firm led and predominantly staffed by African professionals, manages geographically diversified portfolios of private equity and credit investments in over 30 African countries.

Highlights in the third quarter of 2020 included the following:

- Net loss of \$49.5 million included a net change in unrealized losses on investments of \$47.4 million, principally from decreases in the market price of the company's investments in the PGR2 Loan (\$17.3 million), Atlas Mara common shares (\$11.1 million), Atlas Mara Facility (\$10.6 million), its indirect equity interest in AGH (\$8.9 million), Philafrica common shares (\$6.4 million), CIG common shares (\$5.7 million), Atlas Mara 7.5% Bonds (\$5.1 million), Atlas Mara 11.0% Convertible Bonds (\$5.0 million) and GroCapital Holdings common shares (\$5.0 million), partially offset by net foreign exchange gains of \$8.0 million reflecting a strengthening of the South African rand relative to the U.S. dollar.
- In connection with the Strategic Transaction, Fairfax Africa will sell its 42.3% 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. As a result of these agreements, Fairfax Africa has recorded a net change in unrealized gains on investments of \$28.2 million.
- In the third quarter of 2020 the company advanced an additional \$0.9 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.
- At September 30, 2020 common shareholders' equity was \$341.5 million, or book value per share of \$5.78, compared to \$518.8 million, or book value per share of \$8.72, at December 31, 2019, a decrease of 33.7% primarily related to the net loss in the first nine months of 2020.

There were 59.0 million and 60.3 million weighted average shares outstanding during the third quarters of 2020 and 2019 respectively. At September 30, 2020 there were 29,032,975 subordinate voting shares and 30,000,000 multiple voting shares outstanding.

Fairfax Africa's detailed third quarter report can be accessed at its website 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 Holdings Corporation 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 and on the company's website at 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.