

**African Phoenix Investments Ltd press release**

**4 April 2019**

**African Phoenix applies to the High Court for approval of Scheme Repurchase**

African Phoenix today filed an application at the High Court (Gauteng Local Division, Johannesburg) seeking approval of special resolution number 1 that was adopted at the extraordinary general meeting of African Phoenix held on 20 March 2019 ("EGM"). Special resolution number 1 pertains to the proposed Scheme Repurchase as detailed in the circular to ordinary and preference shareholders published on 18 February 2019 ("Circular").

This follows the receipt of a notice in terms of Section 115(3)(a) of the Companies Act from a shareholder who voted against the special resolution number 1 at the EGM. The right of a shareholder to require a company to apply for approval of a special resolution in terms of section 115(3)(a) of the Companies Act becomes available where at least 15% of voting rights are exercised against a special resolution adopted in terms of section 115(2) and the relevant shareholder also exercised voting rights against such special resolution and subsequently requires a company to seek court approval of such resolution. It was envisaged as part of the Circular that shareholders who voted against the Scheme Repurchase would have the right, if applicable, to request African Phoenix to make an application to the court for approval of special resolution number 1.

In terms of section 115(7) of the Companies Act, the court may only set aside special resolution number 1 if it is manifestly unfair to any class of holders of shares or if the vote was materially tainted by conflict of interest, inadequate disclosure, failure to comply with the Act, the Memorandum of Incorporation or any applicable rules of the company or other significant and material procedural irregularity.

After having considered the Section 115 Notice, the Board is of the view that none of the circumstances set out in section 115(7) of the Companies Act are present.

Chairperson of African Phoenix, Ms. Lea Conrad commented, "We believe it is both ethical and fair to pursue the transaction that we have proposed including through seeking court approval of special resolution number 1 in terms of the Companies Act. Following receipt of the notice we as the Board considered matters and following deliberation, are comfortable that our decision to apply to the court to approve special resolution number 1".

Since the timing and outcome of the aforementioned court process is uncertain, the fulfilment date for the Scheme Repurchase Conditions and the Voluntary Repurchase Conditions has been extended by the Board from 17h00 on Monday, 8 April 2019 to 17h00 on 8 July 2019. The Board has been advised that the court proceedings could take between two to four months, which advice informed the Board's decision to extend the fulfilment date for the Scheme Repurchase Conditions and the Voluntary Repurchase Conditions.

“We appreciate that this delay may not be welcomed by the majority of shareholders as noted through their voting patterns reflected at the EGM. The Board intends to conduct any court proceedings as efficiently as possible in order to ensure that any delay in implementation of the Scheme Repurchase occasioned by the court proceedings is minimised, including any delay in payment of the Scheme Repurchase Consideration to Preference Shareholders”, concluded Conrad.

ENDS

Louise Brugman 083 5041186

On behalf of Chairperson of API, Lea Conrad

Please see the SENS announcements and Founding affidavit on [www.phoenixinvestments.co.za](http://www.phoenixinvestments.co.za)

#### **Notes to editors**

#### **The commercial rational which underpinned the Scheme Repurchase**

The preference shares were a legacy from the previous holding company capital structure, where API (or ABIL as it was previously known) was the ultimate bank controlling company of African Bank. Historically, preference shares of this nature were issued by banking groups in order to provide them with access to cost effective long-term capital to meet capital management and adequacy requirements. The preference shareholders were then paid dividends when declared based on profits generated by the banking group.

However, following API ceasing all banking-related activities (and as such its commercial reality changing), the purpose for which the preference shares were created was no longer relevant and the commercial reality of API was no longer consistent with such purpose. Consequently, the Scheme Repurchase was proposed in order to afford the preference shareholders a liquidity event and to ensure alignment between the capital structure of API and its new commercial reality.

**The EGM took place on 20 March 2019**

The number of shares present in person or represented by proxy at the EGM was:  
1 031 465 433 ordinary shares (representing 72.28% of the total issued ordinary shares);  
and  
9 613 891 preference shares (representing 71.09% of the total issued preference shares).

The EGM scrutineers recorded that 78.91% of all shareholders present and entitled to vote (in accordance with the rights attaching to shares in terms of the African Phoenix memorandum of incorporation), voted in favour of the Scheme Repurchase, including 76.75% of preference shareholders tallied separately, voting in favour of the resolution.

The EGM was presided over by the chairperson of the Board, at the time, Morris Mthombeni.

**About the board**

On 25 March a number of changes to the board took place including:

Mr. Morris Mthombeni resigned as an independent non-executive Director and Chairperson of African Phoenix and was appointed to the board of directors of the General Partner;

Ms. Lea Conrad, who is and will remain an independent non-executive Director of African Phoenix, was appointed as the chairperson of the Board.