
AFRICAN PHOENIX INVESTMENTS LIMITED
Incorporated in the Republic of South Africa
(Registration number 1946/021193/06)
Ordinary share code: AXL ISIN: ZAE000221370
Hybrid instrument code: AXLP ISIN: ZAE000221388
("African Phoenix" or "the Company")

**FURTHER UPDATE ON THE PROPOSED TRANSACTIONS – ESTABLISHMENT OF THE
API CAPITAL FUND**

Shareholders are referred to the announcements released on SENS on 7 September 2018, 18 February 2019, 15 March 2019, 20 March 2019, 26 March 2019, 29 March 2019, 4 April 2019 and 5 April 2019 and to the Circular distributed to Shareholders on 18 February 2019. Terms defined in the Circular shall, unless otherwise stated, bear the same meaning in this announcement.

As set out in the 'Results of General Meeting' announcement released on SENS on 20 March 2019, all the resolutions proposed at the General Meeting relating to the Proposed Transactions, including the resolutions relating to the BFM Structure, were adopted by the requisite majority of Shareholders. Shareholders are advised that payment of the initial capital commitment of R500 million to the API Capital Fund which consists of (i) an initial capital contribution of R10 000 was made on 4 April 2019 (being the investment date) and (ii) the payment of the balance of the initial capital commitment of R499.99 million (pursuant to a capital call notice from the General Partner) was made on 7 May 2019, as envisaged in the Circular. Consequently, the API Capital Fund has now been established.

Johannesburg
9 May 2019

Financial advisor

RAND MERCHANT BANK (A division of FirstRand Bank Limited)

Legal advisor

Webber Wentzel

Sponsor

Merchantec Capital

About the API Capital Fund

African Phoenix's investment objective, through the API Capital Fund, the *en commandite* partnership constituted in terms of the Partnership Agreement, is to invest in a diversified portfolio of underlying investments which will provide its Shareholders with superior long-term returns. The API Capital Fund will provide African Phoenix (as the Limited Partner) with exposure to a range of sectors and the API Capital Fund's Investment Policy may be implemented through a variety of types of financial instruments. In order to meet its short-term liquidity requirements and maximise the return on its unutilised cash, surplus cash in the API Capital Fund will be invested in a portfolio of cash investments.

The API Capital Fund will evaluate new investment opportunities taking into consideration, *inter alia*:

- the nature of the acquisition: the API Capital Fund is seeking to acquire control, or significant influence;
- size of investments: the API Capital Fund shall not, as a general rule, target investments of less than R80 million or, as a general rule, investments of greater than R250 million;
- equity returns: the ability of the investment to deliver a targeted equity IRR of 25%; and
- portfolio balance: the intention is to achieve a balanced portfolio of predominantly South African unlisted assets.

For further information on the Investment Policy and Fund Mandate, see Annexures 6 and 7 to the Circular.

Shareholders are advised that pursuant to the establishment of the API Capital Fund, the API Capital Fund is actively pursuing investment opportunities in line with the Investment Policy and Fund Mandate as approved by Shareholders.