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

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**DISPOSAL OF STANGEN**

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## 1. INTRODUCTION

The board of directors of African Phoenix ("Board") is pleased to advise shareholders that, further to previously published statements notifying shareholders that it has been exploring a number of strategic options in relation to its investment in The Standard General Insurance Company Limited ("Stangen"), the Company has entered into a sale and purchase agreement ("Agreement") for the sale of its 100% holding in Stangen to King Price Financial Services Proprietary Limited ("King Price"), for the sale consideration detailed in paragraph 2.2 below ("Disposal").

## 2. THE DISPOSAL

### 2.1 Nature of the business of Stangen and rationale for the Disposal

Stangen provides a range of quality, personalised and affordable insurance products in the retail market. Stangen is licensed to sell assistance (funeral), life, disability, health and retrenchment insurance.

In terms of the revised Investment Policy contained in the circular distributed to shareholders on 18 February 2019 ("Circular") which set out the Company's principal objectives, investment strategy and policy (including investment objectives, investment focus and investment parameters), and which was approved by shareholders at the general meeting on 20 March 2019, it became apparent to the Board that in applying such criteria to the Stangen business plan, Stangen requires a strategic partner that can facilitate access to broader distribution channels and customer bases in order for it to achieve faster growth within the financial services industry in South Africa, and help to support its new business funding requirements. The Board is of the view that Stangen's strong management team and life insurance expertise combined with the larger King Price distribution platforms and general insurance experience can assist Stangen to achieve its required scale quickly and more efficiently.

King Price is widely held by various parties (including Mergon Foundation NPC and Misty Sea Trading 324 Proprietary Limited), and owns 100% of King Price Insurance Company Limited, an authorised financial services provider and short-term insurer.

### 2.2 Sale consideration

The final sale consideration in respect of the Disposal will be based on Stangen's audited Net Asset Value ("NAV") as at 30 September 2019. As at 31 March 2019, Stangen's NAV, as set out in the Company's reviewed condensed consolidated interims financial results for the six-month period ended 31 March 2019 ("Interims"), was R527.6 million.

Given that African Phoenix expects, subject to the approval of the Stangen board of directors, to receive a dividend of approximately R380 million prior to 30 September 2019, and as Stangen is currently utilising cash reserves, it is anticipated that the Stangen NAV on which the final sale consideration in respect of the Disposal will be based will be approximately R140 million.

### 2.3 Conditions precedent to the Disposal and effective date

The effective date of the Disposal is anticipated to be 1 October 2019 provided that all conditions precedent to the Disposal have been fulfilled by 30 September 2019, which conditions precedent include:

- 2.3.1 regulatory approvals, including approvals by the Competition Authorities and the Financial Services Authorities; and
- 2.3.2 the declaration of a dividend to African Phoenix before 30 September 2019.

The Agreement contains warranties which are usual for a transaction of this nature.

## **2.4 Application of the proceeds of the Disposal**

The net proceeds of the Disposal will be applied in line with the Company's objective of enhancing long-term shareholder value as measured by consistent growth in net asset value per share.

## **3. FINANCIAL INFORMATION**

The value of the net assets of Stangen as at 31 March 2019 was R527.6 million. The loss before tax attributable to Stangen for the six months ended 31 March 2019 was R15.9 million. The audited profit after tax attributable to Stangen for the year ended 30 September 2018 was R45.8 million.

The financial statements were prepared in accordance with International Financial Reporting Standards and the Companies Act, 2008 (Act 71 of 2008), as amended.

## **4. CATEGORISATION OF THE DISPOSAL**

Given that the Disposal has been concluded in the ordinary course of business pursuant to the aforementioned Investment Policy, section 9 of the Listings Requirements does not apply. However, as the Disposal, which has been categorised, exceeds 10%, it has been announced pursuant to the provision of section 9 of the Listings Requirements.

Johannesburg  
28 June 2019

**Sponsor**  
Merchantec Capital

**Legal Adviser**  
Webber Wentzel