
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" or "the Group")

QUARTERLY UPDATE AS AT 31 DECEMBER 2019

In accordance with paragraph 15.4(g) of the JSE Listings Requirements, the Company's 31 December 2019 quarterly portfolio update is set out below. Terms not defined in this announcement will bear the meaning as defined in the 2019 Audited Annual Financial Statements.

UPDATE ON OPERATIONS

Investment in API Capital Fund Partnership (the "Fund") and purchase of API Capital Proprietary Limited ("API Capital")

As announced on SENS on 20 January 2020, African Phoenix has decided to unwind the Fund. A replacement general partner will not be appointed following the removal of API Capital as general partner, effective from 31 December 2019. The Partnership will accordingly be dissolved in accordance with the Partnership Agreement and the B ordinary shares held by API Capital cancelled.

With effect from 31 December 2019, African Phoenix acquired all the shares and shareholders loans in API Capital, for R54 million, which effectively internalises the management of the investments (the "API Capital transaction").

Sale of The Standard General Insurance Company Limited ("Stangen")

Following the announcement on 28 June 2019 that the Company has entered into a sale and purchase agreement for the sale of its 100% holding in Stangen to King Price Financial Services Proprietary Limited, significant progress has been made on concluding the conditions precedent to the transaction. In this regard, the Company has received approval from the Competition Authorities, but still awaits regulatory approval from the Financial Services Authorities.

Sale of other investments

The investments in Residual Debt Services Limited (in curatorship), Ellerine Holdings Limited (in business rescue) and the RDS senior stub instruments, were sold on 31 December 2019 for an aggregate amount of R44 million.

Termination of merger discussion with Zarclear Holdings Limited ("Zarclear") and proposed delisting

Shareholders are referred to the announcement released on SENS on 28 February 2020 wherein shareholders were advised of the decision by the board of directors of African Phoenix (the "Board") not to progress the proposed merger between African Phoenix and Zarclear, but instead to proceed with the delisting of the Company's shares from the Main Board of the JSE under the voluntary delisting regime provided under the JSE Listings Requirements (the "delisting"). The delisting will be accompanied by a cash offer to be made by Legae Peresec Proprietary Limited to purchase all A ordinary shares from African Phoenix shareholders at an offer price of 40 cents per A ordinary share.

Further details relating to the delisting and the offer will be published on SENS in due course.

Change in year end

On 13 January 2020, shareholders were advised that African Phoenix has changed its financial year end from 30 September to 30 June.

Preference share appraisal rights

The Company received objection notices in terms of section 164(3) of the Companies Act, 2008 (Act 71 of 2008, as amended (the “**Companies Act**”) from three preference shareholders (the “**dissenting shareholders**”) holding in aggregate 1 252 598 preference shares (the “**preference shares**”) (the “**appraisal rights claims**”). The Company received a notice of motion in which one of the dissenting shareholders made an application (the “**application**”) to Court in terms of section 164(14) of the Companies Act for, *inter alia*, a determination of the fair value of the preference shares held by the dissenting shareholder. The Board considered the application and had subsequently filed its notice to oppose the application and its answering affidavit on 2 August 2019 and 11 September 2019, respectively. In accordance with the Companies Act, the remaining dissenting shareholders were joined to the application on 6 December 2019.

The appraisal rights claims have been valued at R37.50 per share in the Company’s financial statements. The Board is of the view that the offer made by the Company to the dissenting shareholders represents a fair value for the appraisal rights claims. The applicants have alleged in the application, *inter alia*, that the fair value of the preference shares is R83.55 per preference share, which may result in a claim of up to R104 654 563, excluding interest, legal and other costs. Given that R46 972 425 of the claim has been recognised as a liability at the reporting date, the remaining amount of R57 682 138 remains contingent upon the result of the Court proceedings.

FINANCIAL PERFORMANCE

Net Asset Value (NAV)

At 31 December 2019, African Phoenix's net asset value per share decreased to 46.3 cents (90.1 cents at 30 September 2019), after the declaration of a distribution to shareholders of 42 cents per share.

R'000	Notes	Unaudited 31 December 2019	Audited 30 September 2019
Investments	1	190	501 386
Other non-current assets		-	1 728
Cash and cash equivalents	2	1 182 738	691 155
Investments held for sale	3	140 000	174 409
Other current assets		30 739	31 645
Total Assets		1 353 667	1 400 323
Liabilities	4	104 246	114 445
Shareholders for distribution	5	599 342	-
Ordinary shareholders’ equity		650 079	1 285 878
Total Equity and Liabilities		1 353 667	1 400 323
Number of A shares ('000)	6	1 407 005	1 427 005

NAV per A share (cents)

46.2

90.1

Notes

1. Investments

R'000

	31 December 2019	30 September 2019
API Capital Fund^	-	501 196
GEMS	190	190
	503 587	501 386

^ The Fund was unwound with effect from 31 December 2019.

2. Cash

The increase in the cash balance between 30 September 2019 and 31 December 2019 is predominantly due to the unwinding of the Fund and the cash transferred to African Phoenix.

3. Investments held for sale

R'000

	31 December 2019	30 September 2019
Stangen	140 000	140 000
RDS senior stub instruments	-	34 409
	140 000	174 409

4. Liabilities

Liabilities include an amount of R47 million for the settlement of the 1 252 598 preference shares that have exercised their appraisal rights in accordance with section 164(14) of the Companies Act. This has been calculated at a value of R37.50 per share.

5. Shareholders for distribution

As announced on SENS on 3 December 2019, the Board resolved to declare a capital reduction distribution as a return of contributed tax capital, amounting to R599 342 214, which equated to 42,00 cents per A ordinary share. The capital distribution was paid to shareholders on Monday, 13 January 2020.

6. Treasury shares

In terms of the API Capital transaction, African Phoenix acquired 20 000 000 A ordinary shares held by API Capital. These shares are now treated as treasury shares.

Johannesburg
28 February 2020

Sponsor

Merchantec Capital