

SHORT-FORM ANNOUNCEMENT: CONDENSED CONSOLIDATED UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 31 MARCH 2020

- NAV of 47,4 cents per share (31 March 2019 of 53,0 cents per share)
- Operating loss of R8.8 million (30 September 2019 loss of R57.1million)
- Finalisation of Stangen sale for R140 million
- Sale of legacy investments for R44 million
- Total equity of R666 million (30 September 2019 of R1 286 million)
- Capital reduction distribution of 42 cents per share paid on 13 January 2020
- EPS and HEPS of (0.96) cents (30 September 2019 of (5,53) cents)
- Date of General Meeting to vote on delisting on 8 June 2020

COMMENTARY

Introduction

African Phoenix is an investment holding company whose ordinary shares are listed on the Johannesburg Stock Exchange ("JSE").

Investments

The sale of The Standard General Insurance Company Limited ("Stangen") which was the Company's only trading subsidiary, for R140 million, was concluded during the period. The Company also sold its investments in Residual Debt Services Limited (in curatorship), Ellerine Holdings Limited (in business rescue) and the RDS senior stub instruments for R44 million.

As announced on SENS on 20 January 2020, following engagement with various shareholders, African Phoenix decided not to appoint a replacement general partner after the removal of API Capital Proprietary Limited ("API Capital"). The API Capital Fund has accordingly been dissolved in accordance with the partnership agreement and the B ordinary shares held by API Capital have been cancelled. African Phoenix acquired all shares and shareholders' loans in API Capital, for R54 million, which effectively internalised management of investments. The purchase of API Capital is not considered a business combination but was treated as the settlement of an onerous contract, with a R35 million impact on profit for the year.

Gilt Edged Management Services Proprietary Limited ("GEMS"), remains a dormant wholly-owned subsidiary.

Change in year-end

On 13 January 2020, shareholders were advised that African Phoenix had 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, 71 of 2008 (the "Companies Act") from three preference shareholders holding in aggregate 1 252 598 preference shares. The Company received a notice of motion in which a dissenting shareholder made an application to court in terms of section 164(14) of the Companies Act for, among others, a determination of the fair value of the preference shares held by the dissenting shareholder. The Board of directors of African Phoenix ("the board") considered the application and filed a notice to oppose the application on 2 August 2019 and filed an answering affidavit on 11 September 2019. As required in terms of the Companies Act, the remaining dissenting shareholders must be joined to the main court application and this was done on 5 December 2019.

The remaining dissenting shareholders filed an answering affidavit on 3 February 2020. The applicant dissenting shareholder has not yet filed a replying affidavit to the section 164(14) application. However, in February 2020 the applicant dissenting shareholders delivered to the Company, a notice of motion for an interlocutory application to compel certain documents ("the interlocutory application"). The Company has filed an answering affidavit to the interlocutory application.

Directors

With effect from 18 February 2020, L Ngakane and RR Masebelanga were appointed as independent non-executive directors.

Firm intention by Legae Peresec Proprietary Limited to make an offer to acquire AXL shares and the delisting of African Phoenix

Shareholders are referred to the announcement released on SENS on 23 April 2020, wherein shareholders were advised that:

- The board had resolved that, subject to securing the requisite approval from its shareholders in a General Meeting and the JSE approving the Company's delisting application, it would be in the best interests of the Company to seek a delisting of the Company's shares from the JSE (the "delisting").
- In compliance with the JSE Listings Requirement, the delisting must be accompanied by an offer (the "offer"), (that must be fair, to holders of all the Company's listed securities, being the A ordinary shares (the "AXL shares"). The Company has procured a commitment from Legae Peresec Proprietary Limited ("Legae Peresec") in terms of which, subject to the delisting being approved, Legae Peresec will make a general offer to acquire all AXL shares from any shareholder who, post the approval of the delisting, either cannot or does not wish to continue to hold AXL shares in an unlisted structure.
- The delisting and the offer will be implemented on the basis that shareholders will be afforded an opportunity to either monetise their investment in African Phoenix shares at a fair price or to continue to hold shares in African Phoenix in an unlisted environment.
- The offer will be made in compliance with the relevant provisions of the JSE Listings Requirements and Chapter 5 of the Companies Act and the Takeover Regulations promulgated thereunder (the "Takeover Regulations").

A circular detailing the delisting and including a combined offer circular (containing full details in respect of the offer and incorporating the independent board's view of the offer, the offer consideration and the fair and reasonable opinion prepared by Mazars) was distributed to African Phoenix shareholders on Friday, 8 May 2020.

Shareholders are referred to the SENS announcement dated 22 May 2020, in respect of the process to be followed to participate in and vote at the virtual General Meeting to be held at 10:00 on Monday, 8 June 2020.

INVESTMENT POLICY

The board has resolved, subject to obtaining the requisite shareholder approval at the General Meeting on Monday, 8 June 2020, to adopt a new investment policy, details of which are set out in the circular to shareholders dated 8 May 2020.

This short-form announcement is the responsibility of the board of directors of the Company. This announcement is a summary of the information in the full announcement and does not contain full or complete details. Any investment decision by investors and/or shareholders should be based on consideration of the full announcement. The full announcement is available at <https://senspdf.jse.co.za/documents/2020/jse/isse/axle/interim20.pdf> and on the Company website at www.phoenixinvestments.co.za. Copies of the full announcement may also be requested from the sponsor at sponsorteam@merchantec.co.za.

For and on behalf of the board

Oyama Mabandla
Executive Chairman
5 June 2020

Andrew Hannington
Chief Financial Officer

Directors: Oyama Mabandla (Executive Chairman); Andrew Hannington (CFO); Warren Chapman*; Koketso Mabe*; L Ngakane*; RR Masebelanga* (*Independent non-executive) (*non-executive)

Company Secretary: Acorim Proprietary Limited
Transfer Secretaries: Link Market Services South Africa Proprietary Limited
Sponsor: Merchantec Capital