

The Independent Board
 African Phoenix Investments Limited
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Dear Sirs and Mesdame

29 June 2023

INDEPENDENT EXPERT OPINION TO AFRICAN PHOENIX INVESTMENTS LTD (“African Phoenix” or the “Company”) REGARDING A PROPOSED SCHEME OF ARRANGEMENT WHEREBY THE COMPANY OFFERS TO REPURCHASE PART OF THE ORDINARY ISSUED SHARE CAPITAL OF THE COMPANY

Introduction

As announced in the firm intention announcement released on 11 May 2023 (the “**Announcement**”), the board of directors of African Phoenix intends to seek shareholder approval to implement a scheme of arrangement to effect (i) a 10,000,000 to 1 share consolidation, (ii) an offer to shareholders holding less than the share consolidation minimum threshold to subscribe for additional shares at a price of 90 cents per share (the “**Top-up Issue Price**”), (iii) a cash repurchase of shares below the share consolidation minimum threshold at a price of 95 cents per share (the “**Repurchase Consideration**”) (the “**Repurchase**”), and the conversion of African Phoenix to a private company (the “**Scheme**”).

The Repurchase is expected to result in African Phoenix acquiring more than 5% of the African Phoenix shares in issue.

The Repurchase will be implemented by way of a Scheme in terms of section 114(1)(e) of the Companies Act 71 of 2008 (the “**Companies Act**”) to be proposed by the African Phoenix board of directors between African Phoenix and African Phoenix Shareholders (the “**Scheme Participants**”) and upon the terms and subject to the conditions set out in the circular (“**Circular**”).

The Scheme is an affected transaction as defined in section 117, of the Companies Act and as such is regulated by the Companies Act and the Takeover Regulations promulgated thereunder (the “**Takeover Regulations**”).

As at the date of this opinion, the share capital of the Company comprises of the following:

- Authorised share capital comprising 4 000 000 000 African Phoenix Shares; and
- Issued share capital comprising 1 427 005 272 African Phoenix Shares.

The Company had no share options and held 20 000 000 treasury shares.

The Scheme will directly or indirectly affect all African Phoenix Shareholders. More information on the material effects that the Scheme may have on the rights and interests of African Phoenix Shareholders is detailed in the Circular.

Full details of the Scheme are contained in the Circular, which includes a copy of this letter.

The material interests of the directors are set out in paragraph 10 of the Circular.

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Nodus Capital TS (Pty) Ltd.
 Directors: D.P.W. André | G. Bryce-Borthwick | G.G. Christopulo |
 J.W.S. le Roux | H.S. Pieterse
 Registration Number: 2014/226782/07

Extracts of sections 115 and 164 of the Companies Act are set out in Appendix A and Appendix B to Annexure 1 of the Circular and are incorporated herein by reference for purposes of section 114(3)(g) of the Companies Act.

Scope

The Repurchase may result in African Phoenix acquiring more than 5% of the African Phoenix shares in issue and, accordingly, in terms of section 48(8)(b) of the Companies Act, the decision of the Board to acquire the Company's shares in terms of the Repurchase will be subject to the requirements of section 114 and 115 of the Companies Act.

The African Phoenix Independent Board ("**Independent Board**") is required to retain an independent expert to provide an independent expert report (in the form of a fair and reasonable opinion) in terms of section 114(2) of the Companies Act and Regulations 90 and 110 of the Takeover Regulations (the "**Opinion**" or the "**Fair and Reasonable Opinion**").

Nodus Capital TS Proprietary Limited ("**Nodus**") has been appointed by the Independent Board as the Independent Expert to advise on whether the terms and conditions of the Repurchase, are fair and reasonable to the Shareholders of African Phoenix.

Responsibility

Compliance with the Companies Act and the Takeover Regulations is the responsibility of the Independent Board. Our responsibility is to report on the terms and conditions of the Repurchase in compliance with the related provisions of the Companies Act and the Takeover Regulations.

We confirm that our Fair and Reasonable Opinion has been provided to the Independent Board for the sole purpose of assisting them in forming and expressing an opinion for the benefit of the African Phoenix Shareholders in relation to the Repurchase. This opinion is prepared solely for the Independent Board and therefore should not be regarded as suitable for use by any other party or give rise to third party rights.

Definition of the terms "fair" and "reasonable"

The "**fairness**" of a transaction is based on quantitative issues. A transaction may be said to be fair if the benefits received by the shareholders, as a result of the transaction, are equal to or greater than the value surrendered by the shareholders.

The Repurchase may be said to be fair if the Repurchase Consideration is greater than or equal to the value of one African Phoenix Share or unfair if the Repurchase Consideration is less than the value of one African Phoenix Share. Furthermore, in terms of Regulation 110(8) of the Takeover Regulations, an offer with a consideration per offeree regulated company security within the fair-value range is generally considered to be fair.

The assessment of reasonableness of an offer is generally based on qualitative considerations surrounding the offer. Consequently, even though the consideration to be paid in respect of an offer may be lower than the market price, the offer may be considered reasonable after considering other significant qualitative factors.

Our approach in considering the Repurchase Consideration

In considering the Repurchase Consideration, we have independently calculated the fair value of one African Phoenix Share and compared it to the Repurchase Consideration.

Details and sources of information

The principal sources of information used in performing our work include:

- The Announcement;
- The rationale for, and conditions of the Scheme, as set out in the Circular;



- Representations and assumptions made available by, and discussions held with, the management of African Phoenix and the Independent Board;
- Publicly available information relating to the industries in which African Phoenix operates;
- Publicly available information relating to African Phoenix that we deemed to be relevant, including company announcements, media articles, and analyst presentations, where applicable;
- Announcements released by eXtract Group Limited, enX Group Limited (“enX”), Zarclear Holdings Limited and others on 11 May 2023 and the circular of enX dated 20 June 2023 (the “**Other Announcements and enX Circular**”);
- Audited annual financial statements of African Phoenix for the 12 months ended 30 June 2022; and
- Unaudited management accounts of African Phoenix for the period ended 31 March 2023.

The information above was obtained from:

- Directors and management of African Phoenix; and
- Third party sources, including information related to publicly available economic, market and other data which we considered applicable to, or potentially influencing African Phoenix.

Procedures performed

In arriving at our Opinion we have undertaken the following procedures and taken into account the following factors:

- Considered the rationale for the Scheme, as represented by the Independent Board, its advisors, African Phoenix management and disclosed in the Circular;
- Reviewed the Announcement;
- Reviewed the terms and conditions of the Scheme;
- Supplemented our knowledge and understanding of African Phoenix as well as the industries in which it operates;
- Held discussions with management on the prospects of African Phoenix and considered such other matters as we consider necessary, including assessing the prevailing economic and market conditions and trends;
- Reviewed and analysed the historical financial information of African Phoenix;
- Reviewed the Other Announcements and enX Circular;
- Determined the fair value of an African Phoenix Share by applying appropriate generally accepted valuation approaches and methods used in the market from time to time;
- Assessed the long-term potential of African Phoenix;
- Performed a sensitivity analysis on key assumptions included in the valuations;
- Evaluated the relative risks associated with African Phoenix and the industries in which it operates;
- Reviewed certain publicly available information relating to African Phoenix and the industries in which it operates that we deemed to be relevant, including company announcements and media articles;
- Performed such other studies and analyses as we considered appropriate and have taken into account our assessment of general economic, market and financial conditions and our experience in other transactions, as well as our experience and knowledge of the industries in which African Phoenix operates;



- Where relevant, representations made by management and/or directors were corroborated to source documents or independent analytical procedures were performed by us, to examine and understand the industry in which African Phoenix operate, and to analyse external factors that could influence the business of African Phoenix;
- Held discussions with the directors and management of African Phoenix as to their strategy and the rationale for the Scheme and considered such other matters as we considered necessary; and
- Obtained from the management of African Phoenix a letter of representation in respect of amongst other things the information shared and/or statements made to us and upon which we have relied.

We have not interviewed any of the African Phoenix Shareholders to obtain their views on the Scheme.

Based on the results of the procedures mentioned above, we determined the fairness and reasonableness of the Repurchase Consideration to the African Phoenix Shareholders. We believe that the above considerations justify the opinion outlined below.

Limiting conditions

This Opinion of the Independent Expert is provided to the Independent Board in connection with and for the purpose of the Repurchase Consideration. The Opinion of the Independent Expert does not purport to cater for each individual African Phoenix Shareholder's perspective, but rather that of the general body of African Phoenix Shareholders.

We have relied upon and assumed the accuracy of the information provided to and obtained by us in deriving our Opinion. Where practical, we have corroborated the reasonableness of the information provided to us for the purpose of our Opinion, whether in writing or obtained in discussion with African Phoenix management, by reference to publicly available or independently obtained information.

While our work has involved an analysis of, *inter alia*, the annual financial statements and other information provided to us, our engagement does not constitute an audit conducted in accordance with generally accepted auditing standards.

This Opinion of the Independent Expert is provided in terms of the Companies Act and the Takeover Regulations. It does not constitute a recommendation to any African Phoenix Shareholder as to how to vote at any shareholders' meeting relating to the Scheme or on any matter relating to it. Therefore, it should not be relied upon for any other purpose. We assume no responsibility to anyone if this Opinion of the Independent Expert is used or relied upon for anything other than its intended purpose. Should an individual African Phoenix Shareholder have any doubts as to what action to take, such shareholder should consult an independent advisor.

Our Opinion does not include an evaluation of the commercial rationale of the Scheme.

The valuation of companies and businesses is not a precise science and conclusions arrived at, will, in many cases, be subjective and dependent on the exercise of individual judgment.

Valuation

Nodus performed an independent valuation of African Phoenix to determine whether the Repurchase Consideration represents fair value to the African Phoenix Shareholders.

Nodus has performed a valuation of African Phoenix utilising the Net Asset Value ("NAV") methodology as valuation basis. African Phoenix's value comprises mostly of cash/near cash investments. Although African Phoenix has limited liabilities, it does incur costs to maintain its operations and investments (the "**Head Office Costs**"). We performed a high-level income approach (discounted cash flow) valuation on the Head Office Costs and deducted this from the results of the NAV valuation. Other assets were valued based on a market approach and a net asset value approach, where appropriate.

The valuation of the Head Office Costs was performed taking cognisance of risk and other market and industry factors affecting African Phoenix. Additionally, sensitivity analyses were performed considering



key assumptions. Prevailing market and industry conditions were also considered in assessing the risk profile of the Head Office Costs.

Key internal value drivers included the discount rate.

Key external value drivers including headline inflation rates and prevailing market and industry conditions in respect of the industry in which African Phoenix operates were also considered in assessing the forecast costs of African Phoenix.

The sensitivity analysis did not indicate a sufficient effect on the valuation of an African Phoenix Share to alter our opinion in respect of the Repurchase Consideration.

Assumptions

Our Opinion is based on the following key assumptions:

- Any agreements that will or have been entered into in terms of the Scheme will be legally enforceable;
- The Scheme will have the legal, accounting and taxation consequences described in discussions with, and materials furnished to us by representatives and advisors of African Phoenix;
- Reliance can be placed on the financial information of African Phoenix;
- For the purposes of this Opinion of the Independent Expert, we assumed African Phoenix's existing businesses to be ongoing under current business plans and management;
- Current economic, regulatory and market conditions will not change materially;
- African Phoenix is not involved in any material legal proceedings other than those conducted in the ordinary course of business and/or as disclosed in the Circular;
- African Phoenix are, at the date of this Opinion of the Independent Expert, not engaged in any discussions relating to any acquisitions or transactions that will have a significant impact on the value of African Phoenix, other than disclosed in the Circular;
- African Phoenix have no material outstanding disputes with the South African Revenue Service;
- There are no undisclosed contingencies that could affect the value of African Phoenix; and
- Representations made by the Independent Board and African Phoenix management and their advisors during the course of forming this Opinion of the Independent Expert.

Appropriateness and reasonableness of underlying information and assumptions

We satisfied ourselves as to the appropriateness and reasonableness of the information and assumptions employed in arriving at our Opinion by:

- Placing reliance on audit reports in the financial statements of African Phoenix;
- Conducting analytical reviews on the historical financial results and the forecast financial information, such as key ratio and trend analyses, where applicable; and
- Determining the extent to which representations from African Phoenix management were confirmed by documentary and audited financial evidence, as well as our understanding of African Phoenix and the economic environment in which it operates.

Valuation results

In undertaking the valuation exercise of African Phoenix above, we determined a valuation range of the African Phoenix Shares of R0.95 to R1.06 per share, with a likely value or core value of R1.00 per share.

The Repurchase Offer Consideration falls within our concluded valuation range of African Phoenix.



The valuation above is provided solely in respect of this Opinion and should not be used for any other purposes.

Qualitative considerations

In arriving at our Opinion, we have also considered the following key qualitative considerations in evaluating the reasonableness of the Repurchase Offer:

- The rationale for the Scheme, as set out in the Circular;
- The opinion of the Independent Board, as set out in the Circular; and
- The Repurchase Offer, if accepted, provides a liquidity event for shareholders owning a relatively small number of shares.

Opinion

Nodus has considered the terms and conditions of the Repurchase Consideration and, based on and subject to the conditions set out herein, is of the opinion that the terms and conditions of the Repurchase Consideration based on quantitative considerations, are fair to African Phoenix Shareholders.

Based on qualitative factors, we are of the opinion that the terms and conditions of the Repurchase Consideration are reasonable from the perspective of the African Phoenix Shareholders.

Our Opinion is necessarily based upon the information available to us up to the date of this letter, including in respect of the financial, market and other conditions and circumstances existing and disclosed to us at the date thereof. We have furthermore assumed that all conditions precedent, including any material regulatory and other approvals and consents required in connection with the Scheme will be timeously fulfilled or obtained.

Accordingly, it should be understood that subsequent developments may affect this opinion, which we are under no obligation to update, revise or re-affirm.

Independence, competence and fees

We confirm that we have no direct or indirect interest in African Phoenix nor do we have any relationship with African Phoenix or any person related to African Phoenix such as would lead a reasonable and informed third party to conclude that our integrity, impartiality or objectivity has been compromised by such relationship. We also confirm that we have the necessary competence and experience to provide the Fair and Reasonable Opinion and meet the criteria set out in section 114(2)(a) of the Companies Act.

Furthermore, we confirm that our professional fee of R90 000 (excluding VAT) is not contingent upon the success of the Scheme.

Consent

We consent to the inclusion of this letter and the reference to our Opinion in the Circular to be issued to the Shareholders of African Phoenix in the form and context in which it appears and in any required regulatory announcement or documentation.



Yours faithfully



Johan le Roux CA(SA)

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Dear Sirs and Mesdame

29 June 2023

INDEPENDENT EXPERT OPINION TO AFRICAN PHOENIX INVESTMENTS LTD (“African Phoenix” or the “Company”) REGARDING A MANDATORY OFFER BY ZARCLEAR HOLDINGS LTD AND ITS CONCERT PARTIES (“Zarclear” or the “Offeror”) TO ACQUIRE ALL OF THE AFRICAN PHOENIX ISSUED ORDINARY SHARES (“African Phoenix Share”) NOT OWNED BY THE OFFEROR (the “Mandatory Offer”)

Introduction

On 19 August 2022, the Takeover Regulation Panel (the “TRP”) announced that it would investigate complaints received by third parties in relation to certain affected transactions concluded from 2020 to 2022 involving eXtract Group Limited, enX Group Limited (“enX”), Zarclear, African Phoenix, and others (the “Investigated Parties”), alleging that the parties involved failed to disclose that they were acting in concert in relation to the affected transactions in question.

On 13 April 2023, the TRP announced that it had agreed to settle its investigation into the affected transactions in question by requiring the Investigated Parties to implement remedial action and make mandatory offers when they were considered on the TRP’s interpretation to have acquired control over the relevant regulated companies.

Pursuant to the settlement and as announced in the firm intention announcement released on 11 May 2023 (the “Announcement”), Zarclear and its concert parties are required to make a Mandatory Offer to African Phoenix minority shareholders to purchase their shares at an offer price of 51 cents per share (the “Mandatory Offer Price”) in terms of section 123 of the Companies Act 71 of 2008 (the “Companies Act”) and the Takeover Regulations promulgated thereunder (the “Takeover Regulations”).

Whilst in no way impacting on the Mandatory Offer, shareholders were also informed that the board of directors of African Phoenix intends to seek shareholder approval to implement a scheme of arrangement to effect (i) a 10,000,000 to 1 share consolidation, (ii) an offer to shareholders holding less than the share consolidation minimum threshold to subscribe for additional shares at a price of 90 cents per share, (iii) a cash repurchase of shares below the share consolidation minimum threshold at a price of 95 cents per share, and the conversion of African Phoenix to a private company (the “Scheme”).

As at the date of this opinion, the share capital of the Company comprises of the following:

- Authorised share capital comprising 4 000 000 000 African Phoenix Shares; and
- Issued share capital comprising 1 427 005 272 African Phoenix Shares.

The Company had no share options and held 20 000 000 treasury shares.

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 Directors: D.P.W. André | G. Bryce-Borthwick | G.G. Christopulo |
 J.W.S. le Roux | H.S. Pieterse
 Registration Number: 2014/226782/07

The Mandatory Offer will directly or indirectly affect all African Phoenix Shareholders. More information on the material effects that the Mandatory Offer may have on the rights and interests of African Phoenix Shareholders is detailed in the circular (the “**Circular**”).

Full details of the Mandatory Offer are contained in the Circular, which includes a copy of this letter.

The material interests of the directors are set out in Part II paragraph 5 of the Circular.

Scope

The Mandatory Offer is an affected transaction subject to the requirements of Regulation 90 of the Takeover Regulations, as read with Section 117(c)(vi) and Section 123 of the Companies Act.

The African Phoenix Independent Board (“**Independent Board**”) is required to retain an independent expert to provide an independent expert report (in the form of a fair and reasonable opinion) in terms of section 114(2) of the Companies Act and Regulations 90 and 110 of the Takeover Regulations (the “**Opinion**” or the “**Fair and Reasonable Opinion**”).

Nodus Capital TS Proprietary Limited (“**Nodus**”) has been appointed by the Independent Board as the Independent Expert to advise on whether the terms and conditions of the Mandatory Offer are fair and reasonable to the Shareholders of African Phoenix.

Responsibility

Compliance with the Companies Act and the Takeover Regulations is the responsibility of the Independent Board. Our responsibility is to report on the terms and conditions of the Mandatory Offer in compliance with the related provisions of the Companies Act and the Takeover Regulations.

We confirm that our Fair and Reasonable Opinion has been provided to the Independent Board for the sole purpose of assisting them in forming and expressing an opinion for the benefit of the African Phoenix Shareholders in relation to the Mandatory Offer. This opinion is prepared solely for the Independent Board and therefore should not be regarded as suitable for use by any other party or give rise to third party rights.

Definition of the terms “fair” and “reasonable”

The “**fairness**” of a transaction is based on quantitative issues. A transaction may be said to be fair if the benefits received by the shareholders, as a result of the transaction, are equal to or greater than the value surrendered by the shareholders.

The Mandatory Offer may be said to be fair if the Mandatory Offer Price is greater than or equal to the value of one African Phoenix Share or unfair if the Mandatory Offer Price is less than the value of one African Phoenix Share. Furthermore, in terms of Regulation 110(8) of the Takeover Regulations, an offer with a consideration per offeree regulated company security within the fair-value range is generally considered to be fair.

The assessment of reasonableness of an offer is generally based on qualitative considerations surrounding the offer. Consequently, even though the consideration to be paid in respect of an offer may be lower than the market price, the offer may be considered reasonable after considering other significant qualitative factors.

Our approach in considering the Mandatory Offer Price

In considering the Mandatory Offer Price, we have independently calculated the fair value of one African Phoenix Share and compared it to the Mandatory Offer Price.

Details and sources of information

The principal sources of information used in performing our work include:

- The Announcement;



- The terms and conditions of the Mandatory Offer, as set out in the Circular;
- Representations and assumptions made available by, and discussions held with, the management of African Phoenix and the Independent Board;
- Publicly available information relating to the industries in which African Phoenix operates;
- Publicly available information relating to African Phoenix that we deemed to be relevant, including company announcements, media articles, and analyst presentations, where applicable;
- Announcements released by the other Investigated Parties on 11 May 2023 and the circular of enX dated 20 June 2023 (the “**Other Announcements and enX Circular**”);
- Audited annual financial statements of African Phoenix for the 12 months ended 30 June 2022; and
- Unaudited management accounts of African Phoenix for the period ended 31 March 2023.

The information above was obtained from:

- Directors and management of African Phoenix; and
- Third party sources, including information related to publicly available economic, market and other data which we considered applicable to, or potentially influencing African Phoenix.

Procedures performed

In arriving at our Opinion we have undertaken the following procedures and taken into account the following factors:

- Considered the terms and conditions of the Mandatory Offer, as represented by the Independent Board, its advisors, African Phoenix management and disclosed in the Circular;
- Reviewed the Announcement;
- Reviewed the terms and conditions of the Mandatory Offer;
- Supplemented our knowledge and understanding of African Phoenix as well as the industries in which it operates;
- Held discussions with management on the prospects of African Phoenix and considered such other matters as we consider necessary, including assessing the prevailing economic and market conditions and trends;
- Reviewed and analysed the historical financial information of African Phoenix;
- Reviewed the Other Announcements and enX Circular;
- Determined the fair value of an African Phoenix Share by applying appropriate generally accepted valuation approaches and methods used in the market from time to time;
- Assessed the long-term potential of African Phoenix;
- Performed a sensitivity analysis on key assumptions included in the valuations;
- Evaluated the relative risks associated with African Phoenix and the industries in which it operates;
- Reviewed certain publicly available information relating to African Phoenix and the industries in which it operates that we deemed to be relevant, including company announcements and media articles;
- Performed such other studies and analyses as we considered appropriate and have taken into account our assessment of general economic, market and financial conditions and our experience in other transactions, as well as our experience and knowledge of the industries in which African Phoenix operates;



- Where relevant, representations made by management and/or directors were corroborated to source documents or independent analytical procedures were performed by us, to examine and understand the industry in which African Phoenix operate, and to analyse external factors that could influence the business of African Phoenix;
- Held discussions with the directors and management of African Phoenix as to their strategy and the terms and conditions of the Mandatory Offer and considered such other matters as we considered necessary; and
- Obtained from the management of African Phoenix a letter of representation in respect of amongst other things the information shared and/or statements made to us and upon which we have relied.

We have not interviewed any of the African Phoenix Shareholders to obtain their views on the Mandatory Offer.

Based on the results of the procedures mentioned above, we determined the fairness and reasonableness of the Mandatory Offer and the Repurchase Consideration to the African Phoenix Shareholders. We believe that the above considerations justify the opinion outlined below.

Limiting conditions

This Opinion of the Independent Expert is provided to the Independent Board in connection with and for the purpose of the Mandatory Offer. The Opinion of the Independent Expert does not purport to cater for each individual African Phoenix Shareholder's perspective, but rather that of the general body of African Phoenix Shareholders.

We have relied upon and assumed the accuracy of the information provided to and obtained by us in deriving our Opinion. Where practical, we have corroborated the reasonableness of the information provided to us for the purpose of our Opinion, whether in writing or obtained in discussion with African Phoenix management, by reference to publicly available or independently obtained information.

While our work has involved an analysis of, *inter alia*, the annual financial statements and other information provided to us, our engagement does not constitute an audit conducted in accordance with generally accepted auditing standards.

This Opinion of the Independent Expert is provided in terms of the Companies Act and the Takeover Regulations. It does not constitute a recommendation to any African Phoenix Shareholder as to the acceptance of the Mandatory Offer or on any matter relating to it. Therefore, it should not be relied upon for any other purpose. We assume no responsibility to anyone if this Opinion of the Independent Expert is used or relied upon for anything other than its intended purpose. Should an individual African Phoenix Shareholder have any doubts as to what action to take, such shareholder should consult an independent advisor.

Our Opinion does not include an evaluation of the commercial rationale of the Mandatory Offer.

The valuation of companies and businesses is not a precise science and conclusions arrived at, will, in many cases, be subjective and dependent on the exercise of individual judgment.

Valuation

Nodus performed an independent valuation of African Phoenix to determine whether the Mandatory Offer represents fair value to the African Phoenix Shareholders.

Nodus has performed a valuation of African Phoenix utilising the Net Asset Value ("NAV") methodology as valuation basis. African Phoenix's value comprises mostly of cash/near cash investments. Although African Phoenix has limited liabilities, it does incur costs to maintain its operations and investments (the "Head Office Costs"). We performed a high-level income approach (discounted cash flow) valuation on the Head Office Costs and deducted this from the results of the NAV valuation. Other assets were valued based on a market approach and a net asset value approach, where appropriate.



The valuation of the Head Office Costs was performed taking cognisance of risk and other market and industry factors affecting African Phoenix. Additionally, sensitivity analyses were performed considering key assumptions. Prevailing market and industry conditions were also considered in assessing the risk profile of the Head Office Costs.

Key internal value drivers included the discount rate.

Key external value drivers including headline inflation rates and prevailing market and industry conditions in respect of the industry in which African Phoenix operates were also considered in assessing the forecast costs of African Phoenix.

The sensitivity analysis did not indicate a sufficient effect on the valuation of an African Phoenix Share to alter our opinion in respect of the Mandatory Offer.

Assumptions

Our Opinion is based on the following key assumptions:

- Any agreements that will or have been entered into in terms of the Mandatory Offer will be legally enforceable;
- The Mandatory Offer will have the legal, accounting and taxation consequences described in discussions with, and materials furnished to us by representatives and advisors of African Phoenix;
- Reliance can be placed on the financial information of African Phoenix;
- For the purposes of this Opinion of the Independent Expert, we assumed African Phoenix's existing businesses to be ongoing under current business plans and management;
- Current economic, regulatory and market conditions will not change materially;
- African Phoenix is not involved in any material legal proceedings other than those conducted in the ordinary course of business and/or as disclosed in the Circular;
- African Phoenix are, at the date of this Opinion of the Independent Expert, not engaged in any discussions relating to any acquisitions or transactions that will have a significant impact on the value of African Phoenix, other than disclosed in the Circular;
- African Phoenix have no material outstanding disputes with the South African Revenue Service;
- There are no undisclosed contingencies that could affect the value of African Phoenix; and
- Representations made by the Independent Board and African Phoenix management and their advisors during the course of forming this Opinion of the Independent Expert.

Appropriateness and reasonableness of underlying information and assumptions

We satisfied ourselves as to the appropriateness and reasonableness of the information and assumptions employed in arriving at our Opinion by:

- Placing reliance on audit reports in the financial statements of African Phoenix;
- Conducting analytical reviews on the historical financial results and the forecast financial information, such as key ratio and trend analyses, where applicable; and
- Determining the extent to which representations from African Phoenix management were confirmed by documentary and audited financial evidence, as well as our understanding of African Phoenix and the economic environment in which it operates.

Valuation results

In undertaking the valuation exercise of African Phoenix above, we determined a valuation range of the African Phoenix Shares of R0.95 to R1.06 per share, with a likely value or core value of R1.00 per share.

The Mandatory Offer falls below our concluded valuation range of African Phoenix.

The valuation above is provided solely in respect of this Opinion and should not be used for any other purposes.

Qualitative considerations

In arriving at our Opinion, we have also considered the following key qualitative considerations in evaluating the reasonableness of the Mandatory Offer and the Repurchase Offer:

- The rationale for both the Mandatory Offer and the Scheme, as set out in the Circular;
- The opinion of the Independent Board, as set out in the Circular;
- The Mandatory Offer is at a discount to the proposed consideration to be offered by African Phoenix to repurchase any shares pursuant to the Scheme; and
- The Mandatory Offer, if accepted, provides a liquidity event for shareholders.

Opinion

Nodus has considered the terms and conditions of the Mandatory Offer and, based on and subject to the conditions set out herein, is of the opinion that the terms and conditions of the Mandatory Offer based on quantitative considerations, are unfair to African Phoenix Shareholders.

Based on qualitative factors, we are of the opinion that the terms and conditions of the Mandatory Offer are unreasonable from the perspective of the African Phoenix Shareholders.

Our Opinion is necessarily based upon the information available to us up to the date of this letter, including in respect of the financial, market and other conditions and circumstances existing and disclosed to us at the date thereof. We have furthermore assumed that any conditions precedent, including any material regulatory and other approvals and consents required in connection with the Mandatory Offer will be timeously fulfilled or obtained.

Accordingly, it should be understood that subsequent developments may affect this opinion, which we are under no obligation to update, revise or re-affirm.

Independence, competence and fees

We confirm that we have no direct or indirect interest in African Phoenix nor do we have any relationship with African Phoenix or any person related to African Phoenix such as would lead a reasonable and informed third party to conclude that our integrity, impartiality or objectivity has been compromised by such relationship. We also confirm that we have the necessary competence and experience to provide the Fair and Reasonable Opinion and meet the criteria set out in section 114(2)(a) of the Companies Act.

Furthermore, we confirm that our professional fee of R100 000 (excluding VAT) is not contingent upon the success of the Mandatory Offer.

Consent

We consent to the inclusion of this letter and the reference to our Opinion in the Circular to be issued to the Shareholders of African Phoenix in the form and context in which it appears and in any required regulatory announcement or documentation.

Yours faithfully



Johan le Roux CA(SA)

Director: Nodus Capital TS (Proprietary) Limited

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