

AFRICAN EQUITY EMPOWERMENT INVESTMENTS LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 1996/006093/06)

ISIN: ZAE000195731

Share code: AEE

("AEEI" or "the Company" or "the Group")

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DECLARATION ANNOUNCEMENT REGARDING THE UNBUNDLING BY AEEI OF ITS SHAREHOLDING IN AYO TECHNOLOGY SOLUTIONS LIMITED

1 INTRODUCTION

- 1.1 Shareholders of AEEI ("**AEEI Shareholders**") are referred to the announcement published on the Stock Exchange News Service ("**SENS**") on 31 January 2023 wherein they were advised that the board of directors of AEEI ("**Board**") was deliberating the potential unbundling of one of the Company's assets. AEEI Shareholders are hereby advised that on 19 January 2023, the Board resolved to unbundle AEEI's entire shareholding in AYO Technology Solutions Limited ("**AYO**"), being 169 866 829 ordinary shares in AYO ("**AYO Shares**") to AEEI Shareholders ("**Unbundling**").
- 1.2 The Unbundling comprises the distribution of 49.36% of the total issued share capital of AYO, by way of a *pro rata* distribution *in specie*, in the ratio of 1 AYO Share for every 2.89 shares in AEEI ("**AEEI Shares**") held on the Unbundling record date. Based on AYO's current share price of R3.00, the value of the AYO Shares being distributed to AEEI Shareholders is approximately R509 600 487.00, which is equivalent to R1.04 per AEEI Share.
- 1.3 The implementation of the Unbundling is subject to the fulfilment of customary conditions precedent for transactions of this nature (such as obtaining the requisite regulatory approvals) and the approvals as specifically set out in paragraph 3 below, the last of which is expected to be obtained, and all conditions precedent consequently fulfilled by Tuesday, 20 June 2023. The purpose of this announcement is to provide AEEI Shareholders with declaration information on the implementation of the Unbundling in accordance with the Listings Requirements of the Johannesburg Stock Exchange Limited ("**JSE**") and the Companies Act, No. 71 of 2008 as amended ("**Companies Act**").
- 1.4 **This announcement comprises the formal transaction announcement in respect of the Unbundling and is intended to provide AEEI Shareholders with the full terms of the Unbundling. Prior to any AEEI Shareholder taking any action in respect of the Unbundling, AEEI Shareholders are advised to carefully consider the contents of this announcement in full, including the information to be incorporated in the Circular, and to only take action after having done so and subject to the passing of the Unbundling Resolution referred to in paragraph 3.1.1 below. If you are in doubt of what action you should take in respect of the Unbundling, please consult your broker, legal adviser, CSDP or other professional adviser.**

2 **IN SPECIE DISTRIBUTION DECLARATION**

2.1 Subject to the fulfilment of the outstanding conditions precedent, pursuant to the Unbundling by way of a *pro rata* distribution *in specie* in terms of section 46(1)(a)(ii) of the Companies Act and section 46 of the Income Tax Act, No. 58 of 1962 as amended ("**Income Tax Act**"), AEEI will unbundle 169 866 829 AYO Shares ("**Unbundled AYO Shares**"), comprising 49.36% of the issued ordinary share capital of AYO.

2.2 The Board has resolved to implement the Unbundling, subject to the fulfilment of the outstanding conditions precedent, in accordance with the provisions of AEEI's memorandum of incorporation and the expected salient dates and times set out in paragraph 5 below.

2.3 Subject to the terms and conditions set out herein, including the passing of the Unbundling Resolution, each AEEI Shareholder is expected to receive the Unbundled AYO Shares (which are listed on the securities exchange operated by the JSE), as a *pro rata* payment in terms of paragraph 5.85(b) of the JSE Listings Requirements, in the distribution entitlement ratio illustrated below:

For every 2.89 AEEI Shares => 1 Unbundled AYO Shares
Share code: AYO
ISIN: ZAE000252441

2.4 The distribution of the Unbundled AYO Shares to AEEI Shareholders in accordance with the distribution entitlement ratio set out above, could result in fractional entitlements for such AEEI Shareholders. Further detail on the treatment of fractional entitlements is set out in paragraph 6 below.

2.5 AEEI Shareholders who transfer or dispose of their AEEI Shares prior to the last day to trade AEEI Shares in order to participate in the Unbundling, currently expected to occur on Tuesday, 27 June 2023 will not participate in the Unbundling and will not receive the Unbundled AYO Shares.

2.6 The Unbundling will NOT involve an election on the part of AEEI Shareholders including a cash election and, accordingly, no AEEI Shareholders shall be entitled to elect to receive cash *in lieu* of their entitlement to receive the Unbundled AYO Shares in terms of the Unbundling.

2.7 Following the implementation of the Unbundling, AEEI and AYO will each remain listed on the Main Board of the JSE.

3 **SECTION 112 DISPOSAL**

3.1 AEEI Shareholders are further advised that the Unbundling constitutes a proposal to dispose of the greater part of the assets of AEEI in terms of section 112 of the Companies Act ("**Section 112 Disposal**"). Accordingly, the Unbundling is subject to, *inter alia*:

3.1.1 the TRP having issued a compliance certificate in relation to the Section 112 Disposal in terms of section 119(4) of the Companies Act;

3.1.2 the approval thereof by the requisite majority ("**Unbundling Resolution**"), being 75% of AEEI Shareholders (as contemplated in section 115(2) of the Companies Act) entitled to exercise voting rights, in general meeting, called for such purpose and at which sufficient persons are present to exercise, in aggregate at least 25% of all the voting rights that are entitled to be exercised in respect of the Unbundling; and

3.1.3 AEEI having obtained all such other statutory and regulatory approvals for the Section 112 Disposal (including but not limited to any approvals required by or from the JSE).

3.2 Accordingly, the Unbundling requires a circular to AEEI Shareholders ("**Circular**") incorporating, *inter alia*, *pro forma* financial effects of the Unbundling, a fairness opinion obtained from an independent expert and a notice to convene a general meeting of AEEI

Shareholders in order to consider and, if deemed fit to pass, with or without modification, the resolutions necessary to approve and implement the Unbundling.

The Circular containing full details of the Unbundling will be distributed to AEEI Shareholders in accordance with the expected salient dates and times set out in paragraph 5 below.

3.3 Independent Expert and Fairness Opinion

In accordance with regulation 90(1) of the Companies Regulations promulgated under the Companies Act (which includes the “**Takeover Regulations**” issued pursuant to sections 120 and 223 of the Companies Act) (“**Companies Regulations**”), AEEI’s independent board, consisting of Wils Raubenheimer (Chairperson), Bongikhaya Qama and Stephen Nthitsh (“**Independent Board**”), will appoint an independent expert who meets the requirements set out in section 114(2) of the Companies Act (“**Independent Expert**”) to issue an opinion regarding the Unbundling and to make appropriate recommendations to the Independent Board in the form of a fair and reasonable opinion as contemplated in sections 114(3) of the Companies Act and regulation 110(1) of the Companies Regulations on whether the Unbundling is fair and reasonable to Shareholders.

The substance of the external advice received from the Independent Expert and the views of the Independent Board will be detailed in the Circular referred to in paragraph 3.2 above.

4 RATIONALE FOR THE UNBUNDLING

4.1 AEEI constantly evaluates the optimal composition of its investment portfolio to ensure that it remains an attractive and appropriately rated permanent capital investment vehicle for AEEI Shareholders. It is important to AEEI to ensure that the portfolio composition is shaped by a long-term perspective on AEEI Shareholder value creation.

4.2 With three JSE-listed entities forming part of the AEEI group, namely AEEI, AYO and Premier Fishing and Brands Limited (“**AEEI Group**”), considerable administration constraints, costs and challenges are placed on AEEI and its constituents. The Board has resolved in favour of the Unbundling for reasons including, but not limited to, the following:

4.2.1 the creation of an efficient and agile corporate structure with regulatory robustness and structural alignment to AEEI’s strategy;

4.2.2 significant cost savings in terms of management fees and shared services; and

4.2.3 unlocking additional value for AEEI Shareholders as AEEI’s share price is currently trading below the net asset value.

5 SALIENT DATES AND TIMES

	2023
Record date for AEEI Shareholders to be recorded in the register in order to receive the Circular and notice of general meeting	Friday, 24 March
Circular incorporating the notice of general meeting and form of proxy distributed to AEEI Shareholders on	Friday, 31 March
Announcement of distribution of Circular and notice convening the general meeting published on SENS on	Friday, 31 March
Announcement of distribution of Circular and notice convening the general meeting published in the South African press on	Monday, 3 April
Last day to trade in AEEI Shares in order to be recorded in the register to vote at the general meeting on	Monday, 24 April

2023

Record date for AEEI Shareholders to be registered in the register in order to be eligible to attend and participate in the general meeting and to vote thereat, by close of trade on	Friday, 28 April
For administrative purposes, forms of proxy in respect of the general meeting to be lodged at the Transfer Secretaries by 10h00 on	Wednesday, 3 May
Last day for AEEI Shareholders to give notice to AEEI objecting, in terms of section 164(3) of the Companies Act, to the Unbundling to be able to invoke appraisal rights by 10h00 on	Friday, 5 May
General meeting to be held at 10h00 on	Friday, 5 May
Results of the general meeting published on SENS on	Friday, 5 May
Results of the general meeting published in the South African press on	Monday, 8 May
Last date on which AEEI Shareholders who voted against the Unbundling may require AEEI to seek court approval in terms of section 115(3)(a) of the Companies Act, but only if the Unbundling was opposed by at least 15% of the voting rights exercised thereon	Friday, 12 May
Last date on which AEEI Shareholders who voted against the Unbundling may make application to the court in terms of section 115(3)(b) of the Companies Act for leave to apply for a review of the Unbundling	Friday, 19 May
Finalisation announcement published on SENS on	Tuesday, 20 June
Finalisation announcement published in the South African press on	Wednesday, 21 June
Last day to trade AEEI Shares in order to be recorded in the register to participate in the Unbundling (" Unbundling LDT ")	Tuesday, 27 June
Shares trade 'ex' the entitlement to the Unbundled AYO Shares	Wednesday, 28 June
Announcement in respect of the apportionment of base costs of AEEI and the cash value of fractional entitlements in relation to the Unbundling for taxation purposes	Thursday, 29 June
Unbundling record date (" Unbundling Record Date ")	Friday, 30 June
Announcement in respect of the closing price after market closes	Friday, 30 June
Completion date - AEEI Shareholder CSDP or broker accounts updated to reflect the Unbundled AYO Shares and payment of fractional entitlement	Monday, 3 July
Unbundled AYO Share certificates posted by registered post at the risk of such certificated AEEI Shareholders on or about	Monday, 3 July

Notes:

1. The above dates and times are subject to such changes as may be agreed to and approved by the TRP and/or the JSE, if required.

2. Completed forms of proxy and the authority (if any) under which they are signed must be (i) lodged with, posted or emailed to the Transfer Secretaries, JSE Investor Services Proprietary Limited, at Fifth Floor, One Exchange Square, Gwen Lane, Sandown, 2196 (PO Box 4844, Johannesburg, 2000), or via email at meetingservices@jseinvestorservices.co.za, to be received by them, for administrative purposes, by no later than 10:00 on Wednesday, 3 May 2023 or (ii) thereafter emailed to the Transfer Secretaries at the aforementioned email address (for the attention of the chairperson of the general meeting) at any time before the proxy exercises any rights of the AEEI Shareholder at such general meeting.
3. AEEI Shareholders should note that, as trade in AEEI Shares on the JSE is settled in the electronic settlement system used by Strate, settlement of trades takes place 3 (three) Business Days after the date of such trades. Therefore, AEEI Shareholders who acquire AEEI Shares on the JSE after the voting last day to trade, expected to be on Monday, 24 April 2023 being the last day to trade in AEEI Shares so as to be recorded in the register on the Unbundling voting record date, will not be entitled to vote at the General Meeting.
4. AEEI Shareholders who wish to exercise their appraisal rights should refer to the relevant Annexure to the Circular for purposes of determining the relevant timing for the exercise of their appraisal rights.
5. The exercise of appraisal rights may result in changes to the above salient dates and times and AEEI Shareholders will be notified of the applicable dates and times resulting from any such changes.
6. AEEI Shareholders who wish to exercise their right in terms of section 115(3) of the Companies Act, to require the approval of a court for the Unbundling should refer to the relevant Annexure to the Circular which will include an extract of section 115 of the Companies Act. Should AEEI Shareholders exercise their rights in terms of section 115(3) of the Companies Act, the dates and times set out above may change, in which case an updated timetable will be released on SENS.
7. Dematerialised AEEI Shareholders, other than those with own-name registration, will be required to provide their CSDP or broker with their instructions for voting at the general meeting by the cut-off time and date stipulated by their CSDP or broker in terms of their respective Custody Agreements between them and their CSDP or broker.
8. No dematerialisation or rematerialisation of AEEI Shares may take place from the commencement of business on the Business Day following the Unbundling LDT up to and including the Unbundling Record Date. The Unbundling LDT is expected to be on Tuesday, 27 June 2023.
9. If the general meeting is adjourned or postponed, the above dates and times will change, but the forms of proxy submitted for the initial general meeting will remain valid in respect of any adjournment or postponement of the general meeting.
10. Although the salient dates and times are stated to be subject to change, such statement shall not be regarded as consent or dispensation for any change to time periods which may be required in terms of the Companies Act, the Companies Regulations and the JSE Listings Requirements, where applicable, and any such consents or dispensations must be specifically applied for and granted.
11. All times referred to in this Circular are references to South African Standard Time.

6 FRACTIONAL ENTITLEMENTS, CASH PROCEEDS AND APPLICABLE RATE

- 6.1 Applying the distribution entitlement ratios in the Unbundling may result in fractional entitlements for AEEI Shareholders to the Unbundled AYO Shares. In accordance with the JSE Listings Requirements, such fractional entitlements will be rounded down to the nearest whole number resulting in allocations of whole Unbundled AYO Shares and a cash payment in respect of the fractional entitlements to AEEI Shareholders being credited to AEEI Shareholders' accounts held at their CSDP or broker.
- 6.2 AEEI Shareholders will accordingly be paid the cash proceeds (net of any applicable taxes (such as securities transfer tax) or costs) of the sale of the fractional entitlements to the Unbundled AYO Shares on the basis outlined below. In accordance with the JSE Listings Requirements, this amount will be determined with reference to the volume weighted average price in Rand of AYO Shares traded on the JSE on Wednesday, 28 June 2023, being the first

trading day “ex” the entitlement to participate in the Unbundling, reduced by 10% (“**Cash Proceeds**”).

- 6.3 AEEI has set aside the necessary funds to pay the Cash Proceeds and has made the required application for dispensation under section 119(6) of the Companies Act to be exempted from regulations 111(4) and 115(5) of the Companies Regulations.
- 6.4 The Cash Proceeds will be paid: (i) by AEEI to the relevant registered certificated AEEI Shareholders; and (ii) by a nominee or CSDP to the relevant AEEI Shareholders that hold their AEEI Shares in uncertificated form within a nominee account or within a CSDP.
- 6.5 The actual price used to calculate the Cash Proceeds will be announced by AEEI on SENS on Thursday, 29 June 2023.

7 **PRO FORMA FINANCIAL EFFECTS OF THE UNBUNDLING**

- 7.1 The summarised *pro forma* financial effects (“**pro forma financial effects**”) of the Unbundling are the responsibility of the Board, have not been reviewed or audited by AEEI’s external auditors, Crowe JHB and Thawt Inc, and have been prepared for illustrative purposes only to provide information about how the Unbundling may have affected AEEI’s year end results and financial position for the 12 months ended 30 August 2022 and, because of its nature, may not give a fair presentation of the AEEI financial position, changes in equity, results of operations or cash flows after the Unbundling nor the effect of the Unbundling on AEEI’s results of operations.
- 7.2 The *pro forma* financial effects have been prepared in a manner consistent in all respects with International Financial Reporting Standards, the accounting policies adopted by AEEI as at 30 August 2022, the SAICA Guide on *Pro Forma* Financial Information and the JSE Listings Requirements.
- 7.3 The table below sets out the *pro forma* financial effects of the Unbundling on AEEI as at 31 August 2022 and the assumptions used in the preparation thereof.

	Audited Group to 31 August 2022 before the Unbundling R'000	AEEI Group after the Unbundling R'000	% Change
Loss before tax	(330 829)	(1 183 292)	-258% ¹
Normalised (losses) / profit before tax reconciliation	(152 853)	88 716	158% ²
Basic earnings per share (cents)	(45,78)	(237,06)	-418% ³
Headline (loss)/profit	(182 452)	100 155	155% ⁴
Headline (loss)/profit per share (cents)	(37,16)	20,40	155% ⁵
Normalised headline(loss)/profit	(12 560)	107 911	959% ⁶
Normalised headline (loss)/profit per share (cents)	(2,56)	21,98	959% ⁷
Net asset value per share (cents)	993,32	398,87	-60% ⁸
Total assets	6 029 757	2 283 790	-62% ⁹
Number of ordinary shares in issue at period end ('000)	491 022	491 022	

Weighted average number of shares at period end ('000)	491 022	491 022
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Notes:

1. The disposal of the AYO subsidiary will result in a loss on disposal of R1.9 billion. This loss, when taken into account, results in an increase in losses before tax.
2. The effects of the Unbundling, excluding the accounting loss of the disposal of the AYO subsidiary, will see the Group generating net profit before tax compared to the loss incurred before the Unbundling
3. Basic losses per share increase to a loss per share of 237.06 cents from a loss of 45.78 cents per share. The loss was due to the accounting effect of the loss on disposal, from the unbundling of the AYO subsidiary.
4. The Unbundling will see the Group generating a headline profit of R100 million, an improvement from the current headline loss of R182 million as the Group will have lower impairment losses.
5. The Unbundling has a positive impact on headline profits as the Group will be able to generate a headline profit per share of 20.40 cents, an improvement from the current headline loss per share of 37.16 cents due to the increase in net profit and lower impairment expenses.
6. The improvement in normalised earnings reflects the effects of the Unbundling after adjusting for the loss on the disposal of AYO. The Group will be able to generate profits because of the reduction in operating expenditure.
7. Normalised earnings per share after the Unbundling reflects a profit per share of 21.98 cents, an improvement from the current loss per share of 2.56 cents. This is due to a decrease in operating expenditure in the continuing operations of the Group after the Unbundling.
8. The net asset value per share of the Group will decrease by 60% as a result of the Unbundling, as the Group's investments have not been spared from the negative impact that the COVID-19 pandemic has had all global markets. After the Unbundling, the investments of the Group remain impaired to reflect the prevailing reality of the global economic recession. A reduction in cash balances contributes to the decrease in net asset value after the Unbundling, a position which the Board is taking measures to improve.
9. The total assets of the Group will decrease by 62% as a result of the Unbundling. Despite this effect, the assets of the Group will be in excess of the liabilities of the Group. The working capital of the Group will also be adequate for ordinary business purposes for a period of 12 months. The Group will be able, in the ordinary course of business, to pay its debts for a period of 12 months after the Unbundling.

8 EXCHANGE CONTROL REGULATION

8.1 Summary

- 8.1.1 This summary is based on the laws in force and applied in practice as at the date of this announcement and is subject to changes to those laws and practices subsequent to such date.
- 8.1.2 The following summary does not constitute advice, is intended as a guide only and is not a comprehensive statement of the applicable exchange control regulations as read with the Currency and Exchanges Manual for Authorised Dealers ("**AD Manual**"). AEEI Shareholders who have any queries regarding exchange control related matters should contact their own professional advisers without delay. The Unbundled AYO Shares are not freely transferable from the Common Monetary Area (defined below) and must be dealt with in terms of the South African Exchange Control Regulations, 1961, as amended ("**Exchange Control Regulations**") as read with the AD Manual (together, the "**Excon Rules**").
- 8.1.3 The concept of "emigration" as recognised by the Financial Surveillance Department of the South African Reserve Bank ("**SARB**") is being phased out with effect from 1 March 2021 and is replaced by a verification process. Exchange Control Circular 6/2021 dated 26 February 2021 and Circular 8/2021 dated 21 May 2021 set out the changes in relation to

emigrants and changes to the AD Manual with effect from 1 March 2021. Until 28 February 2021, the Excon Rules distinguished between residents, non-residents and emigrants. As of 1 March 2021, under the new framework, natural person residents and natural person emigrants are treated identically. To ensure a smooth transition from the old framework to the new framework, natural persons who applied to be emigrants under the old framework, by obtaining a MP336(b) form that was attested by an authorised dealer on or before 28 February 2021, will be dealt with in terms of the exchange control procedures relating to emigration for exchange control purposes prior to 1 March 2021 provided their emigration applications were approved on or before 28 February 2021. For the purposes of the Excon Rules:

- a resident means any person, being a natural person or a legal entity, who has taken up permanent residence, is domiciled or registered in South Africa;
- a non-resident is a person, being a natural person or a legal entity, whose normal place of residence, domicile or registration is outside the Common Monetary Area, consisting of South Africa, Namibia and the Kingdoms of Lesotho and eSwatini ("**Common Monetary Area**" or "**CMA**"); and
- an emigrant means a South African resident who has left South Africa to take up permanent residence or has been granted permanent residence in any country outside of the CMA. For purposes of the Excon Rules, a South African resident will only be regarded as an emigrant if they placed their emigration on record with the SARB under the exchange control policy which applied up to 28 February 2021.

8.1.4 AEEI Shareholders who are uncertain as to whether they are residents or non-residents or South African non-tax residents (emigrants) for purposes of the Excon Rules, are advised to approach their relevant Authorised Dealer to request confirmation.

8.2 **Emigrants from the CMA**

8.2.1 Any share certificates that may be issued by AYO in respect of the Unbundled AYO Shares to emigrants from the CMA will be endorsed "non-resident" in accordance with the Excon Rules.

8.2.2 Uncertificated Unbundled AYO Shares will be credited directly to an AEEI Shareholder's emigrant share accounts at the CSDP or broker controlling its remaining portfolios and an appropriate electronic entry will be made in the relevant register reflecting a "non-resident" endorsement. The CSDP or broker will ensure that the emigrant adheres to the Excon Rules.

8.2.3 Any Unbundled AYO Shares issued in certificated form and Cash Proceeds based on an emigrants' Unbundled AYO Shares controlled in terms of the Excon Rules will be forwarded to the authorised dealer in foreign exchange controlling their remaining assets.

8.3 **Residents outside of the CMA**

8.3.1 Any share certificates that may be issued by AYO in respect of the Unbundled AYO Shares to non-residents of the CMA will be endorsed "non-resident" in accordance with the Excon Rules.

8.3.2 Uncertificated Unbundled AYO Shares will be credited directly to an AEEI Shareholder's non-resident share account at the CSDP or broker controlling their portfolios and an appropriate electronic entry will be made in the relevant register reflecting a "non-resident" endorsement. The CSDP or broker will ensure that the non-resident adheres to the Excon Rules.

8.3.3 Cash Proceeds due to non-residents are freely transferable from South Africa, subject to being converted into a currency other than Rand or paid for the credit of a non-resident Rand account.

9 **TAXATION**

9.1 This summary is a general and non-exhaustive commentary on certain South African tax consequences of the Unbundling and is intended to be used only as a general guide and does not constitute legal or tax advice nor is it intended to constitute a complete analysis of the tax consequences of the Unbundling. AEEI and its advisers cannot be held responsible for the taxation consequences of the Unbundling, and therefore, it is recommended that in order for an AEEI Shareholder to obtain certainty on their tax position, they should consult an independent professional adviser immediately.

9.2 **Certain South Africa tax considerations for AEEI and the AEEI Shareholders**

The Unbundling will constitute a disposal by AEEI of all of the Unbundled AYO Shares to the AEEI Shareholders. It is expected that the disposal should qualify as an "unbundling transaction" as contemplated in section 46 of the Income Tax Act, which, subject to the considerations set out below, allows for a tax neutral implementation of the Unbundling from an income tax, capital gains tax ("CGT"), dividends tax and securities transfer tax ("STT") perspective for certain AEEI Shareholders. A more detailed explanation of the application of section 46 of the Income Tax Act and some important considerations for AEEI Shareholders are set out below:

9.3 **Disposal of the Unbundled AYO Shares**

9.3.1 AEEI holds the Unbundled AYO Shares as capital assets.

9.3.2 Subject to the application of section 46(7) of the Income Tax Act, the distribution of the Unbundled AYO Shares by AEEI, in terms of the Unbundling, will be disregarded by AEEI in determining its taxable income or assessed loss in the tax year that the Unbundling takes place.

9.3.3 If AEEI distributes the Unbundled AYO Shares to AEEI Shareholders who constitute "disqualified persons" as contemplated in section 46(7) of the Income Tax Act, the Unbundling may attract tax (CGT) in the following instance:

9.3.3.1 where such AEEI Shareholder(s) holds in excess of 5% of the AEEI Shares; and

9.3.3.2 the market value of the Unbundled AYO Shares exceed the tax cost / expenditure thereof.

For this purpose, a "disqualified person" is defined to mean:

9.3.3.3 a person that is non-resident in South Africa;

9.3.3.4 the government of the Republic in the national, provincial or local sphere, contemplated in section 10(1)(a) of the Income Tax Act;

9.3.3.5 a public benefit organisation as defined and approved in terms of section 30 of the Income Tax Act;

9.3.3.6 a recreational club as defined and approved in terms of section 30A of the Income Tax Act;

9.3.3.7 a company or trust contemplated in section 37A of the Income Tax Act;

9.3.3.8 a fund contemplated in section 10(1)(d)(i) of (ii) of the Income Tax Act; or

9.3.3.9 a person contemplated in section 10(1)(cA) or (t) of the Income Tax Act.

9.4 AEEI's expenditure in respect of the Unbundled AYO Shares is as follows:

an average cost per share of R0.46 per Unbundled AYO Share.

9.5 Consequently, if:

9.5.1 an AEEI Shareholder holds in excess of 5% of the AEEI Shares and is considered a "disqualified person"; and

9.5.2 the market value of the Unbundled AYO Shares, at the end of the day after the last day to trade, exceeds the expenditure set out in paragraph 9.4 above,

then AEEI will realise a capital gain on the difference between the market value of the Unbundled AYO Shares and such expenditure.

9.6 **AEEI Shares held as trading stock**

9.6.1 Any AEEI Shareholder holding AEEI Shares as trading stock will be deemed to acquire the Unbundled AYO Shares as trading stock.

9.6.2 The AEEI Shareholder must allocate a portion of the expenditure in respect of, and the market value of, the AEEI Shares to the Unbundled AYO Shares and reduce the expenditure in respect of and the market value of the AEEI Shares.

9.6.3 The expenditure to be allocated to the Unbundled AYO Shares will be determined by applying the ratio that the market value of Unbundled AYO Shares as at the end of the day after the last day to trade, bears to the sum of the market value, at the end of that day, of the AEEI Shares and the Unbundled AYO Shares.

9.6.4 This allocation of expenditure to the Unbundled AYO Shares will reduce the expenditure of the AEEI Shares held, thus allocating the expenditure between the AEEI Shares and the Unbundled AYO Shares.

9.7 **AEEI Shares held as capital assets**

9.7.1 Any AEEI Shareholder holding AEEI Shares as capital assets will be deemed to acquire the Unbundled AYO Shares as capital assets.

9.7.2 The AEEI Shareholder must allocate a portion of the expenditure in respect of and the market value of the AEEI Shares to the Unbundled AYO Shares and reduce the expenditure in respect of, and the market value of, the AEEI Shares.

9.7.3 The expenditure to be allocated to the Unbundled AYO Shares will be determined by applying the ratio that the market value of Unbundled AYO Shares as at the end of the day after the last day to trade, bears to the sum of the market value, at the end of that day, of the AEEI Shares and the Unbundled AYO Shares.

9.7.4 The expenditure (and CGT valuation, where applicable) so allocated to the Unbundled AYO Shares will reduce the expenditure (and CGT valuation, where applicable) of the AEEI Shares held, thus allocating this cost history between the AEEI Shares and the Unbundled AYO Shares.

9.7.5 AEEI Shareholders will be deemed to have acquired the Unbundled AYO Shares on the date on which the AEEI Shares were originally acquired.

9.8 **Dividends tax and returns of capital**

In terms of sections 46(5) and 46(5A) of the Income Tax Act, the distribution of the Unbundled AYO Shares must be disregarded in determining liability for dividends tax and must not be treated as a return of capital for the purposes of paragraph 76B of the Eighth Schedule to the Income Tax Act. To the extent that section 46(7) of the Income Tax Act (see paragraph 9.3 above) is applicable, the normal dividends tax rules will be applicable to determine if AEEI or the disqualified person will be subject to dividends tax. If AEEI is subject to dividends tax, the amount of the tax payable must also be added to the expenditure to be allocated as between the AEEI Shares and the Unbundled AYO Share.

9.9 **Securities transfer tax**

The distribution of the Unbundled AYO Shares to all AEEI Shareholders will be exempt from the payment of any STT.

9.10 **Cost apportionment announcement**

AEEI will advise the AEEI Shareholders, by way of an announcement to be released on SENS on or about Thursday, 29 June 2023, of the expenditure to be added to their Unbundled AYO Shares. The allocated expenditure must be used in the determination of any profits or losses derived on any future disposals of the Unbundled AYO Shares or AEEI Shares.

9.11 **Disqualified person shareholder(s)**

The tax consequences outlined in paragraphs 9.2 and 9.3 above, may apply differently in respect of any AEEI Shareholder who is considered a "disqualified person" for purposes of section 46(7) of the Income Tax Act.

9.12 **Non-resident shareholders**

Shareholders who are non-resident for tax purposes in South Africa are advised to consult their own professional tax adviser regarding the tax treatment of the Unbundling in their respective jurisdictions, having regard to the tax laws in their jurisdiction and any applicable tax treaties between South Africa and their country of residence.

9.13 **Finalisation of the Unbundling may create a tax liability for AEEI Shareholders in certain jurisdictions or give rise to other unanticipated tax consequences**

Tax law and practice can be subject to differing interpretations and, in some jurisdictions, the tax authorities are entitled to exercise discretion in how the tax law should be applied in certain cases. Consequently, AEEI is not able to guarantee that the tax authorities in each jurisdiction in which AEEI Shareholders may be subject to tax will interpret or apply the relevant tax law and practice in a favourable way and this may give rise to adverse consequences.

10 **OVERSEAS AEEI SHAREHOLDERS**

10.1 The following summary describes the restrictions applicable to AEEI Shareholders pursuant to the Unbundling who have registered addresses outside of South Africa, who are nationals, citizens or residents of countries other than South Africa ("**Overseas AEEI Shareholders**"), or who are persons (including, without limitation, custodians, nominees and trustees) who have a contractual or legal obligation to forward this announcement to a jurisdiction outside South Africa or who hold AEEI shares for the account or benefit of any such Overseas AEEI.

10.2 The Unbundling will be implemented as a *pro rata* distribution *in specie* for no consideration to all AEEI Shareholders recorded as such in the register of AEEI on the Record Date.

10.3 It is the responsibility of any Overseas AEEI Shareholder (including, without limitation, nominees, agents and trustees for such persons) being notified by this announcement of the Unbundling and wishing to take up their entitlement to the Unbundled AYO Shares to satisfy themselves as to the full observance of the applicable laws of any relevant territory, including obtaining any requisite governmental or other consents, observing any other requisite law, requirements or formalities and paying any issue, transfer or other taxes due in such territories.

10.4 Accordingly, persons (including, without limitation, nominees, agents and trustees) being notified in terms of this announcement should not distribute or send the announcement to any person in, or citizen or resident of, or otherwise into any jurisdiction where to do so would or might contravene applicable law or regulation, including local securities laws or regulations. Any person who distributes this announcement into any such territory (whether under a contractual or legal obligation or otherwise) should draw the recipient's attention to the contents of this paragraph. Overseas AEEI Shareholders are obliged to observe the applicable legal requirements of their relevant jurisdictions.

10.5 No action has been taken by AEEI to obtain any approval, authorisation or exemption to permit the distribution of the Unbundled AYO Shares or the possession or distribution of this announcement in any jurisdiction other than South Africa.

- 10.6 The distribution of the Unbundled AYO Shares to Overseas AEEI Shareholders in terms of the Unbundling may be affected by the laws of such Overseas AEEI Shareholders' relevant jurisdiction. Overseas AEEI Shareholders should consult their professional advisers as to whether they require any governmental or other consent or need to observe any other formalities to enable them to take up their entitlements with respect to the Unbundled AYO Shares.
- 10.7 AEEI reserves the right, but shall not be obliged, to treat as invalid any transfer of Unbundled AYO Shares in terms of the Unbundling, which appears to AEEI or its agents to have been executed, effected or dispatched in a manner which may involve a breach of the securities laws or regulations of any jurisdiction; or if AEEI believes (in its discretion) or its agents believe, that the same may violate applicable legal or regulatory requirements; or if AEEI believes (in its discretion) that it is prohibited or unduly onerous or impractical to transfer the AYO Shares to such Overseas AEEI Shareholder in terms of the Unbundling.
- 10.8 If an Overseas AEEI Shareholder is of the view that the transfer of the Unbundled AYO Shares in terms of the Unbundling to such Overseas AEEI Shareholder may involve a breach of the securities laws or regulations or violate applicable legal or regulatory requirements, such Overseas AEEI Shareholder must as soon as reasonably practicable notify their CSDP or broker of such fact or circumstance.
- 10.9 AEEI shall be entitled (in its discretion), including in either of the aforementioned instances, to do all things necessary or desirable to ensure compliance with applicable law and/or regulation including selling the Unbundled AYO Shares that would otherwise have been transferred to the Overseas AEEI Shareholder under the Unbundling on behalf of the Overseas AEEI Shareholder and at their risk, with the net proceeds of such sale (after deduction of any applicable taxes which may in this instance include STT, withholdings or costs) to be paid to the Overseas AEEI Shareholder. In this regard, the Unbundled AYO Shares may be aggregated and disposed of on the JSE in an orderly manner by the AEEI Transfer Secretaries on behalf of and for the benefit of such Overseas AEEI Shareholders as soon as is reasonably practical after the implementation of the Unbundling at the best price that can reasonably be obtained at the time of sale.

Please refer to the important disclaimers at the end of this announcement for additional information that may be applicable to certain Overseas AEEI Shareholders.

11 FURTHER INFORMATION REGARDING AEEI AND AYO

To access further information regarding AEEI and AYO, AEEI Shareholders are referred to the following documents, which are incorporated by reference, into, and form part of, this announcement:

11.1 AEEI

Reference document	Information incorporated by reference into this announcement
AEEI's integrated report for the financial year ended 31 August 2022	All information in the reference document
AEEI's unaudited interim results for the six months ended 28 February 2022	All information in the reference document
AEEI's integrated report for the financial year ended 31 August 2021	All information in the reference document
AEEI's unaudited interim results for the six months ended 28 February 2021	All information in the reference document
AEEI's integrated report for the financial year ended 31 August 2020	All information in the reference document

Please note that electronic copies of all the above documents are available on AEEI's website at <https://aeei.co.za>.

11.2 AYO

Reference document	Information incorporated by reference into this announcement
AYO's integrated report for the financial year ended 31 August 2022	All information in the reference document
AYO's unaudited interim results for the six months ended 28 February 2022	All information in the reference document
AYO's integrated report for the financial year ended 31 August 2021	All information in the reference document
AYO's unaudited interim results for the six months ended 28 February 2021	All information in the reference document
AYO's integrated report for the financial year ended 31 August 2020	All information in the reference document

Please note that electronic copies of all the above documents are available on AYO's website at <https://ayotsl.com/>.

12 WITHDRAWAL OF CAUTIONARY

AEEI Shareholders are advised that, as a result of the publication of this announcement, the cautionary announcement relating to the Unbundling has been withdrawn and caution is no longer required to be exercised by AEEI Shareholders in respect thereof when dealing in their AEEI Shares.

13 INDEPENDENT BOARD RESPONSIBILITY STATEMENT

The Independent Board accepts responsibility for the information contained in this announcement insofar as it relates to details in respect of AEEI and the Unbundling. To the best of the Independent Board's knowledge and belief, such information is true and this announcement does not omit anything likely to affect the importance of such information.

Cape Town
6 March 2023

Transaction adviser and Sponsor



Vunani Capital Sponsors

Joint Sponsor



Merchantec Capital

Legal adviser



Disclaimers

Subject to any applicable law or regulations, AEEI Shareholders should note that in the event that any difficulty arises in connection with the Unbundling, AEEI may settle that difficulty as it, in its sole discretion, deems expedient.

The release, publication or distribution of this announcement in jurisdictions other than South Africa may be restricted by law and therefore persons into whose possession this announcement may come should inform themselves about, and observe, any such applicable restrictions or requirements. Any failure to comply with such restrictions or requirements may constitute a violation of the securities laws and regulations of any such jurisdiction. To the fullest extent permitted by applicable law, the Company disclaims any responsibility or liability for the violation of any restrictions or requirements by any person.

This announcement is for information purposes only and is not, and should not be construed as to constitute, an offer to sell or the solicitation of an offer to buy securities and neither this document nor anything herein nor any copy thereof may be taken into or distributed, directly or indirectly, in or into any jurisdiction in which to do so would be prohibited by applicable law. In South Africa, the information contained in this announcement does not constitute or form a part of any offer to the public for the sale of, or subscription for, or an invitation, advertisement or the solicitation of an offer to purchase and/or subscribe for, securities as defined in and/or contemplated by the Companies Act. Accordingly, this announcement does not, nor does it intend to, constitute a "registered prospectus" or an advertisement relating to an offer to the public, as contemplated by the Companies Act and no prospectus has been, or will be, filed with the South African Companies and Intellectual Property Commission in respect of this announcement.

Notice to US AEEI Shareholders

This announcement is not an offer of any securities for sale in the United States. The Unbundled AYO Shares have not been and will not be registered under the US Securities Act of 1933 (US Securities Act), or with any securities regulatory authority of any state or other jurisdiction in the United States and may not be offered, sold, exercised, transferred or delivered, directly or indirectly, in or into the United States at any time except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and applicable state and other securities laws of the United States.

The Unbundled AYO Shares are expected to be distributed to AEEI Shareholders by way of an unbundling constituting a transaction meeting the conditions of Staff Legal Bulletin No. 4 of the staff of the US Securities and Exchange Commission for "spin-off" transactions. All Overseas AEEI Shareholders located in the US are therefore eligible to receive the Unbundled AYO Shares.

The Unbundled AYO Shares have not been and will not be listed on a US securities exchange or quoted on any inter-dealer quotation system in the United States. Neither AEEI nor AYO intends to take any action to facilitate a market in the Unbundled AYO Shares in the United States. Consequently, it is unlikely that an active trading market in the United States will develop for the Unbundled AYO Shares.

The Unbundled AYO Shares have not been approved or disapproved by the United States Securities and Exchange Commission, any state securities commission in the United States or any other regulatory authority in the United States, nor have any of the foregoing authorities passed comment upon, or endorsed the merit of, the Unbundling or the accuracy or the adequacy of this announcement. Any representation to the contrary is a criminal offence in the United States. AEEI Shareholders with a registered address in the United States should consult their own legal and tax advisers with respect to the legal and tax consequences of the Unbundling in their particular circumstances.

Notice to AEEI Shareholders located in Canada

This announcement does not constitute an offer for the sale or distribution of any Unbundled AYO Shares in Canada. All AEEI Shareholders located in Canada will not receive any Unbundled AYO Shares and will be dealt on the basis outlined in paragraph 8 above.

Notice to AEEI Shareholders in the European Economic Area (EEA) and the UK

This announcement is not a prospectus, as such term is defined in the Prospectus Regulation (EU) 2017/1129, on the basis that the Unbundled AYO Shares are not being admitted to trading on a regulated market situated or operating within the EEA or the UK. Accordingly, any person making or intending to make any offer for Unbundled AYO Shares should do so in circumstances in which no obligation arises for AEEI or AYO to produce a prospectus for such offer. None of AEEI or AYO has authorised the making of any offer of Unbundled AYO Shares through any financial intermediary.

Notice to AEEI Shareholders located in Australia

The Unbundling is not regulated by the fundraising provisions of the Australian Corporations Act of 2001 (Cth). Accordingly, this announcement is not a prospectus and has not been lodged with or reviewed by the Australian Securities and Investments commission.

The Unbundled AYO Shares have not been and will not be quoted on ASX Limited or any other Australian securities exchange. None of AEEI, or AYO intends to take any action to facilitate a market in the Unbundled AYO Shares in Australia. Consequently, it is unlikely that an active trading market in Australia will develop for the Unbundled AYO Shares.

Notice to AEEI Shareholders located in Japan

This announcement does not and will not constitute or form part of, or be construed as, an offer, invitation or recommendation to purchase, sell or subscribe for any securities in Japan or solicitation of any offer to purchase, sell or subscribe for any securities in Japan. The Unbundled AYO Shares have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948 of Japan, as amended).

Notice to AEEI Shareholders in Switzerland

No Unbundled AYO Shares may be offered, sold or advertised directly or indirectly into or in Switzerland except in a manner that will not result in a public offering within the meaning of Article 652a or 1156 of the Swiss Code of Obligations. This announcement has not been prepared with regard to the disclosure standards for prospectuses under Article 652a or 1156 of the Swiss Code of Obligations, the listing rules of SIX Swiss Exchange or similar rules of other Swiss trading venues, and therefore does not constitute a prospectus within the meaning of Article 652a or 1156 of the Swiss Code of Obligations, the listing rules of SIX Swiss Exchange or similar rules of other Swiss trading venues. This announcement may not be distributed, published or otherwise made available in Switzerland except in a manner that will not constitute a public offering of the Unbundled AYO Shares.

Notice to AEEI Shareholders in South Korea

The Unbundled AYO Shares have not been, and will not be, registered under the Financial Investment Services and Capital Markets Act of South Korea and the regulations thereunder (FISCMA). Accordingly, the Unbundled AYO Shares may not be offered, sold, delivered or transferred, directly or indirectly, in South Korea or to, or for the account or benefit of, any resident of South Korea (as defined in FISCMA) except as otherwise permitted under applicable South Korean laws and regulations.

Notice to AEEI Shareholders in the People's Republic of China (PRC)

This announcement does not constitute a public offer of Unbundled AYO Shares, whether by way of sale or subscription, in the PRC. Except to the extent consistent with applicable laws and regulations in the PRC. The Unbundled AYO Shares are not being offered and may not be offered or sold, directly or indirectly, in the PRC to or for the benefit of, legal or natural persons of the PRC. According to the laws and regulations in the PRC, with the exception to the extent consistent with applicable regulations in the PRC, Unbundled AYO Shares may, subject to the laws and regulations of the relevant jurisdictions, only be offered or sold to non-PRC natural or legal persons in any jurisdiction other than the PRC.

General

The information contained in this announcement constitutes factual information as contemplated in Section 1(3)(a) of the Financial Advisory and Intermediary Services Act, No. 37 of 2002, as amended

(FAIS Act) and should not be construed as an express or implied recommendation, guide or proposal that any particular transaction in respect of the AEEI Shares or in relation to the business or future investments of AEEI, is appropriate to the particular investment objectives, financial situations or needs of a prospective investor, and nothing contained in this announcement should be construed as constituting the canvassing for, or marketing or advertising of, financial services in South Africa. AEEI is not a financial services provider licensed as such under the FAIS Act.

Forward-looking statements

This announcement contains statements about AEEI and the AEEI group of companies (“**the Group**”) that are, or may be, forward-looking statements. All statements (other than statements of historical fact) are, or may be deemed to be, forward-looking statements, including, without limitation, those concerning: strategy; the economic outlook for the industries in which AEEI and the Group operates or invests as well as markets generally; production; cash costs and other operating results; growth prospects and outlook for operations and/or investments, individually or in the aggregate; liquidity, capital resources and expenditure, statements in relation to the Unbundling, its implementation and the benefits of the Unbundling. These forward-looking statements are not based on historical facts, but rather reflect current expectations concerning future results and events and generally may be identified by the use of forward-looking words or phrases such as "believe", "aim", "expect", "anticipate", "intend", "foresee", "forecast", "likely", "should", "planned", "may", "estimated", "potential" or similar words and phrases. Examples of forward-looking statements include statements regarding a future financial position.

By their nature, forward-looking statements involve known and unknown risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. The Company cautions that forward-looking statements are not guarantees of future performance. Actual results, financial and operating conditions, returns and the developments within the industries and markets in which the Company and/or the Group operates and/or invests may differ materially from those made in, or suggested by, the forward-looking statements contained in this announcement. All these forward-looking statements are based on estimates, predictions and assumptions, as regards the Company and the Group, all of which estimates, predictions and assumptions, although the Company believes them to be reasonable, are inherently uncertain and may not eventuate or eventuate in the manner the Company expects. Factors which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied in those statements or assumptions include matters not yet known to the Company or not currently considered material by the Company.

Investors should keep in mind that any forward-looking statement made in this announcement or elsewhere is applicable only at the date on which such forward-looking statement is made. New factors that could cause the business of the Company and the Group not to develop as expected may emerge from time to time and it is not possible to predict all of them. Further, the extent to which any factor or combination of factors may cause actual results, performance, or achievement to differ materially from those contained in any forward-looking statement is not known. The Company has no duty to, and does not intend to, update, or revise the forward-looking statements contained in this announcement or any other information herein, except as may be required by law. Any forward-looking statement has not been reviewed nor reported on by the Company's external auditor or any other expert.