

AFRICAN EQUITY EMPOWERMENT INVESTMENTS LIMITED
(Incorporated in the Republic of South Africa)
Registration number 1996/006093/06
Share code: AEE ISIN: ZAE000195731
("AEEI" or "the Company")

DISPOSAL OF SHAREHOLDING IN BTSA AND WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT

1. Introduction

Shareholders of AEEI ("**Shareholders**") are advised that on 26 September 2023, Kilomix Investments Proprietary Limited ("**Kilomix**"), a wholly-owned subsidiary of AEEI, entered into a share repurchase agreement ("**Disposal Agreement**") with BT Communications Services South Africa Proprietary Limited ("**BTSA**"), a subsidiary of BT Limited ("**BT**"), in terms of which BTSA will acquire 30 000 ordinary shares, constituting 30% of the issued share capital of BTSA owned by Kilomix ("**BTSA Shares**"), for an aggregate amount of R290 million ("**Repurchase Price**") ("**the Disposal**").

2. Background to and rationale for the Disposal

Shareholders are referred to the announcements released on SENS on 5 November 2008 and 18 December 2008 regarding the acquisition by AEEI of the BTSA Shares.

BT and Kilomix own 70% and 30%, respectively, of the issued share capital of BTSA.

In terms of the shareholders agreement entered into on or about 4 November 2008 between BT, BTSA, Kilomix and AEEI ("**Shareholders Agreement**"), BT has an option ("**BT Call Option**") for it or its nominee to purchase the BTSA Shares held by Kilomix upon the occurrence of certain events.

Shareholders are further referred to the cautionary announcement released on SENS on 4 June 2021, and to the subsequent renewal of cautionary announcements, the last of which was published on 21 September 2023, regarding the dispute between Kilomix and BT over the BT Call Option and which dispute has been the subject matter of an arbitration under the rules of the International Chamber of Commerce International Court of Arbitration ("**ICC Arbitration**").

The board of directors of AEEI ("**the Board**") is of the view that, regardless of Kilomix's prospects of success in the ICC Arbitration, the shareholder relationship with BT has broken down irretrievably and, being a minority shareholder in BTSA, Kilomix (and, indirectly, AEEI) would have minimal influence over the business of BTSA going forward. Therefore, a decision was taken to preserve Shareholder value by unlocking cash reserves for growth, and to limit further advisory and legal costs.

Accordingly, Shareholders are hereby advised that BT, BTSA, Kilomix and AEEI ("**the Parties**") have agreed to settle the dispute ("**Settlement**") and consequently, on 26 September 2023, entered into a settlement agreement ("**Settlement Agreement**"), the salient terms

of which are set out in paragraph 3 below.

3. Settlement Agreement

The Parties have agreed to the Settlement on the basis that BTSA will repurchase, and Kilomix will sell, the BTSA Shares held by Kilomix ("**Repurchase Shares**") for the Repurchase Price, subject to the Disposal Agreement becoming unconditional in accordance with its terms by not later than 19 December 2023, or such later date as the Parties may determine in writing ("**Settlement Condition Precedent Fulfilment Date**"), in accordance with the terms and subject to the conditions set out in the agreement ("**Settlement Condition Precedent**").

The effective date of the Disposal will be immediately following the fulfilment of the Settlement Condition Precedent.

The Settlement Agreement constitutes the full and final settlement of any and all claims and disputes between the Parties, including any other company in either the Sekunjalo Group ("**Sekunjalo**") or the BT Group ("**BT Group**"), of whatsoever nature and howsoever arising between the Parties.

In terms of the Settlement Agreement, amongst other things:

- Kilomix undertakes to withdraw the action instituted in the High Court of South Africa, Gauteng Local Division, Johannesburg, under case no. 2023/066603, against BTSA, BT and certain other parties ("**High Court Litigation**"); and
- each Party, undertakes (and each Party shall procure that each company in the BT Group and the Sekunjalo Group, respectively, undertakes) not to institute any further claims of whatsoever nature against the other Party (which includes reference to the BT Group and the Sekunjalo Group, and their respective employees, directors and prescribed officers) arising from or relating to the subject matter of the ICC Arbitration and/or the High Court Litigation and/or matters related thereto.

4. Nature of the BTSA business

BTSA is the main operating entity of multinational, BT, in South Africa and the regional head office for the Sub-Saharan Africa region. BTSA supports multi-national ICT outsourcing contracts and provides local data and voice outsourcing solutions, global frame and multiprotocol label switching services.

5. Conditions Precedent to the Disposal and effective date

The Disposal is subject to the fulfilment by not later than 19 December 2023, or such later date as the parties to the Disposal Agreement may determine in writing ("**Disposal Condition Precedent Fulfilment Date**"), of the requisite regulatory and shareholder approvals ("**Disposal Condition Precedent**").

The effective date of the Disposal will be the second business day following the fulfilment of the Disposal Condition Precedent ("**Disposal Effective Date**").

6. Financial Information

The value of the net assets of BTSA as at 28 February 2023, being the date of the Company's most recent interim financial results, was R1 344 656 000.

The profits attributable to BTSA for the six months ended 28 February 2023 was R141 710 000, based on the interim financial results for the Company.

The aforementioned interim financial statements are unreviewed and unaudited, and were prepared in terms of IFRS.

7. Application of the sale proceeds

The Board is yet to decide on how the sales proceeds will be utilised. Currently, various applications of the proceeds are being considered which include but are not limited to the declaration of a special dividend. Shareholders will be updated on how the proceeds will be utilised once the Board has made a definitive decision.

8. Classification of the Disposal and further documentation

The Disposal constitutes a category 1 transaction as contemplated in section 9 of the Listings Requirements of the JSE Limited. Accordingly, a circular containing full details of the Disposal including, *inter alia*, a notice to convene a general meeting of Shareholders in order to consider and, if deemed fit, to pass, with or without modification, the resolutions necessary to approve and implement the Disposal, will be distributed to Shareholders in due course.

The Disposal is not regarded as a disposal of the greater part of the assets or undertaking of the Company in terms of section 112 of the Companies Act, 2008 (Act 71 of 2008), as amended ("**Companies Act**"), and therefore does not constitute an "affected transaction" as defined in section 117(1)(c)(i) of the Companies Act.

9. Withdrawal of cautionary announcement

Shareholders are hereby advised that as the particulars of the Disposal have been set out in this announcement, caution is no longer required to be exercised by Shareholders when dealing in the Company's securities.

Cape Town
28 September 2023

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