

AFRICAN EQUITY EMPOWERMENT INVESTMENTS LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 1996/006093/06)

JSE share code: AEEI

ISIN: ZAE000195731

("AEEI" or "the Company")

ANNOUNCEMENT BY AEEI OF ITS FIRM INTENTION TO MAKE AN OFFER TO SHAREHOLDERS TO REPURCHASE THEIR SHARES AND THE SUBSEQUENT PROPOSED DELISTING OF AEEI FROM THE JSE

1. INTRODUCTION

- 1.1 Shareholders of AEEI ("**Shareholders**") are hereby advised that the board of directors of the Company ("**Board**") has resolved to propose a transaction ("**Transaction**") to Shareholders incorporating:
 - 1.1.1 an offer by AEEI to all "**Eligible Shareholders**", being all Shareholders other than Sekunjalo Investment Holdings Proprietary Limited ("**SIH**"), to acquire all of the AEEI ordinary shares ("**Shares**"), other than the 346 685 622 Shares held by SIH ("**Offer Shares**"), for a cash consideration of R1.15 per Share ("**Offer Consideration**") ("**Offer**"), in accordance with the provisions of sections 48 and 117(1)(c) of the Companies Act, 2008 (Act 71 of 2008) (as amended) ("**Companies Act**") and paragraphs 1.15 and 1.16 the Listings Requirements of the JSE Limited ("**JSE**"); and
 - 1.1.2 the subsequent delisting of the Shares from the JSE, subject to approval thereof by Eligible Shareholders at a general meeting ("**General Meeting**") in accordance with the provisions of paragraph 1.16 of the Listings Requirements ("**Delisting**").
- 1.2 AEEI will acquire the Offer Shares for the Offer Consideration which, in terms of section 114(2) of the Companies Act and paragraph 1.15(d) of the Listings Requirements, must be deemed by an independent expert acceptable to the JSE ("**Independent Expert**"), to be fair.
- 1.3 The Offer, which is an affected transaction as defined in section 117(1)(c) of the Companies Act, will be regulated by Chapter 5 of the Companies Act, Chapter 5 of the Companies Regulations, 2011, promulgated under the Companies Act (which includes the "**Takeover Regulations**" issued pursuant to sections 120 and 223 of the Companies Act) ("**Companies Regulations**") and the Takeover Regulation Panel ("**TRP**").
- 1.4 The content of this announcement ("**Firm Intention Announcement**") reflects AEEI's firm intention to make an offer to Eligible Shareholders as contemplated in the Takeover Regulations.
- 1.5 The purpose of this Firm Intention Announcement is to notify Shareholders of the Transaction and to inform them of the salient terms and conditions of the Offer and the Delisting.

2. THE OFFER AND OFFER CONSIDERATION

- 2.1 AEEI will acquire the Offer Shares, being a maximum of 144 336 812 Shares, in respect of which valid acceptances are received prior to the closing date of the Offer, for a total maximum Offer Consideration of R165 987 333.80.
- 2.2 The Offer will be subject to, *inter alia*, the condition that the Delisting, pursuant to the voluntary delisting provisions of the Listings Requirements, is approved by at least 75% of Shareholders present or represented by proxy at the General Meeting ("**Delisting Resolution**") and the JSE ("**Delisting Condition**").
- 2.3 The Offer Consideration shall be settled in full, in accordance with the terms of the Offer without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against an Eligible Shareholders.
- 2.4 The tax implications of the Offer are dependent upon the individual circumstances of the Eligible Shareholders and the tax jurisdiction applicable to such Eligible Shareholders. It is recommended that Eligible Shareholders seek appropriate professional advice in this regard.
- 2.5 The Offer will be implemented on the issuance of the compliance certificate by the TRP in terms of section 119(4) of the Companies Act.
- 2.6 The Delisting will occur pursuant to the Delisting Resolution being approved and the Offer being implemented.

3. BACKGROUND TO AND RATIONALE FOR THE OFFER

- 3.1 Shareholders are referred to the recent announcements released on SENS (and using the terms defined therein unless otherwise stated) regarding (i) the unbundling by AEEI of its investment in AYO Technology Solutions Limited as detailed in the circular to Shareholders dated 1 June 2023; and (ii) the proposed disposal by Kilomix, a wholly-owned subsidiary of AEEI, of its 30% shareholding in BTSA for R290 million. These transactions will reduce the NAV of the Company significantly.
- 3.2 In the current operating environment and given the illiquidity of the Shares, the Board is of the opinion that AEEI's remaining portfolio no longer warrants a listing on the JSE as it can no longer justify the costs and administrative burden of a listing relative to its benefits.

4. INDEPENDENT EXPERT AND FAIR AND REASONABLE OPINION

- 4.1 In accordance with the requirements of the Takeover Regulations, AEEI has constituted an independent board comprising Willem Raubenheimer, Bongikhaya Qama and Stephen Nthite ("**Independent Board**") for purposes of evaluating the terms and conditions of the Offer.
- 4.2 The Independent Board has appointed Exchange Sponsors Projects Proprietary Limited as the Independent Expert in terms of section 114(2) of the Companies Act, regulation 110 of the Companies Regulations and paragraph 1.15(d) of the Listings Requirements, as read with

Schedule 5 of the Listings Requirements, to provide the Independent Board with external advice in relation to the Offer and the Delisting, by way of a fair and reasonable opinion as required by and in compliance with the Companies Regulations and the Listings Requirements.

- 4.3 The Independent Expert's full report will be included in a circular to be issued to Shareholders ("**Circular**").

5. CONDITIONS TO THE TRANSACTION

- 5.1 The Offer shall be proposed by the Board (on recommendation of the Independent Board), in accordance with section 117(1)(c)(v) of the Companies Act, as read with the Companies Regulations.

- 5.2 The implementation of the proposed Transaction will be subject to the fulfilment of the following conditions precedent by no later than 29 February 2024:

5.2.1 all approvals, consents or waivers from those South African regulatory authorities as may be necessary in relation to the Offer and the Delisting, including such approvals as may be required from the JSE, are obtained on an unconditional basis or, to the extent that any such regulatory approvals, consents or waivers are obtained subject to any condition or qualification, AEEI confirms in writing that the condition or qualification is acceptable to it, which confirmation shall not be unreasonably withheld or delayed;

5.2.2 the Delisting Resolution being adopted;

5.2.3 all necessary Shareholder approvals and/or resolutions as may be necessary to give effect to the Offer have been obtained, including, but not limited to, the special resolution at the General Meeting of Eligible Shareholders in order to consider and, if deemed fit, pass, the special resolution in accordance with section 48(8), as read with section 114 and 115 of the Companies Act and the special resolution of the Eligible Shareholders, in accordance with paragraph 5.69(b) of the Listings Requirements (the "**Offer Resolutions**") and in the event of the provisions of section 115(3)(a) of the Companies Act becoming applicable:

5.2.3.1 within ten business days of the Offer Resolutions having been passed, AEEI seeking court approval of the Offer in terms of section 115(5)(a) of the Companies Act; and

5.2.3.2 AEEI not treating the Offer Resolutions as a nullity as contemplated in section 115(5)(b) of the Companies Act;

5.2.4 with regard to Eligible Shareholders entitled to and exercising their appraisal rights, either (i) Eligible Shareholders give notice objecting to the Offer as contemplated in section 164(3) of the Companies Act and vote against the Offer Resolutions at the General Meeting in respect of less than or equal to 2% of all of the Offer Shares held by Eligible Shareholders or (ii) if Eligible Shareholders give notice objecting to the Offer Resolutions

and vote against the Offer Resolutions at the General Meeting in respect of more than 2% of all of the Offer Shares held by Eligible Shareholders, then within the time period permitted in terms of the Companies Act, dissenting shareholders have exercised appraisal rights, by giving valid demands in terms of sections 164(5) to 164(8) of the Companies Act, in respect of less than or equal to 2% of all of the Offer Shares held by Eligible Shareholders.

- 5.3 Unless all the conditions precedent have been fulfilled by not later than the date for fulfilment thereof set out in paragraph 5.2, the Offer will lapse and will not become of any force or effect and the *status quo ante* will be restored.

6. CONCERT PARTIES

- 6.1 AEEI and SIH are concert parties in relation to the Offer in terms of regulation 84 of the Companies Regulations and have therefore made declarations in the required form to AEEI and the TRP, as required by regulation 84(5) of the Companies Regulations. SIH will, accordingly, abstain from voting on the Offer.
- 6.2 As at the date of this Firm Intention Announcement, the 346 685 622 Shares held by SIH constitute an aggregate of 70,60% of the issued share capital of AEEI.

7. IRREVOCABLE UNDERTAKINGS

As at the date of this Firm Intention Announcement, AEEI has received irrevocable undertakings from the following Eligible Shareholders to vote in favour of the Delisting Resolution, who collectively hold 47.27% of the Shares held by Eligible Shareholders:

Shareholder	Number of Shares held directly/indirectly	Shares held as a percentage of the Offer Shares
Miramare Investments Proprietary Limited	25 859 927	17.92%
Altopiano Investments Proprietary Limited	25 163 893	17.43%
Integrated Managed Investments Proprietary Limited	17 201 211	11.92%
	68 225 031	47.27%

8. CASH CONFIRMATION

The funds to settle the Offer Consideration are in place and, in accordance with regulations 111(4) and 111(5) of the Companies Regulations, AEEI has obtained and delivered to the TRP an irrevocable unconditional confirmation from Abraham Kiewitz Inc. that it holds sufficient cash in its trust account for the total Offer Consideration.

9. DISTRIBUTION OF THE CIRCULAR

- 9.1 The Circular providing full details of the Offer and containing, *inter alia*, a notice of the General Meeting, the report by the Independent Expert and the recommendation of the Independent Board, will be distributed to Shareholders in due course.
- 9.2 A further announcement setting out details of the salient dates and times will be published on SENS and in the press at the time of distribution of the Circular.

10. RESPONSIBILITY STATEMENTS

- 8.1 The Independent Board, collectively and individually, accepts responsibility for the information contained in this announcement to the extent that it relates to AEEI. To the best of their knowledge and belief, such information contained in this announcement is true and nothing has been omitted which is likely to affect the importance of such information.
- 8.2 The Board accepts responsibility for the information contained in this announcement to the extent that it relates to the Offeror. To the best of their knowledge and belief, such information contained in this announcement is true and nothing has been omitted which is likely to affect the importance of such information.

CAPE TOWN

16 October 2023

Legal adviser to AEEI

Smith Tabata Buchanan Boyes Inc.

Corporate Advisor and Lead Sponsor to AEEI

Vunani Capital Sponsors

Joint Sponsor to AEEI

Merchantec Capital