**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

The definitions and interpretations commencing on page 10 of this Circular apply *mutatis mutandis* throughout this Circular.

**ACTION REQUIRED BY AEEI SHAREHOLDERS**

1. This Circular is important and should be read with particular attention to the section entitled *"Action Required by AEEI Shareholders"*, commencing on page 2 of this Circular.
2. If you are in any doubt as to what action to take in relation to this Circular, please consult your Broker, CSDP, banker, accountant, legal advisor or other professional advisor immediately.
3. If you have disposed of all your AEEI Shares, this Circular, together with the accompanying Notice of General Meeting and Form of Proxy (*yellow*), should be forwarded to the purchaser of such AEEI Shares or to the Broker, CSDP, banker or other agent through whom the disposal was effected.
4. This document is in compliance with the Takeover Regulations for the purpose of providing information to AEEI Shareholders with respect to the AYO Unbundling.

**AEEI does not accept responsibility and will not be held liable for any action of, or omission by, any CSDP or Broker of any AEEI Shareholder to notify such AEEI Shareholder of the General Meeting or any business to be concluded thereat.**

**Nothing in this Circular constitutes (or forms part of) any offer for the sale of, or solicitation of any offer to purchase or subscribe for, any AYO Shares in any jurisdiction, nor shall it, or any part of it, form the basis of or be relied upon in connection with any contract or commitment whatsoever in any jurisdiction.**

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AFRICAN EQUITY EMPOWERMENT INVESTMENTS LIMITED

# 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**")

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# CIRCULAR TO AEEI SHAREHOLDERS

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**relating to:**

- the *pro rata* unbundling by AEEI of its entire shareholding in AYO to Shareholders by way of a distribution *in specie* in terms of section 46 of the Companies Act and section 46 of the Income Tax Act, constituting the disposal of the greater part of the assets of AEEI in terms of section 112 of the Companies Act (read with section 115 of the Companies Act). The AYO Distribution Shares will be distributed to Shareholders in the Distribution Ratio of 1 AYO Distribution Share for every 2.89 AEEI Shares held at the close of business on the Unbundling Record Date;

**and incorporating:**

- a report prepared by the Independent Expert in terms of section 112 of the Companies Act (read with regulation 90 of the Companies Regulations;
- extracts of section 115 of the Companies Act dealing with the approval requirements for fundamental transactions and section 164 of the Companies Act dealing with Dissenting Shareholders' Appraisal Rights;
- a Notice of General Meeting; and
- a Form of Proxy (*yellow*) for use at the General Meeting by Certificated Shareholders and Dematerialised Shareholders with "own name" registration only.

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**Corporate Advisor and Sponsor**

VUNANI CORPORATE FINANCE

**Legal Advisors**

CLYDE&CO

**Joint Sponsor**

Merchantec capital

**Independent Reporting Accountants**

Crowe

**Independent Expert**

EXCHANGE SPONSORS

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**Date of issue: Thursday, 1 June 2023**

*This Circular is available in English only. Copies may be obtained during normal business hours from the registered office of AEEI and from the offices of Vunani Sponsors, whose addresses are set out in the "Corporate Information and Advisors" section of this Circular, from Thursday, 1 June 2023 until the date of the General Meeting, (both days inclusive). A copy of this Circular will also be available on AEEI'S website (www.AEEI.co.za).*

## CORPORATE INFORMATION AND ADVISORS

**Directors**

Valentine Colleta Dzvova (Chief Executive Officer)
Jowayne Shadwill Van Wyk (Chief Financial Officer)
Aziza Begum Amod*(Chairman)
Gamiem Colbie*
Carin-Lee Geuking-Cohausz#
Membathisi Mdladlana#
Stephen Nthite#
Bongikhaya Qama#
Willem Johannes Raubenheimer (Lead Independent Director)#

* Non-executive
\# Independent

**Company secretary and registered office**

Cornell Kannemeyer
1st Floor, Waterway House North
3 Dock Road
V&A Waterfront, Cape Town, 8001
(PO Box 181, Cape Town, 8001)

**Date of incorporation:** 20 May 1996
**Place of incorporation:** South Africa

**Corporate Advisor and Sponsor**

Vunani Sponsors Proprietary Limited
(Registration number 2019/431743/06)
Vunani House Block C, Vunani Office Park
151 Katherine Street
Sandton, 2196
Gauteng
(PO Box 652419, Benmore, 2010)

**Legal Advisors**

Clyde & Co Incorporated
(Registration number 2014/107150/21)
13th Floor
South African Reserve Bank Building
60 St George's Mall
Cape Town, 8001
(PO Box 786448, Sandton, 2196)

**Joint Sponsor**

Merchantec Proprietary Limited
(Registration number 2008/027362/07)
13th Floor, Illovo Point
68 Melville Road
Illovo, Sandton, 2196
(PO Box 41480, Craighall, 2024)

**Independent Expert**

Exchange Sponsors Proprietary Limited
(Registration number 2008/019553/07)
44a Boundary Road
Inanda
Sandton, 2196
(PO Box 411216, Craighall, 2024)

**Independent Reporting Accountants**

Crowe JHB
(Practice number 903787)
9 Autumn Street
Rivonia, 2191
Gauteng
(PO Box 652550, Benmore, 2010)

**Transfer Secretaries**

JSE Investor Services Proprietary Limited
(Registration number 2000/007239/07)
One Exchange Square
2 Gwen Lane
Sandown, Sandton, 2196
(PO Box 4844, Johannesburg, 2000)

## FORWARD-LOOKING STATEMENT DISCLAIMER

This Circular includes statements about AEEI and/or the AEEI Group that are, or may be deemed to 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 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 risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. AEEI 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 market in which AEEI and/or the AEEI Group operates and/or invests may differ materially from those made in, or suggested by, the forward-looking statements contained in this Circular.

All these forward-looking statements are based on estimates, predictions and assumptions, as regards AEEI and the AEEI Group, all of which estimates, predictions and assumptions, although AEEI believes them to be reasonable, are inherently uncertain and may not eventuate or eventuate in the manner AEEI 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 other matters not yet known to AEEI or not currently considered material by AEEI.

Shareholders should keep in mind that any forward-looking statement made in this Circular or elsewhere is applicable only at the date on which such forward-looking statement is made. New factors that could cause the business of AEEI 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 to differ materially from those contained in any forward-looking statement are not known. AEEI has no duty to, and does not intend to, update or revise the forward-looking statements contained in this Circular after the date of this Circular, except as may be required by law. Any forward-looking statement has not been reviewed nor reported on by AEEI’s external auditor or any other expert.

## ACTION REQUIRED BY AEEI SHAREHOLDERS

This Circular is important and requires your immediate attention.

Please take careful note of the following provisions regarding the action required by AEEI Shareholders. If you are in any doubt as to what actions to take, please consult your Broker, CSDP, banker, attorney, accountant or other professional advisor immediately.

If you have disposed of all of your AEEI Shares, this Circular, together with the Notice of General Meeting and Form of Proxy (*yellow*), should be forwarded to the purchaser of such AEEI Shares or to the Broker, CSDP, banker or other agent through whom the disposal was effected.

The Board has decided to proceed with the General Meeting by way of electronic participation only and not by way of a physical meeting. The General Meeting will accordingly be accessible through electronic communication, as permitted by the JSE and in accordance with the provisions of the Companies Act and the Company's MOI. "Attendance" throughout this section will be deemed to refer to electronic attendance.

**A General Meeting of AEEI Shareholders is scheduled to be held electronically at 10:00 on Friday, 30 June 2023 to consider and, if deemed fit, to pass, with or without modification, the resolutions required to authorise and approve the implementation of the Unbundling. A notice convening such General Meeting is attached to, and forms part of, this Circular.**

**Electronic participation at the General Meeting**

Prior registration is necessary to participate in the General Meeting. Shareholders or their proxies will be given unique login details. Shareholders or their duly appointed proxy or proxies ("**General Meeting Participants**") must apply to the Transfer Secretaries, JSE Investor Services, by emailing a request to participate at the General Meeting to meetfax@jseinvestorservices.co.za, to be received by the Transfer Secretaries at least seven (7) Business Days prior to the General Meeting, being Wednesday, 21 June 2023 ("**Electronic Registration Process**"). The Transfer Secretaries and the chairperson of the General Meeting will first validate such requests and confirm the identity of the Shareholder in terms of section 63(1) of the Companies Act, and, if the request is validated, further details on using the electronic communication facility will be provided. The Company will inform General Meeting Participants who notified the Transfer Secretaries of their intended participation in accordance with this paragraph, by no later than Tuesday, 27 June 2023 by email of the relevant details through which General Meeting Participants can participate electronically. Shareholders may also request access to the General Meeting and voting facilities from the chairperson of the General Meeting and the Company Secretary, prior to the commencement of the meeting, on the day of the General Meeting, being Friday, 30 June 2023, by no later than 09:00, by emailing cornellk@aeei.co.za.

General Meeting Participants must note that they will be able to vote during the General Meeting. Such Participants who wish to have their vote(s) counted prior to the commencement of the General Meeting, must act in accordance with the voting instructions contained in the Notice of the General Meeting, i.e. to the extent applicable:

i. complete the Form of Proxy (*yellow*); or
ii. contact their CSDP.

It is recommended that Shareholders who elect to participate in the General Meeting through the online platform log into the online platform at least 15 minutes prior to the scheduled commencement of the General Meeting. Should Shareholders require assistance with accessing the online platform, they can email cornellk@aeei.co.za.

Shareholders will be liable for their own network charges and expenses in relation to electronic participation in and/or voting at the General Meeting. Any such charges will not be for the account of AEEI or the Transfer Secretaries. Neither AEEI nor the Transfer Secretaries can be held accountable in the case of loss of network connectivity or other network failure due to insufficient airtime, internet connectivity, internet bandwidth and/or power outages which may prevent any such Shareholder from participating in the General Meeting.

1. **ATTENDANCE AT THE GENERAL MEETING**

1.1 **Dematerialised Shareholders without "own-name" registration**

1.1.1 In accordance with the custody agreement between you and your CSDP or Broker, you must advise your CSDP or Broker if you wish to:

1.1.1.1 participate electronically and speak at the General Meeting; or

1.1.1.2 appoint a proxy to represent you at the General Meeting.

1.1.2 Your CSDP or Broker should then issue the necessary letter of representation to you for you or your proxy to participate electronically in, speak and vote at the General Meeting. You will not be permitted to participate electronically in or speak at the General Meeting, or send a proxy to represent you at the General Meeting, without the necessary letter of representation being issued to you. The letter of representation must be emailed to the Transfer Secretaries, JSE Investor Services, at meetfax@jseinvestorservices.co.za as part of the Electronic Registration Process prior to the General Meeting.

1.1.3 If you do not wish to, or are unable to, participate electronically in (or appoint a proxy to represent you at) the General Meeting and you have not been contacted by your CSDP or Broker, it is advisable for you to contact your CSDP or Broker immediately and furnish your CSDP or Broker with your voting instructions in the manner and by the cut-off time stipulated by your CSDP or Broker in terms of the custody agreement between you and your CSDP or Broker.

1.1.4 If your CSDP or Broker does not obtain voting instructions from you, your CSDP or Broker will be obliged to act in accordance with the instructions contained in the custody agreement between you and your CSDP or Broker.

1.1.5 You must not complete the attached Form of Proxy (*yellow*).

1.2 **Dematerialised Shareholders with "own-name" registration and Certificated Shareholders**

You may participate electronically in and speak at the General Meeting in person (or, if you are a company or other body corporate, be represented by a duly authorised natural person). Alternatively, you may appoint a proxy to represent you at the General Meeting by completing the attached Form of Proxy (*yellow*) in accordance with its instructions and returning it to the Transfer Secretaries, JSE Investor Services at One Exchange Square, 2 Gwen Lane, Sandown, Sandton, 2196 or via email to meetfax@jseinvestorservices.co.za, to be received by it, for administrative purposes, by no later than 10:00 on Wednesday, 28 June 2023 or thereafter by emailing such form to the Transfer Secretaries at the aforementioned email address (for the attention of the chairperson of the General Meeting) to be received at any time before the proxy exercises any rights of the AEEI Shareholder at such General Meeting.

**If you wish to Dematerialise your AEEI Shares, please contact your CSDP or Broker. AEEI Shareholders should note that it will take up to 10 Business Days to Dematerialise their AEEI Shares through their CSDP or Broker. AEEI Shareholders that do not have a CSDP or Broker can contact the Transfer Secretaries directly to Dematerialise their AEEI Shares on info@jseinvestorservices.co.za (or +27 0861 546572 if phoning from outside South Africa) on every Business Day between 08:30 and 16:00.**

**No Dematerialisation or rematerialisation of AEEI Shares may take place from the Business Day following the last date to trade in order to participate in the Unbundling until the Unbundling Record Date.**

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## IMPORTANT LEGAL NOTICES

1. **GENERAL**

1.1 This Circular does not constitute or form part of any offer or invitation to purchase, subscribe for, sell or issue, or any solicitation of any offer to purchase, subscribe for, sell or issue, AYO Shares.

1.2 The release, publication or distribution of this Circular in jurisdictions other than South Africa and the US may be restricted by law. The distribution of AYO Shares to Foreign Shareholders in terms of the AYO Unbundling may be affected by the laws of the relevant Foreign Shareholders' jurisdiction. In this regard, Foreign Shareholders are referred to the further detail set out below.

2. **APPLICABLE LAWS**

2.1 The AYO Unbundling is proposed solely in terms of this Circular and this Circular sets out the terms and conditions on which the AYO Unbundling is to be implemented.

2.2 The AYO Unbundling involves the securities of a South African registered company which is listed on the JSE and is governed by, and must be construed in accordance with, the laws of South Africa including its procedural laws and disclosure requirements.

2.3 This Circular has been prepared for purposes of complying with the applicable disclosure requirements of the Companies Act, the Companies Regulations and the Listings Requirements, and the information disclosed may not be the same as that which would have been disclosed had this Circular been prepared in accordance with the laws and regulations of any jurisdiction outside of South Africa.

2.4 Any AEEI Shareholder who is in doubt as to their position regarding the contents of this Circular, including, without limitation, their ability to receive the distribution of AYO Shares contemplated in this Circular, or their tax status, should consult an appropriate independent professional advisor in the relevant jurisdiction without delay.

3. **SHAREHOLDER APPROVAL OF THE AYO UNBUNDLING**

The AYO Unbundling is deemed to constitute a Section 112 Disposal, and must be approved by a special resolution, in accordance with sections 112 and 115(2)(a) of the Companies Act, at the General Meeting, at which meeting, for quorum purposes, at least three AEEI Shareholders must be present, and such AEEI Shareholders present must be entitled to exercise, in aggregate, at least 25% of all the voting rights that are entitled to be exercised at the General Meeting. In terms of section 112 of the Companies Act, the Unbundling Resolution requires the approval of at least a 75% majority of Shareholders present or represented by proxy at the General Meeting and entitled to vote, as the AYO Unbundling is regarded as a Section 112 Disposal.

4. **POTENTIAL COURT APPROVAL**

4.1 AEEI Shareholders are advised that, in accordance with section 115(3) of the Companies Act, AEEI may, in certain circumstances, not proceed to implement the AYO Unbundling without the approval of the court, despite the fact that the Unbundling Resolution set out in the Notice of General Meeting will have been duly adopted at the General Meeting.

4.2 In this regard, a copy of section 115 of the Companies Act, which details the circumstances under which court approval may be required for implementation of the AYO Unbundling, is set out in **Annexure 4** to this Circular.

5. **DISSENTING SHAREHOLDERS' APPRAISAL RIGHTS**

5.1 In terms of section 164 of the Companies Act, AEEI Shareholders who are entitled to vote on the Unbundling Resolution are advised of their Appraisal Rights as follows:

5.1.1 at any time before the Unbundling Resolution is to be voted on at the General Meeting, an AEEI Shareholder (who is entitled to vote at the General Meeting) may give AEEI written notice objecting to the Unbundling Resolution;

5.1.2 within 10 Business Days after AEEI has adopted the Unbundling Resolution, AEEI must send a notice confirming that the Unbundling Resolution has been adopted, to each relevant AEEI Shareholder who gave AEEI written notice of objection and has neither withdrawn that notice nor voted in favour of the Unbundling Resolution; and

5.1.3 an AEEI Shareholder who has given AEEI written notice in terms of section 164 of the Companies Act objecting to the Unbundling Resolution and has complied with all of the procedural requirements set out in section 164 of the Companies Act may, if the Unbundling Resolution has been adopted, demand in writing that:

5.1.3.1 within 20 Business Days after receipt of the notice referred to above; or

5.1.3.2 if the AEEI Shareholder does not receive the notice from AEEI referred to above, within 20 Business Days after learning that the Unbundling Resolution has been adopted,

AEEI pay the Shareholder fair value (in terms of and subject to the requirements set out in section 164 of the Companies Act) for all the AYO Shares held by that AEEI Shareholder.

5.2 A copy of section 164 of the Companies Act pertaining to the Appraisal Rights of a Dissenting Shareholder is set out in **Annexure 4** to this Circular.

5.3 Before exercising their Appraisal Rights under section 164 of the Companies Act, in relation to the AYO Unbundling, all AEEI Shareholders should have regard to:

5.3.1 section 164(9) of the Companies Act in terms of which upon sending the demand contemplated above and thus exercising their Appraisal Rights, a Dissenting Shareholder shall have no further rights in respect of their AYO Shares (including the right to participate in the AYO Unbundling) (although if they subsequently withdraw their demand prior to a fair value offer being made by AYO, their Shareholder rights will be reinstated);

5.3.2 the Independent Expert's Report set out in **Annexure 1** to this Circular, which concludes that the AYO Unbundling is fair and reasonable to AEEI Shareholders, as each of these terms is defined in the Companies Act;

5.3.3 the tax consequences of exercising their Appraisal Rights, which in the case of AEEI Shareholders resident in South Africa is outlined in **Annexure 7** to this Circular; and

5.3.4 the fact that the court is empowered to grant a costs order in favour of, or against, a Dissenting Shareholder, as may be applicable.

## 6. TRP APPROVAL

6.1 Shareholders are advised that the AYO Unbundling is deemed to constitute a Section 112 Disposal, and as such, constitutes an "affected transaction" as defined in section 117(1)(c)(i) of the Companies Act. Consequently, the AYO Unbundling is regulated by the Companies Act and the Companies Regulations and requires the approval of the TRP. The AYO Unbundling is subject to the condition that the TRP issues the compliance certificate required in terms of section 119(6) of the Companies Act.

6.2 AEEI Shareholders should take note that the TRP does not consider the commercial advantages or disadvantages of affected transactions when it approves them.

## 7. FOREIGN SHAREHOLDERS

7.1 No action has been taken by AEEI to obtain any approval, authorisation or exemption to permit the distribution of the AYO Shares or the possession or distribution of this Circular (or any other publicity material relating to AYO Shares) in any jurisdictions other than South Africa.

7.2 The AYO Unbundling is being conducted under the procedural requirements and disclosure standards of South Africa which may be different from those applicable in other jurisdictions. The legal implications of the AYO Unbundling on persons resident or located in jurisdictions outside of South Africa may be affected by the laws of the relevant jurisdiction. Such persons should consult their professional advisers and inform themselves about any applicable legal requirements, which they are obligated to observe. It is the responsibility of any such person wishing to participate in the AYO Unbundling to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith.

7.3 Foreign Shareholders should refer to and take into account the disclaimers set out in **Annexure 6** to this Circular in relation to those jurisdictions. AEEI has been advised that AEEI Shareholders in these jurisdictions should be able to, subject to disclaimers, vote at the General Meeting and receive AYO Shares in terms of the AYO Unbundling.

7.4 Foreign Shareholders in those jurisdictions should nevertheless consult their own professional advisors and satisfy themselves as to the applicable legal requirements in their jurisdiction.

7.5 Notwithstanding the foregoing, any AYO Shares to which Foreign Excluded Shareholders are entitled but are unable, as result of applicable law in their jurisdiction, to receive and/or hold, will be held in trust by the Transfer Secretaries on their behalf, aggregated and disposed of on the JSE by the Transfer Secretaries for the benefit of such Foreign Excluded Shareholders.

7.6 CSDPs will be responsible for informing the Transfer Secretaries of all Dematerialised Shares held by them on behalf of Foreign Excluded Shareholders. The Transfer Secretaries will determine which Certificated Shareholders are Foreign Excluded Shareholders.

7.7 Foreign Excluded Shareholders will, in respect of their shareholdings, receive the average cash value of the relevant AYO Share(s) (net of costs), based on the average price at which such AYO Shares held by Foreign Excluded Shareholders were sold. The average cash value will be calculated and the consideration due to each Foreign Excluded Shareholder will be paid only once all these AYO Shares have been disposed of.

7.8 AEEI Shareholders who are not residents of South Africa or whose registered addresses fall outside of South Africa should contact their CSDP or Broker if they are uncertain of the impact of the AYO Unbundling on them.

## 8. RESPONSIBILITY

This Circular is published by AEEI and is the responsibility of the AEEI Independent Board.

## 9. INFORMATION PROVIDED

Unless the context clearly indicates otherwise, all information provided in this Circular is provided as at the Last Practicable Date.

## IMPORTANT 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, 26 May |
| Circular incorporating the Notice of General Meeting and Form of Proxy (*yellow*) distributed to AEEI Shareholders on | Thursday, 1 June |
| Announcement of distribution of Circular and notice convening the General Meeting published on SENS on | Thursday, 1 June |
| Announcement of distribution of Circular and notice convening the General Meeting published in the South African press on | Friday, 2 June |
| Last day to trade in AEEI Shares in order to be recorded in the Register to vote at the General Meeting on | Tuesday, 20 June |
| 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, 23 June |
| For administrative purposes, Forms of Proxy (*yellow*) in respect of the General Meeting to be lodged at the Transfer Secretaries by 10:00 on | Wednesday, 28 June |
| 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 10:00 on | Friday, 30 June |
| General Meeting to be held at 10:00 on | Friday, 30 June |
| Results of the General Meeting published on SENS on | Friday, 30 June |
| Results of the General Meeting published in the South African press on | Monday, 3 July |
| 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 | Monday, 10 July |
| 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 | Monday, 17 July |
| Finalisation announcement published on SENS by 11:00 on | Tuesday, 18 July |
| Finalisation announcement published in the South African press on | Wednesday, 19 July |
| Last day to trade AEEI Shares in order to be recorded in the Register to participate in the Unbundling ("**AYO Unbundling LDT**") | Tuesday, 25 July |
| Shares trade 'ex' the entitlement to the Unbundled AYO Distribution Shares | Wednesday, 26 July |
| 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 by 11:00 on | Thursday, 27 July |
| Unbundling record date ("**AYO Unbundling Record Date**") | Friday, 28 July |
| Announcement in respect of the closing price after market closes | Friday, 28 July |
| Completion Date – AEEI Shareholder CSDP or broker accounts updated to reflect the AYO Distribution Shares and payment of fractional entitlement | Monday, 31 July |
| AYO Distribution Shares certificates posted by registered post at the risk of such certificated AEEI Shareholders on or about | Monday, 31 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. Any such amendment will be released on SENS and published in the South African press.
2. AEEI Shareholders should note that as transactions in AEEI Shares are settled in the electronic settlement system used by Strate, settlement of trades takes place three Business Days after the date of such trades. Therefore, AEEI Shareholders who acquire AEEI Shares after close of trade on Tuesday, 20 June, will not be eligible to attend at, participate in and to vote at the General Meeting.
3. If the General Meeting is adjourned or postponed, the above dates and times will change, but the Forms of Proxy (*yellow*) submitted in respect of the initial General Meeting will remain valid in respect of any adjournment or postponement thereof.
4. AEEI Shareholders who wish to exercise their Appraisal Rights should refer to **Annexure 4** 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 dates and AEEI Shareholders will be notified of the applicable dates 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 **Annexure 4** to the Circular which includes 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 set out above may change, in which case an updated timetable will be released on SENS.
7. No dematerialisation or rematerialisation of AEEI Shares may take place from the commencement of business on the Business Day following the AYO Unbundling LDT up to and including the AYO Unbundling Record Date. The AYO Unbundling LDT is expected to be on Tuesday, 25 July 2023.
8. 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 Listings Requirements, where applicable, and any such consents or dispensations must be specifically applied for and granted.
9. All times referred to in this Circular are references to South African Standard Time.

## DEFINITIONS AND INTERPRETATIONS

In this Circular, unless otherwise stated or clearly indicated by the context, the words in the first column have the meanings stated opposite them in the second column, words in the singular include the plural and *vice versa*, words importing one gender include the other genders and references to a person include references to a body corporate and *vice versa*:

| | |
|---|---|
| **"AEEI"** or **"the Company"** | African Equity Empowerment Investment Holdings Limited (Registration number 1996/006093/06), a public company duly registered and incorporated in accordance with the laws of South Africa, and listed on the Main Board of the JSE; |
| **"AEEI Board"** or **"Board"** or **"Directors"** | the board of directors of AEEI at the Last Practicable Date, whose names appear in the "Corporate Information and Advisors" section of this Circular; |
| **"AEEI Shareholders"** or **"Shareholders"** | holders of AEEI Shares; |
| **"AEEI Shares"** or **"Shares"** | "B" class ordinary shares of no par value in the authorised and issued share capital of AEEI; |
| **"Appraisal Rights"** | the rights afforded to Shareholders under section 164 of the Companies Act, as set out in **Annexure 4** to this Circular; |
| **"AYO"** | AYO Technology Solutions Limited (Registration number 1996/014461/06), a public company duly registered and incorporated in accordance with the laws of South Africa, and listed on the Main Board of the JSE; |
| **"AYO Distribution Shares"** | 169 866 829 AYO Shares, comprising 49.36% of the issued ordinary share capital of AYO, held by AEEI on the AYO Unbundling Record Date to be distributed to Shareholders per the Distribution Ratio; |
| **"AYO Shares"** | ordinary shares of no par value in the authorised and issued share capital of AYO; |
| **"AYO Unbundling"** or **"Unbundling"** | the proposed transfer of all of the AYO Distribution Shares from AEEI to Shareholders registered as such on the AYO Unbundling Record Date in accordance with the Distribution Ratio, by way of a *pro rata* distribution *in specie* in terms of section 46 of the Companies Act and section 46 of the Income Tax Act; |
| **"AYO Unbundling Record Date"** | the last day on which a Shareholder must be recorded in the Register in order to participate in the AYO Unbundling, expected to be on or about Friday, 28 July 2023; |
| **"Broker"** | any person registered as a "broking member (equities)" in terms of the requirements of the JSE and in accordance with the provisions of the Financial Markets Act; |
| **"BT"** | BT Limited (a private company limited by shares registered and incorporated in accordance with company laws of England and Wales under registration number 2216369, a company that is not related to AEEI or its Directors; |
| **"BTSA"** | BT Communications Services South Africa Proprietary Limited (Registration number 2008/006072/07), a private company duly registered and incorporated in accordance with the laws of South Africa which is 30% owned by AEEI and 70% owned by BT; |
| **"Business Day"** | a day other than a Saturday, Sunday or official public holiday in South Africa; |
| **"Certificated Shareholders"** | AEEI Shareholders who hold Certificated Shares; |

| | |
|---|---|
| **"Certificated Shares"** | AEEI Shares which have not been Dematerialised, title to which is represented by a Document of Title; |
| **"Circular"** | this circular to AEEI Shareholders, dated Thursday, 1 June 2023, including the annexures hereto, the Notice of General Meeting and the Form of Proxy (*yellow*); |
| **"Common Monetary Area"** | the common monetary area established between South Africa, the Republic of Namibia and the Kingdoms of Lesotho and Eswatini; |
| **"Companies Act"** | the Companies Act, 2008 (Act 71 of 2008), as amended; |
| **"Companies Regulations"** | the Companies Regulations, 2011, promulgated under the Companies Act, as amended from time to time; |
| **"Conditions Precedent"** | those conditions precedent set out in paragraph 4 of this Circular; |
| **"Corporate Advisor"** or **"Sponsor"** or **"Vunani Sponsors"** | Vunani Sponsors Proprietary Limited (Registration number 2019/431743/06), a public company, incorporated and registered in accordance with the laws of South Africa, details of which are contained in the "Corporate Information and Advisors" section of this Circular; |
| **"CSDP"** | a central securities depository participant as defined in the Financial Markets Act; |
| **"Dematerialise"** | the process by which securities held in certificated form are converted to or held in electronic form as uncertificated securities and recorded as such in a sub-register of securities holders maintained by a CSDP and "**Dematerialised**" and "**Dematerialise**" shall bear corresponding meanings; |
| **"Dematerialised Shareholders"** | AEEI Shareholders who hold Dematerialised Shares; |
| **"Dematerialised Shares"** | AEEI Shares which have been Dematerialised and incorporated into the Strate system and which are no longer evidenced by physical Documents of Title; |
| **"Dissenting Shareholder"** | an AEEI Shareholder (if any) who:<br>i. has validly exercised its Appraisal Rights by (a) giving written notice to AEEI objecting to the Unbundling Resolution in terms of section 164(3) of the Companies Act; (b) voting against the Unbundling Resolution at the General Meeting; and (c) issuing a demand in terms of section 164(5) to (8) of the Companies Act;<br>ii. has not withdrawn its demand made in terms of section 164(5) to (8) of the Companies Act; and<br>iii. has not allowed an offer made to it by AEEI in terms of section 164(11) of the Companies Act to lapse; |
| **"Distribution Ratio"** | the ratio of 1 AYO Distribution Share for every 2.89 AEEI Shares held on the AYO Unbundling Record Date to be distributed to Shareholders in terms of the AYO Unbundling; |
| **"Documents of Title"** | share certificates, certified transfer deeds, balance receipts and/or any other form of acceptable documents of title acceptable to AEEI in respect of AEEI Shares; |
| **"Exchange Control Regulations"** | the Exchange Control Regulations, 1961, as amended, promulgated in terms of section 9 of the South African Currency and Exchanges (Act 9 of 1933), as amended; |
| **"Financial Markets Act"** | the Financial Markets Act, 2012 (Act 19 of 2012), as amended; |
| **"Foreign Excluded Shareholders"** | any Foreign Shareholders to whom the distribution of the AYO Distribution Shares would or may infringe the laws of their jurisdiction, or would require AEEI to comply with any governmental or other consent or any registration, filing or other formality with which AEEI has not complied; |

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|---|---|
| **"Foreign Shareholders"** | AEEI Shareholders that are registered in a jurisdiction outside of South Africa, or who are resident, domiciled or located in, or who are citizens of a jurisdiction other than South Africa; |
| **"Form of Proxy"** | the form of proxy (*yellow*) for use at the General Meeting by Certificated Shareholders and "own-name" Dematerialised Shareholders only; |
| **"General Meeting"** | the general meeting of AEEI Shareholders to be held at 10:00 on Friday, 30 June 2023 via electronic communication, which meeting is convened in terms of the Notice of General Meeting, as same may be postponed or adjourned from time to time; |
| **"Group"** | AEEI and its Subsidiaries; |
| **"Haraas Trust"** | the Haraas Trust (Master's reference IT2232/99), the beneficiaries of which are Dr. MI Survé, R Survé, S Survé, and N Kamies; |
| **"Joint Sponsor"** or **"Merchantec Capital"** | Merchantec Proprietary Limited (Registration number 2008/027362/07), a private company duly registered and incorporated under the laws of South Africa; |
| **"Income Tax Act"** | the Income Tax Act, 1962 (Act 58 of 1962), as amended; |
| **"Independent Board"** | those independent non-executive directors of AEEI who have been appointed as the independent board of AEEI in respect of the AYO Unbundling, for the purposes of the Companies Act and the Companies Regulations, comprising Willem Johannes Raubenheimer (Chairperson), Bongikhaya Qama and Stephen Nthite; |
| **"Independent Expert"** or **"Exchange Sponsors"** | Exchange Sponsors Projects Proprietary Limited (Registration number 2008/021456/07), a private company duly incorporated in accordance with the laws of South Africa and appointed to provide external advice to the Independent Board in relation to the Unbundling in accordance with the requirements of section 114(3) of the Companies Act and the Takeover Regulations, details of which are contained in the "Corporate Information and Advisors" section of this Circular; |
| **"Independent Expert's Report** | the report prepared by the Independent Expert on the Unbundling in terms of section 114 of the Companies Act as read with the Companies Regulations, a copy of which report is included as **Annexure 1** to this Circular; |
| **"Independent Reporting Accountants"** | Crowe JHB (Practice number 903787), the Independent Reporting Accountants whose assurance report on the compilation of the *pro forma* financial information included in the Circular is included in **Annexure 3** to this Circular, details of which are contained in the "Corporate Information and Advisors" section of this Circular; |
| **"JSE"** | JSE Limited (Registration number 2005/022939/06), a public company duly incorporated in accordance with the laws of South Africa and licensed to operate an exchange under the Financial Markets Act; |
| **"Last Practicable Date"** | Thursday, 25 May 2023, being the last practicable date prior to the finalisation of this Circular; |
| **"Legal Advisors"** | Clyde & Co Incorporated (Registration number 2014/107150/21), a partnership duly incorporated in accordance with the laws of South Africa, details of which are contained in the "Corporate Information and Advisors" section of this Circular; |
| **"Listings Requirements"** | the Listings Requirements of the JSE, as amended from time to time; |
| **"Mainstreet 1653 Proprietary Limited"** | Mainstreet 1653 Proprietary Limited (Registration number 2018/549747/07), a private company duly registered and incorporated under the laws of South Africa which is 60% owned by AEEI and 40% owned by AYO, and which holds 100% of SGT Solutions Proprietary Limited; |

| | |
|---|---|
| **"Miramare Investments Proprietary Limited"** | Miramare Investments Proprietary Limited (Registration number 2006/015147/07), a private company duly registered and incorporated in accordance with the laws of South Africa, which is 29% owned by LNA Trust, 14% owned by Gianna Altini Trust, 14% owned by Luca Altini Trust, 14% owned by Taralli Trust, 14% owned by Gaetano Altini Trust, 14% owned by JACC Trust, the ultimate beneficial owners of which are not related to AEEI or its Directors; |
| **"MOI"** | the memorandum of incorporation of AEEI as at the date of this Circular; |
| **"Notice of General Meeting"** | the notice convening the General Meeting, enclosed with and forming part of this Circular; |
| **"Register"** | the register of Certificated Shareholders maintained by the Transfer Secretaries, and each of the sub-registers of Dematerialised Shareholders maintained by the relevant CSDPs in terms of the Financial Markets Act; |
| **"PFB"** | Premier Fishing and Brands Limited (Registration number 1998/018598/06), a public company duly registered and incorporated in accordance with the laws of South Africa, and listed on the Main Board of the JSE; |
| **"Section 112 Disposal"** | a disposal by a company of the greater part of its assets or undertaking, as contemplated in terms of section 112 of the Companies Act; |
| **"Sekunjalo"** | Sekunjalo Investment Holdings Proprietary Limited (Registration number 1998/008480/07), a private company duly incorporated in accordance with the Laws of South Africa which is wholly owned by the Haraas Trust; |
| **"SENS"** | the Stock Exchange News Service of the JSE; |
| **"South Africa"** | the Republic of South Africa; |
| **"Strate"** | Strate Proprietary Limited (Registration number 1998/022242/07), a private company duly incorporated in accordance with the laws of South Africa, a central securities depository licensed in terms of the Financial Markets Act and responsible for the electronic clearing and settlement system provided to the JSE; |
| **"STT"** | securities transfer tax, levied in terms of the STT Act; |
| **"STT Act"** | the Securities Transfer Tax Act, 2007 (Act 25 of 2007), as amended; |
| **"Subsidiary"** | a subsidiary as defined in the Companies Act; |
| **"Takeover Panel"** or **"TRP"** | the Takeover Regulation Panel established in terms of section 196 of the Companies Act; |
| **"Takeover Regulations"** | the regulations published in terms of section 120 of the Companies Act; |
| **"Transfer Secretaries"** or **"JSE Investor Services"** | JSE Investor Services Proprietary Limited (Registration number 2000/007239/07), a private company duly incorporated in accordance with the laws of South Africa, details of which are contained in the "Corporate Information and Advisors" section of this Circular; |
| **"Unbundling Resolution"** | the special resolution required to be passed in terms of section 112 of the Companies Act in relation to the AYO Unbundling, which resolution is set out in the Notice of General Meeting as 'Special resolution number 1 - Approval of the Unbundling'; and |
| **"ZAR"** or **"Rand"** | South African rand, the official currency of South Africa. |

**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**")

**Directors**

Valentine Colleta Dzvova (Chief Executive Officer)
Jowayne Shadwill Van Wyk (Chief Financial Officer)
Aziza Begum Amod* (Chairman)
Gamiem Colbie*
Carin-Lee Geuking-Cohausz#
Membathisi Mdladlana#
Stephen Nthite#
Bongikhaya Qama#
Willem Johannes Raubenheimer (Lead Independent Director)#

* Non-executive
\# Independent

# CIRCULAR TO AEEI SHAREHOLDERS

## 1. INTRODUCTION

Shareholders are referred to the announcement released on SENS on Monday, 6 March 2023 wherein AEEI Shareholders were advised that the Board had made the strategic decision to unbundle AEEI's entire shareholding in AYO and to distribute the AYO Distribution Shares to AEEI Shareholders in terms of the AYO Unbundling.

The AEEI Board further advised that AEEI would remain listed on the Main Board of the JSE following the implementation of the AYO Unbundling, with the Company's remaining assets meeting the requisite eligibility criteria to retain its listing. The AEEI Group structure following the Unbundling is set out in **Annexure 5** to this Circular.

The purpose of this Circular is to:

1.1 provide Shareholders with pertinent information in relation to the AYO Unbundling, which constitutes a Section 112 Disposal in terms of the Companies Act; and

1.2 convene a General Meeting of Shareholders in terms of the Notice of General Meeting forming part of this Circular, at which meeting Shareholders will be asked to consider and, if deemed fit, to pass, with or without modification, *inter alia,* the Unbundling Resolution required to implement the AYO Unbundling.

The AYO Unbundling is a Section 112 Disposal which must be approved by Shareholders through the Unbundling Resolution. The Independent Expert's Report on the AYO Unbundling, which has been duly considered by the Independent Board, is contained in **Annexure 1** to this Circular.

Shareholders are advised to familiarise themselves with the contents of this Circular together with the announcement released on SENS on Monday, 6 March 2023 in relation to the AYO Unbundling and to seek independent advice in relation thereto, as may be required.

## 2. RATIONALE FOR THE AYO UNBUNDLING

2.1 The AEEI Board 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.

2.2 With three JSE-listed entities forming part of the Group, namely AEEI, AYO and PFB, 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:

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

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

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

## 3. AYO UNBUNDLING

### 3.1 Description

3.1.1 The AYO Unbundling constitutes the distribution of the AYO Distribution Shares by way of a distribution *in specie* in terms of section 46(1)(a)(ii) of the Companies Act and section 46 of the Income Tax Act to AEEI Shareholders on a *pro rata* basis.

3.1.2 The AYO Unbundling will result in Shareholders holding a direct interest in AYO rather than holding that interest through AEEI.

3.1.3 The AYO Unbundling will be effected in terms of the Distribution Ratio of 1 AYO Distribution Shares for every 2.89 AEEI Shares held on the AYO Unbundling Record Date.

### 3.2 Timing

3.2.1 The AYO Unbundling will occur on Monday, 31 July 2023.

### 3.3 Corporate approvals

3.3.1 The General Meeting of Shareholders convened in terms of the Notice of General Meeting forming part of this Circular, will consider and, if deemed fit, pass, with or without modification, *inter alia*, the Unbundling Resolution necessary to give effect to the AYO Unbundling.

3.3.2 In terms of section 112 of the Companies Act, the Unbundling Resolution requires the approval of at least a 75% majority of Shareholders present or represented by proxy at the General Meeting and entitled to vote, as the AYO Unbundling is regarded as a Section 112 Disposal.

3.3.3 The AEEI Board has passed the necessary board resolution required in terms of section 46 of the Companies Act for the AYO Unbundling, and have confirmed, *inter alia*, that after the implementation of the AYO Unbundling, AEEI will meet the solvency and liquidity test contemplated in section 4 of the Companies Act.

### 3.4 Procedure for the implementation of the AYO Unbundling

3.4.1 For purposes of the AYO Unbundling, Shareholders will receive their respective AYO Distribution Shares in Dematerialised form only.

3.4.2 Accordingly, all Certificated Shareholders wishing to receive their AYO Distribution Shares in Dematerialised form must appoint a CSDP or a Broker, to receive such AYO Distribution Shares on their behalf.

3.4.3 Should a Certificated Shareholder not appoint a CSDP or Broker to receive the AYO Distribution Shares on its behalf, such Certificated Shareholder will be issued with a statement of allocation representing its AYO Distribution Shares by the Transfer Secretaries. Such Certificated Shareholder can instruct the Transfer Secretaries to transfer its AYO Distribution Shares represented in the statement of allocation to its appointed CSDP or Broker or can instruct the Transfer Secretaries to issue it with a share certificate in respect of its AYO Distribution Shares, at any time following the AYO Unbundling.

3.4.4 If a Shareholder is in any doubt as to what action it should take, it should consult its Broker, CSDP, banker, attorney or other professional advisor.

3.4.5 The Unbundling does not include a cash election. Accordingly, AEEI Shareholders shall not be entitled to elect to receive cash in lieu of their entitlement to receive the AYO Distribution Shares.

3.5 **Takeover Panel**

3.5.1 Shareholders are advised that the AYO Unbundling is deemed to constitute a Section 112 Disposal, and as such, constitutes an "affected transaction" as defined in section 117(1)(c)(i) of the Companies Act. Consequently, the AYO Unbundling is regulated by the Companies Act and the Companies Regulations and requires the approval of the TRP.

3.5.2 As noted in paragraph 4 of this Circular, one of the Conditions Precedent to the implementation of the AYO Unbundling is that the TRP provides the compliance certificate required in terms of section 119(4)(b) of the Companies Act.

3.6 **Governing law and jurisdiction**

3.6.1 The AYO Unbundling will be governed by, and construed in accordance with, the laws of South Africa.

3.6.2 Each Shareholder shall be deemed to have irrevocably submitted to the exclusive jurisdiction of the courts of South Africa in relation to matters arising out of or in connection with the AYO Unbundling.

3.7 **Taxation considerations relating to the AYO Unbundling**

3.7.1 The Unbundling will constitute a disposal by AEEI of the AYO Distribution Shares to AEEI Shareholders. It is expected that the disposal should qualify as an "unbundling transaction" as contemplated in section 46 of Income Tax Act, which, subject to the considerations set out **Annexure 7** to this Circular, allows for a tax neutral implementation of the Unbundling from an income tax, capital gains tax, dividends tax and STT perspective for certain AEEI Shareholders.

3.7.2 Shareholders are referred to **Annexure 7** to this Circular for summary of certain South African tax consequences of the Unbundling.

3.8 **Exchange Control Regulations**

3.8.1 AEEI has applied for and obtained the requisite approval from the South African Reserve Bank for the AYO Unbundling.

3.8.2 Shareholders are referred to **Annexure 8** to this Circular for a summary of Exchange Control Regulations applications of the AYO Unbundling..

3.8.3 If Shareholders are in any doubt as to what action to take, they should consult their professional advisers.

3.9 **Fractional entitlements**

3.9.1 Where a Shareholder's entitlement to the AYO Distribution Shares in terms of the AYO Unbundling, calculated in accordance with the Distribution Ratio, gives rise to a fraction of an AYO Distribution Share, such fractional entitlement will be rounded down to the nearest whole number, resulting in allocations of whole numbers of AYO Distribution Shares only, and a cash payment in respect of the fractional entitlement to AEEI Shareholders being credited to AEEI Shareholders' accounts held at their CSDP or Broker.

3.9.2 AEEI Shareholders will accordingly be paid the cash proceeds, by AEEI, (net of any applicable taxes or costs) of the sale of the fractional entitlements to the AYO Distribution Shares on the basis outlined below. In accordance with the 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, 26 July 2023, being the first trading day "ex" the entitlement to participate in the Unbundling, reduced by 10% ("**Cash Proceeds**").

3.9.3 AEEI has set aside the necessary funds to pay the Cash Proceeds and has been granted dispensation by the TRP under section 119(6) of the Companies Act to be exempt from regulations 111(4) and (5) of the Companies Regulations which require the offeror, in this case, AEEI, to provide an irrevocable unconditional bank guarantee issued by a South African registered bank or an irrevocable unconditional cash confirmation from a third party that sufficient cash is held in escrow in favour of the holders of relevant securities for the sole purpose of paying the Cash Proceeds. Accordingly, no such guarantee is required to be provided by AEEI as it has set aside sufficient funds to pay the Cash Proceeds.

3.9.4 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. The fractional entitlement will be subject to DWT at a dividends tax rate of 20%.

3.9.5 The actual price used to calculate the Cash Proceeds will be announced by AEEI on SENS on Thursday, 27 July 2023.

## 4. CONDITIONS PRECEDENT

As the Unbundling constitutes a Section 112 Disposal in terms of the Companies Act, it is subject to the fulfilment or waiver of the following Conditions Precedent:

- AEEI having obtained all such other statutory and regulatory approvals for the Section 112 Disposal (including but not limited to the JSE and the South African Reserve Bank);
- the approval of the Unbundling Resolution by the requisite majority, being 75% of AEEI Shareholders (as contemplated in section 115(2) of the Companies Act) entitled to exercise voting rights at the 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
- the TRP having issued a compliance certificate to AEEI in relation to the Section 112 Disposal in accordance with section 119(4)(b) of the Companies Act.

## 5. *PRO FORMA* FINANCIAL EFFECTS OF THE AYO UNBUNDLING

5.1 The *pro forma* financial effects of the AYO Unbundling are the responsibility of the Directors and have been prepared for illustrative purposes only to provide information about how the AYO Unbundling may have affected AEEI's condensed audited consolidated annual financial statements for the year ended 31 August 2022 had the AYO Unbundling been undertaken at the commencement of the financial year, being 1 September 2021 and, in the case of AEEI's condensed consolidated balance sheet, had the AYO Unbundling been undertaken on 31 August 2022.

5.2 These *pro forma* financial effects are prepared for illustrative purposes only in order to assist Shareholders to assess the impact of the AYO Unbundling and, because of their nature, may not give a fair presentation of the AEEI financial position, changes in equity, results of operations or cash flows after the AYO Unbundling nor the effect of the AYO Unbundling on AEEI's results of operations.

5.3 The summarised *pro forma* financial effects have been prepared in a manner consistent in all respects with International Financial Reporting Standards ("**IFRS**"), the accounting policies adopted by AEEI as at 31 August 2022 and the Revised SAICA Guide on *Pro Forma* Financial Information and the Listings Requirements.

5.4 The table below sets out the *pro forma* financial effects of the AYO Unbundling and the assumptions used in the preparation thereof:

| | Audited Group to 31 August 2022 before AYO Unbundling | Previously published *pro forma* financial effects[1] AEEI Group after the AYO Unbundling | Revised *pro forma* financial effects[2] AEEI Group after the AYO Unbundling | Change in respect of the revised *pro forma* financial effects |
|---|---|---|---|---|
| Loss before tax ('000) | (330 829) | (1 183 292) | (840 728) | 342 564 |
| Basic earnings per Share (cents) | (45,78) | (237,06) | (167,49) | 70 |
| Headline (loss)/profit ('000) | (182 452) | 100 155 | 108 815 | 8 660 |
| Headline (loss)/profit per AEEI Share (cents) | (37,16) | 20,40 | 22,16 | 2 |
| Net asset value per AEEI Share (cents) | 993,32 | 398,87 | 404,38 | 6 |
| Net tangible asset value per AEEI Share (cents) | 890,60 | 344,17 | 349,67 | 6 |
| Total assets ('000) | 6 029 757 | 2 283 790 | 2 327 163 | 43 373 |
| Number of ordinary shares in issue at period end ('000) | 491 022 | 491 022 | 491 022 | – |
| Weighted average number of shares at period end ('000) | 491 022 | 491 022 | 491 022 | – |

[1] *Announced on SENS on 6 March 2023*

[2] *Announced on SENS on 13 April 2023*

**Details of the changes**

- The loss on disposal of the AYO subsidiary was previously overestimated. The reduction in loss is due to a correction to the value of the dividend *in specie* to be declared at the fair value (market price) of the AYO Shares to be unbundled.
- The increase in loss per AEEI Share was previously overestimated. The reduction in loss per AEEI Share is due to a correction of the loss on disposal of the AYO subsidiary.
- The increase in headline earnings was previously understated. The increase is due to the inclusion of equity accounted income of an investment which was deconsolidated as part of the AYO Unbundling.
- The increase in headline earnings per AEEI Share was previously understated. The increase is due to the inclusion of equity accounted income of an investment which was deconsolidated as part of the AYO Unbundling.
- The decrease in net asset value per AEEI Share was previously overestimated. As part of the AYO Unbundling, AEEI experienced a change in the degree of control over its investment in Mainstreet 1653 Proprietary Limited. AEEI lost control over Mainstreet 1653 Proprietary Limited but retained a significant influence over the company. The higher asset value per AEEI Share is due to the inclusion of an investment in Mainstreet 1653 Proprietary Limited as an associate after it was deconsolidated from the AEEI Group results. The decrease in net tangible asset value per AEEI Share was previously overestimated. The higher net tangible asset value per AEEI Share is due to the inclusion of an investment in an associate which was deconsolidated as part of the AYO Unbundling.
- The decrease in total assets was previously overestimated. The higher total asset value is due to the inclusion of an investment in an associate which was deconsolidated as part of the AYO Unbundling.

5.5 The *pro forma* financial statements, including details of the underlying assumptions, are set out in **Annexure 2** to this Circular.

5.6 The Independent Reporting Accountants' report on the *pro forma* financial information is set out in **Annexure 3** to this Circular.

## 6. INFORMATION RELATING TO AEEI

### 6.1 Overview of AEEI

6.1.1 AEEI is a diversified investment and empowerment company that has investments in fishing and brands, technology, events and tourism, health and beauty, and biotherapeutics, all supporting Broad-Based Black Economic Empowerment and small medium and micro-enterprises as well as strategic investments, some with international partners. The company listed on the JSE on 3 May 1999 and is a majority black-owned and black-controlled investment holding company based in South Africa and is a Subsidiary of Sekunjalo.

6.1.2 **Major investments**

6.1.2.1 56.23% in JSE-listed PFB

PFB is a vertically integrated group that specialises in the harvesting, processing and marketing of fish and fish-related products. PFB and its subsidiaries hold medium- to long-term fishing rights in west coast rock lobster, south coast rock lobster, small pelagics (anchovy and sardine), hake deep-sea trawl, longline hake and squid. In addition, PFB owns an abalone farm and invests in organic agricultural products through the Seagro range of products. They also offer sales, marketing and production of west coast rock lobster, south coast rock lobster, longline hake, squid, fishmeal, abalone and Seagro (organic fertiliser).

6.1.2.2 49.36% in JSE – listed AYO

AYO Technology Solutions is a technology investment company with interests in disruptive technologies that advance life, business and economics. The group's diverse investment portfolio touches on all aspects of technology from connectivity to communications and software development; and

6.1.2.3 30% in BTSA

BTSA is engaged in the provision of support services for multi-national ICT outsourcing contracts, the provision of local data and voice outsourcing solutions, global frame and MPLS services.

6.1.3 **Strategy**

AEEI's business model and philosophy has resulted in it acquiring control of the majority of its operational investments, holding a diverse portfolio of investments as well as holding non-controlling stakes in strategic investments and associates. This enables it to add value through its extensive expertise and networks, influence business processes, provide management expertise and synergies with existing investments while promoting an entrepreneurial culture within its management structure and staff. Through its assets and investments, the Company drives its underlying businesses to become efficient and sustainable, which generates revenue, provides capital to grow the business and encourages above market shareholder returns.

AEEI's investment decisions, across its entire portfolio are driven by the overall objective of creating and growing stakeholder value in a sustainable manner.

### 6.2 Prospects

The prospects of the AEEI Group in general are as follows:

6.2.1 Due to the current subdued economic climate, the business outlook is not expected to be favourable in the short term. Pressure on revenue and operating costs is expected to persist. However, AEEI has positioned itself to withstand these pressures and remains committed to maximising Shareholder returns despite the challenging economy.

6.2.2 The unbundling of AYO is expected to unlock Shareholder value in line with AEEI's strategy as Shareholders will hold AYO Shares directly, which shares have historically traded at a higher price than AEEI Shares, rather than through their shareholding in AEEI.

6.2.3 The Board also anticipates that the remaining investment portfolio will return AEEI to a profit making group, aiding the creation of additional value for stakeholders.

6.2.4 Further to the announcements released on SENS on 16 February 2022 and 23 June 2023 wherein Shareholders were informed that the Company's bankers, Nedbank Limited ("**Nedbank**"), had given notice to the Company to close its transactional banking facility, the Company's urgent interdict application with the Equality Court in respect of Nedbank's decision and the subsequent granting of the interim interdict, AEEI is focused on restoring its relationships with Nedbank and other banking institutions to ensure sustainability of its business. AEEI remains confident in the justice system enabling this process, as evidenced in the Equality Court's interim interdict application. The strained relationship with the banks has damaged AEEI's brand and made it challenging to pursue investment opportunities.

6.2.5 Notwithstanding the current economic climate, future investments and developments will be kept on track, with the AEEI Group looking for opportunities, acquisitions or partnerships to grow its business.

6.2.6 Further reorganisation of the Group's current investment portfolio to further unlock value for Shareholders remains a possibility in the reality of the current challenging macroeconomic environment and more specifically, the unique challenges facing the AEEI Group, including the aforementioned strained relationships with the banking institutions which culminated in certain bank account closures, resultant reputational damage and the legal proceedings between AYO, the Public Investment Corporation SOC Limited ("**PIC**") and the Government Employees Pension Fund ("**GEPF**"), which legal proceedings ultimately ceased following the amicable conclusion of a settlement agreement between the parties in March 2023 as further detailed in paragraph 21 below.

## 7. FINANCIAL INFORMATION

7.1 The consolidated audited annual financial statements of AEEI for the three financial years ended 31 August 2020, 31 August 2021 and 31 August 2022 are incorporated herein by reference and will be available for inspection on AEEI's website at https://aeei.co.za/investor-relations/integrated-reports-and-online-suite-of-reports-2022/.

7.2 The consolidated audited annual financial statements of AYO for the three financial years ended 31 August 2020, 31 August 2021 and 31 August 2022 are incorporated herein by reference and will be available for inspection on AYO's website at https://ayotsl.com/investor-centre/.

## 8. GENERAL MEETING

The General Meeting will be held by way of electronic participation at 10:00 on Friday, 30 June 2023, for the purposes of considering and, if deemed fit, passing, with or without modification, the resolutions as contained in the Notice of General Meeting.

## 9. MATERIAL CONTRACTS

AEEI has two management agreements with AYO and PFB, respectively. The services provided by AEEI in exchange for monthly management fees comprise of payroll and human resource assistance, strategic planning and business development, company secretarial services, general assistance with respect to compliance with statutory duties, marketing and communications.

## 10. MATERIAL LOANS

No material loans were made by AEEI to the AEEI Group during the period from the 12 months ended 31 August 2022 up to and including the Last Practicable Date.

## 11. STATEMENT OF WORKING CAPITAL

11.1 The Directors, after considering the effects of the Unbundling, are of the opinion that the working capital available to AEEI will be sufficient for AEEI's present requirements for at least the next 12 months from the date of issue of this Circular.

11.2 The Directors have authorised the AYO Unbundling and AEEI and the AEEI Group have passed the "solvency and liquidity" test as contemplated in section 4 of the Companies Act, and there have been no material changes to the financial position of the AEEI Group since that test was performed by the Directors.

12. **SHARE CAPITAL OF AEEI**

The table below sets out the authorised and issued share capital of AEEI before and after the AYO Unbundling.

| | Before the AYO Unbundling | After the AYO Unbundling |
|---|---|---|
| **Authorised** | | |
| "B" class ordinary shares (listed) | 1 000 000 000 | 1 000 000 000 |
| "A" class convertible redeemable cumulative preference shares | 1 000 | 1 000 |
| "B" class redeemable preference shares | 10 000 000 | 10 000 000 |
| **Issued Share Capital** | | |
| "B" class ordinary shares | 491 022 434 | 491 022 434 |

13. **MAJOR BENEFICIAL AEEI SHAREHOLDERS**

The following major beneficial AEEI Shareholders, other than Directors, were, as at the Last Practicable Date, directly or indirectly, the beneficial owners of 5% or more of the issued share capital of AEEI:

| AEEI Shareholder | Number of AEEI Shares held | Percentage of issued share capital (%) |
|---|---|---|
| Sekunjalo | 321 252 394 | 65.43 |
| Miramare Investments Proprietary Limited | 49 859 927 | 10.15 |
| **Total** | **371 112 321** | **75.58** |

Miramare Investments Proprietary Limited

| Trust | % | Ultimate beneficial owner |
|---|---|---|
| LNA Trust | 29% | Leonardo Altini |
| Gianna Altini Trust | 14% | Giovanna Von Bormann |
| Luca Altini Trust | 14% | Luca Altini |
| Lucia Altini Trust (Taralli Trust) | 14% | Lucia Altini |
| Gaetano Altini Trust | 14% | Gaetano Altini |
| JACC Trust | 14% | Claudia Freeman |

The above mentioned ultimate beneficial owners to the trusts are not related to AEEI or its Directors.

14. **MATERIAL CHANGES**

14.1 The Directors are not aware of any material changes in the financial or trading position of AEEI since the publication of AEEI audited results for the year ended 31 August 2022, up to and including the Last Practicable Date, save for the changes to the pro forma financial effects of the Unbundling as set out in paragraph 5 above.

15. **DIRECTORS' REMUNERATION AND BENEFITS**

15.1 The remuneration of the Directors will not be varied as a result of the AYO Unbundling.

16. **DIRECTORS' INTEREST**

16.1 As at the Last Practicable Date, no AEEI Director held any beneficial interest in AEEI, other than as set out below:

| PFB Director | Direct | Indirect beneficial | Indirect non-beneficial | Total Shares | Total percentage (%) |
|---|---|---|---|---|---|
| WJ Raubenheimer | 50 000 | – | 562 250 | 612 250 | 0,13 |
| A Amod | 5 000 | – | – | 5 000 | 0 |
| C Geuking | 11 134 662 | – | – | 11 134 662 | 2.27 |
| | **11 194 662** | **–** | **562 250** | **11 751 912** | **2.39** |

16.2 At the Last Practicable Date, none of the Directors, including Directors who have resigned in the 18 months prior to the Last Practicable Date, directly or indirectly had a material beneficial interest in transactions effected by AEEI during the current or immediately preceding financial year, or during an earlier financial year in relation to any transactions concluded during that earlier year that remain in any respect outstanding or unperformed.

16.3 There have been no changes in the Directors' interests in AEEI Shares during the period from 31 August 2022 up to and including the Last Practicable Date.

17. **INDEPENDENT EXPERT'S REPORT**

17.1 The Independent Board has appointed the Independent Expert to provide the fair and reasonable opinion on the AYO Unbundling, as required under Regulation 110 of the Companies Regulations.

17.2 The Independent Expert's Report on the AYO Unbundling, prepared in accordance with the provisions of the Companies Act and the Companies Regulations, is reproduced in **Annexure 1** to this Circular.

17.3 Having considered the terms and conditions of the AYO Unbundling, the Independent Expert has concluded that the terms and conditions of the AYO Unbundling, in its opinion, are both fair and reasonable to AEEI Shareholders, as each of these terms is defined in the Companies Act.

18. **INDEPENDENT BOARD'S VIEWS ON THE UNBUNDLING**

18.1 In accordance with the Companies Regulations, the Board has appointed the Independent Board for the purpose of the AYO Unbundling. The Independent Board has appointed the Independent Expert to prepare a report on the AYO Unbundling.

18.2 The Independent Expert has determined that the AYO Unbundling is fair and reasonable to AEEI Shareholders, for the reasons and on the basis set out in the Independent Expert's Report.

18.3 The Independent Board, after due consideration of the Independent Expert's Report, has determined that it will place reliance on the valuations performed by the Independent Expert for the purposes of reaching its own opinion regarding the AYO Unbundling, as contemplated in regulation 110(3)(b) of the Companies Regulations.

18.4 The Independent Board is not aware of any factors which are difficult to quantify or are unquantifiable (as contemplated in Companies Regulation 110(6)) and has not taken any such factors into account, in forming its opinion.

18.5 The Independent Board, taking into account the Independent Expert's Report in relation to the AYO Unbundling, has considered the terms and conditions of the AYO Unbundling and is unanimously of the opinion that the terms and conditions thereof are fair and reasonable to AEEI Shareholders. Accordingly, the Independent Board recommends that AEEI Shareholders vote in favour of the resolutions to be considered at the General Meeting relating to the approval of the Unbundling.

18.6 As at the Last Practicable Date, the Independent Board had not received any offers, as defined in section 117(1)(f) of the Companies Act.

## 19. DIRECTORS' RESPONSIBILITY STATEMENT

### 19.1 Responsibility statement in terms of the Listings Requirements

The Directors whose names are given in the "Corporate Information and Advisors" section of this Circular, collectively and individually accept full responsibility for the accuracy of the information in this Circular in relation to AEEI and certify that, to the best of their knowledge and belief there are no facts that have been omitted which would make any statement in this Circular false or misleading, that all reasonable enquiries to ascertain such facts have been made and that this Circular contains all information required by law and the Listings Requirements.

### 19.2 Responsibility statement of the Independent Board in terms of the Companies Regulations

The Independent Board accepts responsibility for the information in this Circular in relation to the AYO Unbundling and confirms that, to the best of their knowledge and belief there are no facts that have been omitted which would make any statement in this Circular false or misleading, that all reasonable enquiries to ascertain such facts have been made and that this Circular contains all information required.

## 20. COSTS

The total costs (exclusive of VAT) relating to the AYO Unbundling are set out in the table below:

| Description | Rand ('000) |
|---|---|
| Corporate Adviser and Sponsor – Vunani Capital Sponsors | 300 |
| Joint Sponsor – Merchantec Capital | 350 |
| Legal Advisors – Clyde & Co | 800 |
| Printing and related costs – Ince Proprietary Limited | 126 |
| Independent Expert's fees – Exchange Sponsors | 300 |
| Independent Reporting Accountants' fees – Crowe JHB | 450 |
| Tax advice – Solaris Law | 100 |
| JSE documentation fees | 22 |
| TRP approval fee | 174 |
| Contingency | 100 |
| **Total** | **2 722** |

## 21. LITIGATION STATEMENT

AEEI, together with certain other AEEI Group entities, instituted legal proceedings at the High Court, Western Cape, to interdict Nedbank from closing the Company's transactional banking facilities, pending a matter before the Equality Court. Nedbank has appealed the decision by the High Court, Western Cape interdicting Nedbank from closing the Company's transactional banking facilities. The appeal is pending before the Supreme Court of Appeal.

AEEI (through its 100% held subsidiary Kilomix Investments Proprietary Limited ("**Kilomix**")) and BT are co-shareholders of BTSA owning 30% and 70%, respectively. Kilomix and BT are currently involved in a dispute which relates to the validity of the alleged exercise by BT Limited, by way of notice to Kilomix of its call option, in terms of the shareholders agreement concluded between BT, Kilomix, BTSA and AEEI (formerly Sekunjalo Investments Limited), for Kilomix's 30% shareholding in BTSA. The dispute was referred to arbitration and the matter is scheduled for hearing from 10 to 21 July 2023.

On 31 May 2019, AYO received a summons issued by the PIC and the GEPF seeking a declaration that the subscription agreement entered into between the PIC and AYO be declared unlawful and set aside. The commencement of legal proceedings in early March 2023 ceased following the conclusion of a settlement agreement between the parties, which agreement was, as announced by AYO on SENS on 24 March 2023, subsequently made an order of court on such date. Further to the announcement released by AYO on SENS on 3 April 2023 informing AYO shareholders of the details contained in the settlement agreement, as announced by AYO on SENS on 4 April 2023, AYO has been directed by the JSE to issue a supplementary announcement containing the requisite Listings Requirements disclosures and approvals in respect thereof. The supplementary announcement was released by AYO on SENS on 18 May 2023.

Save as expressly set out in this Circular, there are currently no other legal or arbitration proceedings, including any such proceedings that are pending or threatened which may have, or have had, a material effect on AEEI or any of its subsidiaries' financial position during the 12 months preceding the date of issue of this Circular.

## 22. CONSENTS

The Corporate Advisor and Sponsor, Legal Advisors, Joint Sponsor, Independent Expert, Independent Reporting Accountants and Transfer Secretaries have consented, in writing, to act in the capacities stated in this Circular and to their names being stated in this Circular and, where applicable, to the inclusion of their reports in the form and context in which they have been reproduced in this Circular in **Annexures 1** and **3** and have not withdrawn their consent prior to the date of issue of this Circular.

## 23. CONFLICT OF INTEREST

Vunani Sponsors is acting in the capacities of Corporate Advisor and Sponsor. As required in terms of the Listings Requirements, it is confirmed that in order to manage any potential or perceived conflict of interest that might arise as a result of Vunani Sponsors in these roles, Vunani Sponsors has in place appropriate checks and balances and divisions of responsibility amongst the persons involved in fulfilling these various functions. Merchantec Capital has been appointed by AEEI as the Company's independent Joint Sponsor for purposes of, *inter alia*, reviewing this Circular and associated announcements to ensure compliance with the Listings Requirements.

## 24. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents will be available for inspection during normal business hours at the registered office of AEEI and at the offices of Vunani Sponsors, whose addresses are set out in the "Corporate Information and Advisors" section of this Circular, from Thursday, 1 June 2023, until the date of the General Meeting (both days inclusive):

24.1 a copy of the MOI and a copy of the memorandum of incorporation of each of AEEI's major Subsidiaries;

24.2 copies of the audited financial statements of AYO for the years ended 31 August 2022, 31 August 2021 and 31 August 2020;

24.3 the signed Independent Reporting Accountants' limited assurance report on the *pro forma* financial information of AEEI, the text of which is included as **Annexure 3** to this Circular;

24.4 the signed Independent Expert's Report, the text of which is included as **Annexure 1** to this Circular;

24.5 the written consent letters referred to in paragraph 22 of this Circular;

24.6 the TRP approval letter; and

24.7 a signed copy of this Circular.



**SIGNED ON BEHALF OF THE INDEPENDENT BOARD**
**WILLEM JOHANNES RAUBENHEIMER**
Chairperson

1 June 2023



**SIGNED ON BEHALF OF THE AEEI BOARD**
**VALENTINE COLLETA DZVOVA**
Chief Executive Officer

1 June 2023

# INDEPENDENT EXPERT'S REPORT

"The Independent Board
African Equity Empowerment Investments Limited
1st Floor Waterway House North
3 Dock Road
Victoria and Alfred Waterfront
Cape Town
8001

26 May 2023

Dear Sirs

**REPORT OF THE INDEPENDENT EXPERT IN RESPECT OF THE PROPOSED UNBUNDLING BY AFRICAN EQUITY EMPOWERMENT INVESTMENTS LIMITED ("AEEI" OR THE "COMPANY") OF ITS SHAREHOLDING IN AYO TECHNOLOGIES SOLUTIONS LIMITED ("AYO") TO ITS SHAREHOLDERS WHICH CONSTITUTES A PROPOSAL TO DISPOSE OF THE GREATER PART OF THE ASSETS OF AEEI IN TERMS OF SECTION 112 OF THE COMPANIES ACT, AS READ WITH REGULATIONS 90 AND 110 OF THE COMPANIES REGULATIONS**

**Introduction and proposed transaction**

In an announcement made by AEEI on the Stock Exchange News Service ("**SENS**") of the exchange operated by the Johannesburg Stock Exchange Limited (the "**JSE**") on 6 March 2023 (the "**Unbundling Announcement**"), holders of ordinary no par value shares in the issued share capital of AEEI (the "**Shares**") ("**AEEI Shareholders**") were advised that the board of directors of AEEI ("**Board**") has resolved to unbundle AEEI's entire shareholding in AYO, being 169 866 829 ordinary shares in AYO ("**AYO Shares**") to AEEI shareholders ("**Unbundling**").

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 AEEI share held on the Unbundling record date.

**Fair and reasonable opinion required in terms of the Act**

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, 2008 (Act 71 of 2008) as amended ("**Act**") ("**Section 112 Disposal**"). The Unbundling is an affected transaction as defined in section 117(1)(c) of the Act. In terms of section 112 of the Act, as read with Regulations 90 and 110 of the Companies Regulations, 2011 ("**Companies Regulations**"), the Independent board of AEEI (the "**AEEI 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 112 of the Act and Regulations 90 and 110 of the Companies Regulations (the "**Fair and Reasonable Opinion**" or "**Opinion**")

Exchange Sponsors Projects (Pty) Ltd ("**Exchange Sponsors**") has been appointed as the independent expert by the AEEI Independent Board to assess the Unbundling and advise on whether the terms and conditions of the Unbundling are fair and reasonable to AEEI Shareholders, as required in terms of section 112 of the Act and Regulation 90 of the Companies Regulations. The Fair and Reasonable Opinion set out herein is provided to the AEEI Independent Board for the sole purpose of assisting the AEEI Independent Board in forming and expressing an opinion on whether the Unbundling is fair and reasonable to AEEI Shareholders.

Copies of sections 115 and 164 of the Act are included in **Annexure 4** of the circular to Shareholders, dated 1 June 2023 (the "**Circular**").

**Responsibility**

Compliance with the Act and the Companies Regulations is the responsibility of the AEEI Independent Board. Our responsibility is to report to the AEEI Independent Board on whether the terms and conditions of the Unbundling are fair and reasonable to the AEEI Shareholders.

**Details of the Unbundling**

The board proposes, subject to the fulfilment of the conditions precedent, the Unbundling by way of a pro rata distribution in specie in terms of section 46(1)(a)(ii) of the Act and section 46 of the Income Tax Act (Act 58 of 1962), as amended ("**Income Tax Act**"), to unbundle 169 866 829 AYO Shares comprising 49.36% of the issued ordinary share capital of AYO.

As detailed in the Circular, each AEEI Shareholder is expected to receive the 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 of 1 AYO Distribution Share for every 2.89 AEEI Shares.

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

The distribution of the AYO Shares to AEEI Shareholders in accordance with the distribution entitlement ratio set out above, could result in fractional entitlements for such AEEI Shareholders. In accordance with the JSE Listings Requirements, such fractional entitlements will be rounded down to the nearest whole number and a cash payment made to AEEI shareholders.

Based on our analysis, there is no material adverse rights and interest of the AEEI shareholders.

**Definition of the terms "fair" and "reasonable" applicable in the context of the transaction**

The "fairness" of a transaction is primarily based on quantitative issues. A transaction will generally be said to be fair to a company's shareholders if the benefits received, as a result of the transaction, are equal to or greater than the value given up.

An unbundling, although in absolute terms a shareholder's position before and after the position is the same, an unbundling is generally fair and reasonable if the combined value of the securities after the unbundling is equal or greater than the value of the securities before the unbundling. The assessment of reasonableness of a transaction is generally based on qualitative considerations surrounding the transaction.

The Fair and Reasonable Opinion does not purport to cater for individual shareholders' positions but rather the rights and interest of the general body of shareholders. A shareholder's decision regarding the fairness of the terms of the Unbundling may be influenced by his or her particular circumstances.

Market value is defined as the estimated amount for an asset should exchange between a willing buyer and a willing seller. If shares are traded on a public exchange it will be the traded price on the exchange.

In reaching a conclusion on whether the Unbundling is fair and reasonable to the AEEI Shareholders we considered the material effects of the Unbundling on the rights and interest of AEEI shareholders and the effect on its valuation. This entails a comparison of the Market Value of the AEEI shares before the Unbundling to the Market Value of the AEEI and AYO shares after the Unbundling.

**Details and sources of information**

In arriving at our opinion, we have relied upon the following principal sources of information:

- the Unbundling announcement dated 6 March 2023;
- the terms and conditions of the Unbundling, as set out in the Circular;
- the integrated annual report of AEEI for the financial years ended 31 August 2022; 31 August 2021 and 31 August 2020;
- group annual financial statements of AEEI for the years ended 31 August 2022, 31 August 2021 and 31 August 2020;
- unaudited annual financial statements for AEEI (Company only) for the year ended 31 August 2022;
- the firm intention announcement made by Premier Fishing and Brands Limited ("**PFB**") dated 3 March 2023;
- unaudited annual financial statements for BT Communications Services South Africa (Pty) Limited ("**BT SA**") for the year ended 31 March 2022;
- unaudited management accounts for BT SA the ten months ended 31 January 2023;
- AEEI SENS announcement dated 4 June 2021 and the latest renewal on 29 March 2023;
- AYO SENS announcement dated 6 March 2023, 24 March 2023, 3 April 2023, 4 April 2023 and 18 May 2023;
- share trading statistics for AEEI and AYO for the period ended 24 May 2023 as supplied by the JSE;

- discussions with the AEEI directors and management and/or their advisors regarding the Unbundling;
- discussions with the AEEI directors and management on prevailing market, economic, legal and other conditions which may affect underlying value;
- publicly available information relating to the industry in which AEEI operates in general; and
- publicly available information relating to AEEI and AYO that we deemed to be relevant, including AEEI and AYO announcements and media articles.

The information above was secured from:

- AEEI directors and management; and
- third-party sources, including information related to publicly available economic, market and other data which we considered applicable to, or potentially influencing AEEI and AYO.

**Procedures**

In arriving at our Opinion, we have undertaken the following procedures and taken into account the following factors in evaluating the fairness and reasonableness of the Unbundling:

- analysis of the terms and conditions of the Unbundling as set out in the Circular;
- reviewed the calculation of the Unbundling ratio;
- held discussions with AEEI directors and management regarding the implications of the Unbundling and tax position of AEEI shareholders;
- analysis of share trading history of AEEI and AYO; and
- considered the long-term effects of the Unbundling on AEEI.

**Valuation Approach**

In evaluating the Unbundling we have compared the Market Value of the AEEI shares before the Unbundling to the Market Value of the AEEI shares after the Unbundling and the value of the unbundled AYO shares ("**AYO Distribution Shares**").

For the purpose of our valuation we used the market values of AEEI and AYO based on the JSE trading prices for the 90 days up to 24 May 2023. For the AEEI value after the Unbundling we have performed a sum-of-the-parts valuation as AEEI is an investment company, by valuing each of the major investments separately, as follows:

- The minor investments have been valued at book value at 31 August 2022 based on the values included in the group annual financial statements for the year ended 31 August 2022;
- The investment in PFB has been valued at the offer price as detailed in the firm intention announcement released on SENS on 3 March 2023 being a price of 160 cents per Premier ordinary share;
- The value of the investment in Kilomix (Pty) Limited ("**Kilomix**"), which owns 30% of BT SA, has been determined by valuing the 30% shareholding BTSA using the PE ratio method. This involves identifying comparable listed peers, applying appropriate discounts to the valuation multiples of these peers, to take into account size and tradability and multiplying the adjusted PE ratio with the results of the previous years to 31 March 2021 and 2022 and the forecast to 31 March 2023;
- Current assets and liabilities at book value at 31 August 2022 based on the values included in the group annual financial statements for the year ended 31 August 2022;

The valuation determined was then adjusted with an appropriate discount for holding companies listed on the JSE.

**Assumptions**

We arrived at our Opinion based on the following assumptions:

- current economic, regulatory and market conditions will not change materially;
- AEEI is not involved in any other material legal proceedings other than what has been disclosed in the Circular;
- there are no known undisclosed contingencies that could have a material effect on the value of AEEI and AYO;
- the Unbundling will not give rise to any undisclosed tax liabilities;
- that reliance can be placed on the historic and forecast financial information of AEEI as set out above; and
- reliance on the assumptions in the information available made by AEEI's representatives, during the course of forming this Opinion.

**Opinion**

We determined a value range of R420 million to R589 million for AEEI before the Unbundling, with a most likely value of R505 million.

We have determined an aggregate value range, for AEEI after the Unbundling and the AYO Distribution Shares, of R 1 112 million to R 1 220 million, with a most likely value of R 1 166 million.

Based on the results of our procedures performed, our valuation work detailed above and subject to the conditions set out herein, we are of the opinion that the Unbundling is fair and reasonable to AEEI shareholders.

**Limiting conditions**

This Fair and Reasonable Opinion is provided to the AEEI Independent Board in connection with and for the purposes of the Unbundling, for the sole purpose of assisting the AEEI Independent Board in forming and expressing an opinion for the benefit of the AEEI shareholders.

We have relied upon and assumed the accuracy of the information provided to 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 AEEI 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. Accordingly, we assume no responsibility and make no representations with respect to the accuracy or completeness of any information provided to us in respect of the Unbundling.

Our opinion is necessarily based upon the information available to us up to 4 May 2023, including 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 Unbundling have been 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 this Opinion based on such developments.

Where relevant, forward-looking information of AEEI relates to future events and is based on assumptions that may or may not remain valid for the whole of the forecast period. Consequently, such information cannot be relied upon to the same extent as that derived from audited financial statements for completed accounting periods. We express no opinion as to how closely the actual future results of AEEI will correspond to those projected. We have, however, compared the forecast financial information of AEEI to past trends as well as discussing the assumptions inherent therein with AEEI management.

We have also assumed that the Unbundling will have the legal consequences described in discussions with, and materials furnished to us by representatives and advisers of AEEI and we express no opinion on such consequences. Our opinion is based on current economic, regulatory and market as well as other conditions. Subsequent developments may affect the Opinion, and we are under no obligation to update, review or re-affirm our opinion based on such developments.

In the SENS announcements dated 4 June 2021 and 29 March 2023 ("**SENS Announcements**"), AEEI informed shareholders that in terms of the shareholders agreement entered into between BT Limited ("**BT**"), BT SA, Kilomix and AEEI dated 4 November 2008, BT has a call option allowing it to repurchase the BT SA shares from AEEI in the event of an act or omission which is not remedied within 60 days ("**BT Call Option**"). Shareholders were advised that BT sent a letter indicating that it wishes to exercise its call option due to a breach as defined in the shareholders agreement. In the SENS Announcements, shareholders were advised to exercise caution when dealing in the AEEI's securities until the validity of the exercise of the BT Call Option can be determined, and if it was validly exercised and until an agreement on the BT Call Option price is reached.

We have been informed by management that the matter has been referred to arbitration. The outcome of the dispute could have a material effect on the value of Kilomix's 30% shareholding in BT SA, but it is not possible to determine it at the date of this report.

In a SENS announcement dated 6 March 2023 ("**AYO SENS Announcement**") AYO referred its shareholders to the announcement released on SENS on 31 May 2019 wherein AYO advised shareholders that AYO had received a summons issued by the Public Investment Corporation ("**PIC**") and Government Employees Pension Fund ("**GEPF**"). The summons seeks a declaration that the subscription agreement entered into between the PIC and AYO be declared unlawful and set aside.

In a SENS announcement dated 24 March 2023, AYO advised its shareholders that the proceedings between AYO, PIC and GEPF ("**the Parties**") have ceased following the amicable conclusion of a settlement agreement between the parties ("**Settlement Agreement**"), the terms of which are confidential. In a SENS announcement dated 3 April 2023 ("**Settlement Agreement Announcement**"), AYO informed its shareholders of the details contained in the Settlement Agreement. In a follow up cautionary SENS announcement dated 4 April 2023, AYO shareholders were informed that AYO was directed by the JSE to issue a supplementary announcement to the Settlement Agreement Announcement ("**Supplementary Announcement**") containing the requisite disclosures and approvals that would ordinally be required in terms of the relevant corporate actions in the Settlement Agreement Announcement, in accordance with the JSE Listings Requirements. AYO shareholders were advised to exercise caution when dealing in AYO's securities until the publication of the Supplementary Announcement.

The above settlement between the parties could have a material effect on the value of AYO's shares. Shareholders should refer to the Supplementary Announcement released on SENS on 18 May 2023.

**Independence, competence and fees**

We confirm that neither we nor any person related to us (as contemplated in the Act) have a direct or indirect interest in AEEI or AYO shares or the Unbundling, nor have had within the immediately preceding two years, any relationship as contemplated in section 114(2)(b) of the Act, and specifically declare, as required by Regulations 90(6)(i) and 90(3)(a) of the Companies Regulations, that we are independent in relation to the Unbundling and will reasonably be perceived to be independent.

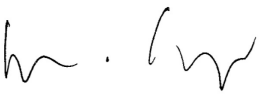
We also confirm that we have the necessary competence to provide the Fair and Reasonable Opinion on and meet the criteria set out in section 114(2)(a) of the Act.

Furthermore, we confirm that our professional fees of R300 000.00, payable in cash, are not contingent upon the success of the Unbundling.

**Consent**

We hereby consent to the inclusion of this Fair and Reasonable Opinion, in whole or in part, and references thereto in the Circular and any other announcement or document pertaining to the Unbundling, in the form and context in which they appear.

Yours faithfully



Marius Meyer CA (SA)
Director
Exchange Sponsors
44a Boundary Road
Inanda
2196"

## *PRO FORMA* FINANCIAL INFORMATION OF AEEI

### Basis of Preparation

The tables below set out the *pro forma* financial information of the Unbundling on the audited Group results of AEEI for the year ended 31 August 2022.

The *pro forma* financial information has been prepared to illustrate the impact of the Unbundling had the Unbundling occurred on 1 September 2021 for purposes of the *pro forma* statement Income Statement and on 31 August 2022 for purposes of the *pro forma* statement of financial position ("**SoFP**") Balance Sheet.

The *pro forma* financial information has been prepared using accounting policies that comply with International Financial Reporting Standards ("**IFRS**") and that are consistent with those applied in the audited results of AEEI for the year ended 31 August 2022. The *pro forma* financial information has been presented in accordance with the Listings Requirements and the Guide on *Pro Forma* Financial Information issued by the South African Institute of Chartered Accountants ("**SAICA**").

The *pro forma* financial effects, which are the responsibility of the Directors of the Company, are provided for illustrative purposes only and, because of their *pro forma* nature may not fairly present AEEI's financial position, changes in equity, results of operations or cash flow nor the effect and impact of the Unbundling going forward.

The *pro forma* financial information presented below does not purport to be indicative of the financial results and effects of the Unbundling if they had been implemented on a different date.

The *pro forma* financial information has been prepared based on the assumptions indicated in this Annexure. The *pro forma* financial information should be read in conjunction with the Independent Reporting Accountants' assurance report thereon contained in **Annexure 3** to this Circular.

## Consolidated *Pro Forma* Statement of Comprehensive Income for the year ended 31 August 2022

| | AEEI Group before AYO unbundling (Note 1) 2022 R'000 | AYO Group (Note 2) R'000 | Eliminations (Note 3) R'000 | Loss on settlement of liability for dividend in specie (Note 4) R'000 | Transaction costs (Note 5) R'000 | Equity accounting for income from associate (Note 6) R'000 | AEEI Group after the AYO unbundling 2022 R'000 |
|---|---|---|---|---|---|---|---|
| Revenue | 2 333 470 | (1 755 179) | 265 | | | | 578 556 |
| Cost of sales | (1 740 930) | 1 367 534 | (5 574) | | | | (378 970) |
| Gross profit | 592 540 | (387 645) | (5 309) | - | - | - | 199 586 |
| Other income | 101 642 | (74 889) | 112 501 | | | | 139 254 |
| Operating expenses | (1 039 626) | 807 370 | (58 307) | | (2 500) | | (293 063) |
| Net impairment changes and impairment reversals | (140 550) | 47 412 | 84 854 | | | | (8 284) |
| Fair value adjustments | (37 426) | 0 | 37 860 | | | | 434 |
| Investment income | 142 503 | (147 394) | 9 878 | | | | 4 987 |
| Finance costs | (22 397) | 13 556 | 1 711 | | | | (7 130) |
| Income from equity accounted investments | 72 485 | (25 250) | (4 653) | - | | 12 110 | 54 692 |
| Loss on settlement of liability for dividend in specie | - | - | | (931 204) | | | (931 204) |
| Loss before taxation | (330 829) | 233 160 | 178 535 | (931 204) | (2 500) | 12 110 | (840 728) |
| Taxation | (31 357) | 32 904 | 13 918 | | | | 15 465 |
| Loss from operations | (362 186) | 266 064 | 192 453 | (931 204) | (2 500) | 12 110 | (825 263) |
| **Other comprehensive income:** | | | | | | | |
| **Items that may be reclassified to profit or loss:** | | | | | | | |
| Exchange differences on translating foreign operations | (610) | 478 | 132 | | | | 0 |
| **Other comprehensive (loss)/profit for the year net of taxation** | (610) | 478 | 132 | 0 | 0 | 0 | 0 |
| **Total comprehensive loss for the year** | (362 796) | 266 542 | 192 585 | (931 204) | (2 500) | 12 110 | (825 263) |
| **Total comprehensive loss attributed to:** | | | | | | | |
| Owners of parent | (224 777) | 270 781 | 53 201 | (931 204) | (2 500) | 12 110 | (822 389) |
| Non-controlling interest | (138 018) | (4 239) | 139 384 | | | | (2 873) |
| | (362 795) | 266 542 | 192 585 | (931 204) | (2 500) | 12 110 | (825 262) |
| **Loss attributable to ordinary equity owners of the parent** | | | | | | | |
| **Headline earnings adjustments** | (224 777) | 270 781 | 53 201 | (931 204) | (2 500) | 12 110 | (822 389) |
| | (6 391) | 6 391 | | | | | 0 |
| | 13 503 | (13 503) | | | | | 0 |
| | (543) | 543 | | | | | 0 |
| | 69 135 | (69 135) | | | | | 0 |
| | 5 997 | (5 997) | | | | | 0 |
| | (35 983) | 35 983 | | | | | 0 |
| | (3 393) | 3 393 | | | | | 0 |
| | | | | 931 204 | | | 931 204 |

| | AEEI Group before AYO unbundling (Note 1) 2022 R'000 | AYO Group (Note 2) R'000 | Eliminations (Note 3) R'000 | Loss on settlement of liability for dividend in specie (Note 4) R'000 | Transaction costs (Note 5) R'000 | Equity accounting for income from associate (Note 6) R'000 | AEEI Group after the AYO unbundling 2022 R'000 |
|---|---|---|---|---|---|---|---|
| **Headline profit / (loss)** | (182 452) | 228 456 | 53 201 | 0 | (2 500) | 12 110 | 108 815 |
| Shares in issue ('000) | 491 022 | 491 022 | 491 022 | 491 022 | 491 022 | 491 022 | 491 022 |
| Weighted average shares in issue ('000) | 491 022 | 491 022 | 491 022 | 491 022 | 491 022 | 491 022 | 491 022 |
| **Basic and diluted earnings/(loss) per share (cents)** | (45,78) | 55,15 | 10,83 | (189,65) | (0,51) | 2,47 | (167,49) |
| **Headline earnings/ (loss) per share (cents)** | (37,16) | 46,53 | 10,83 | 0,00 | (0,51) | 2,47 | 22,16 |

**Notes to the pro forma consolidated statement of comprehensive income**

1. The consolidated statement of comprehensive income has been extracted, without adjustment, from the published audited financial information of African Equity Empowerment Investments Limited for the year ended 31 August 2022.
2. In the unbundling process, African Equity Empowerment Investments Ltd will distribute its entire shareholding in AYO Technology Solutions Ltd to its owners by means of a dividend in specie. After the distribution has taken place, African Equity Empowerment Investments Ltd will no longer have control of AYO Technology Solutions Ltd and will deconsolidate the results of AYO Technology Solutions Ltd from its consolidated results.

   This column represents the deconsolidation of comprehensive income of AYO Technology Solutions Ltd for the year ended 31 August 2022, extracted without adjustment from the published audited financial information of AYO for the year ended 31 August 2022.

   AYO Technology Solutions Ltd was classified as a continuing operation in the 2022 financial statements of African Equity Empowerment Investments Ltd.

   The deconsolidation of comprehensive income is considered to be continuing transaction as the results of AYO Technology Solutions Limited will no longer be included in the consolidated results of African Equity Empowerment Investments Limited from the date of the unbundling.
3. Represents the reversal of consolidation adjustments directly related to the deconsolidation of AYO Technology Solutions Limited for the year ended 31 August 2022.

   This adjustment is considered to be continuing as the results of AYO Technology Solutions Limited will no longer be included in the consolidated results of African Equity Empowerment Investments Limited from the date of the unbundling.
4. The dividend in specie declared to shareholders of African Equity Empowerment Investments Ltd and the corresponding liability for the dividend payable is recognised at the fair market value of the AYO Technology Solutions Ltd shares to be distributed.

   Upon distribution of the shares as a dividend in specie, the liability for the dividend payable is settled and the difference between the carrying value of the liability for the dividend payable and the carrying value of the assets and liabilities of the former subsidiary is recognised in profit or loss.

   The loss on settlement of the liability for the dividend in specie is calculated as follows:

| | R'000 |
|---|---|
| Net asset value of the former subsidiary on unbundling in proportion to African Equity Empowerment Investments Ltd shareholding in AYO Technology Solutions Ltd of 49.36% | 1 440 804 |
| Less carrying value of the liability for the dividend in specie calculated as 169 866 829 shares at R3 per share | (509 600) |
| Loss on settlement of liability for dividend in specie | 931 204 |

   The loss recognised is excluded from Headline Earnings.

   The loss on settlement of the liability for the dividend *in specie* will not have a continuing effect on the consolidated statement of comprehensive earnings as it is a once-off transaction.
5. Represents the transaction costs in respect of the proposed transaction. There is no tax impact as the costs have been deemed capital in nature. This adjustment will not have a continuing effect on the consolidated statement of comprehensive earnings.
6. Represents the recording of the equity accounted income of Mainstreet 1653 (Pty) Ltd for the period.

   Before the unbundling, the shareholding of Mainstreet 1653 Proprietary Limited was held as follows:

   AEEI - 60% of the issued share capital of Mainstreet

   AYO - 40% of the issued capital of Mainstreet

   The pre-unbundling shareholding structure gave AEEI control over Mainstreet and the investment was consolidated in AEEI financial statements.

   In the unbundling of AYO, the AEEI group deconsolidates its investment in Mainstreet.

   Post the unbundling of AYO, AEEI retains its 60% shareholding in Mainstreet, however in terms of a shareholders agreement, AYO retains the rights to appoint the majority of the board of directors of Mainstreet and has retained control of the entity.

   Post the unbundling of AYO, AEEI will exercise significant influence over its investment in Mainstreet and will account for the investment in Mainstreet as an investment in associate under the equity method.

| | AEEI Group before AYO unbundling (Note 1) 2022 R'000 | AYO Group (Note 2) R'000 | Eliminations and consolidation entries (Note 3) R'000 | Transaction Costs (Note 4) R'000 | Equity accounting for income from associate (Note 5) R'000 | AEEI Group after the AYO unbundling 2022 R'000 |
|---|---|---|---|---|---|---|
| **Assets** | | | | | | |
| **Non-current assets** | | | | | | |
| Property, plant and equipment | 507 482 | (38 627) | | | | 468 855 |
| Right of use assets | 149 599 | (94 360) | | | | 55 239 |
| Goodwill | 119 926 | (75 458) | 25 661 | | | 70 129 |
| Intangible assets | 384 469 | (121 912) | (64 050) | | | 198 507 |
| Investment in associate | 935 601 | (72 692) | 33 763 | | 12 110 | 908 782 |
| Investments in joint ventures | 73 903 | | | | | 73 903 |
| Other financial assets | 260 996 | (229 797) | 35 403 | | | 66 602 |
| Finance lease receivables | 3 131 | (3 131) | | | | 0 |
| Deferred tax | 161 165 | (26 462) | (130 280) | | | 4 423 |
| Loans receivable | 176 259 | (252 833) | 76 574 | | | 0 |
| Loans to related parties | 263 789 | (280 764) | 17 429 | | | 454 |
| **Total non-current assets** | 3 036 320 | (1 196 036) | (5 500) | 0 | 12 110 | 1 846 894 |
| **Current assets** | | | | | | |
| Biological assets | 83 073 | 0 | | | | 83 073 |
| Inventories | 258 136 | (200 251) | | | | 57 885 |
| Current tax receivable | 4 389 | (1 328) | (67) | | | 2 994 |
| Trade and other receivables | 879 379 | (785 303) | 1 437 | | | 95 513 |
| Other financial assets | 235 109 | (223 210) | (5 474) | | | 6 425 |
| Finance lease receivables | 13 149 | (13 149) | | | | 0 |
| Loan receivable | 145 349 | (151 541) | 8 056 | | | 1 864 |
| Cash and cash equivalents | 1 349 896 | (1 114 912) | | (2 500) | | 232 484 |
| Loans to related parties | 24 957 | (125 405) | 100 479 | | | 31 |
| **Total current assets** | 2 993 437 | (2 615 099) | 104 431 | (2 500) | 0 | 480 269 |
| **Total Assets** | 6 029 757 | (3 811 135) | 98 931 | (2 500) | 12 110 | 2 327 163 |
| **Equity and liabilities** | | | | | | |
| **Equity attributable to equity holders of the parent** | | | | | | |
| Share capital | 402 240 | (4 441 488) | 4 441 488 | | | 402 240 |
| Reserves | (21 254) | 31 745 | (2 454) | | | 8 037 |
| Retained income | 2 188 533 | 1 452 902 | (2 116 638) | (2 500) | 12 110 | 1 534 407 |
| Equity attributable to equity holders of parent | 2 569 519 | (2 956 841) | 2 322 396 | (2 500) | 12 110 | 1 944 684 |
| Non-controlling interest | 2 307 902 | (150 561) | (2 116 445) | | | 40 896 |
| | 4 877 421 | (3 107 402) | 205 951 | (2 500) | 12 110 | 1 985 580 |
| **Liabilities** | | | | | | |
| **Non-current liabilities** | | | | | | |
| Other financial liabilities | 2 249 | (1 717) | 823 | | | 1 355 |
| Derivatives financial liabilities | | (39 017) | 39 017 | | | 0 |
| Lease liabilities | 136 850 | (76 660) | (1 717) | | | 58 473 |
| Employee benefit obligation | 5 082 | (3 233) | | | | 1 849 |
| Deferred tax | 301 208 | | (154 939) | | | 146 269 |

| | AEEI Group before AYO unbundling (Note 1) 2022 R'000 | AYO Group (Note 2) R'000 | Eliminations and consolidation entries (Note 3) R'000 | Transaction Costs (Note 4) R'000 | Equity accounting for income from associate (Note 5) R'000 | AEEI Group after the AYO unbundling 2022 R'000 |
|---|---|---|---|---|---|---|
| **Total non-current liabilities** | 445 389 | (120 627) | (116 816) | 0 | 0 | 207 946 |
| **Current liabilities** | | | | | | |
| Provisions | 78 645 | (51 784) | (16 707) | | | 10 154 |
| Trade and other payables | 447 743 | (393 603) | 19 343 | | | 73 483 |
| Other financial liabilities | 1 060 | (12 567) | 12 297 | | | 790 |
| Lease liabilities | 49 778 | (29 869) | (11 673) | | | 8 236 |
| Deferred income | 47 719 | (45 075) | 295 | | | 2 939 |
| Current tax payable | 32 666 | (14 824) | (10 113) | | | 7 729 |
| Dividend payable | 46 077 | (32 305) | | | | 13 772 |
| Contingent consideration liability | - | | | | | 0 |
| Loans from related parties | | | 16 354 | | | 16 354 |
| Bank overdraft | 3 259 | (3 079) | | | | 180 |
| **Total current liabilities** | 706 947 | (583 106) | 9 796 | 0 | 0 | 133 637 |
| **Total liabilities** | 1 152 336 | (703 733) | (107 020) | 0 | | 341 583 |
| **Total Equity and Liabilities** | 6 029 757 | (3 811 135) | 98 931 | (2 500) | 12 110 | 2 327 163 |
| **Number of shares in issue ('000)** | 491 022 | 491 022 | 491 022 | 491 022 | 491 022 | 491 022 |
| **Net asset value per share (cents)** | 993,32 | (632,84) | 41,94 | (0,51) | 2,47 | 404,38 |
| **Net tangible asset value per share (cents)** | 890,60 | (592,65) | 49,76 | (0,51) | 2,47 | 349,67 |

**Notes to the *pro forma* consolidated statement of financial position**

1. The consolidated statement of financial position has been extracted, without adjustment, from the published audited financial information of African Equity Empowerment Investments Limited for the year ended 31 August 2022.
2. In the unbundling process, African Equity Empowerment Investments Ltd will distribute its entire shareholding in AYO Technology Solutions Ltd to its owners

   by means of a dividend in specie. After the distribution has taken place, African Equity Empowerment Investments Ltd will no longer have control of AYO Technology Solutions Ltd and will deconsolidate the results of AYO Technology Solutions Ltd from its consolidated results.

   This column represents the deconsolidation of the net asset value of AYO Technology Solutions Limited as at 31 August 2022. The information is extracted, without adjustment from the published audited financial information of AYO Technology Solutions Limited for the year ended 31 August 2022.

   AYO Technology Solutions Ltd was classified as a continuing operation in the 2022 financial statements of African Equity Empowerment Investments Ltd.
3. Represents the reversal of consolidation adjustments directly related to the deconsolidation of AYO Technology Solutions Limited for the year ended 31 August 2022.
4. Represents the transaction costs in respect of the proposed transaction that will be settled from existing available cash.
5. Represents the recording of the equity accounted income of Mainstreet 1653 (Pty) Ltd for the period.

   Before the unbundling, the shareholding of Mainstreet 1653 Proprietary Limited was held as follows:

   AEEI - 60% of the issued share capital of Mainstreet

   AYO - 40% of the issued capital of Mainstreet

   The pre-unbundling shareholding structure gave AEEI control over Mainstreet and the investment was consolidated in AEEI financial statements.

   In the unbundling of AYO, the AEEI group deconsolidates its investment in Mainstreet.

   Post the unbundling of AYO, AEEI retains its 60% shareholding in Mainstreet, however in terms of a shareholders agreement, AYO retains the rights to appoint the majority of the board of directors of Mainstreet and has retained control of the entity.

   Post the unbundling of AYO, AEEI will exercise significant influence over its investment in Mainstreet and will account for the investment in Mainstreet as an investment in associate under the equity method.

# REPORTING ACCOUNTANTS REPORT

African Equity Empowerment Investments Limited
1st Waterway House North
3 Dock Road
V&A Waterfront, Cape Town, 8001
(PO Box 181, Cape Town, 8001)

26 May 2023

**Independent Reporting Accountant's Assurance Report on the Compilation of Pro Forma Financial Information Included in a Circular**

To the Directors of African Equity Empowerment Investments Limited

We have completed our assurance engagement to report on the compilation of *pro forma* financial information of African Equity Empowerment Investments Limited ("**the Group**") by the directors. The *pro forma* financial information, as set out in Annexure 2 of the Circular, consists of the Consolidated *Pro Forma* Statement of Comprehensive Income and the Consolidated Pro Forma Statement of Financial Position and related notes. The applicable criteria on the basis of which the directors have compiled the *pro forma* financial information are specified in the Johannesburg Stock Exchange Limited (JSE) Listings Requirements.

The *pro forma* financial information has been compiled by the directors to illustrate the impact of the corporate action or event, described in the Circular, on the Group's financial position as at 31 August 2022, and the Group's financial performance for the period then ended, as if the corporate action or event had taken place at 1 September 2021 and for the period then ended. As part of this process, information about the Group's financial position and financial performance has been extracted by the directors from the Group's financial statements for the period ended 31 August 2022, on which an unmodified auditor's report was issued on 28 December 2022.

**Directors' Responsibility for the Pro Forma Financial Information**

The directors are responsible for compiling the *pro forma* financial information on the basis of the applicable criteria specified in the JSE Listings Requirements and described in Annexure 2 of the Circular.

**Our Independence and Quality Management**

We have complied with the independence and other ethical requirements of the Code of Professional Conduct for Registered Auditors issued by the Independent Regulatory Board for Auditors ("IRBA Code"), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards).

Crowe JHB applies the International Standard on Quality Management 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**Reporting Accountant's Responsibility**

Our responsibility is to express an opinion about whether the *pro forma* financial information has been compiled, in all material respects, by the directors on the basis specified in the JSE Listings Requirements based on our procedures performed.

We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3420, Assurance Engagements to Report on the Compilation of *Pro Forma* Financial Information Included in a Prospectus which is applicable to an engagement of this nature issued by the International Auditing and Assurance Standards Board. This standard requires that we plan and perform procedures to obtain reasonable assurance about whether the *pro forma* financial information has been compiled, in all material respects, on the basis specified in the JSE Listings Requirements.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the *pro forma* financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of *pro forma* financial information included in a prospectus is solely to illustrate the impact of a significant corporate action or event on unadjusted financial information of the entity as if the corporate action or event had occurred or had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the corporate action or event at 31 August 2022 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the corporate action or event, and to obtain sufficient appropriate evidence about whether:

- The related *pro forma* adjustments give appropriate effect to those criteria; and
- The *pro forma* financial information reflects the proper application of those adjustments to the unadjusted financial information.

Our procedures selected depend on our judgement, having regard to our understanding of the nature of the company, the corporate action or event in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

Our engagement also involves evaluating the overall presentation of the *pro forma* financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Opinion**

In our opinion, the *pro forma* financial information has been compiled, in all material respects, on the basis of the applicable criteria specified in the JSE Listings Requirements and described in Annexure 2 of the Circular.

**Restriction of use**

This report has been prepared for the purpose of satisfying the requirements of the JSE Listings Requirements, and for no other purpose.

**Reporting Accountant's Signature**



Crowe JHB
Gary Kartsounis
Partner
Registered Auditor

9 Autumn Street
Rivonia
2191

## SECTIONS 115 AND 164 OF THE COMPANIES ACT

### SECTION 115: REQUIRED APPROVAL FOR TRANSACTIONS CONTEMPLATED IN PART A

(1) Despite section 65, and any provision of a company's Memorandum of Incorporation, or any resolution adopted by its board or holders of its securities, to the contrary, a company may not dispose of, or give effect to an agreement or series of agreements to dispose of, all or the greater part of its assets or undertaking, implement an amalgamation or a merger, or implement a scheme of arrangement, unless:

a. the disposal, amalgamation or merger, or scheme of arrangement:

i. has been approved in terms of this section; or

ii. is pursuant to or contemplated in an approved business rescue plan for that company, in terms of Chapter 6; and

b. to the extent that Parts B and C of this Chapter, and the Takeover Regulations apply to a company that proposes to:

i. dispose of all or the greater part of its assets or undertaking;

ii. amalgamate or merge with another company; or

ii. implement a scheme of arrangement,

the Panel has issued a compliance certificate in respect of the transaction, in terms of section 119(4)(b), or exempted the transaction in terms of section 119(6).

(2) A proposed transaction contemplated in subsection (1) must be approved:

a. by the Unbundling Resolution adopted by persons entitled to exercise voting rights on such a matter, at a meeting called for that purpose and at which sufficient persons are present to exercise, in aggregate, at least 25% of all of the voting rights that are entitled to be exercised on that matter, or any higher percentage as may be required by the company's Memorandum of Incorporation, as contemplated in section 64(2); and

b. by a special resolution, also adopted in the manner required by paragraph (a), by the shareholders of the company's holding company if any, if:

i. the holding company is a company or an external company;

ii. the proposed transaction concerns a disposal of all or the greater part of the assets or undertaking of the subsidiary; and

iii. having regard to the consolidated financial statements of the holding company, the disposal by the subsidiary constitutes a disposal of all or the greater part of the assets or undertaking of the holding company; and

c. by the court, to the extent required in the circumstances and manner contemplated in subsections (3) to (6).

(3) Despite a resolution having been adopted as contemplated in subsections (2)(a) and (b), a company may not proceed to implement that resolution without the approval of a court if:

a. the resolution was opposed by at least 15% of the voting rights that were exercised on that resolution and, within five business days after the vote, any person who voted against the resolution requires the company to seek court approval; or

b. the court, on an application within 10 business days after the vote by any person who voted against the resolution, grants that person leave, in terms of subsection (6), to apply to a court for a review of the transaction in accordance with subsection (7).

(4) For the purposes of subsections (2) and (3), any voting rights controlled by an acquiring party, a person related to an acquiring party, or a person acting in concert with either of them, must not be included in calculating the percentage of voting rights:

a. required to be present, or actually present, in determining whether the applicable quorum requirements are satisfied; or

b. required to be voted in support of a resolution, or actually voted in support of the resolution. (4A) In subsection (4), 'act in concert' has the meaning set out in section 117(1)(b).

(5) If a resolution requires approval by a court as contemplated in terms of subsection (3)(a), the company must either:

a. within 10 business days after the vote, apply to the court for approval, and bear the costs of that application; or

b. treat the resolution as a nullity.

(6) On an application contemplated in subsection (3)(b), the court may grant leave only if it is satisfied that the applicant:

a. is acting in good faith;

b. appears prepared and able to sustain the proceedings; and

c. has alleged facts which, if proved, would support an order in terms of subsection (7).

(7) On reviewing a resolution that is the subject of an application in terms of subsection (5)(a), or after granting leave in terms of subsection (6), the court may set aside the resolution only if:

a. the resolution is manifestly unfair to any class of holders of the company's securities; or

b. the vote was materially tainted by conflict of interest, inadequate disclosure, failure to comply with the Act, the Memorandum of Incorporation or any applicable rules of the company, or other significant and material procedural irregularity.

(8) The holder of any voting rights in a company is entitled to seek relief in terms of section 164 if that person:

a. notified the company in advance of the intention to oppose a special resolution contemplated in this section; and

b. was present at the meeting and voted against that special resolution.

(9) If a transaction contemplated in this Part has been approved, any person to whom assets are, or an undertaking is, to be transferred, may apply to a court for an order to effect:

a. the transfer of the whole or any part of the undertaking, assets and liabilities of a company contemplated in that transaction;

b. the allotment and appropriation of any shares or similar interests to be allotted or appropriated as a consequence of the transaction;

c. the transfer of shares from one person to another;

d. the dissolution, without winding-up, of a company, as contemplated in the transaction;

e. incidental, consequential and supplemental matters that are necessary for the effectiveness and completion of the transaction; or

f. any other relief that may be necessary or appropriate to give effect to, and properly implement, the amalgamation or merger.

**SECTION 164: DISSENTING SHAREHOLDERS APPRAISAL RIGHTS**

(1) This section does not apply in any circumstances relating to a transaction, agreement or offer pursuant to a business rescue plan that was approved by shareholders of a company, in terms of section 152.

(2) If a company has given notice to shareholders of a meeting to consider adopting a resolution to:

a. amend its Memorandum of Incorporation by altering the preferences, rights, limitations or other terms of any class of its shares in any manner materially adverse to the rights or interests of holders of that class of shares, as contemplated in section 37(8); or

b. enter into a transaction contemplated in section 112, 113 or 114, that notice must include a statement informing shareholders of their rights under this section.

(3) At any time before a resolution referred to in subsection (2) is to be voted on, a dissenting shareholder may give the company a written notice objecting to the resolution.

(4) Within 10 business days after a company has adopted a resolution contemplated in this section, the company must send a notice that the resolution has been adopted to each shareholder who:

a. gave the company a written notice of objection in terms of subsection (3); and

b. has neither:

i. withdrawn that notice; or

ii. voted in support of the resolution.

(5) A shareholder may demand that the company pay the shareholder the fair value for all of the shares of the company held by that person if:

a. the shareholder:

i. sent the company a notice of objection, subject to subsection (6); and

ii. in the case of an amendment to the company's Memorandum of Incorporation, holds shares of a class that is materially and adversely affected by the amendment;

b. the company has adopted the resolution contemplated in subsection (2); and

c. the shareholder:

i. voted against that resolution; and

ii. has complied with all of the procedural requirements of this section.

(6) The requirement of subsection (5)(a)(i) does not apply if the company failed to give notice of the meeting, or failed to include in that notice a statement of the shareholders rights under this section.

(7) A shareholder who satisfies the requirements of subsection (5) may make a demand contemplated in that subsection by delivering a written notice to the company within:

a. 20 business days after receiving a notice under subsection (4); or

b. if the shareholder does not receive a notice under subsection (4), within 20 business days after learning that the resolution has been adopted.

(8) A demand delivered in terms of subsections (5) to (7) must also be delivered to the Panel, and must state:

a. the shareholder's name and address;

b. the number and class of shares in respect of which the shareholder seeks payment; and

c. a demand for payment of the fair value of those shares.

(9) A shareholder who has sent a demand in terms of subsections (5) to (8) has no further rights in respect of those shares, other than to be paid their fair value, unless:

a. the shareholder withdraws that demand before the company makes an offer under subsection (11), or allows an offer made by the company to lapse, as contemplated in subsection (12)(b);

b. the company fails to make an offer in accordance with subsection (11) and the shareholder withdraws the demand; or

c. the company, by a subsequent special resolution, revokes the adopted resolution that gave rise to the shareholder's rights under this section.

(10) If any of the events contemplated in subsection (9) occur, all of the shareholder's rights in respect of the shares are reinstated without interruption.

(11) Within five business days after the later of:

a. the day on which the action approved by the resolution is effective;

b. the last day for the receipt of demands in terms of subsection (7)(a); or

c. the day the company received a demand as contemplated in subsection (7)(b), if applicable, the company must send to each shareholder who has sent such a demand a written offer to pay an amount considered by the company's directors to be the fair value of the relevant shares, subject to subsection (16), accompanied by a statement showing how that value was determined.

(12) Every offer made under subsection (11):

a. in respect of shares of the same class or series must be on the same terms; and

b. lapses if it has not been accepted within 30 business days after it was made.

(13) If a shareholder accepts an offer made under subsection (12):

a. the shareholder must either in the case of:

i. shares evidenced by certificates, tender the relevant share certificates to the company or the company's transfer agent; or

ii. uncertificated shares, take the steps required in terms of section 53 to direct the transfer of those shares to the company or the company's transfer agent; and

b. the company must pay that shareholder the agreed amount within 10 business days after the shareholder accepted the offer and:

i. tendered the share certificates; or

ii. directed the transfer to the company of uncertificated shares.

(14) A shareholder who has made a demand in terms of subsections (5) to (8) may apply to a court to determine a fair value in respect of the shares that were the subject of that demand, and an order requiring the company to pay the shareholder the fair value so determined, if the company has:

a. failed to make an offer under subsection (11); or

b. made an offer that the shareholder considers to be inadequate, and that offer has not lapsed.

(15) On an application to the court under subsection (14):

a. all dissenting shareholders who have not accepted an offer from the company as at the date of the application must be joined as parties and are bound by the decision of the court;

b. the company must notify each affected dissenting shareholder of the date, place and consequences of the application and of their right to participate in the court proceedings; and

c. the court:

i. may determine whether any other person is a dissenting shareholder who should be joined as a party;

ii. must determine a fair value in respect of the shares of all dissenting shareholders, subject to subsection (16);

iii. in its discretion may:

(aa) appoint one or more appraisers to assist it in determining the fair value in respect of the shares; or

(bb) allow a reasonable rate of interest on the amount payable to each dissenting shareholder from the date the action approved by the resolution is effective, until the date of payment;

iv. may make an appropriate order of costs, having regard to any offer made by the company, and the final determination of the fair value by the court; and

v. must make an order requiring:

(aa) the dissenting shareholders to either withdraw their respective demands or to comply with subsection (13)(a); and

(bb) the company to pay the fair value in respect of their shares to each dissenting shareholder who complies with subsection (13)(a), subject to any conditions the court considers necessary to ensure that the company fulfils its obligations under this section.

(15A) At any time before the court has made an order contemplated in subsection (15)(c)(v), a dissenting shareholder may accept the offer made by the company in terms of subsection (11), in which case:

a that shareholder must comply with the requirements of subsection 13(a); and

b the company must comply with the requirements of subsection 13(b).

(16) The fair value in respect of any shares must be determined as at the date on which, and time immediately before, the company adopted the resolution that gave rise to a shareholder's rights under this section.

(17) If there are reasonable grounds to believe that compliance by a company with subsection (13)(b), or with a court order in terms of subsection (15)(c)(v)(bb), would result in the company being unable to pays its debts as they fall due and payable for the ensuing 12 months:

a. the company may apply to a court for an order varying the company's obligations in terms of the relevant subsection; and

b. the court may make an order that:

i. is just and equitable, having regard to the financial circumstances of the company; and

ii. ensures that the person to whom the company owes money in terms of this section is paid at the earliest possible date compatible with the company satisfying its other financial obligations as they fall due and payable.

(18) If the resolution that gave rise to a shareholder's rights under this section authorised the company to amalgamate or merge with one or more other companies, such that the company whose shares are the subject of a demand in terms of this section has ceased to exist, the obligations of that company under this section are obligations of the successor to that company resulting from the amalgamation or merger.

(19) For greater certainty, the making of a demand, tendering of shares and payment by a company to a shareholder in terms of this section do not constitute a distribution by the company, or an acquisition of its shares by the company within the meaning of section 48, and therefore are not subject to:

a. the provisions of that section; or

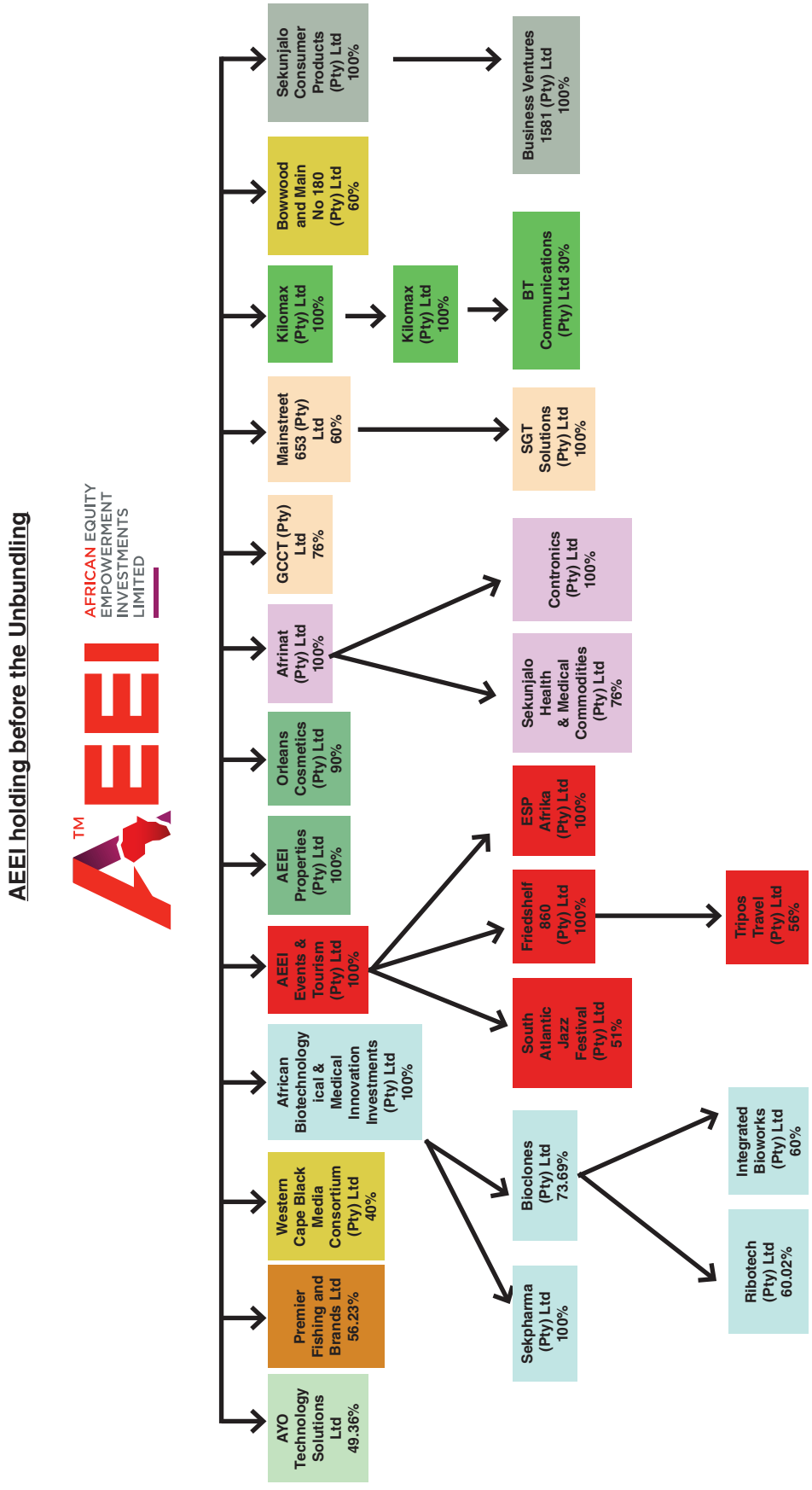
b. the application by the company of the solvency and liquidity test set out in section 4.

(20) Except to the extent:

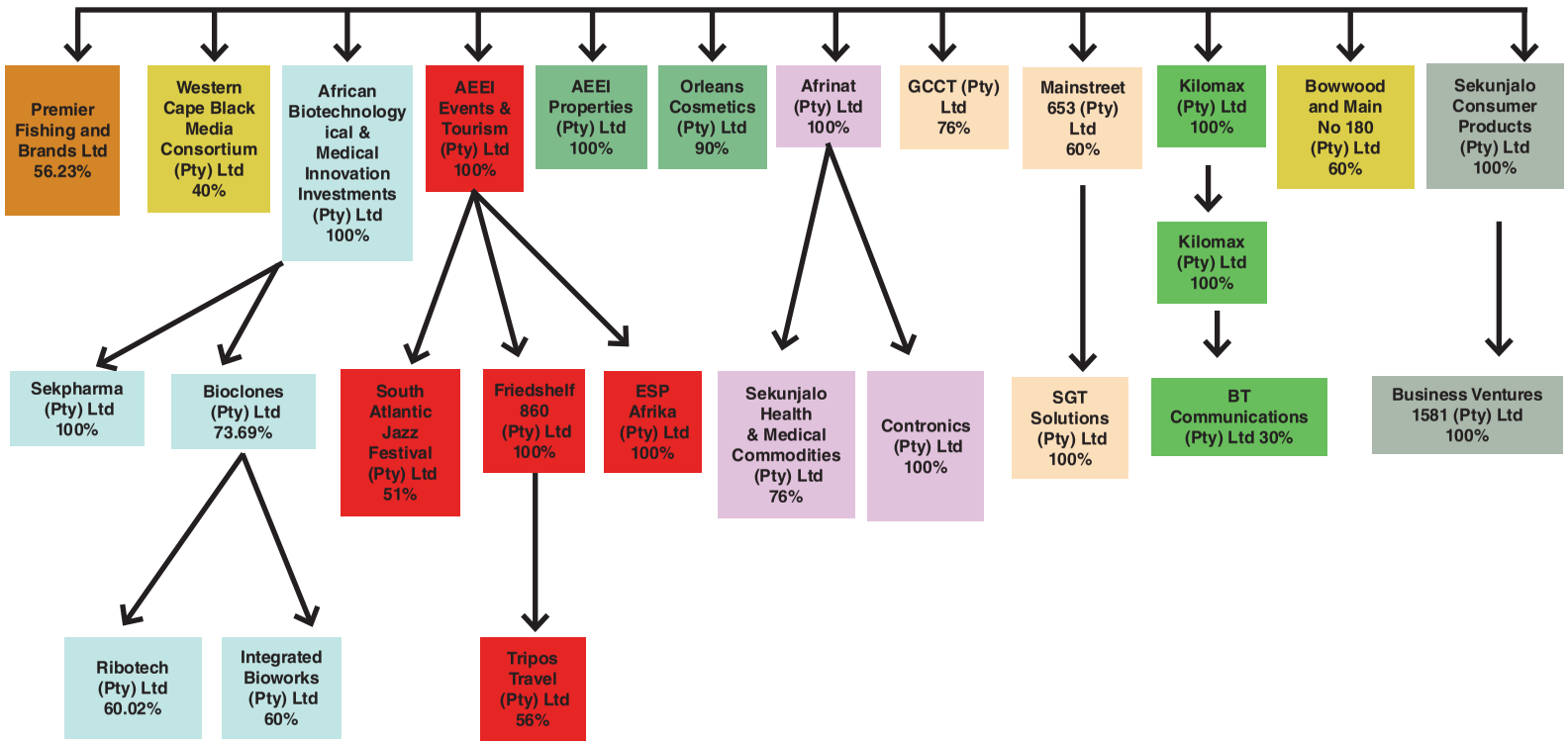
a. expressly provided in this section; or

b. that the Panel rules otherwise in a particular case, a payment by a company to a shareholder in terms of this section does not obligate any person to make a comparable offer under section 125 to any other person.

## AEEI GROUP STRUCTURE FOLLOWING THE UNBUNDLING



## AEEI holding after the Unbundling



## DISCLAIMERS AND INFORMATION FOR FOREIGN SHAREHOLDERS

### 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 Circular in jurisdictions other than South Africa may be restricted by law and therefore persons into whose possession this Circular 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 Circular 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 Circular 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 Circular 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 Circular.

### Notice to US AEEI Shareholders

This Circular is not an offer of any securities for sale in the United States. The AYO Distribution 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 AYO Distribution 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 AYO Distribution Shares.

The AYO Distribution 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 AYO Distribution Shares in the United States. Consequently, it is unlikely that an active trading market in the United States will develop for the AYO Distribution Shares.

The AYO Distribution 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 Circular. 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 Circular does not constitute an offer for the sale or distribution of any AYO Distribution Shares in Canada. All AEEI Shareholders located in Canada will not receive any AYO Distribution 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 Circular is not a prospectus, as such term is defined in the Prospectus Regulation (EU) 2017/1129, on the basis that the AYO Distribution 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 AYO Distribution 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 AYO Distribution 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 Circular is not a prospectus and has not been lodged with or reviewed by the Australian Securities and Investments commission.

The AYO Distribution 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 AYO Distribution 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 Circular 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 AYO Distribution 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 AYO Distribution 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 Circular 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 Circular may not be distributed, published or otherwise made available in Switzerland except in a manner that will not constitute a public offering of the AYO Distribution Shares.

**Notice to AEEI Shareholders in South Korea**

The AYO Distribution 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 AYO Distribution 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 Circular does not constitute a public offer of AYO Distribution 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 AYO Distribution 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, AYO Distribution 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 Circular 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 Circular 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.

# TAXATION

The summary set out in this **Annexure 7** 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.

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

The Unbundling will constitute a disposal by AEEI of all of the AYO Distribution 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:

1.2 **Disposal of the AYO Distribution Shares**

1.2.1 AEEI holds the AYO Distribution Shares as capital assets.

1.2.2 Subject to the application of section 46(7) of the Income Tax Act, the distribution of the AYO Distribution 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.

1.2.3 If AEEI distributes the AYO Distribution 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:

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

1.2.3.2 the market value of the AYO Distribution Shares exceed the tax cost/expenditure thereof.

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

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

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

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

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

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

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

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

1.3 AEEI's expenditure in respect of the AYO Distribution Shares is as follows:

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

1.4 Consequently, if:

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

1.4.2 the market value of the AYO Distribution Shares, at the end of the day after the last day to trade, exceeds the expenditure set out in paragraph 1.3 above,

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

1.5 **AEEI Shares held as trading stock**

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

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

1.5.3 The expenditure to be allocated to the AYO Distribution Shares will be determined by applying the ratio that the market value of AYO Distribution 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 AYO Distribution Shares.

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

1.6 **AEEI Shares held as capital assets**

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

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

1.6.3 The expenditure to be allocated to the AYO Distribution Shares will be determined by applying the ratio that the market value of the AYO Distribution 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 AYO Distribution Shares.

1.6.4 The expenditure (and CGT valuation, where applicable) so allocated to the AYO Distribution 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 AYO Distribution Shares.

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

1.7 **Dividends tax and returns of capital**

In terms of sections 46(5) and 46(5A) of the Income Tax Act, the distribution of the AYO Distribution 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 1.2 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 AYO Distribution Share.

1.8 **Securities transfer tax**

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

1.9 **Cost apportionment announcement**

AEEI will advise the AEEI Shareholders, by way of an announcement to be released on SENS on or about Thursday, 27 July 2023, of the expenditure to be added to their AYO Distribution Shares. The allocated expenditure must be used in the determination of any profits or losses derived on any future disposals of the AYO Distribution Shares or AEEI Shares.

1.10 **Disqualified person shareholder(s)**

The tax consequences outlined in paragraphs 1.1 and 1.2 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.

1.11 **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.

1.12 **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.

# EXCHANGE CONTROL REGULATIONS

1. **Summary**

The summary set out in this **Annexure 8** is based on the laws in force and applied in practice as at the date of this Circular and is subject to changes to those laws and practices subsequent to such date.

1.1 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 AYO Distribution Shares are not freely transferable from the Common Monetary Area 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**").

1.2 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; 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 Common Monetary Area. 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.

1.3 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.

2. **Emigrants from the Common Monetary Area**

2.1 Any share certificates that may be issued by AYO in respect of the AYO Distribution Shares to emigrants from the Common Monetary Area will be endorsed "non-resident" in accordance with the Excon Rules.

2.2 Uncertificated AYO Distribution 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.

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

3. **Residents outside of the Common Monetary Area**

3.1 Any share certificates that may be issued by AYO in respect of the AYO Distribution Shares to non-residents of the Common Monetary Area will be endorsed "non-resident" in accordance with the Excon Rules.

3.2 Uncertificated AYO Distribution 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.

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.

**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**")

# NOTICE OF GENERAL MEETING

**The definitions and interpretations commencing on page 10 of the Circular to which this Notice of General Meeting is attached (i) apply, unless the context clearly indicates otherwise, *mutatis mutandis* to this Notice of General Meeting and to the resolutions set out herein; and (ii) are hereby incorporated into this Notice of General Meeting by reference thereto.**

**If you are in any doubt as to what action you should take in respect of the following resolutions, please consult your CSDP, Broker, banker, attorney, accountant or other professional advisor immediately.**

Notice is hereby given that a General Meeting of AEEI Shareholders will be held at 10:00 on Friday, 30 June 2023 to be conducted by and accessible to Shareholders, through electronic communication as envisaged in section 63(2)(a) of the Companies Act, the JSE and clause 21 of the MOI, in order to consider and, if deemed fit, approve with or without modification, the resolutions set out in this Notice of General Meeting.

The Board has determined that, in terms of section 59(1)(b) of the Companies Act, the record date for the purposes of determining which AEEI Shareholders are entitled to participate in and vote at the General Meeting is Friday, 23 June 2023. Accordingly, the last day to trade AEEI Shares in order to be recorded in the Company's securities register to be entitled to vote at the General Meeting will be Tuesday, 20 June 2023.

**Purpose**

The purpose of the General Meeting of AEEI Shareholders is to consider and, if deemed fit, to approve, with or without modification, the special and ordinary resolutions set out in this Notice of General Meeting.

**Special Resolution Number 1 – Approval of the Unbundling**

**"Resolved as a special resolution that,** the AYO Unbundling, involving the distribution *in specie* of the AYO Distribution Shares to AEEI Shareholders *pro rata* to their shareholdings in the Company, be and it is hereby approved in terms of section 112 read with section 115 of the Companies Act, on the terms and subject to the conditions set out in the Circular."

As the distribution by AEEI of the AYO Distribution Shares to AEEI Shareholders as contemplated in special resolution number 1, will constitute a disposal of the greater part of AEEI's assets, the provisions of section 112 read with section 115 of the Companies Act require, *inter alia*, that such distribution be approved by AEEI Shareholders by way of a special resolution.

In terms of the Companies Act and the MOI, the adoption of special resolution number 1 will require the support of at least 75% of the voting rights exercised on the resolution.

**Ordinary Resolution Humber 1 – Authority granted to Directors and Company Secretary**

**"Resolved as an ordinary resolution that**, any Director or the Company Secretary of AEEI be and is hereby individually authorised and empowered to do all such things, sign all such documents and take all such actions or procure the doing of all such things, the signature of all such documents and the taking of all such actions as may be necessary for or incidental to the implementation of the Unbundling and the special resolution passed at the General Meeting at which this resolution is considered."

In terms of the Companies Act and the MOI, the adoption of ordinary resolution number 1 will require the support of more than 50% of the voting rights exercised on the resolution.

**Entitlement to attend and vote at the General Meeting and appointment of proxies**

AEEI Shareholders who wish to participate in the General Meeting should note that in terms of the Companies Act, they are required to provide reasonable satisfactory identification before being entitled to attend or participate in the General Meeting for the purposes of section 63(1) of the Act, and to obtain (or provide the representative or proxy with) details on how to access the General Meeting by means of electronic participation. Shareholders who wish to participate electronically must refer to the section titled "Electronic Participation Form".

Certificated Shareholders or own-name Dematerialised Shareholders may attend the General Meeting, or alternatively appoint a proxy to attend, and speak in their stead. The Form of Proxy (*yellow*) attached to the Circular, must be completed and returned to the offices of the Transfer Secretaries, **JSE Investor Services Proprietary Limited, One Exchange Square, 2 Gwen Lane, Sandown, Sandton, 2196, or via email to: meetfax@jseinvestorservices.co.za** to be received by the Transfer Secretaries, for administrative purposes, by 10:00 on Wednesday, 28 June 2023, or thereafter by emailing such form to the Transfer Secretaries at the aforementioned email address (for the attention of the chairperson of the General Meeting) to be received at any time before the Shareholder or proxy exercises any rights of the AEEI Shareholder at the General Meeting.

Certificated Shareholders or own-name Dematerialised Shareholders must note that they will be able to vote during the General Meeting. Such Participants who wish to have their vote(s) counted prior to the commencement of the General Meeting, must act in accordance with the voting instructions contained in this Notice of the General Meeting, i.e. to the extent applicable:

i) complete the Form of Proxy (*yellow*); or

ii) contact their CSDP.

Dematerialised Shareholders other than own-name Dematerialised Shareholders, must contact their CSDP or Broker, as the case may be, and obtain the relevant letter of representation from it if they wish to attend the General Meeting. If AEEI Shareholders are unable to attend the General Meeting but wish to be represented thereat, they must furnish their CSDP or Broker, as the case may be, with their instructions for voting at the General Meeting.

The completion and submission of a Form of Proxy by an AEEI Shareholder, will not preclude such AEEI Shareholder from attending the General Meeting.

**APPRAISAL RIGHTS FOR DISSENTING SHAREHOLDERS**

In accordance with section 164 of the Companies Act, at any time before Special Resolution Number 1 is voted on, a Shareholder may give the Company a written notice objecting to Special Resolution Number 1.

Within 10 Business Days after the Company has adopted Special Resolution Number 1, the Company must send a notice that Special Resolution Number 1 has been adopted to each Shareholder ("**Qualifying Shareholder**")

– gave the Company a written notice of objection as contemplated above; and
– has neither withdrawn that notice nor voted against Special Resolution Number 1.

A Qualifying Shareholder may, within 20 Business Days after receiving the Company's aforementioned notice of the adoption of Special Resolution Number 1, demand that the Company pay the Qualifying Shareholder the fair value for all of the Shares of the Company held by that person if:

– the Qualifying Shareholder has sent the Company a written notice of objection;
– the Company has adopted Special Resolution Number 1; and
– the Qualifying Shareholder voted Special Resolution Number 1 and has complied with all of the procedural requirements of section 164 of the Companies Act.

A copy of section 164 of the Companies Act is set out in **Annexure 4** to the Circular to which this notice convening the General Meeting is attached.

**Signed at Cape Town on 1 June 2023 on behalf of the Independent Board.**

Chairman of the Independent Board



**CORNELL KANNEMEYER**
Company Secretary

**Johannesburg**
1 June 2023

Transfer Secretaries

**Registered office**
1st Floor, Waterway House North
3 Dock Road
V&A Waterfront,
Cape Town, 8001

**Transfer Secretaries**
JSE Investor Services Proprietary Limited
One Exchange Lane
2 Gwen Lane
Sandown, Sandton, 2196

**AFRICAN EQUITY EMPOWERMENT INVESTMENTS LIMITED**

(Incorporated in the Republic of South Africa)
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# ELECTRONIC PARTICIPATION FORM

## ELECTRONIC PARTICIPATION IN THE GENERAL MEETING

1. Shareholders or their proxies who wish to participate in the General Meeting via electronic communication ("**Participants**"), must apply to the Company's Transfer Secretaries to do so by delivering the form below ("**the Application**") to the offices of the Transfer Secretaries, JSE Investor Services Proprietary Limited, One Exchange Square, 2 Gwen Lane, Sandown, Sandton, 2196, or via email to: meetfax@jseinvestorservices.co.za at least seven (7) Business Days prior to the General Meeting, being Wednesday, 21 June to arrange for the Shareholder (or representative or proxy) to provide reasonable satisfactory identification to the Transfer Secretaries for the purposes of section 63(1) of the Companies Act, and to provide the Shareholder (or representative or proxy) with details on how to access the General Meeting by means of electronic participation.

   The Application may also be posted, at the risk of the Participant, to JSE Investor Services Proprietary Limited, PO Box 4844, Johannesburg, 2000, so as to be received by the Transfer Secretaries by no later than the date set out above.

2. General Meeting Participants must note that they will not be able to vote during the General Meeting. Such Participants, should they wish to have their vote(s) counted prior to the commencement of the General Meeting, must act in accordance with the voting instructions contained in the Notice of the General Meeting, ie. to the extent applicable:

   i. complete the Form of Proxy (*yellow*); or
   ii. contact their CSDP.

3. Important notice:

   i) Each Participant will be contacted by the Transfer Secretaries by no later than Tuesday, 27 June 2023 via email and/or SMS with the details allowing them to dial in.
   ii) The cost of the Participant's electronic communication will be for his/her own expense and will be billed separately by his/her own service provider.
   iii) The cut-off time to participate in the meeting will be 10:00 on Friday, 30 June 2023. No late dial-in will be accommodated.

**THE APPLICATION FORM**

| | |
|---|---|
| Full name of the Shareholder | |
| ID number | |
| Email address | |
| Cell number | |
| Telephone number | |
| Name of CSDP or Broker | |
| (if Shares are held in Dematerialised format) | |
| Contact number of CSDP/Broker | |
| Contact person at CSDP/Broker | |
| Number of share certificate (if applicable) | |
| Signature | |
| Date | |

**TERMS AND CONDITIONS FOR PARTICIPATION AT THE GENERAL MEETING VIA ELECTRONIC COMMUNICATION**

The cost of dialing in using an electronic communication line to participate in the General Meeting is for the expense of the Participant and will be billed separately by the Participant's own service provider.

The Participant acknowledges that the electronic communications are provided by a third party and indemnifies the Company against any loss, injury, damage, penalty or claim arising in any way from the use or possession of the telecommunication lines, whether or not the problem is caused by any act or omission on the part of the Participant or anyone else. In particular, but not exclusively, the Participant acknowledges that he/she will have no claim against the Company, whether for consequential damages or otherwise, arising from the use of the electronic communications or any defect in it or from total or partial failure of the electronic communications and connections linking the electronic communications to the General Meeting.

General Meeting Participants must note that they will be able to vote during the General Meeting. Such Participants who wish to have their vote(s) counted prior to the commencement of the General Meeting, must act in accordance with the voting instructions contained in the Notice of the General Meeting, i.e. to the extent applicable:

i) complete the Form of Proxy (yellow); or

ii) contact their CSDP.

The Application will only be deemed successful if this application form has been completed and fully signed by the Participant.

# AFRICAN EQUITY EMPOWERMENT INVESTMENTS LIMITED

(Incorporated in the Republic of South Africa)
(Registration number: 1996/006093/06)
Share code: AEE ISIN: ZAE000195731
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## *FORM OF PROXY IN RESPECT OF THE GENERAL MEETING OF AEEI SHAREHOLDERS (for use by Certificated AEEI Shareholders and own-name Dematerialised AEEI Shareholders only)*

**The definitions and interpretations commencing on page 10 of the Circular to which this Form of Proxy is attached, apply *mutatis mutandis* to this Form of Proxy unless the context clearly requires otherwise.**

For use only by Certificated Shareholders or "own-name" Dematerialised Shareholders at the General Meeting to be held at 10:00 on Friday, 5 May 2023 to be conducted by and accessible to Shareholders, through electronic communication as envisaged in section 63(2)(a) of the Companies Act, the JSE and clause 21 of the MOI.

Dematerialised Shareholders holding Shares other than with "own-name" registration, who wish to attend the General Meeting must inform their CSDP or Broker of their intention to attend the General Meeting and request their CSDP or Broker to issue them with the relevant letter of representation to attend and participate in the General Meeting. If they do not wish to attend the General Meeting, they must provide their CSDP or Broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker.

**Dematerialised Shareholders, other than "own-name" Dematerialised Shareholders, must not complete this Form of Proxy.**

Full name: I/We (BLOCK LETTERS)

of (address):

Telephone: (Work) Telephone: (Home)

Email address: Cell number:

being the holder(s) of _____ Shares hereby appoint:

1. or failing him/her,

2. or failing him/her,

3. the chairperson of the General Meeting,

as my/our proxy to attend, speak and vote for me/us on my/our behalf at the General Meeting (or any postponement or adjournment thereof) convened for purpose of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed thereat and at each postponement or adjournment thereof, and to vote for and/or against such resolutions, and/or to abstain from voting for and/or against the resolutions, in respect of the Shares registered in my/our name in accordance with the following instructions and otherwise in accordance with the Companies Act, the MOI and the notes attached hereto:

| | | Number of Shares | | |
|---|---|---|---|---|
| No. | Resolution | **For** | **Against** | **Abstain** |
| 1. | **Special Resolution Number 1**<br>Approval of the Unbundling | | | |
| 2. | **Ordinary Resolution Number 1**<br>Authority granted to Directors and Company Secretary | | | |

Please indicate instructions to proxy in the space provided above by the insertion therein of the relevant number of votes exercisable.

One vote per Share held by AEEI Shareholders. AEEI Shareholders must insert the relevant number of votes they wish to vote in the appropriate box provided or "X" should they wish to vote all Shares held by them. If no instruction is provided, the proxy (if not the chairperson of the General Meeting) shall be entitled to vote or abstain from voting as he/she deems fit, provided that if the proxy is the chairperson of the General Meeting, he/she shall be deemed to be instructed to vote in favour of the resolutions set out above, in respect of all shares held by the AEEI Shareholder.

Signed at this day of 2023

Signature

Assisted by me (where applicable)

Please read the notes on the reverse side hereof.

**Summary of the rights contained in section 58 of the Companies Act:**

Although the following is a summary of section 58 of the Companies Act, Shareholders are reminded that the General Meeting will be conducted entirely by electronic facility/communication and as such, there will be no physical meeting).

In terms of section 58 of the Companies Act:

- a shareholder may, at any time and in accordance with the provisions of section 58 of the Companies Act, appoint any individual (including an individual who is not a shareholder) as a proxy to participate in, and speak and vote at, a shareholders meeting on behalf of such shareholder;a proxy may delegate her or his authority to act on behalf of a shareholder to another person, subject to any restriction set out in the instrument appointing such proxy;
- irrespective of the form of instrument used to appoint a proxy, the appointment of a proxy is suspended at any time and to the extent that the relevant shareholder chooses to act directly and in person in the exercise of any of such shareholder's rights as a shareholder;
- irrespective of the form of instrument used to appoint a proxy, any appointment by a shareholder of a proxy is revocable, unless the form of instrument used to appoint such proxy states otherwise;
- if an appointment of a proxy is revocable, a shareholder may revoke the proxy appointment by: (i) cancelling it in writing, or making a later inconsistent appointment of a proxy and (ii) delivering a copy of the revocation instrument to the proxy and to the company; and
- a proxy appointed by a shareholder is entitled to exercise, or abstain from exercising, any voting right of such shareholder without direction, except to the extent that the relevant company's memorandum of incorporation, or the instrument appointing the proxy, provides otherwise (see note 8).

**Notes to the Form of Proxy:**

1. The Form of Proxy must only be used by Certificated Shareholders or Shareholders who hold Dematerialised Shares in their own name.
2. All other beneficial owners who have Dematerialised their Shares through a CSDP or Broker and wish to attend the General Meeting must provide the CSDP or Broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or Broker.
3. A Shareholder entitled to attend the General Meeting, and to vote, may insert the name of a proxy or the names of two alternative proxies of the Shareholder's choice in the spaces provided with or without deleting "the chairperson of the General Meeting". The person whose name appears first on this Form of Proxy and who is present at the General Meeting will be entitled to act as proxy to the exclusion of such proxy(ies) whose names follow.
4. A Shareholder is entitled to one vote on a show of hands and, on a poll, one vote in respect of each Share held. A Shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that Shareholder in the appropriate space provided. If an "X" has been inserted in one of the blocks to a particular resolution, it will indicate the voting of all the Shares held by the Shareholder concerned. Failure to comply with this will be deemed to authorise the proxy to vote or to abstain from voting at the General Meeting as he deems fit in respect of all the Shareholder's votes exercisable thereat. A Shareholder or the proxy is not obliged to use all the votes exercisable by the Shareholder or by the proxy, but the total of the votes cast and in respect of which abstention is recorded may not exceed the total of the votes exercisable by the Shareholder or the proxy.
5. This Form of Proxy shall be valid at any resumption of an adjourned or postponed meeting to which it relates although this Form of Proxy shall not be used at the resumption of an adjourned or postponed meeting if it could not have been used at the General Meeting from which it was adjourned or postponed for any reason other than it was not lodged timeously for the meeting from which the adjournment took place.
6. This Form of Proxy shall in addition to the authority conferred by the Companies Act except insofar as it provides otherwise, be deemed to confer the power generally to act at the General Meeting in question, subject to any specific direction contained in this Form of Proxy as to the manner of voting.
7. Where this Form of Proxy is signed under power of attorney, such power of attorney must accompany this Form of Proxy, unless it has been registered by AEEI or waived by the chairperson of the General Meeting.
8. A vote given in terms of an instrument of proxy shall be valid in relation to the General Meeting notwithstanding the death, insanity or other legal disability of the person granting it, or the revocation of the proxy, or the transfer of the Shares in respect of which the proxy is given, unless notice as to any of the aforementioned matters shall have been received by the Company's Transfer Secretaries, JSE Investor Services, not less than 48 hours before the commencement of the General Meeting (excluding Saturdays, Sundays and South African public holidays).
9. If a Shareholder does not indicate on this form that his/her proxy is to vote in favour of or against any resolution or to abstain from voting, or gives contradictory instruction, or should any further resolution(s), or any amendment(s) which may properly be put before the General Meeting be proposed, the proxy shall be entitled to vote as he/she thinks fit.
10. The chairperson of the General Meeting may accept or reject any Form of Proxy which is completed and/or received other than in accordance with these notes and instructions.
11. The completion and lodging of this Form of Proxy will not preclude the relevant Shareholder from attending the General Meeting, speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such Shareholder wish to do so.
12. Documentary evidence establishing the authority of a person signing the form in a representative capacity must be attached to this Form of Proxy, unless previously recorded by the Company or unless this requirement is waived by the chairman of the General Meeting.
13. A minor or any other person under legal incapacity must be assisted by his parent or guardian, as applicable, unless the relevant documents establishing his capacity are produced or have been registered by the Company.
14. Where there are joint holders of Shares:
    - Any one holder may sign the form of proxy.
    - The vote(s) of the senior Shareholder (for that purpose seniority will be determined by the order in which the names of the Shareholders appear in the Company's register of shareholders) who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the vote(s) of the other joint Shareholder(s).
15. Forms of Proxy should be provided to the Transfer Secretaries:

    **Email to:**

    meetfax@jseinvestorservices.co.za

    **Hand deliveries to:**

    JSE Investor Services Proprietary Limited
    One Exchange Square
    2 Gwen Lane
    Sandown, Sandton, 2196

    **Postal deliveries to:**

    JSE Investor Services Proprietary Limited
    PO Box 4884
    Johannesburg
    2000

    to be received by the Transfer Secretaries, for administrative purposes, by no later than 10:00 on Wednesday, 28 June 2023, or thereafter by emailing such form to the Transfer Secretaries at the aforementioned email address (for the attention of the chairperson of the General Meeting) to be received at any time before the appointed proxy exercises any of the Shareholder's votes at the General Meeting.
16. A deletion of any printed matter and the completion of any blank space need not be signed or initialled. Any alteration or correction must be signed and not merely initialled.