WILSON BAYLY HOLMES - OVCON LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 1982/011014/06)
Share code: WBO
ISIN: ZAE000009932
("**WBHO** or "**Company**")

WBHO'S PROPOSED BROAD-BASED BLACK ECONOMIC EMPOWERMENT ("B-BBEE") OWNERSHIP TRANSACTION

1. **Introduction and rationale**

1.1. WBHO is committed to advancing all B-BBEE elements set out in the 2017 Construction Sector Code.

1.2. From an ownership perspective, the WBHO group believes that black equity ownership in WBHO advances economic transformation, enhances the economic participation of black people in the South African economy and plays an important role in the competitiveness and growth of the WBHO group.

1.3. In 2006, WBHO entered into a B-BBEE ownership transaction ("**2006 B-BBEE Ownership Transaction**") with Akani Investment Holdings Proprietary Limited ("**Akani 1**"). The 2006 B-BBEE Ownership Transaction will shortly expire and be wound up. Prior to expiry of the 2006 B-BBEE Ownership Transaction:

1.3.1. Ordinary Shares in WBHO ("**WBHO Shares"**) and/or cash which vests, on the terms set-out in the 2006 B-BBEE Ownership Transaction, in the remaining participants will be distributed to them, whereafter they will cease to be participants; and

1.3.2. WBHO will repurchase the remaining WBHO Shares held by Akani 1.

1.4. As part of its ongoing and continued commitment to transformation and B-BBEE ownership, and subject to the Conditions Precedent (as defined in paragraph 6 below), WBHO has now entered into a number of agreements with K2021474434 Proprietary Limited ("**Akani 2"**), the trustees of the WBHO Broad-Based Employee Share Incentive Trust ("**BBESI Trust**"), the trustees of The Akani Share Incentive Trust ("**ASI Trust"**), and the trustees of The Akani Defined Beneficiary Trust ("**ADB Trust"**) comprising the establishment of a new B-BBEE ownership transaction, referred to hereinafter as the "**WBHO B-BBEE Ownership Transaction**".

1.5. Akani 2 is a special purpose vehicle to be utilised specifically for the WBHO B-BBEE Ownership Transaction.

1.6. The BBESI Trust is the existing broad-based ownership scheme utilised in the 2006 B-BBEE Ownership Transaction, the trust deed of which will, after implementation of the aforementioned unwind of the 2006 B-BBEE Ownership Transaction, be amended and restated to facilitate the BBESI Trust's participation in the WBHO B-BBEE Ownership Transaction. The BBESI Trust holds cash reserves derived over the course of the 2006 B-BBEE Ownership Transaction from unallocated WBHO Shares. Pursuant to the terms of the 2006 B-BBEE Ownership Transaction this cash must be deployed for the benefit of third parties with at least 90% of the benefit to accrue to black people. WBHO understands that the Trustees of the BBESI Trust might elect to deploy a significant portion of this cash to acquire WBHO Shares on the open market.

1.7. Any WBHO shares held by the BBESI Trust would be regarded as not being held by the public. The JSE Listings Requirements state that shares beneficially held, whether directly or indirectly, by share schemes established for the benefit of employees of the WBHO group will not be regarded as being held by the public.

1.8. Under the WBHO B-BBEE Ownership Transaction, the BBESI Trust will operate for the benefit of its beneficiaries, being the employees of the WBHO group up to junior management level who meet certain minimum qualifying criteria including having been employed by the WBHO group for a minimum of five years and not participating in other WBHO share-based incentive schemes.

1.9. The ASI Trust is a newly established employee share ownership plan which will operate for the benefit of employees of the WBHO group above junior management level who meet certain minimum qualifying criteria including those set out above for the BBESI Trust, but specifically excluding prescribed officers of the WBHO group and directors on the board of directors of WBHO ("**WBHO Board**").

1.10. The ADB Trust is a newly established broad-based ownership scheme which will operate for the benefit of:

1.10.1. black women;

1.10.2. youth; and

1.10.3. black people (including black women and youth) living in rural and under-developed areas, by undertaking programmes aimed at furthering, amongst other things, their education and skills development.

1.11. The ordinary shares in Akani 2 ("**Akani 2 Ordinary Shares**") will initially be held as to:

1.11.1. 90% thereof by the BBESI Trust;

1.11.2. 8% thereof by the ASI Trust; and

1.11.3. 2% thereof by the ADB Trust.

1.12. These proportions may change from time to time by way of the issue of additional Akani 2 Ordinary Shares to the BBESI Trust, the ASI Trust and/or the ADB Trust. This will allow WBHO the flexibility to meet its B-BBEE ownership targets from time to time if and as B-BBEE laws or regulations or tender requirements change. Each additional Akani 2 Ordinary Share will be issued at a price of ZAR0.01 per share, coupled with a notional vendor funding arrangement.

2. **Issues of WBHO Shares to Akani 2**

2.1. The WBHO B-BBEE Ownership Transaction will be implemented by way of the issue from time to time of WBHO Shares to Akani 2 for cash, constituting a specific issue of shares for cash in terms of paragraph 5.50(a) of the Listings Requirements ("**JSE Listings Requirements**") of the JSE Limited ("**JSE**") ("**Specific Issues**"). This will require WBHO shareholder approval by way of a special resolution.

2.2. WBHO will:

2.2.1. issue 4,500,000 WBHO Shares to Akani 2 ("**Subscription Shares**") on the first date of implementation of the WBHO B-BBEE Ownership Transaction ("**Initial Subscription Date**") at a price of ZAR0.01 per share; and

2.2.2. have the option ("**Subscription Option**"), in order to maintain WBHO's targeted and competitive black ownership levels in a tender based market, to issue additional tranches of WBHO Shares to Akani 2 from time to time on and after the Initial Subscription Date until the 15th anniversary of the Initial Subscription Date, , subject to a maximum limit on the number of WBHO Shares that can be issued from time to time calculated in accordance with the formula in paragraph 2.10 below, also at a price of ZAR0.01 per share ("**Subscription Option Shares**").

2.3. The issue of each Subscription Share and Subscription Option Share will be coupled with the following notional vendor funding arrangements:

2.3.1. the starting amount of the notional vendor funding per share for the Subscription Shares and each tranche of Subscription Option Shares will be an amount determined by subtracting ZAR0.01 from the 30-day volume weighted average price ("**VWAP**") of a WBHO Share with reference to the relevant share issue date;

2.3.2. the period ("**Notional Funding Period**") in which the notional funding attaching to the Subscription Shares is required to be reduced to zero is 15 years from the Initial Subscription Date. The Notional Funding Period for each tranche of Subscription Option Shares is 3 years from issue date (or a longer period agreed between WBHO and Akani 2 which cannot end later than the expiry of the aforementioned 15 year period);

2.3.3. the outstanding notional vendor funding amount in relation to the Subscription Shares, or a tranche of Subscription Option Shares, will increase or decrease over the relevant Notional Funding Period on the basis set out in a notional funding formula ("**Notional Funding Formula**"), increasing at an escalation rate of prime as at the relevant issue date plus 1% (though WBHO can agree to reduce this rate) and decreasing due to the suspension of certain of Akani 2's rights (as set out in paragraphs 2.7 and 2.8 below).

2.4. If the outstanding notional vendor funding amount in respect of:

2.4.1. the Subscription Shares has not been reduced to zero by the time of expiry of the Notional Funding Period of the Subscription Shares, the WBHO B-BBEE Ownership Transaction agreements entitle WBHO to repurchase, at a price of ZAR0.01 per share, such number of the Subscription Shares as is calculated in accordance with the Notional Funding Formula, taking into account the then VWAP of WBHO Shares; or

2.4.2. a tranche of Subscription Option Shares has not been reduced to zero by the time of expiry of the Notional Funding Period of that tranche of Subscription Option Shares, WBHO will be entitled to repurchase, at a price of ZAR0.01 per share, such number of that tranche of Subscription Option Shares as is calculated in accordance with the Notional Funding Formula, taking into account the then VWAP of WBHO Shares.

2.5. WBHO is entitled to reduce the length of the Notional Funding Period (and so accelerate the repurchase of a number of WBHO Shares determined using the Notional Funding Formula):

2.5.1. if a transaction (if any) is proposed at any time in the future, or an agreement (if any) is entered into at any time in the future, which will result in the WBHO Shares ceasing to be listed on the JSE; or

2.5.2. in certain limited circumstances if a change or changes in the B-BBEE laws and regulations occurs that adversely impact the intended outcomes of the WBHO B-BBEE Ownership Transaction.

2.6. WBHO and/or WBHO Construction Proprietary Limited, a wholly-owned subsidiary of WBHO, ("**WBHO Construction**") will provide Akani 2 with the nominal funding it requires to pay the subscription prices of the Subscription Shares and Subscription Option Shares. This funding will be provided by way of subscriptions by WBHO and/or WBHO Construction for class B shares in Akani 2 ("**Class B Shares**"). A Class B Share will not confer any right to vote on any matter, other than on a resolution to amend the preferences, rights, limitations and other terms associated with the Class B Shares, and will confer no economic benefits other than an entitlement, in a winding-up of Akani 2, subject to the debts and liabilities of Akani 2 and the costs of the liquidation having been paid, to an amount of ZAR0.01 prior to any distribution to the holders of Akani 2 Ordinary Shares.

2.7. Each Subscription Share will rank *pari passu* in all respects with each other issued WBHO Share upon issue. Notwithstanding this, Akani 2 has agreed that, as a term of the issue of each Subscription Share, the following suspensions will apply until the outstanding notional funding amount is reduced to zero:

2.7.1. Akani 2 will, in relation to each Subscription Share, only be entitled to 65% (or such other percentage agreed to by WBHO and Akani 2 from time to time) of the amount per WBHO Share of, or 65% (or such other percentage agreed to by WBHO and Akani 2 from time to time) of the assets per WBHO Share comprising, each distribution per WBHO Share declared by WBHO;

2.7.2. in the event of a WBHO capitalisation issue, Akani 2 will, in relation to each Subscription Share, not be entitled to receive a cash payment (if that is offered as an alternative to WBHO Shares) and only be entitled to receive 65% (or such other percentage agreed to by WBHO and Akani 2 from time to time) of the ratio of WBHO Shares per WBHO Share constituting the capitalisation issue; and

2.7.3. Akani 2 will, in relation to the Subscription Shares, not be entitled to subscribe for WBHO Shares under a WBHO rights offer.

2.8. Each Subscription Option Share will also rank *pari passu* in all respects with each other issued WBHO Share upon issue. Notwithstanding this, Akani 2 has agreed that, as a term of the issue of each tranche of Subscription Option Shares, the same suspensions as those set out in paragraph 2.7 above will apply until the outstanding notional funding amount in respect of that tranche is reduced to zero, save that each reference in paragraph 2.7 to 65% should, in the case of the Subscription Option Shares, be read as 35%.

2.9. Notwithstanding anything to the contrary in this announcement, this announcement does not constitute or form part of any offer, or invitation for or solicitation of any offer, to purchase, otherwise acquire, subscribe for, sell, otherwise dispose of, or issue, any security in any jurisdiction .

2.10. The maximum number of WBHO Shares that can be issued upon an exercise of the Subscription Option ("**Applicable Share Option Exercise**") will be calculated in accordance with the following formula:

$$\boldsymbol{U = V - X + Y}$$

where:

U = the maximum number of Subscription Option Shares which can be issued pursuant to an Applicable Share Option Exercise;

V = 14 239 247 WBHO Shares;

X = the total number of Subscription Option Shares issued by WBHO to Akani 2 pursuant to exercise/s of the Subscription Option that precede the Applicable Share Option Exercise; and

Y = the total number of those of the Subscription Option Shares referred to in "X" which have been repurchased by WBHO prior to the Applicable Share Option Exercise.

2.11. It is contemplated that, in addition to the Subscription Shares, approximately 9,500,000 to 10,200,000 Subscription Option Shares will be issued on the Initial Subscription Date, bringing the total number of WBHO Shares contemplated to be issued on the Initial Subscription Date to approximately 14,000,000 to 14,700,000, which will constitute c. 19.8-21% of WBHO's enlarged issued share capital – the final number of Subscription Option

Shares to be issued on the Initial Subscription Date will be specified in the circular to WBHO shareholders ("**WBHO Shareholders**") referred to in paragraph 9 below.

2.12. For information purposes only, it is recorded that if the maximum of 14,239,247 Subscription Option Shares were to be issued to Akani 2 on the Initial Subscription Date (together with the 4,500,000 Subscription Shares), Akani 2 would hold c. 24.9% of WBHO's enlarged issued share capital (based on the assumption that upon the unwind of the 2006 B-BBEE Ownership Transaction, c. 3,372,000 WBHO Shares are repurchased and cancelled). It is important to point out however that:

2.12.1. not all the Subscription Option Shares will be issued on the Initial Subscription Date;

2.12.2. not all the Subscription Option Shares will necessarily be issued over the term of the WBHO B-BBEE Ownership Transaction; and

2.12.3. because each tranche of Subscription Option Shares has a Notional Funding Period of only 3 years, it is contemplated that some of each tranche of Subscription Option Shares will be repurchased periodically as Notional Funding Periods expire (if the outstanding notional funding amount has not been reduced to zero),

and, so, WBHO Shareholders should not assume that the maximum of 14,239,247 Subscription Option Shares will be issued or that Akani 2 will necessarily hold as much as 24.9% of WBHO's enlarged issued share capital at any point in time during the 15 year period.

3. **Lock-in periods**

3.1. Akani 2 has agreed to cede *in securitatem debiti* (not "out-and-out") its right, title and interest in and to its bank account and WBHO Shares, and to pledge its WBHO Shares, to WBHO as security for Akani 2's obligations to WBHO under the WBHO B-BBEE Ownership Transaction agreements. Similar cessions in *securitatem debiti* have been furnished by the BBESI Trust, the ASI Trust and the ADB Trust to WBHO in relation to their bank accounts and Akani 2 Ordinary Shares.

3.2. Without derogating from WBHO's rights under the Specific Repurchases referred to in paragraph 4.1 below and save for the cession in *securitatem debiti* referred to in paragraph 3.1 above, Akani 2 will not be permitted to dispose of or encumber its WBHO Shares (without WBHO consent) until a period ("**Lock-in Period**") expiring shortly after the expiry of the relevant Notional Funding Period.

3.3. Save for the cessions *in securitatem debiti* referred to in paragraph 3.1 above, the BBESI Trust, the ASI Trust and the ADB Trust will not be permitted to dispose of or encumber their Akani 2 Ordinary Shares (without WBHO consent) until Akani 2 ceases to beneficially own WBHO Shares.

4. **The Specific Repurchases**

4.1. WBHO will be seeking WBHO shareholder approval, by way of a special resolution, to repurchase WBHO Shares issued under the WBHO B-BBEE Ownership Transaction in the following circumstances (these constituting specific repurchases in terms of paragraph 5.69 of the JSE Listings Requirements) ("**Specific Repurchases**"):

4.1.1. if the outstanding notional funding attached to the Subscription Shares or a tranche of Subscription Option Shares is not reduced to zero by the time of expiry of the relevant Notional Funding Period (including in the circumstances referred to in paragraph 2.5 above);

4.1.2. in the event of material defaults by, or the occurrence of certain insolvency events in relation to, Akani 2; and

4.1.3. pursuant to a pre-emptive right ("**Pre-emptive Right Repurchase**") WBHO has to repurchase WBHO Shares, should Akani 2 wish to sell WBHO Shares after their Lock-in Period expires.

4.2. Given (i) the short length of the Notional Funding Period attaching to each tranche of Subscription Option Shares which are issued from time to time, and (ii) the expectation that, in order to maintain WBHO's targeted and competitive Black ownership levels in a tender based market, WBHO will issue additional Subscription Option Shares as and when it effects Specific Repurchases contemplated in paragraph 4.1.1, above, the aggregate of a series of Specific Repurchases over the 15 year term of the WBHO B-BBEE Ownership Transaction, will, in the WBHO Board's opinion, in total and in aggregate (over the 15 year term of the WBHO B-BBEE Ownership Transaction) result in the acquisition by WBHO in total and aggregate of more than 5% of the issued WBHO Shares. The WBHO Board has undertaken, by way of board resolution, that, notwithstanding any discretion it has under the WBHO B-BBEE Ownership Transaction agreements to not implement a Specific Repurchase contemplated in paragraph 4.1.1 above, it will, subject to any required regulatory approvals and noting the provisions of paragraph 4.3 below, repurchase those

WBHO Shares which it is so entitled to repurchase by way of the Specific Repurchase contemplated in paragraph 4.1.1 above over the term of the WBHO B-BBEE Ownership Transaction. WBHO Shareholders should accordingly note, *inter alia*, that, pursuant to section 48(8) of the Companies Act No. 71 of 2008 ("**Companies Act**"):

4.2.1. WBHO has appointed Merchantec Capital Proprietary Limited as an independent expert to compile the independent expert report as required by section 114(3) of the Companies Act in relation to the Specific Repurchases contemplated in paragraph 4.1.1 above; and

4.2.2. WBHO Shareholders will have appraisal rights in terms of section 164 of the Companies Act. WBHO Shareholders should however note the Condition Precedent in paragraph 6.1.5 below.

4.3. In terms of the JSE Listings Requirements, WBHO will only be entitled to implement a Specific Repurchase if it meets the following requirements at the time a Specific Repurchase is made:

4.3.1. the solvency and liquidity test in section 4 of the Companies Act is met;

4.3.2. each of WBHO and the WBHO group is able, in the ordinary course of business, to pay its debts for a period of 12 months after the date of the Specific Repurchase;

4.3.3. the assets of each of WBHO and the WBHO group exceeds the liabilities of WBHO and the WBHO group for a period of 12 months after the date of the Specific Repurchase. For this purpose, the assets and liabilities will be recognised and measured in accordance with the accounting policies used in WBHO's latest audited annual financial statements which comply with the Companies Act;

4.3.4. each of WBHO and the WBHO group has share capital and reserves which are adequate for ordinary business purposes for a period of 12 months after the date of the Specific Repurchase;

4.3.5. the working capital of each of WBHO and the WBHO group is adequate for ordinary business purposes for a period of 12 months after the date of the Specific Repurchase; and

4.3.6. the WBHO Board has passed a resolution stating that WBHO has passed the solvency and liquidity test (as set out in section 4 of the Companies Act) and that since the test was performed there have been no material changes to the financial position of the WBHO group.

4.4. In addition, in terms of the JSE Listings Requirements, when WBHO makes a Specific Repurchase, WBHO will publish an announcement on the Stock Exchange News Service containing the details required in terms of the JSE Listings Requirements.

5. **Indivisible transaction**

The WBHO B-BBEE Ownership Transaction is a single indivisible transaction.

6. **Conditions precedent**

6.1. The WBHO B-BBEE Ownership Transaction is subject to various conditions precedent ("**Conditions Precedent**"), including, *inter alia*, the following:

6.1.1. WBHO Shareholders approve the requisite resolutions to give effect to the WBHO B-BBEE Ownership Transaction, including, amongst others, approval of the Specific Issues, the Specific Repurchases ("**Repurchase Resolution**") and the financial assistance to be provided by WBHO;

6.1.2. the JSE approves the issue of the circular to WBHO Shareholders referred to in paragraph 9 below;

6.1.3. if the Repurchase Resolution is opposed by 15% or more of the voting rights exercised on the Repurchase Resolution and, within 5 Business Days after the vote, any person who voted against the Repurchase Resolution requires WBHO to seek the approval of a Court (in terms of section 115(3)(a) as read with Section 115(5)(a) of the Companies Act) to implement the Repurchase Resolution, the Court grants that approval;

6.1.4. if any person/s who voted against the Repurchase Resolution apply/ies to Court for a review of the Repurchase Resolution, in terms of sections 115(3)(b) and 115(6) of the Companies Act, then, either:

6.1.4.1. leave to apply to Court for such reviews is refused; or

6.1.4.2. if leave is so granted, the Court determines that it will not set aside the Repurchase Resolution; and

6.1.5. if any WBHO Shareholders:

6.1.5.1. give notice objecting to the Repurchase Resolution as contemplated in section 164(3) of the Companies Act;

6.1.5.2. vote against the Repurchase Resolution; and

6.1.5.3. within the time period permitted in terms of the Companies Act, exercise appraisal rights, by giving valid demand/s in terms of sections 164(5) to 164(8) of the Companies Act,

they do so in respect of an aggregate total of no more than 1% of all WBHO Shares in issue on the date of the vote; and

6.1.6. the independent expert opinion referred to in paragraph 4.2.1 above is furnished to WBHO Shareholders.

6.2. By way of written notice to Akani 2, WBHO will be entitled to waive any Condition Precedent, in part or in whole, if and to the extent waiver is permissible in law.

7. *Pro forma* financial effects of the WBHO B-BBEE Ownership Transaction

7.1. The table below sets out the *pro forma* financial effects of the WBHO B-BBEE Ownership Transaction on, *inter alia*, basic earnings per WBHO Share, diluted earnings per WBHO Share, headline earnings per WBHO Share, diluted headline earnings per WBHO Share, net asset value per WBHO Share and net tangible asset value per WBHO Share, based on the unaudited financial statements of WBHO for the six months ended 31 December 2022.

7.2. The *pro forma* financial effects have been prepared using accounting policies that comply with International Financial Reporting Standards and that are consistent with those applied in preparing the interim results of WBHO for the six months ended 31 December 2022.

7.3. The *pro forma* financial effects are the responsibility of the WBHO Board and have been prepared for illustrative purposes only and may not, because of their nature, fairly present WBHO's financial position, changes in its equity, results of its operations, its cash flows, or the effect and impact of the WBHO B-BBEE Ownership Transaction going forward. The *pro forma* financial effects do not purport to be indicative of what the financial results would have been had the WBHO B-BBEE Ownership Transaction been implemented on a different date to those listed in the notes below.

	Before the WBHO B-BBEE Ownership Transaction (1)	*Pro forma* after the issue of WBHO Shares on the Initial Subscription Date (2), (3), (4)	Percentage change (%)
Basic earnings per WBHO Share (cents)	828.9	804.5	-2.9%
Diluted earnings per WBHO Share (cents)	828.9	804.5	-2.9%
Headline earnings per WBHO Share (cents)	818.5	794.1	-3.0%
Diluted headline earnings per WBHO Share (cents)	818.5	794.1	-3.0%
Net asset value per WBHO Share (cents)	6,185	6160	-0.4%
Net tangible asset value per WBHO Share (cents)	5,183	5,159	-0.5%
Number of WBHO Shares in issue (millions)	53,172,254	53,172,254 **(5)**[1]	0**(5)**

Notes to the *pro forma* financial effects:

(1) Based on the financial statements of WBHO for the six months ended 31 December 2022.

(2) Based on the assumption that 3,372,000 WBHO Shares are repurchased and cancelled under the 2006 B-BBEE Ownership Transaction and based on the assumption that 14,512,000 WBHO Shares are issued in terms of the WBHO B-BBEE Ownership Transaction on the Initial Subscription Date. The final number of Subscription Option Shares to be issued on the Initial Subscription Date and the final number of the WBHO Shares repurchased and cancelled under the 2006 B-BBEE Ownership Transaction will be specified in the circular to WBHO shareholders referred to in paragraph 9 below. These final numbers, within the range presented in paragraph 2.11 above, may consequently alter the *pro forma* effects reflected in this announcement.

(3) Basic and diluted earnings and headline earnings per WBHO Share metrics are based on the assumption that the WBHO B-BBEE Ownership Transaction was implemented on 1 July 2022.

(4) Net asset value and net tangible asset value per WBHO Share metrics are based on the

assumption that the WBHO B-BBEE Ownership Transaction was implemented on 31 December 2022.

(5) The newly issued WBHO Shares are treated, for accounting purposes, as treasury shares and so are not included in this amount.

8. Distribution of circular, notice of general meeting and shareholder approval

A circular containing full details of the WBHO B-BBEE Ownership Transaction, including the salient dates and times and a notice convening a general meeting at which the resolutions required to implement the WBHO B-BBEE Ownership Transaction will be proposed, will be distributed to WBHO Shareholders in due course.

6 April 2023
Wynberg

B-BBEE adviser to WBHO
Transcend Capital Proprietary Limited

Independent Reporting Accountant to WBHO
BDO South Africa Incorporated

Independent Expert
Merchantec Capital Proprietary Limited

Legal Adviser to WBHO
Bowman Gilfillan Inc.

JSE Equity Sponsor
Investec Bank Limited