



AA KENYA PLC

📍 Renaissance Corporate Park, 8th Floor, Upper Hill
☎ +254 (0) 709 933 000, +254 (0) 709 933 999
✉ P.O Box 40087 - 00100 Nairobi, Kenya
@ aak@aakenya.co.ke
🌐 www.aakenya.co.ke

4th October 2023

The Shareholders
Automobile Associations Holdings PLC

REF: STATUS UPDATE ON THE DEMUTUALIZATION OF THE AUTOMOBILE ASSOCIATION OF KENYA AND THE CAPITAL-RAISING PROCESS

Greetings from AA Kenya PLC.

Background

In 2021, the Automobile Association of Kenya (AAK) embarked on defining its Strategic Plan for 2022 – 2026. One of the pillars of our strategy is to scale the business through diversification and expansion, benchmark AAK to other AA organizations globally, and align to Federation Internationale de l'Automobile (FIA) standards. To successfully deliver on this, AAK identified the need to restructure its business and demutualize (through transition from a Society to a PLC), and thereafter, raise capital.

Demutualization Journey

The demutualization process has involved the following critical milestones:

- a. Approvals from AAK members through an Extraordinary General Meeting (EGM) to demutualize and thereafter raise capital
- b. Joining the Nairobi Securities Exchange (NSE) Ibuka Acceleration Program. This program is designed to upskill and equip companies seeking to raise capital and ensure they are investor ready through various capital market options available at the NSE
- c. Onboarding of Transaction Advisors including MMC Asafo, Standard Investment Bank, and PKF East Africa
- d. Incorporation of a new entity, Automobile Association Holdings PLC (hereinafter AA Kenya HoldCo)
- e. Onboarding of Full Members, who were then converted into shareholders of AA Kenya HoldCo.
- f. Incorporation of a new entity, AA Kenya PLC (hereinafter AA Kenya). This entity is fully owned by AA Kenya HoldCo and will be the Operating Company running the business of the AAK.
- g. Transition from AAK (the Association) to AA Kenya (the Operating Company). This transition involves the transfer of business, assets, and liabilities from AAK to AA Kenya.

Today, I am proud to report that AAK is fully demutualized, and by the effective date, the business and assets will be transferred from AAK to AA Kenya. Effectively, this means that our legal form has changed from a member driven to a shareholder driven organization.

Next Steps

The next step of this journey is inviting you, AA Kenya HoldCo shareholders to invest in AA Kenya through a Restricted Public Offer (RPO). This offer is restricted to shareholders of AA Kenya HoldCo giving you the first priority to take up a stake in AA Kenya.

The RPO is scheduled to run from 11th October 2023 to 27th November 2023. The projected capital raise of Kes 230 million will fund AA Kenya's strategic projects including diversification into new lines of business, expansion of AA's geographical footprint, digitization of the business, and set up of a mobility center of excellence. On completion of the RPO exercise, AA Kenya plans to list by introduction on the Main Investment Market Segment (MIMS) of the NSE.

With support from you, our shareholders, the Board's track record in steering the company's sustained growth, and expertise within the organization, AA Kenya is well poised to achieve these strategic objectives. Through this Offer, I invite you to be part of AA Kenya's promising future.

I would like to express my appreciation for the support we have received from the Capital Markets Authority, the Nairobi Securities Exchange, our shareholders, and transaction advisors in this endeavour.

Sincerely

Mr. Francis Theuri
CEO, AA KENYA PLC