

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The definitions and interpretations commencing on page 06 of this circular apply, *mutatis mutandis*, to this whole circular.

If you are in any doubt as to what action you should take in relation to this circular, please consult your CSDP, broker, banker, accountant, attorney or other professional adviser immediately.

The pre-listing statement covered in this circular is not an invitation to the public to subscribe for securities, but is issued in compliance with the JSE Listings Requirements, for the purpose of providing information to the public with regards to YeboYethu.

This circular is available on YeboYethu's website <https://www.yeboyethu.co.za/pdf/2018/circulars/yy-new-bbbee-transaction.pdf>.

Action required:

In respect of the general meeting:

1. If you have disposed of all your YeboYethu shares, this circular should be handed to the purchaser of such shares or to the CSDP, broker, banker or other agent through whom such disposal was effected.
2. The general meeting will be convened immediately after the conclusion of the annual general meeting at Vodacom World, 082 Vodacom Boulevard, Midrand at approximately 11:00 on Friday 17 August 2018 in order for shareholders to vote on the resolutions.
3. Shareholders or their proxies may participate in the general meeting by way of electronic means, but will not be able to vote on the resolutions via electronic communication. Such shareholder (or proxy) will need to contact Ms Lerato Molefe on +27 11 653 5774 by no later than 11:00 on Monday 13 August 2018 so that YeboYethu can provide for a teleconference dial-in-facility. Shareholders are advised that, when such shareholder intends to participate via teleconference, it is recommended that the form of proxy is sent through to the transfer secretaries by no later than 11:00 on Thursday 16 August 2018, provided that a shareholder or his or her proxy shall be entitled to deliver the form of proxy at any time before the proxy exercises any rights of the relevant shareholder at the general meeting.
4. If you are a dematerialised shareholder other than with own-name registration, you should instruct your CSDP or broker (as the case may be) of the elections you wish to make. This should be done in terms of the agreement entered into between you, as a dematerialised shareholder, and the CSDP or broker. If you wish to attend the general meeting in person, via electronic participation or wish to be represented thereat, you should inform your CSDP or broker, as the case may be, of your intention to attend and vote at the general meeting or to be represented by proxy thereat in order for your CSDP or broker to issue you with the necessary letter of representation to do so. If you, as a dematerialised shareholder, have not been contacted by your CSDP or broker, it would be advisable for you to contact your CSDP or broker, as the case may be, as soon as possible and furnish them with your instructions in the manner and by the cut-off time stipulated in the aforesaid agreement between you and the CSDP or broker.



YeboYethu (RF) Limited

(Incorporated in the Republic of South Africa)
(Registration number 2008/014734/06)
(ISIN: ZAE000218483 Share code: YVLBEE)
("YeboYethu" or "the company")

CIRCULAR TO SHAREHOLDERS

Regarding a R16.4 billion broad-based Black Economic Empowerment transaction incorporating:

- ▶ the proposed acquisition by YeboYethu of 1.91% (89 551 736 Vodacom SA shares) of Vodacom SA from RBH and Thebe in exchange for YeboYethu ordinary shares;
- ▶ the specific issue of 8 246 289 YeboYethu ordinary shares to the Vodacom ESOP;
- ▶ the proposed disposal by YeboYethu, through YeboYethu Investment, of 3.95% (185 255 156 Vodacom SA shares) of Vodacom SA to Vodacom Group in exchange for 2.71% (49 689 995 Vodacom Group shares) of Vodacom Group;
- ▶ the proposed acquisition by YeboYethu, through YeboYethu Investment, of 3.52% (64 761 185 Vodacom Group shares) of Vodacom Group by way of a subscription;
- ▶ the approval of the financial assistance to be provided by the company, as contemplated in terms of section 44 of the Act, in relation to the funding agreements;
- ▶ approval of the BEE transaction as a category 1 transaction; and
- ▶ amendments to the YeboYethu MOI, including the conversion of the ordinary shares from par value to no par value, and the increase in the authorised share capital

and incorporating

- ▶ revised listing particulars;
- ▶ a fairness opinion;
- ▶ a notice of general meeting; and
- ▶ a form of proxy (to be completed by certificated shareholders and own-name dematerialised shareholders only).

Financial adviser, co-funder and transaction sponsor to YeboYethu



Legal and tax adviser to Vodacom Group and YeboYethu



Independent reporting accountant



Legal adviser to debt arranger and co-funders

ALLEN & OVERY
(South Africa) LLP

Co-funder to YeboYethu



Transfer secretaries



Financial adviser to Vodacom Group, debt arranger and co-funder to YeboYethu and transaction sponsor to Vodacom Group



Independent expert to YeboYethu



Date of issue: Wednesday 18 July 2018

This circular is available in English only and copies thereof may be obtained from Wednesday 18 July 2018 to Friday 17 August 2018 from the registered office of YeboYethu and the transaction sponsor at the address set out in the 'Corporate information' section of this circular.

CORPORATE INFORMATION

Company secretary and registered office

Avinash Dhanasir
YeboYethu (RF) Limited
Vodacom Corporate Park
082 Vodacom Boulevard
Midrand
1685
(Private Bag X9904 Sandton 2146)

Date of incorporation: 19 June 2008

Place of incorporation: South Africa

Financial adviser, co-funder and transaction sponsor to YeboYethu (Note 1)

Absa Bank Limited
(acting through its Corporate and Investment Banking division)
15 Alice Lane
Sandton
2196
(Private Bag X10056 Sandton 2146)

Independent reporting accountant

PricewaterhouseCoopers Inc.
4 Lisbon Lane, Waterfall City
Jukskei View
2090
(Private Bag X36 Sunninghill 2175)

Financial adviser to Vodacom Group, debt arranger and co-funder to YeboYethu and transaction sponsor to Vodacom Group

Rand Merchant Bank
(a division of FirstRand Bank Limited)
1 Merchant Place
Corner Fredman Drive and Rivonia Road
Sandton
2196
(PO Box 786273 Sandton 2146)

Independent expert to YeboYethu

BDO Corporate Finance Proprietary Limited
22 Wellington Road
Parktown
2193
(Private Bag X60500 Houghton 2041)

Transfer secretaries

Link Market Services South Africa
Proprietary Limited
13th Floor
19 Ameshoff Street
Braamfontein
2001
(PO Box 4844 Johannesburg 2000)

Legal and tax adviser to Vodacom Group and YeboYethu

Cliffe Dekker Hofmeyr Incorporated
1 Protea Place
Sandown
Sandton
2196
(Private Bag X40 Benmore 2010)

Legal adviser to debt arranger and co-funders

Allen & Overy (South Africa) LLP
6th Floor
90 Grayston Drive
Sandton
2196

Co-funder to YeboYethu

Nedbank Limited
135 Rivonia Road
Sandton
2196
South Africa
(PO Box 1144 Johannesburg 2000)

Note 1:

Please refer to paragraph 43 regarding Absa's independence in relation to its role as transaction sponsor.

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INFORMATION REGARDING FORWARD-LOOKING STATEMENTS

This circular may contain forward-looking statements that are based on current expectations or beliefs, as well as assumptions about future events. Generally, the words **“will”**, **“may”**, **“should”**, **“continue”**, **“believes”**, **“expects”**, **“intends”**, **“anticipates”**, **“plans”** or similar expressions that are predictive or indicative of future events identify forward-looking statements. These statements are based on the current expectations of management, including, without limitation, those concerning: strategy; the economic outlook for the industry; production; cash costs and other operating results; growth prospects and outlook for operations, individually or in the aggregate; liquidity and capital resources and expenditure and the outcome and consequences of any pending litigation proceedings, and are not based on historical facts. Accordingly, these statements are naturally subject to risks, uncertainties and changes in circumstances. Undue reliance should not be placed on any such statements because, by their very nature, they are subject to known and unknown risks and uncertainties and can be affected by other factors, many of which are outside the control of YeboYethu and its directors, that could cause actual results, and management’s plans and objectives, to differ materially from those expressed or implied in the forward-looking statements. As such, forward-looking statements are no guarantee of future performance.

There are several factors which could cause actual results to differ materially from those expressed or implied in forward-looking statements. Among the factors that could cause actual results to differ materially from those described in the forward-looking statements are changes in the global, political, economic, business, competitive, market and regulatory environment, future exchange and interest rates, changes in tax rates and future business combinations or dispositions.

Readers are cautioned not to place undue reliance on these forward-looking statements which speak only as at the last practicable date of this circular. YeboYethu does not undertake any obligation (except as required by the JSE Listings Requirements or any other legal or regulatory requirement) to revise or update any forward-looking statement contained in this circular, regardless of whether that statement is affected as a result of new information, future events or otherwise.

No statement in this circular is intended as a profit forecast and no statement in this circular should be interpreted to mean that the earnings per share for the current or future years would necessarily match or exceed the historical published earnings per share.

IMPORTANT DATES AND TIMES

The definitions and interpretations commencing on page 06 of this circular apply, *mutatis mutandis*, to this section.

	2018
Announcement regarding the BEE transaction released on SENS	Monday 11 June
Announcement regarding the BEE transaction published in the South African press	Tuesday 12 June
Record date for posting the circular	Friday 6 July
Circular incorporating notice of general meeting posted to shareholders and announced on SENS	Wednesday 18 July
Last day to trade in order to be eligible to attend and vote at the general meeting	Monday 6 August
Record date for attending and voting at the general meeting	Friday 10 August
Recommended day to lodge forms of proxy in respect of the general meeting by 11:00	Thursday 16 August
General meeting of shareholders to be held immediately after the conclusion of the annual general meeting at approximately 11:00 at Vodacom World, 082 Vodacom Boulevard, Midrand for the purpose of considering and, if deemed fit, approving, with or without modification, the resolutions proposed thereat	Friday 17 August
Results of general meeting released on SENS	Friday 17 August
Declaration of special dividend	Thursday 23 August
Finalisation date for the special dividend	Thursday 30 August
Last day to trade in order to be eligible to receive the special dividend	Thursday 6 September
Estimated date of fulfilment of the general transaction conditions, on or about	Friday 7 September
YeboYethu ordinary shares trade ex-special dividend	Thursday 6 September
First implementation day, on or about, (if there are no appraisal rights exercised by YeboYethu shareholders)	Monday 10 September
Conversion of YeboYethu N shares	Monday 10 September
Issue of additional YeboYethu ordinary shares	Monday 10 September
Special dividend record date	Tuesday 11 September
YeboYethu issues class A preference shares, and class B preference shares	Thursday 13 September
Special dividend payment date	Thursday 13 September
Dissenting shareholder salient dates	
Last date on which shareholders who voted against the section 112 disposal resolution can require YeboYethu to seek court approval for the section 112 disposal in terms of section 115(3)(a) of the Act (if applicable), on	Friday 24 August
Last date on which shareholders who voted against the section 112 disposal resolution can make application to court in terms of section 115(3)(b) of the Act (if applicable), on	Friday 31 August
Last date for YeboYethu to send notice of adoption of the section 112 disposal resolution in terms of section 164(4) of the Act to shareholders who provided written notice of objection of and subsequently voted against the section 112 disposal resolution, on	Friday 31 August
Declaration of special dividend	Thursday 6 September
Finalisation date for the special dividend	Thursday 13 September
Last day to trade in order to be eligible to receive the special dividend	Thursday 20 September
Expected last date for dissenting shareholders to exercise their appraisal rights, on or about	Friday 21 September
First implementation day, on or about	Tuesday 25 September
Conversion of YeboYethu N shares	Tuesday 25 September
Issue of additional YeboYethu ordinary shares	Tuesday 25 September
Special dividend record date	Wednesday 26 September
YeboYethu issues class A preference shares, and class B preference shares	Friday 28 September
Special dividend payment date	Friday 28 September

Notes:

1. The dates and times indicated in the table above are subject to change. Any such changes will be released on SENS and published in the South African press.
2. All times referred to in this circular are references to South African standard time.
3. Proxy forms should be forwarded to be received for the orderly arrangement of matters on the date of the General Meeting (but not required) by the company's transfer secretaries, by 11:00 on Thursday 16 August 2018 for administrative purposes (or alternatively to be handed to the chairperson of the general meeting prior to its commencement).

ACTION TO BE TAKEN BY SHAREHOLDERS

The definitions and interpretations commencing on page 06 of this circular apply, *mutatis mutandis*, to this section.

This circular is important and requires your immediate attention. Please take careful note of the following provisions regarding the action required by shareholders. If you are in any doubt as to what actions to take, please consult your CSDP, broker, banker, accountant, attorney or other professional adviser immediately. A form of proxy is attached for the convenience of certificated shareholders and own-name dematerialised shareholders who are unable to attend the general meeting, but who wish to be represented thereat. In order to ensure validity, it is recommended that duly completed forms of proxy should be returned to the transfer secretaries, so as to reach them by no later than the recommended time.

If the shareholder is a dematerialised shareholder other than with own-name registration, then the dematerialised shareholder should instruct its CSDP or broker (as the case may be) of the elections such dematerialised shareholder wishes to make. This should be done in terms of the agreement entered into between the dematerialised shareholder and the CSDP or broker.

If the dematerialised shareholder wishes to attend the general meeting in person, via electronic participation or wishes to be represented thereat, they should inform their CSDP or broker, as the case may be, of their intention to attend and vote at the general meeting or to be represented by proxy thereat in order for their CSDP or broker to issue them with the necessary letter of representation to do so. If a dematerialised shareholder has not been contacted by their CSDP or broker, it would be advisable for them to contact their CSDP or broker, as the case may be, as soon as possible and furnish them with their instructions in the manner and by the cut-off time stipulated in the aforesaid agreement between the dematerialised shareholder and the CSDP or broker.

If the shareholder is a certificated shareholder or an own-name dematerialised shareholder, you may attend the general meeting in person and may vote at the general meeting. Alternatively you may appoint a proxy to represent you at the general meeting by completing the attached form of proxy and returning it to the transfer secretaries so as to reach them by no later than the recommended time, provided that a shareholder or his or her proxy shall be entitled to deliver the form of proxy at any time before the proxy exercises any rights of the relevant shareholder at the general meeting.

Shareholders or their proxies may participate in the general meeting by way of electronic means, but will not be able to vote via electronic means on the resolutions. Such shareholder (or proxy) will need to contact Ms Lerato Molefe on +27 11 653 5774 by no later than 11:00 on Monday 13 August 2018 so that YeboYethu can provide for a teleconference dial-in-facility. Shareholders are advised that, when such shareholder intends to participate via teleconference, we recommend that the form of proxy is sent through to the transfer secretaries by no later than the recommended time, provided that a shareholder or their proxy shall be entitled to deliver the form of proxy at any time before the proxy exercises any rights of the relevant shareholder at the general meeting.

Appraisal rights

At any time before the appraisal rights resolution is voted on at the general meeting, a shareholder may give YeboYethu written notice in terms of section 164 of the Act objecting to the appraisal rights resolution.

Within 10 (ten) business days after YeboYethu has adopted the appraisal rights resolution, YeboYethu must send a notice to each dissenting shareholder who gave YeboYethu written notice of objection and has neither withdrawn that notice nor voted in favour of the appraisal rights resolution, informing them that the appraisal rights resolution has been adopted.

A dissenting shareholder who has given YeboYethu written notice in terms of section 164 of the Act objecting to the appraisal rights resolution and who has complied with all of the procedural steps set out in section 164 of the Act, may deliver a written notice to YeboYethu demanding that YeboYethu pay to that dissenting shareholder the fair value for all the shares held by that dissenting shareholder. Such demand must be delivered:

- ▶ within 20 (twenty) business days after receipt of the notice from YeboYethu referred to above; or
- ▶ if the dissenting shareholder does not receive the notice from YeboYethu referred to above, within 20 (twenty) business days after learning that the appraisal rights resolutions has been adopted.

Shareholders are referred to paragraph 9.2 for further details regarding the exercise of appraisal rights and the provisions of section 164 of the Act, respectively.

JSE approval

The JSE's approval of the BEE transaction should not be taken in any way as an indication of the merits of YeboYethu or the YeboYethu shares. The JSE has not verified the accuracy of the contents of this circular and, to the extent permitted by law, the JSE will not be held liable for any claim of whatever kind pursuant to the contents of this circular not being accurate.

The JSE takes no responsibility for the contents of this circular or the historical financial information, makes no representation as to the accuracy or completeness of any of the documents and expressly disclaims any liability for any loss arising from or in reliance upon the whole or any part of this circular or the historical financial information.

No claims may be made against the JSE Guarantee Fund in respect of YeboYethu shares other than pursuant to the trading of the YeboYethu shares on the JSE and in accordance with the terms of the rules of the JSE Guarantee Fund.

Takeover Regulation Panel approval

Shareholders should take note that the Takeover Regulation Panel does not consider commercial advantages or disadvantages of affected transactions when it approves such transactions.

Taxation

YeboYethu shareholders are advised to seek their own independent tax advice with regards to holding or disposing of any YeboYethu shares.

DEFINITIONS AND INTERPRETATIONS

In this circular, unless the context indicates a contrary intention, the words in the first column shall have the meanings assigned to them in the second column; the singular includes the plural and *vice versa*; an expression which denotes one gender includes the other gender; a natural person includes a juristic person and *vice versa* and cognate expressions shall bear corresponding meanings:

“ABS”	has the meaning ascribed to the term “asset backed security” in the JSE Listings Requirements;
“Act”	means the Companies Act 71 of 2008 of South Africa, as amended;
“appraisal rights”	means the appraisal rights afforded to shareholders in terms of section 164 of the Act as a consequence of the appraisal rights resolutions, which rights are more fully set out in paragraph 9.2;
“appraisal rights resolution”	means, collectively, the resolutions approving the amendment and substitution of YeboYethu’s memorandum of incorporation (special resolution number 5) and the section 112 disposal (special resolution number 1), or individually, as determined by the context;
“associates”	has the meaning ascribed to such term in the JSE Listings Requirements;
“BEE”	means broad-based black economic empowerment, as contemplated in the BEE laws;
“BEE Act”	means the Broad-Based Black Economic Empowerment Act 53 of 2003 of South Africa, as amended;
“BEE Codes”	means the Codes of Good Practice on Broad-Based Black Economic Empowerment published in terms of the Republic of South Africa Government Gazette No. 36928 on 11 October 2013 under section 9(1) of the BEE Act, and the amended Information and Communication Technology Sector Code as gazetted in terms of section 9(1) of the BEE Act on 7 November 2016, in Government Gazette No. 1387;
“BEE laws”	means the BEE Act and the BEE Codes and any other charter, law or regulation by which ownership and/or control by black people is measured or a requirement relating thereto is imposed, provided such measurement or requirement is applicable to Vodacom Group and/or any of its South African subsidiaries;
“BEE Segment”	has the meaning assigned to such term in the JSE Listings Requirements;
“BEE transaction”	means Vodacom Group’s proposed R16.4 billion BEE transaction, detailed in paragraph 3 of this circular, to be implemented via a series of interlinked and inter-conditional transactions, namely: (i) the unwind of the existing Vodacom SA BEE transaction, (ii) the consolidation of Vodacom SA BEE shareholders’ interest in Vodacom SA into YeboYethu, (iii) the declaration of the special dividend to YeboYethu shareholders, (iv) a contribution by Vodacom Group (on its own behalf and for the benefit of the employer companies) to the Vodacom ESOP to enable the Vodacom ESOP to acquire and subscribe for YeboYethu ordinary shares, (v) the exchange of YeboYethu’s shareholding in Vodacom SA to Vodacom Group in return for the issue of shares by Vodacom Group; and (vi) the raising of funding by YeboYethu through the issue of YeboYethu preference shares to Vodacom Group and third-party funders and the use of the proceeds, among other things, to undertake the Vodacom Group specific issue;
“BEE transaction discounted subscription price”	means the BEE transaction share price, being the subscription price, discounted by R1 950 759 847, representing 11.8% of the total transaction value;
“BEE transaction share price”	means R143.35 per Vodacom Group share, which price was determined using the 60-day volume weighted average price of Vodacom Group shares to, and excluding, the last practicable date;
“black entity”	means: <ul style="list-style-type: none">▶ a company incorporated in accordance with the laws of South Africa, and which is both a “<i>B-BBEE owned company</i>” and a “<i>B-BBEE controlled company</i>” (as each of those terms are defined in the BEE Codes); or▶ (i) a vesting trust, (ii) a broad-based ownership scheme and/or (iii) a close corporation or an unincorporated entity or association, including a partnership, joint venture, syndicate or Stokvel, in each case under (i) to (iii) as may be determined from time to time by YeboYethu in its sole discretion as an entity or association that qualifies under the BEE laws for recognition and measurement of ownership, economic interest and control by black people such that YeboYethu may claim recognition of such ownership, economic interest and control under the BEE laws as being held by a majority of black people;
“black people” or “black person”	have the meanings assigned to such terms in the BEE Codes;
“board” or “directors”	means the board of directors of YeboYethu, as set out in Annexure 4 of this circular;

“broker”	means any person registered as a “broker member equities” in terms of the rules of the JSE in accordance with the provisions of the Financial Markets Act;
“business day”	means any day other than a Saturday, Sunday or gazetted national public holiday in South Africa;
“certificated share”	means a share represented by a share certificate or other physical document of title, which has not been surrendered for dematerialisation in terms of the requirements of Strate;
“certificated shareholder”	means a shareholder who holds certificated shares;
“circular”	means this bound document, dated Wednesday 18 July 2018, including the annexures, notice of general meeting and the form of proxy attached hereto;
“class A preference shares”	means the class A preference shares to be issued by YeboYethu to third-party funders in step 6 (paragraph 3.6). The number of class A preference shares to be issued is dependent on the fourth implementation day VGL VWAP, as more fully set out in paragraph 3.6. At an assumed fourth implementation day VGL VWAP of R121.19, the number of class A preferences to be issued in this step is 4 623 446 valued at R4 623 million;
“class B preference shares”	means the class B preference shares to be issued by YeboYethu to Vodacom Group in step 6 (paragraph 3.6). The number of class B preference shares to be issued is dependent on the number of class A preference shares issued, as more fully set out in paragraph 3.6. At an assumed fourth implementation day VGL VWAP of R121.19, the number of class B preferences to be issued in this step is 5 284 708 valued at R5 285 million;
“company secretary”	means the company secretary of YeboYethu or his successor in title, as more fully detailed in the “Corporate information” section of this circular;
“CSDP”	means a central securities depository participant as defined in the Financial Markets Act;
“Deloitte”	means Deloitte & Touche South Africa, a professional partnership established in accordance with the laws of South Africa, with IRBA registration number 902276;
“dematerialise”	means the process whereby physical share certificates are replaced with electronic records evidencing ownership of shares for the purpose of Strate, as contemplated in the Financial Markets Act;
“dematerialised share”	means a share that has been dematerialised in accordance with the rules of Strate, evidencing ownership of shareholding in electronic format, which share may be traded on the JSE;
“dematerialised shareholder”	means a shareholder who holds dematerialised shares;
“EBITDA”	means in terms of the covenants in the funding agreements, earnings before interest and taxation, impairment losses, profit/loss on disposal of investments, property, plant and equipment, and intangible assets, profit/loss from associate and joint venture, restructuring cost and BEE income/charge, but taking into account dividends or proceeds received of a similar nature, from an entity not consolidated within Vodacom Group;
“employer companies”	means certain South African subsidiaries of Vodacom Group that are employers of the Vodacom employees;
“existing Vodacom SA BEE transaction”	means the BEE ownership transaction implemented by Vodacom Group in 2008, in terms of which the Vodacom SA BEE shareholders acquired 6.25% of the issued share capital of Vodacom SA;
“EY”	means Ernst & Young Advisory Services (Proprietary) Limited, (registration number 2006/018260/07), a public company duly registered and incorporated in accordance with the laws of South Africa. EY assisted Vodacom Group and the Vodacom SA BEE shareholders in an additional valuation reference to value the equity value of Vodacom SA, as it is unlisted;
“fairness opinion”	means the report prepared by the independent expert, in respect of (i) the fairness of the BEE transaction (prepared in accordance with the JSE Listings Requirements, and pursuant to JSE ruling 91872 requiring same); and (ii) the fairness of the section 112 disposal by YeboYethu (prepared in accordance with the Act and the Takeover Regulations, and pursuant to the Takeover Regulation Panel ruling requiring same), which fairness opinion is reproduced in Annexure 1 to this circular;
“final implementation date”	means the date and moment in time when the BEE transaction is implemented in accordance with the implementation agreement;

“financial adviser”, “transaction sponsor” or “Absa”	means Absa Bank Limited, (registration number 1986/004794/06), a public company duly registered and incorporated in accordance with the laws of South Africa;
“Financial Markets Act”	means the Financial Markets Act 19 of 2012 of South Africa, as amended;
“form of proxy”	means the form of proxy attached to and forming part of this circular on page 79;
“fourth implementation day VGL VWAP”	means the 5-day volume weighted average price of Vodacom Group shares to, and excluding, the fourth implementation day;
“funders” or “third-party funders”	means, collectively Absa, Nedbank and RMB, with whom YeboYethu and YeboYethu Investment, concluded on or about 3 July 2018, certain of the funding agreements, or individually, as determined by the context;
“funding agreements”	means those agreements concluded by and between, on the one hand, YeboYethu and YeboYethu Investment, and on the other hand, the funders and Vodacom Group on 3 July 2018, in terms of which YeboYethu and YeboYethu Investment shall obtain the necessary funding: (i) to make payment of YeboYethu’s transaction costs; (ii) to make payment of the special dividend; and (iii) to fund the majority of the subscription price for the Vodacom Group specific issue, which term shall include, among other things, the step 6 funders funding YeboYethu preference share subscription agreement and the step 6 Vodacom Group funding YeboYethu preference share subscription agreement, and the security documents concluded or to be concluded in relation thereto;
“funding period”	means the period commencing on the final implementation date and terminating on the later of (i) the date on which YeboYethu and YeboYethu Investment’s obligations under the funding agreements have been finally settled (excluding any post redemption tax liabilities that may be imposed on YeboYethu), and (ii) 23h59 on the 10th anniversary of the final implementation date;
“general meeting”	means the general meeting of shareholders to be held immediately after the conclusion of the annual general meeting at Vodacom World, 082 Vodacom Boulevard, Midrand at approximately 11:00 on Friday 17 August 2018, for the purpose of considering and if deemed fit, passing the resolutions;
“general transaction conditions”	means those suspensive conditions upon which the commencement of the implementation of the BEE transaction on the first implementation day is suspensive, which general transaction conditions are set out in paragraph 5.1;
“GSM”	means the Global System for Mobile communications;
“IFRS”	means International Financial Reporting Standards as issued by the International Accounting Standards Board, or its successor body;
“implementation agreement”	means the agreement concluded between the parties on 9 June 2018, which agreement sets out, among other things, the sequence of implementation of the BEE transaction;
“implementation day”	means the four consecutive business days over which the BEE transaction will be implemented. The first implementation day shall be the first business day following the fulfilment (or waiver) of the general transaction conditions on which, pursuant to any requirements of the JSE, the BEE transaction may begin to be implemented, provided that such date shall not be earlier than the expiry of the period within which the shareholders of YeboYethu are, to the extent applicable, entitled to issue a demand in terms of section 164 of the Act to exercise their appraisal rights as a consequence of the passing of the shareholders’ resolutions necessary to implement the BEE transaction, or such other later date as may be agreed in writing by the parties from time to time, and the terms “first implementation day” , “second implementation day” , “third implementation day” and “fourth implementation day” shall be construed accordingly;
“independent expert” or “BDO”	means BDO Corporate Finance Proprietary Limited, (registration number 1983/002903/07), a private company duly registered and incorporated in accordance with the laws of South Africa;
“independent reporting accountant” or “PwC”	means PricewaterhouseCoopers Inc., (registration number 1998/012055/21), a personal liability company duly registered and incorporated in accordance with the laws of South Africa;
“Innovator Trust”	means the Innovator Trust, (High Court of South Africa, Gauteng Local Division, Johannesburg, Master’s Reference Number IT 152/2014 (G)), a trust duly constituted in accordance with the laws of South Africa, and one of the shareholders in YeboYethu with a beneficial holding of 8.33% of the ordinary share capital of YeboYethu, as at the last practicable date;
“ITA”	means the Income Tax Act 58 of 1962 of South Africa, as amended;

“JSE”	means JSE Limited, (registration number 2005/022939/06), a public company duly registered and incorporated in accordance with the laws of South Africa, or the securities exchange licensed in terms of the Financial Markets Act, owned and operated by that entity, as applicable;
“JSE Listings Requirements”	means the JSE Listings Requirements, as amended from time to time, whether by way of practice note or otherwise;
“last practicable date”	means the last practicable date prior to the finalisation of this circular, being Tuesday 3 July 2018;
“legal adviser” or “CDH”	means Cliffe Dekker Hofmeyr Incorporated, (registration number 2008/018923/21), a personal liability company duly registered and incorporated in accordance with the laws of South Africa;
“long stop date”	means the day preceding the date upon which the “Lock-In Period” (as such term is defined in the MOI) expires, being, as at the last practicable date, 7 October 2018, or such later date as may be agreed by Vodacom Group and YeboYethu from time to time by way of signed written agreement concluded before the otherwise long stop date;
“M-Pesa”	means the mobile phone-based money transfer, financing and microfinancing service, launched in 2007 by Vodafone for Safaricom and Vodacom Group;
“MOI”	means the memorandum of incorporation of YeboYethu;
“Nedbank”	means Nedbank Limited (registration number 1951/000009/06), a public company duly registered and incorporated in accordance with the laws of South Africa;
“notice of general meeting”	means the notice of general meeting attached to and forming part of this circular on page 77;
“NVF”	means notional vendor funding;
“own-name dematerialised shareholders”	means dematerialised shareholders who have instructed their CSDP to hold their dematerialised shares in their own name on the sub-register maintained by the CSDP and forming part of the register;
“parties” or “party”	means the parties to the BEE transaction and transaction agreements, being RBH, Thebe, Vodacom Group, Vodacom ESOP, Vodacom SA, YeboYethu, YeboYethu ESOP, and YeboYethu Investment;
“pricing date”	means Tuesday 3 July 2018, which was the last practicable date prior to formal JSE approval of this circular;
“prime”	means First National Bank Limited’s prime overdraft lending rate;
“pro forma financial effects”	means <i>pro forma</i> financial effects of the BEE transaction;
“RBH”	means Lisinfo 209 Investments (Proprietary) Limited, (registration number 2008/007293/07), a private company duly registered and incorporated in accordance with the laws of South Africa, the wholly-owned indirect subsidiary through which Royal Bafokeng Holdings (Proprietary) Limited holds its shares in Vodacom SA, and one of the Vodacom SA BEE shareholders with a beneficial holding of 1.97% of the issued share capital of Vodacom SA as at the last practicable date;
“RBH and Thebe acquisition”	means the acquisition of Vodacom SA shares by YeboYethu from RBH and Thebe in exchange for shares issued by YeboYethu;
“RBNP BEE Trust”	means Royal Bafokeng Nation Platinum Broad-Based Economic Empowerment Trust, (High Court of South Africa, Gauteng Local Division, Johannesburg, Master’s Reference Number IT 58/2008), a trust duly constituted in accordance with the laws of South Africa; its beneficiaries consists of certain members of the black public of Bafokeng and who are residents of the North West Province;
“recommended time”	means 11:00 on Thursday 16 August 2018 (or 24 hours prior to the recommencement of the relevant shareholders’ meeting in case of a postponement or an adjournment);
“record date”	means the date established in terms of section 59 of the Act on which a company determines the identity of its shareholders and their shareholdings for the purposes of the Act;
“register”	means the register of certificated shareholders maintained by the transfer secretaries on behalf of YeboYethu and the sub-registers of dematerialised shareholders maintained by the relevant CSDPs;
“relationship agreement”	means the relationship agreement concluded between Vodacom Group, YeboYethu and YeboYethu Investment on 9 June 2018, regulating their relationship following implementation of the BEE transaction, which agreement principally includes YeboYethu and YeboYethu Investment’s respective undertakings to Vodacom Group to remain 51% black owned and controlled;

“resolutions”	means the special resolutions and ordinary resolutions set out in the notice of general meeting, including the appraisal resolutions;
“RMB”	means Rand Merchant Bank, a division of FirstRand Bank Limited, (registration number 1929/001225/06), a public limited company duly registered and incorporated in accordance with the laws of South Africa;
“section 112 disposal”	means the disposal by YeboYethu Investment of the shares in Vodacom SA acquired by it in terms of the step 5 YeboYethu and YeboYethu Investment share exchange agreement (18 000 000 Vodacom SA ordinary shares and 167 255 156 Vodacom SA A shares, with an aggregate ascribed value in the BEE transaction of R7 123 060 748), to Vodacom Group in terms of the step 5 YeboYethu Investment and Vodacom Group share exchange agreement (and in exchange for which Vodacom Group will issue to YeboYethu Investment 49 689 995 Vodacom Group shares in consideration, calculated on a Vodacom Group price per share of R143.35), which disposal constitutes the disposal by YeboYethu Investment, and YeboYethu on a consolidated basis, of the majority of their assets or undertakings, as contemplated in section 112 of the Act;
“Safaricom”	means Safaricom Plc, company number C.8/2002, a company incorporated in accordance with the laws of the Republic of Kenya and listed on the Nairobi Securities Exchange. In August 2017, Vodacom Group acquired a 34.94% indirect interest in Safaricom Plc by acquiring 87.5% of the issued share capital of Vodafone Kenya Limited. The consideration paid by Vodacom Group for this acquisition equated to R34.6 billion settled by way of an issue of 233 459 781 new Vodacom Group shares and a cash payment of R51.2 million;
“SENS”	means the Stock Exchange News Service of the JSE;
“SMME”	means Small Micro and Medium Enterprises;
“South Africa”	means the Republic of South Africa;
“special dividend”	means the dividend which YeboYethu will declare to YeboYethu shareholders as part of the BEE transaction in step 3 (paragraph 3.3);
“special dividend record date”	means the date on which a person must be recorded as a shareholder in order to participate in the special dividend, which day shall be the second implementation day;
“specific transaction conditions”	means the conditions upon which the implementation of each step in the BEE transaction is conditional (as the case may be), which specific transaction conditions are set out in paragraph 5.2;
“specific transaction conditions date”	means Monday 15 October 2018, or such later date as may be agreed by Vodacom Group and YeboYethu from time to time by way of signed written agreement concluded before the otherwise specific transaction conditions date;
“step”	means the corresponding step of the BEE transaction, as set out in paragraph 3;
“step 2 RBH share exchange agreement”	means the agreement concluded between, among others, RBH and YeboYethu on 9 June 2018, in terms of which RBH will, in step 2 (paragraph 3.2), sell 55 126 215 Vodacom SA A shares and 7 560 000 Vodacom SA ordinary shares to YeboYethu and in return YeboYethu will issue 15 115 295 YeboYethu ordinary shares to RBH in consideration;
“step 2 Thebe share exchange agreement”	means the agreement concluded between, among others, Thebe and YeboYethu on 9 June 2018, in terms of which Thebe will, in step 2 (paragraph 3.2), sell 23 625 521 Vodacom SA A shares and 3 240 000 Vodacom SA ordinary shares to YeboYethu and in return YeboYethu will issue 6 477 984 YeboYethu ordinary shares to Thebe in consideration;
“step 4 ESOP contribution agreement”	means the agreement concluded between Vodacom Group and the Vodacom ESOP on 3 July 2018, in terms of which Vodacom Group (on behalf of itself and various employer companies) will, in step 4 (paragraph 3.4), make a capital contribution of R1 050 million to the Vodacom ESOP to enable it to acquire 11 544 805 YeboYethu ordinary shares, of which R300 million will be utilised to acquire up to a maximum of 3 298 516 YeboYethu ordinary shares from the existing YeboYethu ESOP and the remaining R750 million will be used to subscribe for up to a maximum of 8 246 289 YeboYethu ordinary shares, resulting in the Vodacom ESOP owning, post-implementation of the BEE transaction, 21.82% of YeboYethu ordinary shares;

“step 4 ESOP sale agreement”	means the agreement concluded between, among others, the YeboYethu ESOP and the Vodacom ESOP on 3 July 2018, in terms of which the YeboYethu ESOP will, in step 4 (paragraph 3.4) and on the second implementation day, or as soon thereafter as is practicable, sell up to a maximum of 3 298 516 YeboYethu ordinary shares (5.71% post BEE transaction) to the Vodacom ESOP;
“step 4 ESOP subscription agreement”	means the agreement concluded between, among others, the Vodacom ESOP and YeboYethu on 3 July 2018, in terms of which the Vodacom ESOP will, in step 4 (paragraph 3.4), subscribe for 8 246 289 (15.58% post BEE transaction) YeboYethu ordinary shares;
“step 5 YeboYethu and YeboYethu Investment share exchange agreement”	means the agreement concluded between, among others, YeboYethu and YeboYethu Investment on 9 June 2018, in terms of which YeboYethu will, in step 5 (paragraph 3.5), sell 167 255 156 Vodacom SA A shares and 18 million Vodacom SA ordinary shares to YeboYethu Investment, and in exchange YeboYethu Investment will issue 7 123 061 YeboYethu Investment shares to YeboYethu in consideration;
“step 5 YeboYethu Investment and Vodacom Group share exchange agreement”	means the agreement concluded between YeboYethu Investment and Vodacom Group on 8 June 2018, in terms of which YeboYethu Investment will sell, in step 5 (paragraph 3.5), 167 255 156 Vodacom SA A shares and 18 million Vodacom SA ordinary shares, being 3.95% of Vodacom SA shares, post the unwind of the existing Vodacom SA BEE transaction, to Vodacom Group and in exchange Vodacom Group will issue 49 689 995 Vodacom Group shares, which is 2.71% of the issued Vodacom Group shares (post the BEE transaction), to YeboYethu Investment in consideration;
“step 6 funders funding YeboYethu/YeboYethu Investment subscription agreement”	means the agreement concluded between, among others, YeboYethu and YeboYethu Investment on 9 June 2018, in terms of which YeboYethu, using the subscription proceeds from the step 6 funders funding YeboYethu preference share subscription agreement, will, in step 6 (paragraph 3.6), subscribe for YeboYethu Investment shares (at an issue price of R1 000 per share). The number of YeboYethu Investment shares issued in this step is dependent on the number of class A preference shares issued by YeboYethu, as more fully set out in paragraph 3.6. At an assumed fourth implementation day VGL VWAP of R121.19, the number of YeboYethu Investment shares to be issued in this step is 4 623 446;
“step 6 funders funding YeboYethu Investment/Vodacom Group subscription agreement”	means the agreement concluded between YeboYethu Investment and Vodacom Group on 8 June 2018, in terms of which YeboYethu Investment, using the subscription proceeds from the step 6 funders funding YeboYethu/YeboYethu Investment subscription agreement, will, in step 6 (paragraph 3.6), subscribe for Vodacom Group shares. The number of Vodacom Group shares issued in this step is dependent on the number of class A preference shares issued by YeboYethu, as more fully set out in paragraph 3.6. At an assumed fourth implementation day VGL VWAP of R121.19, the number of Vodacom Group shares to be issued in this step is 40 833 194, which is 2.22% of issued Vodacom Group shares (post the BEE transaction);
“step 6 funders funding YeboYethu preference share subscription agreement”	means the agreement concluded between, among others, YeboYethu and the funders on 3 July 2018, in terms of which YeboYethu will, in step 6 (paragraph 3.6) issue the class A preference shares to third-party funders to raise subscription proceeds. The aggregate amount to be raised in subscription proceeds by YeboYethu through the issue of class A preference shares and class B preference shares is R9 908 154 034;
“step 6 Vodacom Group funding YeboYethu/YeboYethu Investment subscription agreement”	means the agreement concluded between, among others, YeboYethu and YeboYethu Investment on 9 June 2018, in terms of which YeboYethu, using a portion of the subscription proceeds from the step 6 Vodacom Group funding YeboYethu preference share subscription agreement, will, in step 6 (paragraph 3.6), subscribe for YeboYethu Investment shares (at an issue price of R1 000 per share). The number of YeboYethu Investment shares issued in this step is dependent on the number of class B preference shares issued by YeboYethu, as more fully set out in paragraph 3.6. At an assumed fourth implementation day VGL VWAP of R121.19, the number of YeboYethu Investment shares to be issued in this step is 2 709 310;
“step 6 Vodacom Group funding YeboYethu Investment/Vodacom Group subscription agreement”	means the agreement concluded between YeboYethu Investment and Vodacom Group on 8 June 2018, in terms of which YeboYethu Investment, using the subscription proceeds from the step 6 Vodacom Group funding YeboYethu/YeboYethu Investment subscription agreement, will, in step 6 (paragraph 3.6), subscribe for Vodacom Group shares. The number of Vodacom Group shares issued in this step is dependent on the number of class B preference shares issued by YeboYethu, as more fully set out in paragraph 3.6. At an assumed fourth implementation day VGL VWAP of R121.19, the number of Vodacom Group shares to be issued in this step is 23 927 991, which is 1.30% of issued Vodacom Group shares (post the BEE transaction);
“step 6 Vodacom Group funding YeboYethu preference share subscription agreement”	means the agreement concluded between YeboYethu and Vodacom Group on 3 July 2018, in terms of which YeboYethu will, in step 6 (paragraph 3.6) issue class B preference shares to Vodacom Group to raise subscription proceeds. The aggregate amount to be raised in subscription proceeds by YeboYethu through the issue of class A preference shares and class B preference shares is R9 908 154 034;

“Strate”	means Strate Proprietary Limited, (registration number 1998/022242/07), a private company duly registered and incorporated under the laws of South Africa and a registered central securities depository in accordance with the Financial Markets Act;
“suspensive conditions”	means either the general transaction conditions or the specific transaction conditions or both, as the context requires, and more fully described in paragraph 5;
“Takeover Regulation Panel”	means the Takeover Regulation Panel established in terms of section 196 of the Act;
“Takeover Regulations”	means the regulations issued in terms sections 120 and 223 of the Act;
“tax”	means all South African taxes that may become payable by a party concerned, including any income tax, secondary tax on companies, dividends tax, VAT, donations tax, securities transfer tax, uncertificated securities transfer tax, PAYE/employees’ tax, stamp duties, levies, assessments, imposts, deductions, charges and withholdings whatsoever in terms of any tax legislation, and all includes all penalties, additional tax and interest payable in terms of such tax legislation;
“Thebe”	means Main Street 661 Proprietary Limited, (registration number 2008/003181/07), a private company duly registered and incorporated in accordance with the laws of South Africa, the wholly-owned subsidiary through which Thebe Investment Corporation (Proprietary) Limited, holds its shares in Vodacom SA, and one of the Vodacom SA BEE shareholders with a beneficial holding of 0.84% of the issued share capital of Vodacom SA as at the last practicable date;
“transaction agreements”	means collectively, the implementation agreement, the relationship agreement, the step 2 RBH share exchange agreement, the step 2 Thebe share exchange agreement, the step 4 ESOP contribution agreement, the step 4 ESOP sale agreement, the step 4 ESOP subscription agreement, the step 5 YeboYethu and YeboYethu Investment share exchange agreement, the step 5 YeboYethu Investment and Vodacom Group share exchange agreement, the step 6 funders funding YeboYethu/YeboYethu Investment subscription agreement, the step 6 funders funding YeboYethu Investment/Vodacom Group subscription agreement, the step 6 Vodacom Group funding YeboYethu/YeboYethu Investment subscription agreement, and the step 6 Vodacom Group funding YeboYethu Investment/ Vodacom Group subscription agreement, or individually, as determined by the context;
“transfer secretaries” or “Link”	means Link Market Services South Africa Proprietary Limited, (registration number 2000/007239/07), a private company duly registered and incorporated in accordance with the laws of South Africa;
“trigger event remedy notice”	means a notice sent by funders to alert YeboYethu that they have breached their covenants under and in terms of the funding agreements to which the funders are a party;
“VAT”	means South African value-added tax, as per the Value-Added Tax Act 89 of 1991 of South Africa, as amended;
“Vodacom employees”	means selected employees of Vodacom Group and the employer companies, which is all employees and executives, of Vodacom Group and the employer companies who will participate in the Vodacom ESOP, with a weighting in favour of lower level black employees, in particular black women;
“Vodacom ESOP”	means the Vodacom Siyanda Employee Trust, (High Court of South Africa, Gauteng Local Division, Johannesburg, Master’s Reference Number IT 001390/2018 (G)), a trust duly constituted in accordance with the laws of South Africa, and created by Vodacom Group for the benefit of Vodacom employees;
“Vodacom Group” or “VGL”	means Vodacom Group Limited, (registration number 1993/005461/06), a public company duly registered and incorporated in accordance with the laws of South Africa;
“Vodacom Group service agreement”	means the service level agreement concluded between Vodacom Group and YeboYethu on 9 June 2018 in terms of which Vodacom Group will provide, among other things, administrative support services including finance, company secretarial, tax and treasury services to YeboYethu;
“Vodacom Group share”	means an ordinary share in the issued share capital of Vodacom Group;
“Vodacom Group specific issue”	means the issues for cash of, in aggregate, 64 761 185 Vodacom Group shares at the BEE transaction discounted subscription price by Vodacom Group to YeboYethu Investment in step 6 (paragraph 3.6);
“Vodacom SA”	means Vodacom (Proprietary) Limited, (registration number 1993/003367/07), a private company duly registered and incorporated in accordance with the laws of South Africa; currently held 6.25% by Vodacom SA BEE shareholders and 93.75% by Vodacom Group;
“Vodacom SA A shares”	means class “A” ordinary shares in the share capital of Vodacom SA;
“Vodacom SA BEE shareholders”	means, collectively, RBH, Thebe and YeboYethu, or individually, as determined by the context;

“Vodacom SA NVF transaction”	means the existing Vodacom SA BEE transaction facilitated by Vodacom SA through an NVF structure;
“Vodacom SA ordinary shares”	means ordinary shares in the share capital of Vodacom SA;
“Vodacom SA service agreement”	means the service level agreement concluded between Vodacom SA and YeboYethu in or about 2016, in terms of which Vodacom SA provided, among other things, administrative support services to YeboYethu;
“Vodacom SA shares”	means, collectively, Vodacom SA A shares and Vodacom SA ordinary shares, or individually, as determined by the context;
“Vodafone”	means Vodafone Group Plc., (registration number 01833679), a public company duly registered and incorporated in accordance with the laws of England, which is the ultimate holding company of Vodafone International and Vodafone Investments SA;
“Vodafone International”	means Vodafone International Holdings B.V, (registration number 24235177), a private company registered and duly incorporated in accordance with the laws of the Netherlands, and one of the shareholders with a beneficial holding of 8.33% of the issued share capital of Vodacom Group, as at the last practicable date, a wholly-owned subsidiary of Vodafone;
“Vodafone Investments SA”	means Vodafone Investments (SA) Proprietary Limited, (registration number 1948/031037/07), a private company duly registered and incorporated in accordance with the laws of South Africa, and one of the shareholders with a beneficial holding of 56.18% of the issued share capital of Vodacom Group, as at the last practicable date, a wholly-owned subsidiary of Vodafone;
“YeboYethu” or “the company”	means YeboYethu (RF) Limited, (registration number 2008/014734/06), a public company duly registered and incorporated in accordance with the laws of South Africa and one of the Vodacom SA BEE shareholders with a beneficial holding of 3.44% of the issued share capital of Vodacom SA as at the last practicable date;
“YeboYethu ESOP”	means the YeboYethu Employee Participation Trust, (High Court of South Africa, Gauteng Local Division, Johannesburg, Master’s Reference Number IT 2065/2008 (G)), a trust duly constituted in accordance with the laws of South Africa, and created by Vodacom SA for the benefit of eligible employees and one of the shareholders in YeboYethu with a beneficial holding of 45% of the issued share capital of YeboYethu as at the last practicable date;
“YeboYethu board”	means the board of directors of YeboYethu;
“YeboYethu ESOP beneficiaries”	means the beneficiaries of the YeboYethu ESOP, who have a vested right to distribution, YeboYethu ordinary shares and capital appreciation;
“YeboYethu independent board”	means the YeboYethu independent board constituted for purposes of regulation 81(j) of the Takeover Regulations;
“YeboYethu Investment”	means YeboYethu Investment Company (RF) Proprietary Limited, (registration number 2018/264887/07), a dormant private company duly registered and incorporated in accordance with the laws of South Africa and, on the final implementation date, a wholly-owned subsidiary of YeboYethu;
“YeboYethu Investment shares”	means ordinary shares in the share capital of YeboYethu Investment;
“YeboYethu N shares”	means automatically convertible “N” shares in the share capital of YeboYethu;
“YeboYethu NVF transaction”	means the existing NVF structure underpinning, and included in the terms of, the YeboYethu N shares;
“YeboYethu ordinary shares”	means ordinary shares in the share capital of YeboYethu;
“YeboYethu preference shares”	means, collectively, class A preference shares and class B preference shares, or individually as determined by the context;
“YeboYethu shares”	means collectively, YeboYethu ordinary shares and YeboYethu preference shares, or individually as determined by the context;
“YeboYethu shareholder” or “shareholder”	means a registered holder of YeboYethu shares;
“YeboYethu specific issue”	means the issue for cash of 8 246 289 YeboYethu shares for a consideration of R750 million by YeboYethu to the Vodacom ESOP as set out in step 4 (paragraph 3.4); and
“ZAR” or “R”	means South African rand, the lawful currency of South Africa.



YeboYethu (RF) Limited
(Incorporated in the Republic of South Africa)
(Registration number 2008/014734/06)
(ISIN: ZAE000218483 Share code: YYLBEE)
(“YeboYethu” or “the company”)

Directors

Independent non-executive

ZBM Bassa (Chairman), AM Hall, SM Radebe, S Sithole

Non-executive

MM Mbungela

CIRCULAR TO SHAREHOLDERS

1. Introduction

1.1 Background

Shareholders are referred to the announcements released on SENS on Monday 11 June 2018 and Wednesday 4 July 2018, and published respectively in the South African press on Tuesday 12 June 2018 and Thursday 5 July 2018 detailing the BEE transaction between Vodacom Group and YeboYethu.

During 2008, Vodacom Group facilitated a BEE ownership transaction in terms of which RBH, Thebe and YeboYethu, in aggregate, acquired an effective 6.25% shareholding in the issued share capital of Vodacom SA.

The existing Vodacom SA BEE transaction is scheduled to unwind on 8 October 2018, as per the YeboYethu prospectus of 30 July 2008.

In demonstrating its ongoing and continued commitment to transformation and broad-based BEE ownership in South Africa, Vodacom Group, together with Vodacom SA and the Vodacom SA BEE shareholders have entered into a number of agreements in terms of which the current shareholders of YeboYethu, together with the Vodacom SA BEE shareholders and the new Vodacom ESOP, will, through YeboYethu and YeboYethu Investment, acquire 6.23% of the issued shares in Vodacom Group (post issuance) in terms of a new BEE transaction.

The key features of the BEE transaction, include, *inter alia*:

- ▶ transaction size of R16.4 billion;
- ▶ equity swap ratio of Vodacom SA to Vodacom Group of 73.0%;
- ▶ subscription price discount from Vodacom Group;
- ▶ R3.9 billion equity reinvested by the Vodacom SA BEE shareholders;
- ▶ R3.3 billion paid out to YeboYethu shareholders as a special dividend;
- ▶ continued listing of YeboYethu on the BEE Segment of the JSE;
- ▶ R750 million Vodacom ESOP subscription for new YeboYethu ordinary shares; and
- ▶ 60% gearing of YeboYethu (third party financing as well as vendor funding from Vodacom Group).

1.2 Rationale

Consistent with YeboYethu's objectives of maximising value for its shareholders and facilitating ongoing investment as a BEE vehicle, the BEE transaction has been designed to provide long term benefits to shareholders. To structure the BEE transaction efficiently, the board was guided by the following:

- ▶ maximise the value of its current shareholding in Vodacom SA;
- ▶ provide an immediate and significant cash return to shareholders after ten years of the existing Vodacom SA BEE transaction;
- ▶ ensure that its investment over the long term is maximised by effectively swapping shares in the unlisted Vodacom SA for shares in the JSE listed Vodacom Group, thereby providing a direct reference price to its investment in a larger and more diversified group;
- ▶ with the direct reference price to Vodacom Group, there should be greater price discovery for a YeboYethu shareholder potentially reducing the overall discount to value;
- ▶ ensure a sustainable shareholding is achieved at the Vodacom Group level;
- ▶ consolidate all the Vodacom SA BEE shareholders into the YeboYethu shareholding structure;
- ▶ build on the successful relationship with Vodacom Group as its BEE shareholder; and
- ▶ ensure sustainability of funding structure over the long term.

1.3 Purpose of this circular

The purpose of this circular is to:

- ▶ provide shareholders with background information in relation to the existing Vodacom SA BEE transaction, to describe the rationale for and benefits of the new BEE transaction and provide general information on the terms of the BEE transaction;
- ▶ provide shareholders with information required to authorise, approve and implement the BEE transaction; and
- ▶ convene the general meeting in terms of the notice of general meeting, to consider and, if deemed fit, to approve the resolutions proposed thereat.

The BEE transaction will be implemented through a series of inter-linked and inter-conditional steps and settlement of the transaction will be done in full and not through offsetting.

The resolutions required from shareholders in order to enable the company to implement the BEE transaction are, as more fully set out in paragraph 8 and the notice of general meeting:

- ▶ a specific authority to approve the BEE transaction as category 1 transaction;
- ▶ a specific authority to approve the specific issue for cash to Vodacom ESOP in terms of section 5.51 of the JSE Listings Requirements, as described in step 4, paragraph 3.4 below;
- ▶ a general authority to implement all resolutions proposed;
- ▶ a specific authority to approve the BEE transaction as a disposal by the company in terms of section 112 of the Act;
- ▶ a specific authority to approve the issue of shares of 30% or more of existing issued share capital;
- ▶ an authority for the company to provide financial assistance, in the broad sense as envisaged by the funding agreements as a whole, for the facilitation of the acquisition of its shares, in terms of section 44 of the Act;
- ▶ a specific authority to approve the conversion of YeboYethu ordinary shares from par value to no-par value;
- ▶ a specific authority to approve the creation of class A and B preference shares, additional ordinary shares, and deletion of N shares from share capital; and
- ▶ a specific authority to approve the adoption of the new MOI.

2. Overview of the existing Vodacom SA BEE transaction

During 2008 Vodacom Group implemented the existing Vodacom SA BEE transaction in terms of which the Vodacom SA BEE shareholders acquired a 6.25% interest in Vodacom SA through a subscription for:

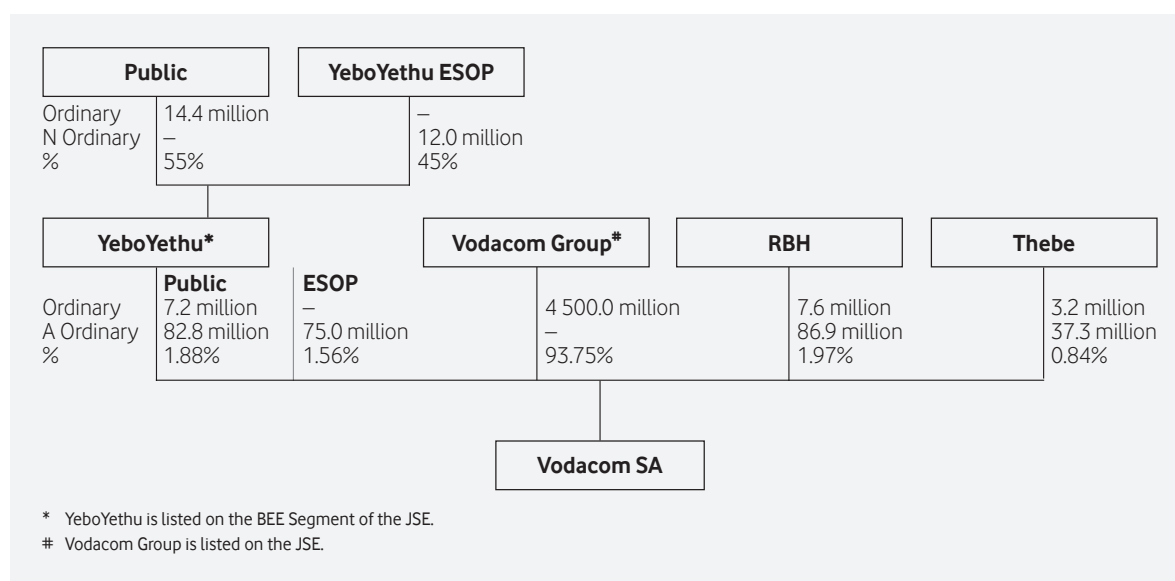
- ▶ 282 million Vodacom SA A shares; and
- ▶ 18 million Vodacom SA ordinary shares.

The issue of the Vodacom SA A shares was facilitated by Vodacom SA through an NVF structure. The Vodacom SA BEE shareholders made an equity contribution of R900 million (R378 million from RBH, R162 million from Thebe and R360 million from YeboYethu). YeboYethu offered 14.4 million YeboYethu ordinary shares for subscription by black people and black entities. In addition, the YeboYethu ESOP subscribed for 12 million YeboYethu N shares at a nominal amount in terms of the separate YeboYethu NVF transaction.

The Vodacom Group facilitated the establishment of the Innovator Trust in 2014 with a loan facility of R750 million, an independent entity whose primary purpose is to develop and support black owned SMMEs in the information and communication technology sector. The Innovator Trust used a portion of the facility to purchase shares in YeboYethu, and uses the income from interest and dividends to develop black owned SMME's in the information and communication technology sector and advancement of black owned suppliers in Vodacom Group's supply chain.

In 2016, the YeboYethu ordinary shares were listed on the BEE Segment of the JSE.

2.1 Vodacom SA current BEE transaction structure



3. Details of the BEE transaction

The BEE transaction is being concluded at a value that was negotiated and agreed between a willing seller (Vodacom SA BEE shareholders) and a willing buyer (Vodacom Group) and therefore constitutes fair market value. On instruction from the Vodacom Group board, EY was appointed to undertake an independent valuation exercise on Vodacom SA. The report was finalised on 16 March 2018 and used as an additional reference point during the negotiations with the Vodacom SA BEE shareholders. EY performed a discounted cash flow valuation of Vodacom SA, a multiples valuation of Vodacom SA and a top-down valuation of Vodacom SA based on the market capitalisation of Vodacom Group and the contribution of Vodacom SA to Vodacom Group.

The BEE transaction will be implemented via a series of interlinked and inter-conditional steps as outlined below:

3.1 Step 1: First implementation day: unwind of the existing Vodacom SA BEE transaction

Step 1A: Implementation of the NVF structure

Vodacom SA will repurchase 114 744 844 Vodacom SA Shares (31 813 785 from RBH, 13 634 479 from Thebe, 30 298 842 from YeboYethu (as public A shares) and 38 997 738 from YeboYethu (as ESOP A shares)) from the Vodacom SA BEE shareholders for a nominal consideration (R0.00001 per Vodacom SA A share, and R1 147.45 in aggregate) pursuant to the Vodacom SA NVF transaction terms, upon which the remaining Vodacom SA A shares will rank *pari passu* with the Vodacom SA ordinary shares in all respects and will be unencumbered consistent with the terms of issue thereof. It is anticipated that post the Vodacom SA repurchase, the Vodacom SA BEE shareholders will collectively hold 185 255 156 Vodacom SA shares (being 18 million Vodacom SA ordinary shares and 167 255 156 Vodacom SA A shares), or approximately 3.95% of Vodacom SA.

The board of directors of Vodacom SA will elect to make the payments pursuant to the repurchase contemplated above out of its contributed tax capital (as defined in section 1 of the ITA) and Vodacom SA will, in terms of paragraph 76(4) of the Eighth Schedule to the ITA notify each of RBH, Thebe and YeboYethu, as shareholders of Vodacom SA, of its election in this regard.

There are no additional requirements on the parties arising from the JSE Listings Requirements in terms of this step.

Step 1B: Conversion and partial repurchase of YeboYethu N shares

Following implementation of the Vodacom SA repurchase, as set out in the paragraph above, the 12 000 000 YeboYethu N shares in issue will automatically convert into YeboYethu ordinary shares according to their terms of issue (in respect of which the YeboYethu ESOP is the sole shareholder), and at the same time 3 318 908 of those shares shall be simultaneously acquired by YeboYethu for a nominal amount (R0.00001 per share, and R33.19 in aggregate) based on the existing YeboYethu NVF transaction terms.

Of the 8 681 092 YeboYethu ordinary shares held by the YeboYethu ESOP, which remain after the conversion and acquisition described above, up to a maximum of 3 298 516 will, as set out in step 4 (paragraph 3.4), be sold to the Vodacom ESOP pursuant to the step 4 ESOP sale agreement, and the remaining 5 382 576 YeboYethu ordinary shares will be transferred, together with the proceeds received by the YeboYethu ESOP from its sale to the Vodacom ESOP in terms of the step 4 ESOP sale agreement, to the existing vested YeboYethu ESOP beneficiaries in accordance with the terms of the YeboYethu ESOP trust deed and scheme rules, whereafter the YeboYethu ESOP will be wound-up.

The YeboYethu ESOP beneficiaries will be liable for income tax at their marginal tax rate (in terms of section 8C of the ITA) on the value of any proceeds received for the sale of shares and on the market value of the shares the YeboYethu ESOP beneficiaries retain once all restrictions are lifted.

The board of directors of YeboYethu will elect to make the payments pursuant to the repurchase contemplated above out of its contributed tax capital (as defined in section 1 of the ITA) and YeboYethu will, in terms of paragraph 76(4) of the Eighth Schedule to the ITA notify the YeboYethu ESOP, as a shareholder of YeboYethu, of its election in this regard.

YeboYethu will, in terms of the JSE Listings Requirements, apply for those newly converted YeboYethu ordinary shares held by the YeboYethu ESOP after YeboYethu's acquisition in this step, to be listed. Save for such, there are no additional requirements on the parties arising from the JSE Listings Requirements in terms of this step.

3.2 Step 2: First implementation day: consolidation of Vodacom SA BEE shareholders' interests in Vodacom SA into a single vehicle

Each of RBH and Thebe will exchange their Vodacom SA shares for new YeboYethu ordinary shares in terms of asset-for-share transactions, thereby consolidating all of the Vodacom SA BEE shareholders' interests into a single vehicle, being YeboYethu.

In terms of the step 2 RBH share exchange agreement, RBH will sell its 55 126 215 Vodacom SA A shares and 7.56 million Vodacom SA ordinary shares to YeboYethu, and in return YeboYethu will issue 15 115 295 (valued at R2 410 284 967) new YeboYethu ordinary shares to RBH in consideration.

In terms of the step 2 Thebe share exchange agreement, Thebe will sell its 23 625 521 Vodacom SA A shares and 3.24 million Vodacom SA ordinary shares to YeboYethu, and in return YeboYethu will issue 6 477 984 (valued at R1 032 979 282) new YeboYethu ordinary shares to Thebe in consideration.

The sales by each of RBH and Thebe, and the issue of new ordinary shares in YeboYethu, will be done simultaneously and at fair market value.

YeboYethu's acquisitions in this step, and the transactions undertaken by YeboYethu in the BEE transaction generally, will, in line with a ruling received from the JSE (per paragraph 8.3 below), be aggregated and treated as a single category 1 transaction (and reverse take-over) for YeboYethu, in respect of which it will be required to comply with the relevant provisions of section 9 of the JSE Listings Requirements. (This comment is not repeated below in relation to each of the transactions undertaken by YeboYethu in the BEE transaction). YeboYethu will apply for the newly issued YeboYethu ordinary shares to be listed. As the number of shares which YeboYethu will issue in this step will increase the securities issued by more than 50%, YeboYethu must include in its category 1 circular the information required to be disclosed for a pre-listing statement. YeboYethu's issues of shares in this step will not be issued for cash, but instead will be acquisition issues. Save for such, there are no additional requirements on the parties arising from the JSE Listings Requirements in terms of this step.

3.3 Step 3: Second implementation day: YeboYethu declares a special dividend (distribution)

YeboYethu will declare a special dividend up to a maximum of R3 261 189 876 or in all cases, R73.00 per YeboYethu ordinary share on the second implementation day, subject to YeboYethu meeting a solvency and liquidity test as contemplated by section 45 of the Act. The special dividend represents a significant liquidity event and equates to 2.9 times the YeboYethu shareholders' original equity contribution. The aforementioned represents a once off liquidity event and the Vodacom Group currently has no intention to settle the BEE transaction in cash.

Despite declaration, the payment of the special dividend will only occur in (and payment will be contingent upon) step 6 (in paragraph 3.6) (and each of the preceding steps) being implemented.

The board of directors of YeboYethu have elected not to make the payment of the step 3 special dividend out of its contributed tax capital (as defined in section 1 of the ITA) and such step 3 special dividend will be funded out of reserves.

The dividend will be declared pro rata to all shareholders at the time of declaration and, as such, there are no additional requirements on the parties arising from the JSE Listings Requirements in terms of this step.

3.4 Step 4: Second implementation day: Vodacom Group (on behalf itself and other employer companies) makes a contribution to the Vodacom ESOP to enable it to acquire YeboYethu ordinary shares

In terms of the step 4 ESOP contribution agreement, Vodacom Group, on behalf of itself and the employer companies, will make a capital contribution of an aggregate amount of R1.05 billion to the Vodacom ESOP. In terms of the step 4 ESOP sale agreement the Vodacom ESOP will, on the second implementation day or as soon thereafter as it may be implemented, use the proceeds to purchase 3 298 516 YeboYethu ordinary shares valued at R300 million from the YeboYethu ESOP (and the YeboYethu ESOP beneficiaries insofar as the rights therein have vested). In terms of step 4 ESOP subscription agreement, the Vodacom ESOP will use the balance of R750 million to subscribe for up to a maximum of 8 246 289 new YeboYethu ordinary shares for the benefit of YeboYethu ESOP beneficiaries.

Should any balance of the contribution remain after the sale and subscription above, the Vodacom ESOP will use those funds to acquire YeboYethu ordinary shares in the market after the implementation of the BEE transaction.

Insofar as the shares to be issued by YeboYethu to the Vodacom ESOP in this step will be issued for cash, YeboYethu will be required to comply with the provisions of section 5.51 of the JSE Listings Requirements which regulates specific issues for cash. YeboYethu will, in terms of the JSE Listings Requirements, apply for those newly issued YeboYethu ordinary shares to be listed. Save for such, there are no additional requirements on the parties arising from the JSE Listings Requirements in terms of this step.

3.5 Step 5: YeboYethu exchanges Vodacom SA shares for new Vodacom Group shares

A new special purpose vehicle, YeboYethu Investment, has been created for the purpose of holding YeboYethu's Vodacom Group shares. YeboYethu Investment will be a wholly-owned subsidiary of YeboYethu.

Second implementation day

After the implementation of the aforementioned steps and the consolidation of YeboYethu's shareholding in Vodacom SA, YeboYethu will exchange its Vodacom SA shares for YeboYethu Investment shares. In terms of the step 5 YeboYethu and YeboYethu Investment share exchange agreement, YeboYethu will sell its 167 255 156 Vodacom SA A shares, valued at R6 430 960 748, and 18 million Vodacom SA ordinary shares, valued at R692 100 000, to YeboYethu Investment, and in return YeboYethu Investment will issue 7 123 061 new YeboYethu Investment shares to YeboYethu in consideration.

Third implementation day

After implementation of YeboYethu's exchange of Vodacom SA shares for YeboYethu Investment shares, and on the subsequent day, YeboYethu Investment will exchange its Vodacom SA shares for new Vodacom Group shares on a fair market value basis of R7 123 060 748. In terms of the step 5 YeboYethu Investment and Vodacom Group share exchange agreement, YeboYethu Investment will sell its 167 255 156 Vodacom SA A shares and 18 million Vodacom SA ordinary shares to Vodacom Group and in return Vodacom Group will issue 49 689 995 new Vodacom Group shares in consideration at the BEE transaction share price.

Vodacom Group's acquisition in this step (and the transactions, as defined in the JSE Listings Requirements, undertaken by Vodacom Group in the BEE transaction on an aggregate basis) is, with reference to section 9 of the JSE Listings Requirements, less than 5% of any percentage ratio and, as such, the BEE transaction, nor any transaction therein, constitutes a category transaction for Vodacom Group. Vodacom Group will apply for the newly issued Vodacom Group shares to be listed. Vodacom Group's issue of shares in this step will not be issued for cash, but instead will be an acquisition issue. Save for such, there are no additional requirements on the parties arising from the JSE Listings Requirements in terms of this step.

3.6 Step 6: Fourth implementation day: YeboYethu raises vendor funding and third party financing and subscribes for additional Vodacom Group shares

In aggregate, YeboYethu will raise R9 908 154 034 in subscription proceeds from the issue of the class A preference shares and class B preference shares. The number of class A preference shares to be issued by YeboYethu, however, will be, with reference to their aggregate subscription price, equal to the lesser of R5 833 333 333 and an aggregate subscription price which is equal to a 3x share cover ratio as measured against the 5-day VWAP of a Vodacom Group share on the fourth implementation day. The number of class B preference shares will be equal to that number of class B preference shares which need to be issued, based on their aggregate subscription price, such that the total preference share funding received by YeboYethu (including the subscription funds received pursuant to the issue of the class A preference shares) is equal to R9 908 154 034.

Accordingly, although the aggregate funding received by YeboYethu from preference share subscription proceeds will remain constant, the split between the funding received by YeboYethu from class A preference shares and class B preference shares, will be dependent on the fourth implementation day VGL VWAP, which will only be known on the fourth implementation day. For illustrative purposes, below and later in the circular, the split between the funding received by YeboYethu from class A preference shares and class B preference shares has been based on a fourth implementation day VGL VWAP of R121.19.

In terms of the step 6 Vodacom Group funding YeboYethu preference share subscription agreement, YeboYethu will issue class B preference shares to Vodacom Group and raise R5 284 707 866. The class B preference shares will be unsecured. YeboYethu will use the subscription proceeds received pursuant to (i) the subscription by Vodacom ESOP (as set out in step 4 at paragraph 3.4 above) and (ii) the issue of the class B preference shares, to (a) fund the payment of the special dividend (as set out in step 3 at paragraph 3.3 above) and YeboYethu's transaction costs amounting to approximately R64 million and (b) subscribe for 2 709 310 (at an issue price of R1 000 per share) additional YeboYethu Investment shares.

YeboYethu Investment will use the subscription proceeds received from YeboYethu above to subscribe for 23 927 991 (representing 1.30% of Vodacom Group shares, post the BEE transaction) new Vodacom Group shares, valued at R3 430 077 652, at a discount of R720 767 619.

In addition, in terms of the step 6 funders funding YeboYethu preference share subscription agreement, YeboYethu will issue class A preference shares to third-party funders and raise R4 623 446 168. The class A preference shares will be secured, among other things, through YeboYethu Investment issuing a guarantee and a pledge of the Vodacom Group shares held by it to the third-party funders. YeboYethu will use the entire subscription proceeds received pursuant to the issue of class A preference shares, to subscribe for 4 623 446 (at an issue price of R1 000 per share) additional YeboYethu Investment shares.

YeboYethu Investment will use the entire subscription proceeds received from YeboYethu above to subscribe for 40 833 194 (representing 2.22% of issued Vodacom Group shares, post the BEE transaction) new Vodacom Group shares, valued at R5 853 438 396, at a discount of R1 229 992 228.

Since the terms announcement, dated 11 June 2018, markets across the globe have been impacted by significant share price volatility. This has been driven by global factors including increased international trade uncertainty from tariff interventions mainly by the USA and China. Emerging markets have been particularly affected. International funds withdrew from riskier assets, creating negative pressure on emerging market economies and currencies. The impact of this can be clearly seen in the resultant volatile share prices across the South African market.

The table below illustrates what the split of the YeboYethu gearing amounts will be between the class A preference shares and class B preference shares based on various assumed 5-day VWAP's of a Vodacom Group share on the fourth implementation day and is provided for illustrative purposes only.

5-day VWAP of a Vodacom Group share on the fourth implementation day (Rand)	Class A share cover preference shares from third party funders (Rm)	Class B preference shares from Vodacom Group (Rm)	Total YeboYethu gearing (Rm)
150.00	5 723	4 185	9 908
140.00	5 341	4 567	9 908
130.00	4 959	4 949	9 908
121.19	4 623	5 285	9 908
120.00	4 578	5 330	9 908
110.00	4 196	5 712	9 908
100.00	3 815	6 093	9 908

Insofar as the shares to be issued by Vodacom Group to YeboYethu Investment in this step will be issued for cash, Vodacom Group will be required to comply with the provisions in the JSE Listings Requirements regulating specific issues for cash, section 5.51. Vodacom Group will, in terms of the JSE Listings Requirements, apply for those newly issued Vodacom Group shares to be listed.

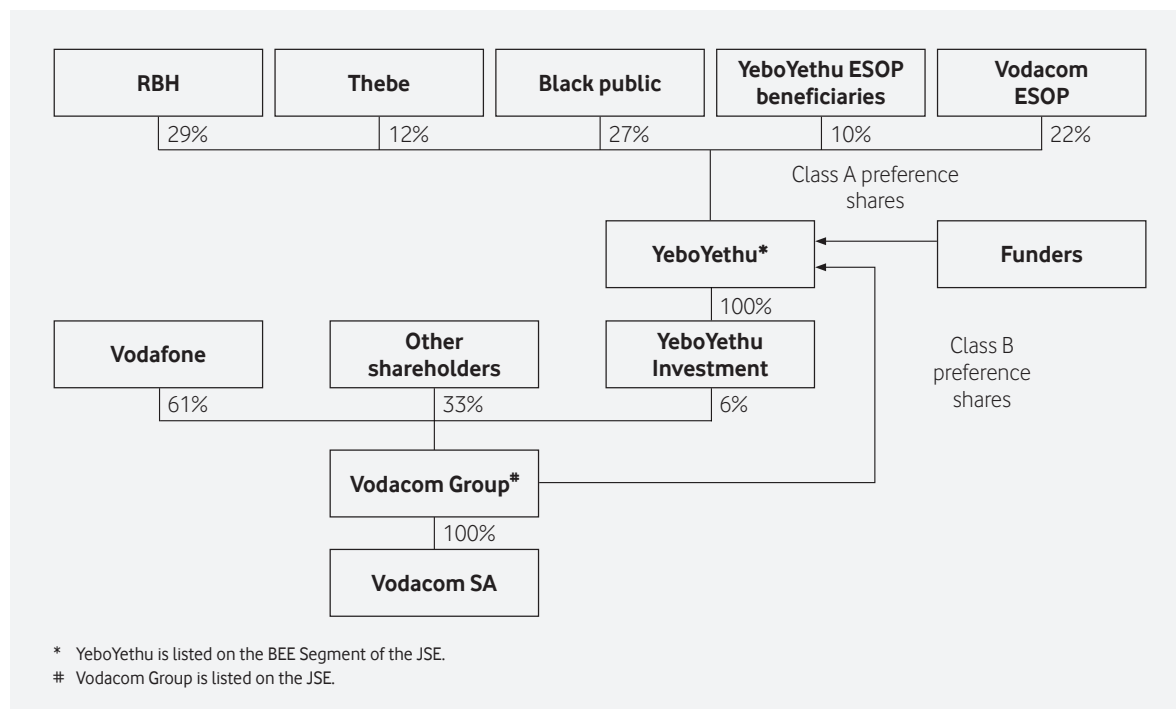
Insofar as the shares to be issued by YeboYethu in this step are not listed, and will not be listed, the provisions regulating specific issues for cash in the JSE Listings Requirements will not be applicable. The creation, however, of these shares in YeboYethu's memorandum of incorporation will, however, require YeboYethu shareholder approval, and the changes to YeboYethu's memorandum of incorporation will be subject to the JSE's approval, in accordance with the JSE Listings Requirements.

Save for the above, there are no additional requirements on the parties arising from the JSE Listings Requirements in terms of this step.

Following the implementation of the BEE transaction, Vodacom Group will own 100% of Vodacom SA.

3.7 Post-BEE transaction structure

Following the implementation of the BEE transaction, the YeboYethu shareholding structure will be as follows:



4. Key terms of the YeboYethu structure

4.1 YeboYethu sources of funding

The table below sets out the sources of funding to discharge the payment obligations of the BEE transaction.

Sources of funding	Rm	%
Economic value of Vodacom discount of subscription price	1 951	11.8
Equity contribution – Vodacom SA BEE shareholders	3 862	23.4
Equity contribution by Vodacom Group and employer companies – Vodacom ESOP ¹	750	4.6
Class A preference shares from third party funders	4 623	28.1
Class B preference shares from Vodacom Group	5 285	32.1
Total	16 471	100

Uses of funding	Rm	%
Acquisition of Vodacom Group shares	16 407	99.6
Transaction costs	64	0.4
Total	16 471	100

Note 1: Total Vodacom ESOP contribution of R1 050 million, where up to a maximum of R300 million is utilised to acquire shares from the YeboYethu ESOP and R750 million is utilised to acquire new YeboYethu ordinary shares. The balance of the contribution to the Vodacom ESOP will be used by the Vodacom ESOP following the final implementation date to acquire YeboYethu ordinary shares in the market.

4.2 Funding terms

The salient terms of the funding of the BEE transaction are summarised as follows:

	Class A preference shares	Class B preference shares
Facilities	Cumulative redeemable preference shares	
Issuer	YeboYethu	
Subscriber	Third-party funders	Vodacom Group
Final redemption date	<ul style="list-style-type: none"> ▶ 5 years commencing from subscription date. ▶ Intention to refinance for a further 5 years at the end of the initial subscription date. 	<ul style="list-style-type: none"> ▶ 10 years commencing from subscription date.
Service/redemption	<p>Ongoing Vodacom Group dividends received by YeboYethu Investment will be applied in accordance with an agreed priority of payments which, among others, includes:</p> <ul style="list-style-type: none"> ▶ the payment of taxes and administration costs; ▶ the service of a prescribed portion of the class A preference shares on a semi-annual basis; ▶ subject to the share cover ratio exceeding 2.4 times and the approval of the YeboYethu board of directors, an annual maximum dividend in favour of YeboYethu shareholders, in an amount equal to the greater of (i) R76 million (increased at 5% per annum) or the balance of the available cash (whichever is less), and (ii) 20% of the available cash; and ▶ the balance may be used to service the class B preference shares. 	
Dividend calculation	<p>Dividends on the class A preference shares will accrue daily, be compounded monthly and settled semi-annually, subject to a permitted dividend roll up of 135%.</p> <p>For additional information, the annual dividend in year 1 will be determined by applying to the outstanding capital amount, 6.80%, resulting in a dividend of R312 million.</p>	<p>Dividends on the class B preference shares will accrue daily, be compounded monthly and be serviced, subject to available cash (taking into account the class A preference shares and provision for ordinary dividends), within a prescribed number of days of receipt by YeboYethu of distributions from YeboYethu Investment and/or cashflow receipts on account of the disposal of YeboYethu's shares in YeboYethu Investment.</p> <p>For additional information, the annual dividend in year 1 will be determined by applying 7.00% to the outstanding capital amount, resulting in a dividend of R374 million.</p>
Dividend rate	68% of prime.	70% of prime.
Security	<ul style="list-style-type: none"> ▶ Cession and pledge of YeboYethu's transaction account, proceeds account and redemption reserve account; ▶ Cession and pledge of any shares or other securities held from time to time by YeboYethu (including its YeboYethu Investment shares); ▶ Guarantee by YeboYethu Investment; and ▶ Cession and pledge of (i) any shares or other securities held by YeboYethu Investment from time to time (including its Vodacom Group shares) and (ii) YeboYethu Investment's bank account. 	<ul style="list-style-type: none"> ▶ Unsecured.
Covenants	<ul style="list-style-type: none"> ▶ Entry cover ratio: cover of at least 3.0 times; ▶ Discussion trigger event: cover ratio less than or equal to 2.4 times; ▶ Trigger event: cover ratio less than or equal to 2.0 times; and ▶ Net debt/EBITDA ratio to be less than or equal to 2.5 times measured semi-annually at the consolidated Vodacom Group level utilising the 12 months' EBITDA prior to the reporting period. 	<ul style="list-style-type: none"> ▶ None.

<p>Breach of covenants</p>	<p>▶ If the share cover ratio of 2.0 times is breached, the funders will deliver a pre-emptive right notice to Vodacom Group. Vodacom Group has 5 business days to elect to exercise its pre-emptive rights, which means that Vodacom Group has the right (subject to Vodacom Group shareholder approval) to do a share buy-back from YeboYethu Investments to purchase Vodacom Group shares in an amount that represents the outstanding class A preference share obligations. Vodacom Group has 20 business days after the 5 business days to pay the consideration into the YeboYethu Investment bank account.</p> <p>If Vodacom Group fails to exercise its pre-emptive right, a trigger event remedy notice will be sent to YeboYethu.</p>	
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The class B preference shares will not confer on their holders voting rights in excess of 24.99% of the aggregate voting rights.

The salient terms of the class A and class B preference shares are set out in **Annexure 10** and a summary of the terms are incorporated by reference into this circular per paragraph 44 below.

4.3 Listing and trading

YeboYethu will remain listed on the BEE Segment of the JSE after the final implementation date. YeboYethu shareholders, will therefore continue to have the ability to trade their YeboYethu ordinary shares on the JSE, before and after the implementation of the BEE transaction. The shares held by the Vodacom ESOP will only become tradable by employees on the BEE Segment as described in paragraph 4.4 below.

An application for the listing of additional shares which were issued in the steps mentioned above, in YeboYethu, will be made to the JSE for listing of the entire issued share capital of YeboYethu on the BEE segment.

Specifically with effect from the first and second implementation dates when they are respectively issued, an application will be made to list 38 520 660 YeboYethu ordinary shares. This is detailed as follows:

- ▶ On first implementation date 8 681 092 YeboYethu ordinary shares resulting from the conversion of 12 000 000 YeboYethu N shares to ordinary shares;
- ▶ On first implementation date 21 593 279 YeboYethu ordinary shares issued to RBH and Thebe; and
- ▶ On second implementation date 8 246 289 YeboYethu ordinary shares issued to the Vodacom ESOP.

4.4 ESOP

Vodacom employees and management will participate in ownership of Vodacom Group through the Vodacom ESOP that will acquire vested rights to the YeboYethu ordinary shares acquired by the Vodacom ESOP subject to certain restrictions. Qualifying employees will be issued units in the Vodacom ESOP. The units representing vested rights to the underlying YeboYethu ordinary shares, will have a service condition that will lift in three equal tranches at the end of years 3, 4 and 5 respectively, but will only become fully tradable on the BEE Segment in equal tranches over a three year period starting from the end of the fifth year of the scheme (i.e. years 6, 7 and 8).

The Vodacom ESOP will encompass, two Vodacom Group representatives and five employee representatives, as trustees. The trustees will vote on behalf of the beneficiaries during the life of the Vodacom ESOP Trust.

The Vodacom ESOP will receive the dividends as, and when declared by YeboYethu, and the trustees will distribute the dividends to the beneficiaries.

4.5 Representation on the YeboYethu and YeboYethu Investment boards

YeboYethu ordinary shareholders will be entitled to nominate one director on the YeboYethu board for every 10% shareholding in YeboYethu, subject to the YeboYethu ordinary shareholders voting them in, as set out in section 68 of the Act. Post implementation of the BEE transaction, it is expected that the board would comprise of a maximum of nine directors of which a majority (five) of the directors will be independent. The YeboYethu board currently comprises of five directors – four of these directors are considered to be independent. A further four nominations of directors: two by RBH, one by Thebe and one by the Vodacom ESOP are expected. These nominations can only be considered and voted on by YeboYethu ordinary shareholders once the BEE transaction is approved by the current ordinary shareholders of YeboYethu and the requisite changes to the company's memorandum of incorporation are made.

The overall composition of the YeboYethu board is subject to:

- ▶ at least a majority of the directors on the board being independent; and
- ▶ at least 50% of the directors on the board being black, and at least 25% of the directors on the board being black women.

It is intended that the YeboYethu Investment board mirrors the YeboYethu board.

5. Suspensive conditions

5.1 General transaction conditions

The commencement of the implementation of the BEE transaction on the first implementation day shall be suspensive upon the fulfilment or waiver of the following general transaction conditions on or before the long stop date:

- ▶ the requisite majority of Vodacom Group shareholders approving all the resolutions required to effect the BEE transaction, and such shareholder approval not being waived under any circumstances;
- ▶ the requisite majority of YeboYethu shareholders approving all the resolutions required to effect the BEE transaction, and such shareholder approval not being waived under any circumstances;
- ▶ filing of an amendment to, and/or replacement of, Vodacom SA's memorandum of incorporation, in a form acceptable to YeboYethu and Vodacom, which includes those amendments required to give effect to the BEE transaction;
- ▶ filing of an amendment to, and/or replacement of, YeboYethu's memorandum of incorporation, in a form acceptable to Vodacom SA, YeboYethu and Vodacom, which includes those amendments required to give effect to the BEE transaction;
- ▶ the transaction agreements becoming unconditional in accordance with their terms (save any specific transaction conditions (referred to below), and/or any conditions which relate to the implementation agreement becoming unconditional with its terms);
- ▶ the funding agreements becoming unconditional in accordance with their terms; and
- ▶ all regulatory consents required are received on an unconditional basis or, to the extent that any such regulatory consents are subject to any condition or qualification, the party or parties adversely affected by the condition or qualification confirm in writing to the other/s that the condition is acceptable to it or them, which confirmation shall not be unreasonably withheld or delayed.

Vodacom Group and YeboYethu may, by way of written agreement at any time prior to the long stop date, and provided that non-compliance therewith would not constitute a breach of law by any of the parties, waive any of the above general transaction conditions.

5.2 Specific transaction conditions

The implementation of each step of the BEE transaction shall be suspensive upon the fulfilment or waiver of the following specific transaction conditions on or before the specific transaction conditions date, which specific transaction conditions, amongst others, include:

- ▶ each step of the BEE transaction shall be suspensive upon the implementation of the previous step of the BEE transaction, which for the avoidance of doubt shall mean that each step of the BEE transaction shall not be capable of being implemented unless the previous step has been implemented in accordance with the sequence set out in paragraph 3 (save that the sale by the YeboYethu ESOP to the Vodacom ESOP in step 4 must become unconditional, but need not be implemented, before such time as the next step becomes unconditional and is implemented); and
- ▶ each transaction agreement shall be suspensive upon the fulfilment (or waiver) of the specific transaction conditions in each of such transaction agreements.

Vodacom Group and YeboYethu may, by way of written agreement at any time prior to the date upon which the last of the general transaction conditions is fulfilled or waived, and provided that non-compliance therewith would not constitute a breach of law by (for the avoidance of doubt, insofar as shareholder approvals are required in terms of the Act and/or the JSE Listings Requirements, any non-compliance therewith could constitute a breach of law) any of the parties, waive any of the above specific transaction conditions, provided that the sequencing of the steps is maintained.

6. Pro forma financial effects of the BEE transaction

The table below sets out the *pro forma* financial effects of the BEE transaction based on, *inter alia*, YeboYethu's basic earnings per share, diluted earnings per share, headline earnings per share, diluted headline earnings per share, net asset value per share and tangible net asset value per share based on the most recently published audited annual financial results of YeboYethu for the year ended 31 March 2018.

The *pro forma* financial effects have been prepared using accounting policies that comply with IFRS and that are consistent with those applied in the published audited annual financial results of YeboYethu for the year ended 31 March 2018.

The *pro forma* financial effects are the responsibility of the board and were prepared for illustrative purposes only and may not, because of its nature, fairly present YeboYethu's financial position, changes in equity and results of its operations or cash flows nor the effect and impact of the BEE transaction going forward. It does not purport to be indicative of what the financial results would have been, had the BEE transaction been implemented on a different date.

Accounting treatment

For accounting purposes, the BEE transaction is implemented through a series of inter-conditional steps resulting in Vodacom Group issuing 114 451 180 new Vodacom Group shares to YeboYethu Investment.

Based on the board's judgement and application of the control principles contained in IFRS 10: Consolidated Financial Statements, the board concluded that YeboYethu should consolidate YeboYethu Investment. As a result, the 114 451 180 new Vodacom Group shares held by YeboYethu Investment in Vodacom Group is reflected as a financial asset at fair value through profit or loss, in terms of IAS 39: Financial Instruments: Recognition and Measurement, in the consolidated YeboYethu results. The fair value will be determined based on the listed share price of Vodacom Group in terms of IFRS 13: Fair Value Measurement and any resulting gains or losses will be recognised through profit or loss at each reporting date.

	Before the BEE transaction (cents) (A)	<i>Pro forma</i> after the BEE transaction (cents) (B)	Percentage change (%) (B/A)
Based on 31 March 2018			
Basic earnings per share	3 464	1 674	(51.7)
Diluted earnings per share	2 343	1 674	(28.6)
Headline earnings per share	3 464	1 674	(51.7)
Diluted headline earnings per share	2 343	1 674	(28.6)
Net asset value per share	8 697	6 681	(23.2)
Tangible net asset value per share	8 697	6 681	(23.2)
Weighted average number of shares in issue (thousands)	14 395	52 916	
Weighted average diluted number of shares in issue (thousands)	21 277	52 916	
Number of shares in issue (thousands)	14 395	52 916	

Notes and assumptions:

1. The YeboYethu information reflected in the "Before the BEE transaction" column has been extracted from the published audited annual financial results of YeboYethu for the year ended 31 March 2018.
2. The YeboYethu information reflected in the "*Pro forma* after the BEE transaction" column has been calculated on the basis that all of the steps to unwind the existing Vodacom SA BEE transaction and all of the steps to implement the BEE transaction have been completed.
3. The effects on basic earnings, diluted earnings, headline earnings and diluted headline earnings per share are calculated on the basis that the BEE transaction was effective on 1 April 2017, while the effects on net asset value per share and tangible net asset value per share are calculated on the basis that the BEE transaction was effective on 31 March 2018 for purposes of presenting the *pro forma* financial effects thereof on YeboYethu.

The *pro forma* adjustments are based on the following principal assumptions:

- ▶ Step 1: The unwind of the existing Vodacom SA BEE transaction
The unwind of the existing Vodacom SA BEE transaction and the implementation of the NVF structure by way of a repurchase will take place in accordance with the memorandum of incorporation of Vodacom SA.

Step 1 results in YeboYethu owning 2.04% in Vodacom SA, the remaining Vodacom SA A ordinary shares ranking *pari passu* with the Vodacom Group ordinary shares, and the YeboYethu N shares converting into YeboYethu ordinary shares.

Following implementation of the above, the YeboYethu N shares automatically convert into YeboYethu ordinary shares according to their terms of issue and YeboYethu acquires 3 318 908 of those shares for a nominal amount based on the existing YeboYethu NVF transaction terms.

The unwind of the existing Vodacom SA BEE transaction and the implementation of the Vodacom SA NVF transaction by way of a repurchase also results in RBH and Thebe owning 1.91% in Vodacom SA.

- ▶ Step 2: Consolidation of Vodacom SA BEE shareholders' interests in Vodacom SA into a single vehicle
This step gives rise to YeboYethu issuing 21 593 279 new YeboYethu ordinary shares to Thebe and RBH for a consideration of R3 443.3 million in exchange for their investment in Vodacom SA. Share capital and financial assets are increased accordingly.
- ▶ Step 3: YeboYethu declares a special dividend
Retained earnings are reduced for the impact of the declaration of the special dividend (the special dividend of R3 261.2 million is settled from the proceeds of the subscription in YeboYethu ordinary shares by Vodacom ESOP, being R750 million, and the issue of the class B preference shares as described below).
- ▶ Step 4: Vodacom Group (on behalf of itself and other employer companies) make a contribution to the Vodacom ESOP to enable it to acquire YeboYethu ordinary shares
This step gives rise to YeboYethu issuing 8 246 289 new YeboYethu ordinary shares for a consideration of R750 million. Share capital and cash and cash equivalents are increased accordingly.
- ▶ Step 5: YeboYethu exchanges Vodacom SA shares for new Vodacom Group shares
The issue of 49 689 995 new Vodacom Group shares in exchange for the 3.95% shareholding that YeboYethu Investment holds in Vodacom SA does not give rise to any *pro forma* financial effects other than the investment in Vodacom SA being exchanged for an investment in Vodacom Group.
- ▶ Step 6: YeboYethu raises vendor funding and third party financing and subscribes for additional Vodacom Group shares

Class A preference shares

Borrowings are increased for YeboYethu's issue of class A preference shares to third party funders for R4 623.4 million. YeboYethu will use the entire subscription proceeds received to subscribe for 40 833 194 new Vodacom Group shares, through its wholly owned subsidiary YeboYethu Investment, at a discount of R1 230.0 million. Financial assets are increased accordingly.

Finance cost is recognised at a rate of 68% of prime (non tax deductible) on the outstanding balance of the class A preference shares.

Class B preference shares

Borrowings are increased for YeboYethu's issue of class B preference shares to Vodacom Group at the value of R5 284.7 million. YeboYethu will use the subscription proceeds received plus the Vodacom ESOP subscription proceeds to:

- ▶ Fund the payment of the special dividend of R3 261.2 million to YeboYethu shareholders (detailed in step 3); and
- ▶ Cash settle once-off transaction costs of R64 million, which was expensed in profit or loss.

The remaining balance of the class B subscription proceeds as well as the subscription proceeds received from Vodacom ESOP through the subscription of YeboYethu shares to the value of R750 million will be used to subscribe for 23 927 991 new Vodacom Group shares through YeboYethu Investment at a discount of R720.8 million. Financial assets are increased accordingly.

Finance cost is recognised at a rate of 70% of prime (non tax deductible) on the outstanding balance of the class B preference shares.

Other *pro forma* financial effects

- ▶ Dividend income was calculated and assumed to amount to 6.23% of the total dividends paid by Vodacom Group of R13 186 million for the year ended 31 March 2018.
- ▶ YeboYethu exchanged its investment in Vodacom SA shares for new Vodacom Group shares, which both are treated as financial assets at fair value through profit or loss. Accordingly, the *pro forma* financial effects includes the fair value adjustment arising from YeboYethu exchanging its Vodacom SA shares for new Vodacom Group shares as well as the fair value adjustment arising as a result of YeboYethu subscribing for new Vodacom Group shares. The *pro forma* effects include a net gain on remeasurement of R817.1 million (net of deferred tax of R235.9 million) for the year, based on 114 451 180 new Vodacom Group shares at an assumed price of R123.09 per Vodacom Group share, being the share price on the last practicable date prior to finalising the circular.

On each subsequent reporting date, the investment in Vodacom Group will be adjusted based on movements in the fair value and such movements will be recognised in profit or loss.

- ▶ YeboYethu will incur operating expenses in the ordinary course of business. The *pro forma* financial effects exclude any incremental increase in excess of historical levels in such expenses as this cannot be quantified as at the last practicable date prior to finalising the circular.

The *pro forma* financial information of YeboYethu is set out in **Annexure 2** to this circular and the *pro forma* financial effects should be read in conjunction with the *pro forma* consolidated income statement and the *pro forma* consolidated statement of financial position contained therein. The independent reporting accountant's assurance report on the *pro forma* financial information is contained in **Annexure 3** to this circular.

7. Economic value of the BEE Transaction

Notwithstanding the accounting treatment and *pro forma* financial effects of the BEE transaction, the following should be considered in assessing the economic value of the BEE transaction to YeboYethu shareholders:

- ▶ Shareholders will retain their YeboYethu shares, which will continue to trade on the BEE segment of the JSE;
- ▶ In addition, YeboYethu shareholders will receive a special dividend of R73.00 per share, representing 2.9 times their original equity contribution;
- ▶ Although the payment of the special dividend reduces the net asset value of YeboYethu, it represents a cash benefit received by shareholders of YeboYethu;
- ▶ YeboYethu will also benefit from having a listed and tradeable Vodacom Group share as its underlying investment, which will provide a clear and transparent proxy for YeboYethu shareholders to realise value over time; and
- ▶ Full details of the fairness of the BEE transaction are discussed in the independent expert report, included as **Annexure 1** of this circular.

8. Resolutions required

8.1 Conversion of Memorandum of Incorporation

The MOI will be amended (by the substitution thereof) to align with the new BEE transaction. The salient amendments to the MOI are detailed in **Annexure 6** to this circular, and copies of the full new MOI are available on the company's website and for inspection as per paragraph 45.

The amendment of the MOI (by the substitution thereof) will require the approval of the shareholders, by way of special resolution.

As the amendment of the MOI to extend the restriction on trading to black entities and black people for a further 10 years may be seen as an amendment altering the preference, rights, limitations or other terms of the shares in a manner which is materially adverse to the rights or interests of holders of that class, the dissenting shareholders will also be entitled to exercise appraisal rights in respect of their shares as a consequence of this resolution, which rights are summarised in paragraph 9.2.

8.2 Alteration of authorised share capital

YeboYethu proposes to increase its authorised share capital to accommodate the issue of such shares as is required to implement the BEE transaction.

Accordingly, for the purpose of the BEE transaction, in the course of substituting the MOI:

- ▶ the YeboYethu ordinary shares will be converted from par value shares to no par value shares (the board's report in this regard is reproduced in **Annexure 7** to this circular);
- ▶ the YeboYethu ordinary authorised share capital will be increased from 40 000 000 to 100 000 000 ordinary no par value shares; and
- ▶ a new class of 25 000 000 class A preference shares, and a new class of 25 000 000 class B preference shares will be created.

The increase of YeboYethu's authorised share capital, and the introduction of new classes of shares, will require the approval of YeboYethu shareholders, by way of special resolution.

Prior approval will be obtained from the JSE for the substituted MOI, conversion and the alteration to the share capital and the creation of new classes of shares.

8.3 Category 1 transaction in terms of the JSE Listings Requirements

In order to implement the BEE transaction and provide real economic returns to its shareholders, both immediately through the special dividend and over the longer term, YeboYethu has requested, and obtained approval from the JSE, to comply with sections 5 and 9 of the Listings Requirements in respect of the BEE transaction.

Taking account of the requirements set out in sections 5 and 9 of the JSE Listings Requirements, the composite, inter-conditional and inter-connected transactions comprising the BEE transaction constitutes, and will be treated as a single category 1 transaction.

YeboYethu's undertaking of the category 1 transaction, will require the approval of the shareholders, by way of ordinary resolution.

As part of the dispensation/ruling from the JSE, YeboYethu voluntarily undertook to obtain a fairness opinion in relation to the BEE transaction for the benefit of its shareholders. This opinion forms part of the fairness opinion reproduced in **Annexure 1** to this circular.

8.4 Terms of the YeboYethu specific issue

The board has resolved that YeboYethu will, in terms of the step 4 ESOP subscription agreement, issue 8 246 289 YeboYethu shares to the Vodacom ESOP. The YeboYethu specific issue will be at R90.95 per YeboYethu share.

As the issue of the shares by YeboYethu to the Vodacom ESOP will be for cash, YeboYethu's specific issue for cash will require the approval of the shareholders, by way of ordinary resolution (with a 75% voting threshold).

8.5 Issue of more than 30%

The YeboYethu ordinary shares to be issued by YeboYethu in the BEE transaction amounts to an issuance, in an integrated series of transactions, of ordinary shares with voting powers equal to more than 30% of the total voting power of all of the YeboYethu ordinary shares in issue immediately prior to the implementation of those steps.

YeboYethu's issuing of such ordinary shares will require the approval of the shareholders, by way of special resolution.

8.6 Disposal of the majority of assets/undertaking

YeboYethu will, in implementing the BEE transaction, and through YeboYethu Investment, dispose of its current sole asset, its shares in Vodacom SA, and acquire shares in Vodacom Group, accordingly:

- ▶ before such time as YeboYethu may implement the section 112 disposal, the section 112 disposal must be approved by way of a special resolution of the shareholders, in terms of section 112, as read together with section 115, of the Act. Please see paragraph 9.1 with regard to dissenting shareholders' rights in relation to such resolution;
- ▶ in addition to the rights in sections 112 and 115 of the Act (summarised in paragraph 9.1), dissenting shareholders will also be entitled to exercise appraisal rights in respect of their shares, which rights are summarised in paragraph 9.2;
- ▶ as YeboYethu is a public company, and thereby a "regulated company" as defined in section 117 of the Act, the section 112 disposal constitutes an "affected transaction" in terms of 117 of the Act and accordingly, may only be implemented following the issue by the TRP of a compliance certificate in terms of section 121(b)(i) of the Act. The obtaining of this compliance certificate from the TRP is a general transaction condition; and
- ▶ the TRP has, in terms of its discretion in regulation 90 of the Takeover Regulations, issued a ruling requiring that YeboYethu retain an independent expert to prepare a report with regard to the section 112 disposal. That independent expert's report is encapsulated in the fairness opinion.

8.7 Financial assistance

In the funding agreements YeboYethu will provide security to the third-party funders. This security, and generally all the support provided by YeboYethu in connection with the funding agreements, will ultimately enable the third-party funders to subscribe for the class A preference shares. This security and support may be regarded as financial assistance by YeboYethu as contemplated in section 44 of the Act.

Accordingly, YeboYethu's providing of the financial assistance to the third-party funders, will require the approval of the shareholders, by way of special resolution.

8.8 Voting exclusions

Mr Matimba Mbungela, a non-executive director of YeboYethu and an employee of Vodacom Group will be a participant in the Vodacom ESOP, and as such, Mr Mbungela is precluded from voting on any of the proposed resolutions to effect the BEE transaction.

Mr MS Aziz Joosub, the chief executive officer of Vodacom Group will be a participant in the Vodacom ESOP, and as such, Mr Joosub is precluded from voting on any of the proposed resolutions to effect the BEE transaction.

8.9 Undue influence or control

Save for as disclosed in paragraph 32 read with **Annexure 8** to this circular, the transaction agreements do not allow for any party subject to such transaction agreements, to exert any influence or control over YeboYethu.

9. Rights of dissenting shareholders

9.1 Sections 112 and 115

- 9.1.1 Shareholders are advised that in terms of sections 112 and 115 of the Act the company may not proceed to implement the section 112 disposal, despite the fact that it has been adopted at the general meeting, without the approval of a court if:
- 9.1.1.1 the special resolution approving the section 112 disposal was opposed by at least 15% (fifteen percent) of the voting rights that were exercised on the special resolution, and any dissenting shareholder who voted against the special resolution requires the company to seek court approval, within 5 (five) business days of the vote; or
 - 9.1.1.2 the court, on an application by any dissenting shareholder, within 10 (ten) business days of the vote, grants that dissenting shareholder leave to apply to a court for a review of the disposal under the circumstances referred to in paragraph 9.1.2.
- 9.1.2 Before granting an order referred to in paragraph 9.1.1.2, the court must be satisfied that the dissenting shareholder:
- 9.1.2.1 is acting in good faith;
 - 9.1.2.2 appears prepared and able to sustain the court proceedings; and
 - 9.1.2.3 has alleged facts which, if proved, would support a court order setting aside the special resolution approving the section 112 disposal on the following grounds:
 - 9.1.2.3.1 that the special resolution is manifestly unfair to any class of the company's shareholders or holders of other securities in the company; or
 - 9.1.2.3.2 that the vote was materially tainted by conflict of interest, inadequate disclosure, failure to comply with the Act, YeboYethu's memorandum of incorporation or any applicable rules of the company, or other significant and material procedural irregularity.

- 9.1.3 If a special resolution requires approval by a court in terms of paragraph 9.1.1 above, the company must either apply to the court for approval of the special resolution, and bear the costs of that application, or treat the special resolution as a nullity.
- 9.1.4 A shareholder who is entitled to vote at the general meeting is entitled to seek relief in terms of section 164 of the Act, as set out in paragraph 9.2 below, if that shareholder notified the company in advance of the intention to oppose the special resolution, was present at the general meeting, and voted against the special resolution.
- 9.1.5 A copy of section 115 of the Act is included in **Annexure 9** to this circular.

9.2 Section 164 appraisal rights

- 9.2.1 This paragraph 9.2 only provides a summary of the provisions relating to shareholders' appraisal rights in terms of section 164 of the Act.
- 9.2.2 At any time before the appraisal rights resolution is voted on at the general meeting, a shareholder may give written notice to YeboYethu, objecting to the appraisal rights resolution in terms of section 164(3) of the Act and vote against the appraisal rights resolution at the general meeting.
- 9.2.3 Within 10 (ten) business days after YeboYethu has adopted the appraisal rights resolution, YeboYethu must send a notice to each shareholder who gave YeboYethu the notice referred to in paragraph 9.2.2 of this circular and has neither withdrawn that notice nor voted in favour of the appraisal rights resolution, informing them that the appraisal rights resolution has been adopted.
- 9.2.4 A shareholder who has given YeboYethu the notice referred to in paragraph 9.2.2 of this circular and who has complied with all of the procedural steps set out in section 164 of the Act may, if the appraisal rights resolution is adopted, deliver a written notice to YeboYethu demanding that YeboYethu pay to that shareholder the fair value for all the shares held by that shareholder ("**demand**"). The demand must be delivered:
 - 9.2.4.1 within 20 (twenty) business days after receipt of the notice from YeboYethu referred to in paragraph 9.2.3; or
 - 9.2.4.2 if the shareholder does not receive the notice from YeboYethu referred to in paragraph 9.2.3 within 20 (twenty) business days after learning that the appraisal rights resolution has been adopted.
- 9.2.5 The demand above must also be delivered to the TRP and must set out:
 - 9.2.5.1 the shareholder's name and address;
 - 9.2.5.2 the number of shares in respect of which the dissenting shareholder seeks payment; and
 - 9.2.5.3 a demand for payment of the fair value of those shares. The fair value of the shares is determined as at the date on which, and the time immediately before, the appraisal rights resolution was adopted.
- 9.2.6 A dissenting shareholder may withdraw its demand before YeboYethu makes an offer in accordance with section 164(11) of the Act or if YeboYethu fails to make such an offer.
- 9.2.7 If YeboYethu receives a demand and such demand is not withdrawn by the dissenting shareholder before the final implementation date, YeboYethu will, in accordance with section 164(11) of the Act, within 5 (five) business days of the final implementation date, make an offer to the dissenting shareholder.
- 9.2.8 YeboYethu's offer made in accordance with section 164(11) of the Act will, in accordance with the requirements of section 164(12)(b) of the Act, lapse if it is not accepted by the dissenting shareholder within 30 (thirty) business days after it was made.
- 9.2.9 A dissenting shareholder that, pursuant to the exercise of its appraisal rights, has sent a demand to YeboYethu has no further rights in respect of its shares, other than to be paid their fair value and will not receive its portion of the special dividend, unless:
 - 9.2.9.1 the dissenting shareholder withdraws that demand before YeboYethu makes an offer to that dissenting shareholder under section 164(11) of the Act, or allows any offer made by YeboYethu to lapse;
 - 9.2.9.2 YeboYethu fails to make an offer in accordance with section 164(11) of the Act and the dissenting shareholder withdraws its demand; or
 - 9.2.9.3 YeboYethu revokes the appraisal rights resolution by a subsequent special resolution,

in which case that dissenting shareholder's rights in respect of the relevant shares shall, in terms of section 164(10) of the Act, be reinstated without interruption.
- 9.2.10 If the BEE transaction becomes operative, any dissenting shareholder whose shareholder rights are reinstated as envisaged in paragraph 9.2.9:
 - 9.2.10.1 before 12:00 on the special dividend record date, shall receive its portion of the special dividend; or
 - 9.2.10.2 after 12:00 on the special dividend record date, shall be deemed to have been a shareholder with retrospective effect from the special dividend record date, provided that payment of the special dividend shall be made within 5 days from the date of the transfer secretaries receiving notice of such withdrawal of demand.

- 9.2.11 A dissenting shareholder who accepts the YeboYethu's offer made in accordance with the requirements of section 164(11) of the Act will not participate in the special dividend. Such dissenting shareholder must thereafter, if it (i) holds certificated shares, tender the documents of title in respect of such certificated shares to the company or the transfer secretaries; or (ii) holds dematerialised shares, instruct its broker or CSDP to transfer those shares to the company or the transfer secretaries. The company must pay a dissenting shareholder the offered amount within 10 (ten) business days after the dissenting shareholder has accepted the offer and tendered the documents of title or directed the transfer to the company or the transfer secretaries of the dematerialised shares, as the case may be.
- 9.2.12 A dissenting shareholder who considers the offer made by YeboYethu in accordance with section 164(11) of the Act to be inadequate, may, in accordance with section 164(14) of the Act, apply to a court to determine a fair value in respect of the shares that were subject to the demand, and an order requiring the company to pay to the dissenting shareholder the fair value so determined. The court will, in accordance with section 164(15)(v) of the Act, be obliged to make an order, *inter alia*, requiring:
- 9.2.12.1 the dissenting shareholders to either withdraw their demands or to tender their shares to the company as contemplated in paragraph 9.2.11; or
- 9.2.12.2 the company to pay the fair value in respect of the shares (as determined by the court) to the dissenting shareholders who tender their shares as contemplated in paragraph 9.2.11.
- 9.2.13 Before exercising their rights under section 164 of the Act, shareholders should have regard to the following factors relating to the BEE transaction of which the appraisal resolutions and the actions therein form part:
- 9.2.13.1 shareholders who exercise their appraisal rights will not be entitled to participate in the special dividend;
- 9.2.13.2 the fairness opinion concludes that the BEE transaction is fair and reasonable to shareholders; and
- 9.2.13.3 the court is empowered to grant a costs order in favour of, or against, a dissenting shareholder, as may be applicable.
- 9.2.14 Any shareholder that is in doubt as to what action to take must consult their legal or professional advisor in this regard.
- 9.2.15 A copy of section 164 of the Act is included in **Annexure 9** to this circular.

10. Notice of general meeting

The general meeting will be held immediately after the conclusion of the annual general meeting at Vodacom World, 082 Vodacom Boulevard, Midrand, at approximately 11:00 on Friday 17 August 2018 for the purposes of considering and, if deemed fit, passing with or without modification, the resolutions thereat.

11. Opinions and recommendations

The YeboYethu board comprises of the following independent non-executive directors: ZBM Bassa, S Sithole, SM Radebe and AM Hall, and non-executive director MM Mbungela.

An independent board has been constituted for purposes of Regulation 81(j) of the Takeover Regulations, comprising three of the four independent non-executive directors of the YeboYethu board, being S Sithole, SM Radebe and AM Hall.

In accordance with regulation 90 of the Takeover Regulations, the YeboYethu independent board appointed BDO as the independent expert for the purpose of providing the YeboYethu independent board with external advice in respect of the BEE transaction in the form of a fair and reasonable opinion.

Similarly, the YeboYethu board appointed BDO as the independent expert for purposes of providing the YeboYethu board with external advice in regard to the fairness of the BEE transaction.

Based on its independently performed fairness evaluation, BDO is of the opinion that, as at the date of this circular, the terms of the BEE transaction are fair to holders of YeboYethu ordinary shares. The final BDO opinion is reproduced in this circular as **Annexure 1**.

The YeboYethu independent board, after due consideration of the fairness opinion, has placed reliance on the fairness opinion and is of the opinion that the section 112 disposal, and the consideration to be received by YeboYethu Investment in consideration thereof, is fair and reasonable to YeboYethu Investment, and, by extension, YeboYethu and the shareholders.

The YeboYethu independent board and the YeboYethu board, unanimously support the BEE transaction and recommend that YeboYethu shareholders vote in favour of the resolutions to implement the BEE transaction.

12. Irrevocable support from YeboYethu shareholders

YeboYethu has secured irrevocable support from its shareholders to vote in favour of all the relevant resolutions to effect the BEE transaction. To date, the following YeboYethu shareholders that hold 50.76% of the YeboYethu shares at the last practicable date have given irrevocable undertakings as aforesaid:

Shareholder	Direct beneficial shareholding	Indirect beneficial shareholding	Total percentage of shares ("N" ordinary shares and ordinary shares)
YeboYethu ESOP	12 000 000 N shares	–	45.46
The Innovator Trust	1 199 367 ordinary shares	–	4.54
RBNP BEE Trust	200 000 ordinary shares	–	0.76
Total	13 399 367 shares	–	50.76

None of the shareholders that have provided irrevocable support as indicated above, have dealt for value in any YeboYethu or Vodacom Group shares in the last six months.

GENERAL INFORMATION REGARDING YEBOYETHU

13. Name, incorporation and registered office

YeboYethu (RF) Limited, registration number 2008/014734/06, incorporated on 19 June 2008 in South Africa. The registered address of YeboYethu and the transfer secretaries is set out in the "Corporate information" section of this circular.

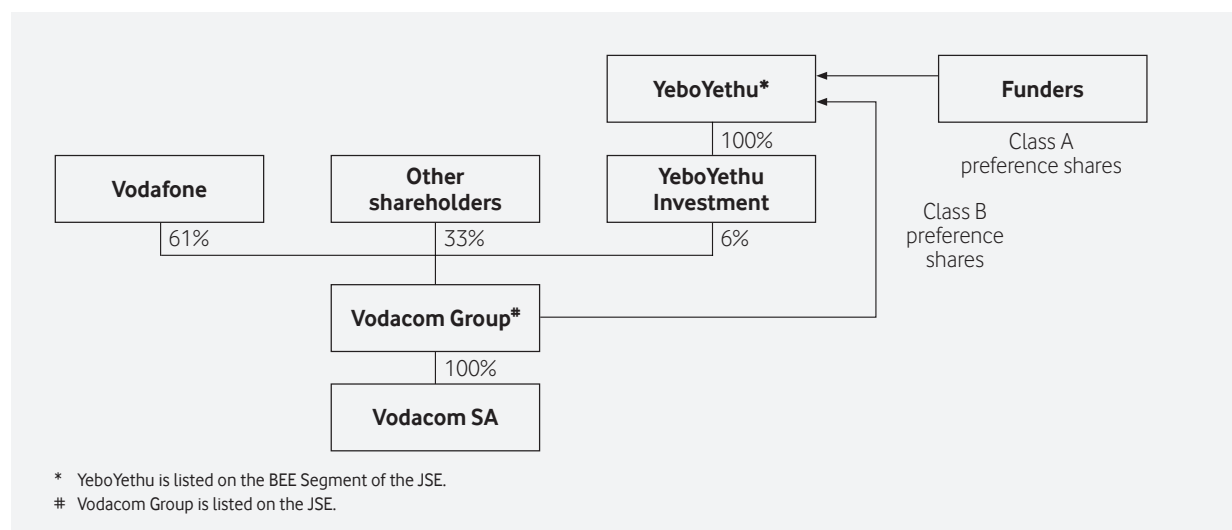
14. Nature of business

The company was incorporated for the specific purpose of acquiring an interest in Vodacom SA. YeboYethu is a ring-fenced limited special purpose vehicle whose sole purpose is to buy and hold Vodacom SA ordinary shares and Vodacom SA A shares for the benefit of its shareholders.

YeboYethu holds 7.2 million Vodacom SA ordinary shares and 157.8 million Vodacom SA A shares, representing 3.44% of the issued share capital of Vodacom SA.

The BEE transaction provides an opportunity for YeboYethu to exchange its current shareholding in Vodacom SA for a 2.71% stake in Vodacom Group, thereby providing exposure to Vodacom Group's local and international operations. Furthermore, YeboYethu will raise vendor funding from Vodacom Group, and together with third party financing, will subscribe for an additional 3.52% stake in Vodacom Group. This will take YeboYethu's shareholding in Vodacom Group to 6.23%. The shares in Vodacom Group to be acquired by YeboYethu will be held through YeboYethu Investment, a new wholly-owned subsidiary of YeboYethu. The BEE transaction will be effective on the final implementation date, which is expected to be on Monday 10 September 2018.

The structure of YeboYethu after the implementation of the BEE transaction is illustrated below:



15. Underlying assets

Following the implementation of the BEE transaction, YeboYethu, through YeboYethu Investment, will hold 114 451 180 Vodacom Group shares, representing 6.23% of the issued share capital of Vodacom Group.

16. Trading in Vodacom Group shares

Subject to the funding agreements and the relationship agreement, YeboYethu (and YeboYethu Investment) will be prohibited from selling its effective shareholding in Vodacom Group for a period of ten years. After ten years and subject to the final settlement of the then outstanding funding, YeboYethu (and YeboYethu Investment) will have no restriction on the trading of its shareholding in Vodacom Group. YeboYethu shareholders can, however, continue to trade on the BEE Segment of the JSE.

17. Prospects

YeboYethu through YeboYethu Investment believes that the Vodacom Group's shares acquired through third party funding and vendor financing are at an attractive blended rate of c.69% of prime. YeboYethu believes that the attractive prime rate will provide the company an excellent opportunity to be able to pay down the debt faster in the context of Vodacom Group's current dividend yield.

18. Material risk factors associated with YeboYethu shares

The following risk factors have been identified in respect of an investment in YeboYethu shares, but this cannot be relied upon to represent all the risks that may be associated with an investment in YeboYethu shares. YeboYethu's sole asset will be the underlying Vodacom Group shares and as such, the Vodacom Group has identified **four significant trends** that have a material impact on its business model. The Vision 2020 strategy has been developed to ensure that Vodacom Group is best positioned to seize the opportunities and mitigate the risks associated with each of these trends.

The 'Fourth Industrial Revolution' – reshaping business models

- ▶ Developments in Artificial Intelligence, Big Data analytics and blockchain technology – accompanied by the growth in connected homes, autonomous vehicles, smart cities and the Internet of Things (IoT) – are disrupting traditional business models, presenting a major source of business risk, as well as new opportunities for value creation.
- ▶ Digitally connected consumers are becoming more activist customers, increasing their use of data and expecting highly-personalised interactions, while at the same time becoming very protective of data privacy.
- ▶ Together, changing digital technologies and consumer expectations are transforming business sectors and challenging many traditional business assumptions; the digitisation of many industry sectors presents significant opportunities, in particular for ICT companies.
- ▶ In the mobile sector, the fastest growth area is in data, driven by increasing uptake of smart devices, improved networks, connected devices and the increased availability of data content. The greatest demand for mobile services is coming from emerging markets, where there is a young population base, higher economic growth, less fixed-line infrastructure, and significant further scope for mobile penetration.

Implications for the strategy

The Vision 2020 – and various strategic rewards – positions Vodacom Group to be a leading digital company, realising the substantial opportunities beyond our traditional revenue streams. Vodacom Group is rethinking its future networks and technology, redefining customer engagement, developing a company culture that attracts the best digital talent, and exploring innovative opportunities to drive positive social change in financial services, Enterprise, education, healthcare and agriculture.

A changing competitive landscape

- ▶ The telecommunications and mobile sector continues to be increasingly competitive, including non-traditional new sources.
- ▶ In Vodacom Group's countries of operation there are typically two to five mobile network operators (MNOs), each of which is seeking strong competitive differentiation, through capital investment in networks, sometimes an aggressive price play, enhancing the customer experience for targeted segments, and/or developing new digital offerings.
- ▶ Over-the-top (OTT) services are prevalent in all markets. They have the effect of driving up data revenue, but also affect services such as messaging and voice, which substitutes revenue from these traditional services.
- ▶ As Vodacom Group moves towards being a digital enterprise, it faces greater competition for new customers and employees from various non-traditional sources. These include new competitors, and potential collaborators, in the provision of technology, networks and infrastructure, and in the development and distribution of new digital products and services.
- ▶ As Vodacom Group provides content services it will be competing and collaborating with new competitors in entertainment, gaming and music services.

Implications for the strategy

This growing competition, sometimes from unexpected sources, underlines the importance of ensuring that Vodacom Group is fast and flexible. The Vision 2020 strategy aims to harness digital to drive clear competitive differentiation identifying opportunities for innovation, ensuring that Vodacom Group proactively delivers the best customer experience, and instilling an Agile culture across the organisation. In many instances, Vodacom Group is identifying innovative opportunities for collaboration and partnership and partnership for mutual benefit, rather than traditional competition.

Regulatory intervention and policy uncertainty

Vodacom Group continues to face regulatory challenges across its operations, with implications for revenue growth and cost efficiency. Significant regulatory and policy developments (by country), include:

- ▶ South Africa: The Electronic Communications Amendment Bill and the associated delay in licensing of spectrum bands; and End-User and Subscriber Service Charter Regulations by ICASA.
- ▶ Tanzania: National security and customer SIM registration; mobile financial services licences and regulations; tax revenue collection systems; and mobile termination rates (MTR) review.
- ▶ DRC: Communications Bill introducing changes to licence regimes; national security and customer SIM registration regulations; MTR regulation; temporary social media bans; and new taxes.
- ▶ Mozambique: M-Pesa recapitalisation requirements; 2G licence renewal; imminent spectrum auction; and national security.
- ▶ Lesotho: Renewal of mobile financial services licence; national security and customer SIM registration regulations; and VAT increase in FY2019.

Implications for the strategy

Anticipating, informing and responding to regulatory and policy developments requires that Vodacom Group develops and maintains proactive relations with governments, informed by mutual trust and respect, and a shared understanding on the need for more inclusive economic development. The Vision 2020 strategy places a strong emphasis on democratising data access, and empowering a connected society.

Macroeconomic and political uncertainty

Challenging macroeconomic conditions in each of Vodacom Group's markets is impacting investment, consumer disposable income, revenue growth and operating costs.

- ▶ In South Africa, Vodacom Group's largest market, the impact of flat GDP growth rates, credit ratings downgrade, fiscal deterioration and volatile exchange rates, coupled with the political uncertainty in the run-up to the ANC leadership election in December 2017 was felt. The outcome of that election, and subsequent change in the country's political leadership, led to some renewed business and investor confidence.
- ▶ In Vodacom Group's international operations, Vodacom Group is seeing an easing of inflationary pressures in some markets, and evidence that economic growth is likely to accelerate slightly. There is an increasing polarisation of politics across most markets, with some of them facing election uncertainties. In all of these markets telcos are facing sustained pressure from the introduction of new taxes.

Implications for the strategy

Continuing challenges in macroeconomic indicators highlight the importance of maintaining a strong efficiency drive, as well as providing strategically segmented products and services across consumer income groups, including those specifically aimed at low-spend customers. In South Africa Vodacom Group is seeing strong uptake in its Siyakha platform, while our M-Pesa mobile money offering continues to deliver strong growth across Vodacom's International operations. Vodacom Group believes that its strategic big bets are well placed in the context of the current and anticipated macroeconomic environment.

19. Working capital requirements

The directors are of the opinion that pursuant to implementation of the acquisition and payment of the special dividend, the working capital available to YeboYethu is sufficient for the company's present requirements, that is, for the next 12 months as at the last practicable date.

20. Financial information

YeboYethu:

Reports on the historical financial information of YeboYethu for the three financial years ended 31 March 2018, 31 March 2017 and 31 March 2016, respectively, are available on the YeboYethu website <https://www.yeboyethu.co.za/pdf/2018/circulars/yy-historical-financial-info-31march2018.pdf> and are the responsibility of the YeboYethu board. The independent reporting accountants' report thereon is available for inspection as stated in paragraph 45 of this circular.

The historical financial information of YeboYethu has been prepared in accordance with IFRS. PwC has been the independent auditor to YeboYethu since 21 July 2014. Prior to its appointment, Deloitte was the independent auditor to YeboYethu.

Historical financial information on YeboYethu is incorporated by reference (per paragraph 44) and available for inspection on YeboYethu's website <https://www.yeboyethu.co.za/pdf/2018/circulars/yy-historical-financial-info-31march2018.pdf>.

The published audited consolidated annual financial statements of YeboYethu for the three financial years ended 31 March 2018, 31 March 2017 and 31 March 2016, respectively, are available for inspection (per paragraph 45).

YeboYethu Investment:

Report on the historical financial information of YeboYethu Investment for the period ended 31 May 2018, is available on the YeboYethu website <https://www.yeboyethu.co.za/pdf/2018/circulars/yy-investment-company-historical-info-31march2018.pdf> and is responsibility of the YeboYethu Investment board. The independent reporting accountants' report thereon is available for inspection as stated in paragraph 45 of this circular.

The historical financial information of YeboYethu Investment has been prepared in accordance with IFRS.

Vodacom SA:

Reports on the historical financial information of Vodacom SA for the three financial years ended 31 March 2018, 31 March 2017 and 31 March 2016, respectively, are available on the YeboYethu website <https://www.yeboyethu.co.za/pdf/2018/circulars/vg-sa-historical-financial-info-31march2018.pdf> and are the responsibility of Vodacom SA. The independent reporting accountants' report thereon is available for inspection as stated in paragraph 45 of this circular.

The historical financial information of Vodacom SA has been prepared in accordance with IFRS. PwC has been the independent auditor to Vodacom SA since 21 July 2014. Prior to its appointment, Deloitte was the independent auditor to Vodacom SA.

Historical financial information on Vodacom SA is incorporated by reference (per paragraph 44) and available for inspection on YeboYethu's website <https://www.yeboyethu.co.za/pdf/2018/circulars/vg-sa-historical-financial-info-31march2018.pdf>.

The published audited consolidated annual financial statements of Vodacom SA for the three financial years ended 31 March 2018, 31 March 2017 and 31 March 2016, respectively, are available for inspection (per paragraph 46), and available on the YeboYethu website via the following links:

<https://www.yeboyethu.co.za/pdf/2018/circulars/vg-consolidated-sa-afs-31march2016.pdf>

<https://www.yeboyethu.co.za/pdf/2018/circulars/vg-sa-consolidated-afs-31march2017.pdf>

<https://www.yeboyethu.co.za/pdf/2018/circulars/vg-sa-consolidated-afs-31march2018.pdf>

and are the responsibility of the Vodacom SA board of directors.

21. Authorised and issued YeboYethu shares

The authorised and issued share capital of YeboYethu as at the last practicable date, before the BEE transaction, is as set out below:

	Rand
Authorised share capital	
40 million YeboYethu ordinary shares, having a par value of R0.00001 each	400
12 million YeboYethu N shares, having a par value of R0.00001 each	120
Issued share capital	
14 395 300 YeboYethu ordinary shares, having a par value of R0.00001 each [#]	144
12 000 000 YeboYethu N shares, having a par value of R0.00001 each	120

[#] The ordinary shares were issued at a premium of R24.99999 each.

YeboYethu does not have authority to issue debentures as per the MOI.

There are no treasury shares in issue.

After the BEE transaction, the company's authorised and issued share capital, is expected to be as set out below:

	Rand
Authorised share capital	
100 000 000 YeboYethu ordinary shares of no par value	1 000
25 000 000 class A preference shares	*
25 000 000 class B preference shares	*
	Rm
Issued share capital	
52 915 960 YeboYethu ordinary shares of no par value [#]	4 193.3
4 623 446 class A preference shares	*
5 284 708 class B preference shares	*

* The YeboYethu preference shares are classified as liabilities according to IFRS treatment.

[#] 14.4 million of the issued ordinary shares were issued at a premium of R24.99999 each.

21.1 Alterations to share capital

There have been no consolidations or sub-divisions of YeboYethu shares over the past three years.

The authority of the YeboYethu board to issue any shares in YeboYethu's share capital is limited such that the YeboYethu board may not issue any shares in YeboYethu's share capital without the prior written approval of the third party funders.

At the general meeting, the directors will be granted authority to issue such number of YeboYethu preference shares and YeboYethu ordinary shares as are necessary for the BEE transaction.

No options or preferential rights have been granted in respect of the company's securities.

21.2 Rights attaching to YeboYethu shares

The YeboYethu ordinary shares will continue to be listed as an ABS on the BEE Segment of the JSE (thus constituting BEE Securities). The shares are only listed on the BEE Segment and no other exchange.

The YeboYethu ordinary shares will:

- ▶ be backed by the Vodacom Group shares held by YeboYethu (through YeboYethu Investment);
- ▶ rank *pari passu* with one another;
- ▶ receive any distributions so declared by the YeboYethu board; and
- ▶ be entitled to one vote per share.

Any changes to the preferences, rights, limitations and other terms of the YeboYethu ordinary shares shall be subject to the requisite regulatory approval and approval of the YeboYethu shareholders in accordance with the Act, as well as the relationship agreement and the MOI.

21.3 Rights attaching to YeboYethu shares on liquidation

If YeboYethu is wound up, the assets remaining after payment of its debts and liabilities and the costs of insolvency proceedings and business rescue proceedings will be applied in accordance with the Act, the Insolvency Act, 24 of 1936, as amended and the YeboYethu MOI. In this regard, the class A preference shares will rank in priority to all other classes of shares to receive from the company upon its liquidation the amount which the company has contracted to pay to the holders of the class A preference shares at the time, with no further right to participate in the assets of the company. Thereafter, the class B preference shares, although subordinated to the class A preference shares, will rank in priority to all other classes of shares to receive from the company upon its liquidation the amount which the company has contracted to pay to the holders of the class B preference shares at the time, with no further right to participate in the assets of the company. Thereafter the ordinary shares will participate proportionally in the remainder of the net assets of company available for distribution (clause 8.1.1.1.3 of the YeboYethu MOI, clause 5.6 of the class A preference shares (**Annexure A** to the YeboYethu MOI), and clause 6 of the terms of the class B preference shares (**Annexure B** to the YeboYethu MOI)).

21.4 Dividends

YeboYethu Investment will receive dividends on its Vodacom Group shares. Dividends received from Vodacom Group (and by YeboYethu from YeboYethu Investment) will be used to pay taxes, administration costs of approximately R15million and to service class A preference shares. 20% of the remaining amount after servicing the class A preference shares will, at the election of YeboYethu be declared as a dividend to YeboYethu shareholders. The remaining balance may be used to service the class B preference shares. The BEE transaction has been structured such that YeboYethu will, subject to the share cover ratio exceeding 2.4 times and the approval of the YeboYethu board, be able to pay a dividend to YeboYethu shareholders at the outset of the BEE transaction, with an annual maximum dividend in favour of YeboYethu shareholders being an amount equal to the greater of (i) R76 million (increased at 5% per annum) or the balance of the available cash (whichever is less), and (ii) 20% of the available cash.

22. Trading history of YeboYethu shares on the JSE

A table setting out the price history of the YeboYethu shares on the JSE has been included in **Annexure 5** to this circular.

23. Major shareholders

23.1 Before the BEE Transaction

Insofar as is known to YeboYethu, the following shareholders, other than directors, beneficially held, directly or indirectly, an interest of 5% or more of the shares in issue as at the last practicable date:

Name	Class of shares	Number of shares	Percentage holding of class
YeboYethu ESOP	YeboYethu N shares	12 000 000	100.00
The Innovator Trust	YeboYethu ordinary shares	1 199 367	8.33

23.2 After the BEE Transaction

After the BEE transaction, the following shareholders, other than directors, are expected to beneficially hold, directly or indirectly, an interest of 5% or more of the shares in issue:

Name	Class of shares	Number of shares	Percentage holding of class
RBH	YeboYethu ordinary shares	15 115 295	28.56
Thebe	YeboYethu ordinary shares	6 477 984	12.24
Vodacom ESOP	YeboYethu ordinary shares	11 544 805	21.82

GENERAL INFORMATION REGARDING VODACOM GROUP

24. Incorporation of Vodacom Group

Vodacom Group was incorporated and registered in South Africa on 20 September 1993 with the name Vodacom (Proprietary) Limited, registration number 1993/005461/07. It changed its name to Vodacom Group (Proprietary) Limited on 8 December 1994 and converted to a public company in May 2009 when it listed on the JSE.

24.1 History and nature of business

The Vodacom Group launched its first GSM networks in South Africa in 1994. It commenced operations with mobile networks outside of South Africa as follows:

- ▶ 1995 in Lesotho;
- ▶ 2000 in Tanzania;
- ▶ 2002 in the DRC; and
- ▶ 2003 in Mozambique.

Vodacom Group is a leading African communications company providing a wide range of services including mobile and fixed voice, messaging, data, financial, Enterprise IT and converged services to over 103 million customers, including Safaricom.

Vodacom Group's combined mobile networks cover a total population of over 284 million people (including Kenya) and through Vodacom Business Africa, Vodacom Group offers business-managed services to enterprises in 32 countries.

Vodacom Group is 64.5% majority owned by Vodafone (through its subsidiaries Vodafone Investments SA and Vodafone International), one of the world's largest communication companies by revenue.

24.2 Prospects

Looking ahead, Vodacom Group's strategy to become a leading digital company and empower a connected society remains a key focus. Vodacom Group anticipates that its investments in "Big Data", digital services platforms and sophisticated machine learning will increasingly allow Vodacom Group to provide customers with relevant propositions based on customers' needs. Vodacom Group's adoption and application of this technology puts it at the forefront of global developments and remains a key differentiator to its competitors. In turn, this should continue to drive revenue and customer growth across all markets.

Vodacom Group is encouraged by the renewed economic and political stability in South Africa and most of its international operations, including Kenya. Stability in foreign exchange and macroeconomic environments benefit Vodacom Group's operations and are expected to support more predictable results across its operations. However, unexpected volatility in political environment, currency and regulatory uncertainty continue to pose a risk.

Transforming revenue into new verticals, such as content, fibre, financial services and digital services, will also be a focal point. These services are complimentary to traditional revenue streams such as voice, messaging and data, but also to further leverage its strong brand, reach and reputation in the countries where Vodacom Group operates.

M-Pesa is a key driver of growth for Vodacom Group, with total M-Pesa customers now at 32.3 million, including Safaricom, which makes Vodacom Group the biggest mobile money operator across the African continent.

24.3 Financial Information

The published audited consolidated annual financial statements of Vodacom Group for the three financial years ended 31 March 2018, 31 March 2017 and 31 March 2016, respectively, are available on the Vodacom Group website www.vodacom.com and the YeboYethu website via the following links:

<https://www.yeboyethu.co.za/pdf/2018/circulars/vg-consolidated-afs-31march2016.pdf>

<https://www.yeboyethu.co.za/pdf/2018/circulars/vg-consolidated-afs-31march2017.pdf>

<https://www.yeboyethu.co.za/pdf/2018/circulars/vg-consolidated-afs-31march2018.pdf>

and are the responsibility of the Vodacom Group board of directors.

24.4 Vodacom Group share capital

The authorised and issued share capital of Vodacom before and after the BEE transaction is as follows:

	Rm
Authorised share capital	
4 000 000 000 ordinary shares of no par value	–
Issued share capital before the BEE transaction	
1 721 413 781 ordinary shares of no par value	42 618
Less: 21 309 092 treasury shares of no par value	(1 792)
Issued share capital after the BEE transaction	
1 835 864 961 ordinary shares of no par value	57 074
Less: 135 760 272 treasury shares of no par value	(16 248)

24.5 Vodacom Group dividend policy

Vodacom Group intends to maintain its dividend policy of paying at least 90% of headline earnings, excluding the contribution of the attributable net profit or loss from Safaricom and any associated intangible amortisation. In addition, the company intends to distribute any dividend it receives from Safaricom, up to a maximum amount of the dividend received, net of withholding tax.

Vodacom Group intends to add back the day one non-recurring share-based payment charge relating to YeboYethu shareholders, excluding the Vodacom ESOP, in relation to the BEE transaction to headline earnings, as determined based on the Listings Requirements, for the purpose of dividend calculation, for the 2019 financial year.

24.6 Vodacom Group directors' shareholding in YeboYethu

Insofar as is known to YeboYethu, the following Vodacom Group directors, beneficially held YeboYethu shares, directly or indirectly, on the last practicable date:

Name of director	Direct	Indirect	Total	% holding [^]
MS Aziz Joosub	3 505 360*	–	3 505 360	0.24
Total	3 505 360	–	3 505 360	0.24
MS Aziz Joosub	–	90 108#	90 108	<0.01%
Total	–	90 108	90 108	<0.01%

* Number of YeboYethu ESOP units held.

YeboYethu shares.

[^] Based on 26 395 300 YeboYethu shares in issue.

24.6.1 The Vodacom Group directors have not dealt for value any YeboYethu shares during the period being six months before the circular and the last practicable date before posting of the circular.

24.6.2 MS Aziz Joosub is the only Vodacom Group director who benefits under the BEE transaction. Mr Joosub, in his capacity as chief executive officer of Vodacom Group and a BEE shareholder, does not have any influence over YeboYethu or the Vodacom ESOP as these entities are independently managed by boards of directors and trustees, respectively.

24.7 Vodacom Group board of directors' shareholding in Vodacom Group

Insofar as is known to YeboYethu, the following directors, beneficially held the following Vodacom Group shares, directly or indirectly, on the last practicable date:

Name of director	Direct	Indirect	Total	% holding [^]
MS Aziz Joosub	1 208 842	–	1 208 842	0.07%
PJ Moleketi	643	15 480	16 123	<0.01%
Total	1 209 485	15 480	1 224 965	0.07%

[^] The above table is based on 1 721 413 781 shares in issue as at the last practicable date.

On 15 June 2018 MS Aziz Joosub was allocated 194 742 Vodacom Group shares at a price of R152.41 per share, valued at R29 680 063.50, in terms of the Vodacom Group forfeitable share plan and forfeited 22 963 Vodacom Group shares on 18 June 2018.

24.8 Vodacom Group directors' interests in the BEE transaction

The following Vodacom Group director has an interest in the existing Vodacom SA BEE transaction and the BEE transaction:

Before (Vodacom SA BEE transaction)

Name of director	Direct	Indirect	Total	% holding [^]
MS Aziz Joosub	22 434*	–	22 434*	0.09%
MS Aziz Joosub	–	90 108#	90 108	0.35%
Total	22 434*	90 108	112 542	0.44%

* Underlying YeboYethu ordinary shares linked to 3 505 360 YeboYethu ESOP units held.

YeboYethu shares.

[^] Based on 26 395 300 YeboYethu shares in issue.

After (BEE transaction)

Name of director	Direct	Indirect	Total	% holding [^]
MS Aziz Joosub	32 873*	–	32 873	0.07%
MS Aziz Joosub	16 563#	–	16 563	0.04%
MS Aziz Joosub	–	90 108#	90 108	0.18%
Total	49 436	90 108	139 544	0.29%

* Underlying YeboYethu ordinary shares linked to Vodacom Group ESOP units held.

YeboYethu shares.

[^] Based on 52 932 566 YeboYethu shares in issue.

25. Vodacom Group board of directors' opinion and recommendation

The Vodacom board of directors are of the opinion that the BEE transaction is in the best interest of YeboYethu shareholders and therefore recommend that YeboYethu shareholders vote in favour of the resolutions to approve and implement the BEE transaction.

26. Takeover Regulation Panel

None of the parties are acting in concert in relation to the BEE transaction.

Vodacom Group's authorised share capital is sufficient to implement the share exchange and the issue of shares, as more fully set out in paragraphs 3.5 and 3.6 above.

Vodacom Group does not directly, nor through any persons acting in concert with it, hold any beneficial interest in YeboYethu, or have an option to purchase any YeboYethu ordinary shares.

27. Dealings in Vodacom Group shares

Save for the Vodacom Group shares allocated to MS Aziz Joosub and Matimba Mbungela in terms of the Vodacom Group forfeiture share plan as disclosed in paragraphs 24.7 and 30.2, respectively, no other parties that have an interest in the BEE transaction have dealt for value in Vodacom Group shares in the six months preceding the date of this circular.

GENERAL INFORMATION REGARDING VODACOM SA

28. Vodacom SA

The principal nature of business of Vodacom South Africa (Vodacom SA) is the provision of a wide range of communication products and services including but not limited to voice, messaging, broadband, data connectivity, converged services and value added services in South Africa.

Vodacom SA commenced operations in 1994 and is currently 93.75% owned by Vodacom Group Limited with 6.25% collectively held by the BEE participants in the 2008 BEE transaction.

Vodacom SA is the largest mobile communications network operator in South Africa by customers and revenue.

It has almost 41.6 million customers and employs about 5 007 people. In the last financial year ending 31 March 2018 it generated R70 billion in revenue and R20.9 billion in operating profit.

Vodacom SA's industry-leading application of Big Data and machine learning, created to deliver personalised bundle offers based on customer behaviours, continues to differentiate it from its competitors. Through its 'Just 4 You' platform Vodacom SA has accelerated the uptake of bundle offers, driving the sale of 2.3 billion bundles in the financial year ended 31 March 2018, up 51.3%.

Vodacom SA's financial services strategy is also gaining momentum with its insurance direct recharge offering.

As part of Vodacom SA's commitment to democratising data, Vodacom SA reduced its effective rate for data by 21.6% year-on-year in the financial year ending 31 March 2018, and by 42.5% over the last three years. Vodacom SA's accelerated rural coverage programme was instrumental in Vodacom becoming the continent's first operator to reach 80% population coverage on a 4G network.

Vodacom SA believes that digitisation offers exciting opportunities for it to extend revenue streams beyond connectivity, as well as unparalleled potential to accelerate social transformation. Its Vision 2020 strategy has five key strategic elements, aimed at delivering on its core vision of being a leading digital company that empowers a connected society.

Segmented propositions: Using machine learning, Big Data and analytics, Vodacom SA will be deepening its understanding of consumer behaviours, and developing highly-personalised offerings, with the ultimate goal of achieving relevant offers for the segment of one. In the Consumer space, Vodacom SA is targeting opportunities to monetise and grow data usage by developing Consumer digital services in digital content, financial services, Consumer IoT, and specific partnerships in areas such as e-Commerce, e-Education and e-Health. To drive Enterprise growth, Vodacom SA is focusing on building its core sales channel, expanding its Cloud and security business, and becoming the IoT solutions partner of choice. The key objective is to protect and grow traditional revenue streams, while expanding to complementary adjacent services.

Best customer experience: Vodacom SA's goal is to provide the most engaging customer experience, blending the best of technology and human interaction in a personal, instant and easy way, substantially enhancing the quality of service. Vodacom SA is investing in Big Data and analytics, chat bots, online self-service and IT-based customer engagement and management tools, and will be further modernising and digitising its retail channel. Vodacom SA will be building on the early successes of its segment-based county, cluster and micro-cluster model, to drive its targets to secure and consolidate its leadership in market share per segment and county. Its goal is to be the NPS leader in all markets, with distinct leadership in digital interactions.

Best technology: In modernising its network, and as part of its smart capex drive, Vodacom SA will be growing its connectivity footprint expanding 4G coverage, providing 5G readiness and utilising Big Data intelligence and an Agile culture to deliver smart network planning and smart network operations. Vodacom SA is deepening its IT capabilities and implementing an IT acceleration programme. Its key measure of success will be its Network NPS score, measuring customer experience on its networks.

Digital organisation and culture: Vodacom SA has begun the process of digitising its own organisation, built on a culture that fosters organisational agility and collaborative working, that attracts and develops the rights skills, talent and diversity, and that uses Big Data and analytics to leverage data for improved decision-making. This year Vodacom SA has enhanced its core team of data engineers, data scientists and modellers, and will be looking to double its capacity in the next year. Vodacom SA measure its success in applying digital in its new ways of working, through its employee engagement score and particularly how Vodacom SA adopt digital in its mindset as a business.

Vodacom SA's brand and reputation: Vodacom SA's strategic objective is to ensure that Vodacom is the customer brand of choice, with a strong purpose-driven brand and a deserved reputation for accelerating socioeconomic transformation through digital solutions, and for showing leadership in promoting BEE in South Africa. Vodacom SA have prioritised seven of the global UN Sustainable Development Goals (SDGs), where Vodacom SA believes that it can have the most meaningful impact, by democratising data, extending the coverage and quality of its network, and providing digital products and services aimed at promoting financial inclusion, education, agriculture, and healthcare. Vodacom SA is targeting to remain the industry leader as measured by its Reputation Index survey.

INFORMATION ON YEBOYETHU DIRECTORS AND MANAGEMENT

29. YeboYethu directors and management functions

29.1 Day-to-day management

YeboYethu is a special purpose company which only has non-executive directors. YeboYethu has no employees and has engaged various service providers with necessary expertise to provide all goods and services required by YeboYethu to effectively carry out its functions and activities.

In terms of the Vodacom SA service agreement, Vodacom SA has been responsible for the day-to-day management functions of YeboYethu. Vodacom SA is held 93.75% by Vodacom Group.

In this regard, currently the following costs are incurred by Vodacom SA and not charged to the company:

- ▶ accounting services;
- ▶ company secretarial services;
- ▶ internal audit;
- ▶ risk management services; and
- ▶ access to research information and assistance for the company to enable Vodacom SA to meet or improve its empowerment standards.

As part of the BEE transaction, the Vodacom SA service agreement will be replaced with the Vodacom Group service agreement in terms of which Vodacom Group will be responsible for those services going forward. These services will now be rendered by Vodacom Group (or on its behalf) to YeboYethu, on market-related terms. The Vodacom Group service agreement is, as per paragraph 32, summarised in further detail in **Annexure 8**.

29.2 Corporate governance

The YeboYethu board recognises that, at the core of YeboYethu's corporate governance system, it is ultimately accountable and responsible for the performance and affairs of YeboYethu. The YeboYethu board embraces and complies, to the extent that it applies to the circumstances of YeboYethu, with the principles of good corporate governance as set out in the guidelines of the Code of Good Governance Principles for South Africa – 2016 as laid out in the King IV report on Corporate Governance for South Africa – 2016 published by the Institute of Directors in Southern Africa, as such is amended and substituted from time to time (King IV).

YeboYethu is committed to business integrity, transparency and professionalism in all its activities to ensure that it acts ethically and responsibly to enhance the value of its business for the benefit of all stakeholders.

To the extent that it applies, YeboYethu complies with the following King IV principles:

- ▶ the YeboYethu board comprises a majority of independent non-executive directors;
- ▶ it has an appointed audit committee and a social and ethics committee;
 - Zarina Bassa, Seth Radebe and Stefaan Sithole (Chairman) are members of the audit committee; and
 - Zarina Bassa, Seth Radebe (Chairman), Adele Hall and Matimba Mbungela are members of the social and ethics committee.
- ▶ the Vodacom Group internal audit department through the service level agreement with YeboYethu, conducts annual internal audits of YeboYethu and provides an internal audit report to the YeboYethu audit committee. The audit committee reviews and approves the annual internal audit plan; and
- ▶ the Vodacom Group risk management department through the service level agreement with YeboYethu conducts risk assessments of YeboYethu and maintains the company's risk register. The key risks are discussed at audit committee and board meetings.

29.3 Company secretary

YeboYethu's company secretary's details are set out in the "Corporate Information" section of this circular.

29.4 Qualifications, borrowing powers and appointment of the YeboYethu directors

The borrowing powers of YeboYethu are limited by the terms of its MOI, the relationship agreement and the funding agreements. In particular, the consent of the funders is required prior to YeboYethu incurring any borrowings, other than those expressly permitted in the transaction agreements.

The borrowing powers of YeboYethu have not been exceeded in the past three years.

In terms of the YeboYethu MOI and post implementation of the BEE transaction, the YeboYethu board must comprise of not less than five persons and not more than nine persons. The board shall comprise of at least 50% (fifty percent) black people and 25% (twenty five percent) black women. The composition of the YeboYethu board shall comprise mainly of independent non-executive directors. Vodacom Group is entitled to appoint one observer to the YeboYethu board. Every shareholder shall be entitled to nominate one director for appointment to the board for every ten percent (10%) of the issued ordinary shares of the company held individually by that shareholder. The YeboYethu directors are obliged to nominate and appoint an independent non-executive chairman. No YeboYethu directors will be appointed for life or for an indefinite period and YeboYethu directors will rotate *inter alia* on the following basis:

- ▶ at each annual general meeting, $\frac{1}{3}$ (one third) of the YeboYethu directors for the time being, or if their number is not 3 (three) or a multiple of 3 (three), the number nearest to $\frac{1}{3}$ (one third), but not less than $\frac{1}{3}$ (one third), shall retire from office;
- ▶ the YeboYethu directors to retire in every year shall be those who have been longest in office since their last election, but as between persons who were elected as YeboYethu directors on the same day, those to retire shall, unless they otherwise agree among themselves, be determined by lot; and
- ▶ a retiring director shall be eligible for re-election or re-appointment, as the case may be.

YeboYethu may pay remuneration to the YeboYethu directors for their services as YeboYethu directors in accordance with a special resolution approved by the YeboYethu shareholders within the previous 2 years, as set out in section 66(8) and (9) of the Act.

YeboYethu directors may also be paid all their travelling and other expenses necessarily incurred by them in connection with the business of YeboYethu.

Prior to the holding of any meeting of shareholders at which the remuneration of the YeboYethu directors shall be determined, YeboYethu shall appoint a remuneration specialist to make a recommendation on the remuneration of the YeboYethu directors which recommendation shall be presented at the meeting at which such remuneration will be determined.

30. Directors' information

30.1 Details of directors

Zarina Bibi Mahomed Bassa (age 54)

Position: Independent non-executive director, Chairman of the YeboYethu board, member of the Audit and Social and Ethics Committees and represents YeboYethu on the Vodacom SA board. Appointed Chairman in June 2008.

Qualifications: BAcc, DipAcc, CA(SA)

Address: The Place, 1 Sandton Drive, Sandton 2196

Seth Malefetsane Radebe (age 44)

Position: Independent non-executive director, Chairman of the Social and Ethics Committee and member of the Audit Committee. Appointed in 3 May 2010.

Qualifications: BCom (Hons), CA(SA)

Address: 5 Carnation Street, Gallo Manor Ext 2, Sandton 2052

Adele Mary Hall (age 50)

Position: Independent non-executive director and member of the Social and Ethics Committee. Appointed in May 2013.

Qualifications: BCompt (Unisa)

Address: 39 Meredy Street, Randhart, Alberton 1449

Stefaan Sithole (age 60)

Position: Independent non-executive director, Chairman of the Audit Committee. Appointed on 3 January 2017

Qualifications: BCom (Wits), BAcc (Wits), CA(SA), Diploma in Business Management, (University of Natal), CIA

Address: 21st Floor, 150 Commissioner Street, Johannesburg 2000

Matimba Mbungela (age 46)

Position: Non-executive director and member of the Social and Ethics Committee. Appointed on 5 May 2017.

Qualifications: B Admin (University of Venda), Post Graduate Diploma in HR (UCT), MBA (UKZN), and also a graduate of the Vodafone Global HR Excellence Program

Address: 27 Lanzarel Street, Summerset Estate, 72 Garden Road, Midrand 1685

The curricula vitae, full names, positions and business addresses of the directors of YeboYethu are set out in **Annexure 4** to this circular.

30.2 Directors' shareholding in YeboYethu

Insofar as is known to YeboYethu, the following directors (including directors who have resigned during the last 18 months) beneficially held the following YeboYethu shares, directly or indirectly, through the YeboYethu ESOP, on the last practicable date:

Name of director	Number of YeboYethu ESOP units			Total	% holding [^]
	Direct	Indirect	Held by associates		
Matimba Mbungela	1 432 189*	–	–	1 432 189*	0.001
Vuyani Jarana [#]	2 090 196*	–	–	2 090 196*	0.001
Tlhabeli Ralebitso [~]	2 090 196*	–	–	2 090 196*	0.001
Total	5 612 581	–	–	5 612 581	0.003

* Number of YeboYethu ESOP units held.

[#] Vuyani Jarana resigned on 21 September 2017.

[~] Tlhabeli Ralebitso resigned on 5 May 2017.

Name of director	YeboYethu ordinary shares			Total	% holding [^]
	Direct	Indirect	Held by associates		
Matimba Mbungela	9 166*	–	–	9 166*	0.03
Vuyani Jarana [#]	13 377 [#]	–	–	13 377 [#]	0.05
Tlhabeli Ralebitso [~]	13 377 [#]	–	–	13 377 [#]	0.05
Total	35 921	–	–	35 921	0.13

* Underlying YeboYethu ordinary shares linked to 1 432 189 YeboYethu ESOP units held as set out in the table above.

[#] Underlying YeboYethu ordinary shares linked to 2 090 196 YeboYethu ESOP units held as set out in the table above.

[^] Based on 26 395 300 YeboYethu shares in issue.

No changes in the above interests have occurred between the end of the preceding financial year and the last practicable date.

As at the last practicable date, Matimba Mbungela beneficially held 147 113 Vodacom Group shares.

- ▶ On 15 June 2018 Matimba Mbungela was allocated 19 994 Vodacom Group shares at a price of R152.4071 per share, valued at R2 590 006.26, in terms of the Vodacom Group forfeitable share plan.
- ▶ Other than as stated above, no changes in the above interests have occurred between the end of the preceding financial year and the last practicable date.

As at the last practicable date, Stefaan Sithole beneficially held 643 Vodacom Group shares. No changes in this interest has occurred between the end of the preceding financial year and the last practicable date.

30.3 Directors' remuneration

Remuneration paid by YeboYethu to the directors for the 12 months ended 31 March 2018.

Name of director	Rand
ZBM Bassa	245 708
AM Hall	95 162
SM Radebe	140 980
S Sithole	110 770
Total	592 620

There are no fees payable to third parties in lieu of directors' fees.

The remuneration of directors is proposed to be increased by 5%.

30.4 Directors' interests in the BEE transaction

The following director has an interest in the existing Vodacom SA BEE transaction:

Name of director	Number of YeboYethu ESOP units			Total	% holding [^]
	Direct	Indirect	Held by associates		
MM Mbungela	1 432 189	–	–	1 432 189	0.001
Total	1 432 189	–	–	1 432 189	0.001

Name of director	YeboYethu ordinary shares			Total	% holding [^]
	Direct	Indirect	Held by associates		
MM Mbungela	9 166*	–	–	9 166*	0.03
Total	9 166*	–	–	9 166*	0.03

* Underlying YeboYethu ordinary shares linked to 1 432 189 YeboYethu ESOP units held.

[^] Based on 26 395 300 YeboYethu shares in issue.

The following director has an interest in the BEE transaction:

Name of director	Number of Vodacom ESOP units			
	Direct	Indirect	Total	% holding
MM Mbungela	5 000 000*	–	5 000 000	0.1
Total	5 000 000*	–	5 000 000	0.1

Name of director	YeboYethu ordinary shares			
	Direct	Indirect	Total	% holding [^]
MM Mbungela	16 493*	–	16 493*	0.03
Total	16 493	–	16 493	0.03

* Underlying YeboYethu ordinary shares linked to Vodacom Group ESOP units held.

[^] Based on 52 932 566 YeboYethu shares in issue.

There are no other material beneficial interests, whether direct or indirect, of directors including a director who has resigned in the last 18 months, in transactions that were effected by YeboYethu during the current or immediately preceding year or during an earlier financial year and which remain in any respect outstanding or unperformed.

31. Dealings in YeboYethu shares

None of the parties that have an interest in the BEE transaction have dealt for value in YeboYethu shares in the six months preceding the date of this circular.

OTHER INFORMATION

32. Material contracts, promoter services and other agreements

YeboYethu has entered into the following material agreements: the implementation agreement, the relationship, the funding agreements and the Vodacom Group service agreement. Summaries of each of these agreements is set out in **Annexure 8** to this circular.

The above documents are available for inspection as set out in paragraph 45 below.

At the last practicable date, the company:

- ▶ had not entered into any promoters' agreements during the preceding three years; and
- ▶ did not have any royalties, commissions (including underwriting) or items of a similar nature payable.

33. Material loans

Details of the material loans for the BEE transaction are described under paragraph 4.2 of this circular.

Save for the material loans as described in paragraph 4.2 above, YeboYethu does not have any other loans. The main source of income is derived from the dividends it receives, currently from Vodacom SA and post the BEE transaction, from Vodacom Group.

Other than the funding of the BEE transaction there have been no material commitments, lease payments and contingent liabilities as at the last practicable date.

34. Material changes

Save for the funding agreements, which are conditional to the amendment of the company's MOI, there have been no material changes in the financial or trading position of YeboYethu since the end of the last financial period, being 31 March 2018, for which audited annual financial statements have been published.

The aforementioned statement has been made after due and careful enquiry by the YeboYethu directors.

In respect of YeboYethu there have been no material acquisitions (or disposals) within the three years preceding the date of this circular, and, other than the BEE transaction and the disposal of a minority interest in Jupicol (Pty) Ltd, a dormant subsidiary of Vodacom SA, there are no BEE material acquisitions (or disposals) to be made by YeboYethu of any securities in or the business undertakings of any other company/(ies) or business enterprises or any immovable property/(ies) or other property/(ies) in the nature of a fixed asset or any option to acquire (or dispose of) such property/(ies).

35. Acquisitions and disposals

YeboYethu is a special purpose vehicle and accordingly is not permitted to make acquisitions and disposals other than those permitted under the YeboYethu MOI.

Other than the BEE transaction and the disposal of a minority interest in Jupicol (Pty) Limited, a dormant subsidiary of Vodacom SA, YeboYethu has not made any acquisitions and disposals in the last three years.

36. Loans receivable

YeboYethu has no loans receivable as at the last practicable date.

37. Litigation statement

There are no legal or arbitration proceedings, including any pending or threats of such proceedings, that YeboYethu is aware, which may have, or would have had in the last 12 months, a material effect on the financial position of the company.

38. Vendors

Save as contemplated in the BEE transaction (which is a proposed transaction and has not yet occurred, and which is more fully addressed below), described in paragraphs 38.1 and 38.2, there have been no material acquisitions by YeboYethu during the three years preceding the date of this circular.

38.1 YeboYethu will undertake three material acquisitions in the course of the BEE transaction:

38.1.1 the acquisition of Vodacom SA shares from RBH (for the consideration set out in, and as more fully set out in, paragraph 3.2; the shareholding in RBH set out in the definition thereof on page 09);

38.1.2 the acquisition of Vodacom SA shares from Thebe (for the consideration set out in, and as more fully set out in, paragraph 3.2; the shareholding in Thebe set out in the definition thereof on page 12); and

38.1.3 albeit by way of subscription and through YeboYethu Investment, the acquisition of Vodacom Group shares from Vodacom Group in terms of distinct transactions. The first transaction being the sale by YeboYethu, through YeboYethu Investment, of its shares in Vodacom SA to Vodacom Group in exchange for which Vodacom Group issues Vodacom Group shares to YeboYethu. The second set of transaction being issues for cash, in terms of which YeboYethu, through YeboYethu Investment, subscribes for shares in Vodacom Group for cash. The further details of these transactions are more fully set out in paragraphs 3.5 and 3.6, respectively. The major shareholders in Vodacom Group include: Vodafone Investments (SA) Proprietary Limited, 56.18%; Vodafone International Holdings B.V., 8.33%; and the Public Investment Corporation SOC Limited (both on behalf of itself and the Government Employees Pension Fund), 13.45%.

38.2 None of the vendors have guaranteed the book debts or other assets, and no warranties other than as to authority, have been given.

38.3 The vendors' agreements do not preclude the vendors from carrying on business in competition with YeboYethu; nor impose any other restriction, including restraints of trade.

38.4 With regard to the RBH and Thebe acquisition and the exchange by YeboYethu, through YeboYethu Investment, of its shares in Vodacom SA for shares in Vodacom Group, such are being undertaken in terms of section 42 of the ITA and, as a consequence, neither securities transfer tax nor capital gains tax, will be triggered pursuant to the transactions. The subscription by YeboYethu, through YeboYethu Investment, for shares in Vodacom Group for cash will not trigger any securities transfer tax, capital gains tax and/or income tax act.

Each of the parties shall be liable for their own taxes which arise from the transactions contemplated above, and no agreement to the contrary, nor apportionment of liability to the contrary, has been agreed in the vendor agreements.

38.5 The value of the securities in each of Vodacom SA and Vodacom Group was determined in the following manner:

▶ E&Y was appointed by the Vodacom Group board of directors to undertake an independent valuation of Vodacom SA. The discounted cash flow, comparable company trading multiples and precedent transaction multiples valuation methodologies were utilised for the valuation. The valuation of Vodacom Group was determined using the 60 day volume weighted average price of Vodacom Group shares. The board of YeboYethu also appointed BDO, an independent expert, to prepare a fairness opinion on the BEE transaction.

38.6 The interests of the YeboYethu directors in the transactions listed above are set out in paragraph 30.4.

38.7 No cash or securities have been paid or benefit given to any promoter, not being a director, within the three years preceding the date of this circular.

38.8 The Vodacom SA shares will be transferred to YeboYethu on the first implementation day (per step 2 in paragraph 3.2 above), and thereafter transferred, through YeboYethu Investment, to Vodacom Group in exchange for shares in Vodacom Group on the third implementation day (per step 5, paragraph 3.5). These Vodacom Group shares, together with the Vodacom Group shares acquired per step 6, paragraph 3.6 (and YeboYethu's shares in YeboYethu Investment), will be pledged as security to the third-party funders under and in terms of the funding agreements, as security for the class A preference.

39. Expenses

39.1 Preliminary

YeboYethu has incurred the following preliminary expenses in the last three years:

Expenses	Payable to	R000 (excluding VAT)
Sponsor & financial adviser	UBS South Africa (Proprietary) Limited	3 500
Attorneys	Cliffe Dekker Hofmeyr Inc.	3 000
Independent Reporting Accountants	PricewaterhouseCoopers Inc. & Delloite & Touche	1 210
Document inspection	JSE Limited	77
Pre-listing Statement printing & posting	Studio 5 Graphic Design Proprietary Limited	2 000
Media and advertising*	Various service providers	5 500
General meeting costs	Singular Systems (Proprietary) Limited	500
Total		15 787

* The advertising and marketing expenses were carried by Vodacom SA

39.2 BEE transaction

The expenses of the BEE transaction are anticipated to be approximately R64.2million (inclusive of VAT). All expenses set out below will be for the account of YeboYethu. These expenses include the following:

Expenses	Payable to	R000 (inclusive VAT)
General meeting	Link Markets Services South Africa Proprietary Limited	360
Legal fees and tax advice	Cliffe Dekker Hofmeyr Inc.	12 560
Funders' legal advice	Allen & Overy (South Africa) LLP	978
Independent Reporting Accountants	PricewaterhouseCoopers Inc.	1 926
Independent expert	BDO Corporate Finance Proprietary Limited	518
Documentation and listing fees	JSE Limited	1 487
TRP fees	Takeover Regulation Panel	285
Success based fees		
Financial adviser	Absa Bank Limited	9 200
Funders participation fees	Rand Merchant Bank; Absa Bank Limited and Nedbank Limited	16 770
Debt arranging fees	Rand Merchant Bank	20 124
Total		64 208

40. Directors' responsibility statement of YeboYethu board

The YeboYethu independent board and YeboYethu board, whose names are set out in **Annexure 4** of this circular, jointly and severally accept full responsibility for the accuracy of the information contained in this circular and certify that, to the best of their knowledge and belief, no facts have been omitted that would make any statement in this circular false or misleading and have made all reasonable enquiries to ascertain such facts and that this circular contains all information required by the JSE Listings Requirements.

41. Responsibility statement of the YeboYethu Independent Board

The Independent Board accepts full responsibility for the accuracy of the information contained in this circular and certify that, to the best of their knowledge and belief, no facts have been omitted that would make any statement in this circular false or misleading and have made all reasonable enquiries to ascertain such facts and that this circular contains all information required by law and the JSE Listings Requirements.

42. Consents

CDH, Absa, RMB, Nedbank, PwC, BDO, Allen & Overy and Link have consented in writing to act in their respective capacities and to their names being stated in this circular and in the case of the independent reporting accountant and the independent expert, the inclusion of their reports in the form and context in which they appear, and none of the aforementioned parties has withdrawn their consent prior to the publication of this circular.

43. Transaction sponsor independence

Absa is acting as financial adviser, co-funder and transaction sponsor to YeboYethu on the BEE transaction, for which services Absa will receive a fee.

Absa will, as part of its role as co-funder, subscribe for YeboYethu class A preference shares in terms of the funding agreements.

It is to be noted that the transaction sponsor acts independently. The transaction sponsor has had no influence on the decision to facilitate the debt funding, for which there are separate transaction teams and specific approval processes in place. Additionally there are the required ethical screens separating the different work streams within Absa.

Absa does not believe that acting as financial adviser and co-funder will compromise its independence to act as transaction sponsor to YeboYethu.

44. Documents incorporated by reference

Section 11.61 of the JSE Listings Requirements allows for certain information, ordinarily prescribed for inclusion into a circular to shareholders, to be incorporated by way of website referencing.

In this regard, the below table references selected paragraph information from the circular with the relevant corresponding company source document and thread to easily access and download same should a YeboYethu shareholder so elect.

Subject matter (The 'Definitions and interpretations' section of this circular is not applicable to this column)	Circular paragraph number:	Company website reference thread
The historical financial information of YeboYethu for the three financial years, ended 31 March 2016, 2017 and 2018, including the reporting accountants' report thereon	Paragraph 20	https://www.yeboyethu.co.za/pdf/2018/circulars/yy-historial-financial-info-31march2018.pdf
The historical financial information of YeboYethu Investment for the period ended 31 May 2018, including the reporting accountant's report thereon	Paragraph 20	https://www.yeboyethu.co.za/pdf/2018/circulars/vg-sa-historical-financial-info-31march2018.pdf
The historical financial information and audited consolidated annual financial statements of Vodacom SA for the three financial years, ended 31 March 2016, 2017 and 2018, including the reporting accountants' report thereon	Paragraph 20	https://www.yeboyethu.co.za/pdf/2018/circulars/vg-sa-historical-financial-info-31march2018.pdf https://www.yeboyethu.co.za/pdf/2018/circulars/vg-consolidated-sa-afs-31march2016.pdf https://www.yeboyethu.co.za/pdf/2018/circulars/vg-sa-consolidated-afs-31march2017.pdf https://www.yeboyethu.co.za/pdf/2018/circulars/vg-sa-consolidated-afs-31march2018.pdf
The audited consolidated annual financial statements of Vodacom Group for the three financial years, ended 31 March 2016, 2017 and 2018	Paragraph 24.3	https://www.yeboyethu.co.za/pdf/2018/circulars/vg-consolidated-afs-31march2016.pdf https://www.yeboyethu.co.za/pdf/2018/circulars/vg-consolidated-afs-31march2017.pdf https://www.yeboyethu.co.za/pdf/2018/circulars/vg-consolidated-afs-31march2018.pdf
Summary of the preference share terms	Paragraph 4.2 and Annexures 6 and 10	https://www.yeboyethu.co.za/pdf/2018/circulars/summary-of-preference-share-terms.pdf

45. Documents available for inspection

In addition to the documents incorporated by reference in paragraph 45 the following documents, or copies thereof, will be available for inspection at the office of the company secretary during normal business hours at Vodacom World, 082 Vodacom Boulevard, Midrand, from Wednesday 18 July 2018 to Friday 17 August 2018:

- ▶ a signed copy of this circular (also available on the YeboYethu website, <https://www.yeboyethu.co.za/pdf/2018/circulars/yy-new-bbbee-transaction.pdf>, in English only);
- ▶ the current MOI and the proposed new MOI of YeboYethu and the memorandums of incorporation of Vodacom Group and Vodacom SA;
- ▶ the trust deeds of YeboYethu ESOP and Vodacom ESOP;
- ▶ transaction agreements, funding agreements and Vodacom Group service agreement;
- ▶ the letters of support/irrevocables detailed in paragraph 12;
- ▶ the fairness opinion, as reproduced in **Annexure 1**;
- ▶ the independent reporting accountant's assurance report on the compilation of the *pro forma* financial information of YeboYethu, as reproduced in **Annexure 2** to this circular;
- ▶ the published audited consolidated annual financial statements of YeboYethu for the three financial years ended 31 March 2018, 31 March 2017 and 31 March 2016;
- ▶ the published audited consolidated annual financial statements of Vodacom SA for the three financial years ended 31 March 2018, 31 March 2017 and 31 March 2016;
- ▶ the published audited consolidated annual financial statements of Vodacom Group for the three financial years ended 31 March 2018, 31 March 2017 and 31 March 2016;
- ▶ the historical financial information of YeboYethu Investment for the period ended 31 May 2018 and the independent reporting accountant's report thereon;
- ▶ the board's report in terms of regulation 31(7), as reproduced in **Annexure 7** to this circular;
- ▶ the letters of consent referred to in paragraph 42 of this circular; and
- ▶ the approval letter obtained from the TRP.

Hard copies of the financial information as set out in this paragraph 45 will also be available from the office of the company secretary to shareholders who wish to obtain same.

For and on behalf of YeboYethu

This circular was signed in Midrand on behalf of all of the YeboYethu directors, including the board and, separately, the YeboYethu independent board, in terms of powers of attorney granted on or about Wednesday 11 July 2018.

By order of the Board



YeboYethu (RF) Limited

Avinash Dhanasir

Company Secretary

Signed at Midrand on Wednesday 18 July 2018

Registered office of YeboYethu

Vodacom Corporate Park

082 Vodacom Boulevard

Midrand

1685

(Private Bag X9904, Sandton 2146)

ANNEXURE 1: FAIRNESS OPINION

The Board and The Independent Board
YeboYethu (RF) Limited
Vodacom Corporate Park
082 Vodacom Boulevard
Midrand
1685

13 July 2018

Dear Sirs

Report of the independent professional expert to YeboYethu (RF) Limited regarding participation in Vodacom Group Limited's proposed Broad-Based Black Economic Empowerment ownership transaction

Introduction

During 2008 Vodacom Group Limited ("Vodacom Group") facilitated a Broad-Based Black Economic Empowerment ("BEE") ownership transaction in terms of which Royal Bafokeng Holdings Proprietary Limited ("RBH") (which holds its shares in Vodacom Proprietary Limited ("Vodacom SA") through its subsidiary, Lisinfo 209 Investments Proprietary Limited), Thebe Investment Corporation Proprietary Limited ("Thebe") (which holds its shares in Vodacom SA through its subsidiary, Main Street 661 Proprietary Limited) and YeboYethu (RF) Limited ("YeboYethu" or "Company") (and collectively, the "Vodacom SA BEE Shareholders"), acquired in aggregate, an effective 6.25% shareholding in the issued share capital of Vodacom SA (the "Existing Vodacom SA BEE Structure"). The Existing Vodacom SA BEE Structure is scheduled to unwind on 8 October 2018.

In terms of the announcement ("Announcement") published by YeboYethu on the Stock Exchange News Service ("SENS") of the JSE Limited ("JSE") on Monday 11 June 2018, the Company advised registered holders of ordinary shares having a par value of R0.00001 each, in the share capital of YeboYethu ("YeboYethu Ordinary Shares") ("YeboYethu Shareholders" or "Shareholders") that Vodacom Group, together with Vodacom SA and the Vodacom SA BEE Shareholders have entered into a suite of agreements in terms of which the current shareholders of YeboYethu, together with the Vodacom SA BEE Shareholders and a newly formed employee share ownership scheme, the Vodacom Siyanda Employee Trust ("Vodacom ESOP") will, through YeboYethu, acquire 6.23% of the issued shares in Vodacom Group in terms of a new BEE ownership transaction (the "BEE Transaction").

The BEE Transaction will be implemented through a series of inter-conditional steps as a single indivisible transaction, comprising, *inter alia*:

- ▶ the Existing Vodacom SA BEE Structure will be unwound and the notional vendor finance ("NVF") structures at both Vodacom SA and YeboYethu levels will be implemented by way of repurchases;
- ▶ RBH and Thebe will sell their Vodacom SA interests in exchange for the issue of shares in YeboYethu;
- ▶ YeboYethu will declare a dividend to YeboYethu Shareholders as part of the BEE Transaction ("Special Dividend");
- ▶ Vodacom Group (on behalf of itself and other employer companies) will make a contribution to the Vodacom ESOP to enable it to acquire YeboYethu Ordinary Shares;
- ▶ YeboYethu will sell to YeboYethu Investment Company (RF) Proprietary Limited ("YY Investment"), a newly formed wholly owned subsidiary of YeboYethu, its Vodacom SA interests in exchange for the issue of shares in YY Investment;
- ▶ YY Investment will sell to Vodacom Group its Vodacom SA shares in exchange for new Vodacom Group shares; and
- ▶ YeboYethu will raise third party and vendor funding and subscribe for the issue of additional Vodacom Group shares (through YY Investment).

As at the last practicable date prior to finalisation of this opinion, the share capital of the Company comprises:

- ▶ authorised share capital comprising 40 000 000 YeboYethu Ordinary Shares and 12 000 000 convertible "N" shares, having a par value of R0.00001 each in the share capital of YeboYethu ("YeboYethu N Shares") (YeboYethu Ordinary Shares, and/or YeboYethu N Shares, as applicable, "YeboYethu Shares"); and
- ▶ issued share capital of 14 395 300 YeboYethu Ordinary Shares and 12 000 000 YeboYethu N Shares.

As part of the Existing Vodacom SA BEE Structure:

- ▶ Vodacom SA BEE shareholders made an equity contribution of R900 million to Vodacom SA (R378 million from RBH, R162 million from Thebe and R360 million from YeboYethu). In order to raise funds, YeboYethu offered 14.4 million YeboYethu Ordinary Shares for subscription by black people and black entities. In addition, the YeboYethu Employee Participation Trust ("YeboYethu ESOP") subscribed for 12 million YeboYethu N Shares at a nominal amount in terms of a separate NVF transaction. The YeboYethu N Shares will as more fully set out below, automatically convert into YeboYethu Ordinary Shares after the implementation of the YeboYethu NVF structure; and

- ▶ YeboYethu, using the proceeds from its issue of the YeboYethu Shares, in turn subscribed for 157.8 million class "A" ordinary shares ("Vodacom SA A Shares") and 7.2 million ordinary shares ("Vodacom SA Ordinary Shares") in the share capital of Vodacom SA (collectively the "Vodacom SA Shares"). The Vodacom SA A Shares acquired by YeboYethu were acquired in two tranches. The first tranche of 82 800 000 Vodacom SA A Shares was issued at a subscription price of R2.1739 per Vodacom SA A Shares with a NVF balance of R20.1087 per Vodacom SA A Share. These were the Vodacom SA A Shares acquired by YeboYethu using a portion of the proceeds of their issue of YeboYethu Ordinary Shares to the black public (the "Public A Shares"). The second tranche of 75 000 000 Vodacom SA A Shares was issued at a subscription price of R0.00001 per Vodacom SA A Shares with a NVF balance of R22.50 per Vodacom SA A Share. These were the Vodacom SA A Shares acquired by YeboYethu on behalf of the YeboYethu ESOP (the "YeboYethu ESOP A Shares"). The Vodacom SA A Shares will rank *pari passu* with the Vodacom SA Ordinary Shares after the implementation of the Vodacom SA NVF structure.

As per the Existing Vodacom SA BEE Structure approved by Shareholders, Vodacom SA will repurchase from YeboYethu (and each of the other Vodacom SA BEE Shareholders) a variable number of Vodacom SA A Shares, and if insufficient, Vodacom SA Ordinary Shares held by them, at the same amount at which the shares were issued. The variable number of Vodacom SA Shares will be calculated based on a specified formula which takes into account the balance of the NVF under the Vodacom SA NVF transaction and the underlying value of the Vodacom SA Shares.

Following the implementation of the Vodacom SA NVF transaction set out above, the YeboYethu NVF transaction shall be automatically implemented. Namely, each YeboYethu N Share shall automatically convert into one YeboYethu Share with a simultaneous repurchase of a variable number of YeboYethu Shares at nominal value (The repurchase of the YeboYethu N shares constitutes a redemption for the purposes of the Companies Act No.71 of 2008, as amended (the "Companies Act") and JSE listings requirements, and will be treated as such). The variable number of YeboYethu Shares will be calculated based on a specified formula which takes into account the balance of the NVF and the underlying value of the Vodacom SA Shares. The formula ensures that the YeboYethu ESOP, as the sole holder of YeboYethu N Shares will, after Vodacom SA's repurchase of a portion of the Vodacom SA A Shares held by the Company and the consequent repurchase by the Company of a portion of the YeboYethu Shares held by the YeboYethu ESOP, hold that percentage shareholding in the Company as is equal to the YeboYethu ESOP "A" Shares held by the Company, as a percentage of all Vodacom SA Shares held by it.

If the BEE Transaction becomes unconditional and is implemented, Shareholders will receive a Special Dividend of R73.00 per YeboYethu Ordinary Share and will continue to hold YeboYethu Ordinary Shares as before.

Full details of the BEE Transaction are contained in the circular to Shareholders (the "Circular"), to be dated on or about Monday 16 July 2018, which will include a copy of this letter.

Fair and reasonable opinion required in respect of the Companies Act

The BEE Transaction includes, in step 5 thereof, the disposal by YeboYethu Investment of all of the shares in Vodacom SA to be acquired by it, which shall include all of the Vodacom SA shares held by the Vodacom SA BEE Shareholders following the implementation of the Vodacom SA NVF transaction. This disposal constitutes the disposal by YeboYethu Investment, and YeboYethu on a consolidated basis, of all or the greater part of the assets or undertaking of YeboYethu in terms of section 112 (read with section 115(2)(b)) of the Companies Act. The independent YeboYethu directors ("YeboYethu Independent Board") have retained BDO Corporate Finance Proprietary Limited ("BDO Corporate Finance") as the independent expert to compile a report on the BEE Transaction, in the form of a fair and reasonable opinion, which shall deal with all matters set out in Regulation 90 of the Companies Regulations, 2011 (the "Companies Regulations") (the "Fair and Reasonable Opinion").

Fairness opinion required in terms of the Listings Requirements

YeboYethu has requested, and obtained approval from the JSE to comply with sections 5 and 9 of the JSE Listings Requirements in respect of the BEE Transaction and to obtain a fairness opinion in terms of the JSE Ruling Letter Ref: DWL/91872, dated 25 April 2018. The board of directors of YeboYethu ("YeboYethu Board") has retained BDO Corporate Finance as the independent expert to provide a fairness opinion on the BEE Transaction which shall deal with all matters set out in Schedule 5 to the JSE Listings Requirements (the "Fairness Opinion").

The Fair and Reasonable Opinion and Fairness Opinion are together referred to as the "Independent Expert Report".

Responsibility

Compliance with the JSE Listings Requirements is the responsibility of the YeboYethu Board. Compliance with the Companies Act and the Companies Regulations is the responsibility of the YeboYethu Independent Board. Our responsibility is to report to the YeboYethu Board, the YeboYethu Independent Board and Shareholders on whether the terms and conditions of the BEE Transaction are fair and reasonable to YeboYethu Shareholders.

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

A transaction will generally be considered fair to a company's shareholders if the benefits received by the shareholders, as a result of the transaction under consideration, are equal to or greater than the value initially surrendered by the shareholders.

The assessment of fairness is primarily based on quantitative considerations. The assessment of reasonableness is generally based on qualitative issues. The BEE Transaction would be considered fair and reasonable to YeboYethu Shareholders if the market value range of a YeboYethu Ordinary Share immediately after the BEE Transaction is implemented is equal in value to, or greater than, the market value range of a YeboYethu Ordinary Share immediately before the BEE Transaction is implemented.

Details and sources of information

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

- ▶ The terms and conditions of the BEE Transaction, as set out in the Announcement and draft Circular;
- ▶ Transaction documents provided by YeboYethu's transaction advisors setting out, inter-alia, transaction steps and the rationale of the BEE Transaction;
- ▶ Audited Annual Financial Statements of YeboYethu for the years ended March 2017 and 2018;
- ▶ Audited Annual Financial Statements of Vodacom SA for the years ended March 2017 and 2018;
- ▶ Historical financial information of Vodacom SA for the years ended March 2017 and 2018 and forecast financial information of Vodacom SA for the years ended March 2019 to 2023;
- ▶ Historical balances and forecast NVF balances as at March 2018 and up until 30 September 2018;
- ▶ Consensus analysts' forecasts for Vodacom Group and YeboYethu, where available;
- ▶ Historical traded security prices in respect of Vodacom Group;
- ▶ Comparative financial and market information on appropriate peer issuers;
- ▶ Discussions with Vodacom Group management regarding the historical and forecast financial information of Vodacom SA;
- ▶ Discussions with Vodacom Group management on prevailing market, economic, legal and other conditions which may affect underlying value;
- ▶ Publicly available information relating to the telecommunications industry in general; and
- ▶ Publicly available information relating to Vodacom Group and YeboYethu that we deemed to be relevant, including announcements, circulars, investor presentations and analyst reports.

The information above was secured from:

- ▶ YeboYethu and Vodacom Group management and their advisors; and
- ▶ third party sources, including information related to publicly available economic, market and other data which we considered applicable to, or potentially having an influence on YeboYethu.

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 BEE Transaction:

- ▶ Reviewed the terms and conditions of the BEE Transaction;
- ▶ Reviewed the audited and unaudited financial information related to YeboYethu and Vodacom SA, as detailed above;
- ▶ Reviewed the forecast information of Vodacom SA for the financial years ending 31 March 2018 – 2023 prepared by management of Vodacom SA. Considered the forecast cash flows and the basis of the assumptions therein including the prospects of the business of Vodacom SA. This review included an assessment of the recent historical performance to date as well as the reasonableness of the outlook assumed based on discussions with management and assessed the achievability thereof by considering historical information as well as macro-economic and industry-specific data;
- ▶ Compiled forecast cash flows for Vodacom SA by using the forecast financial information as detailed above. Applied BDO Corporate Finance's assumptions of cost of capital to the forecast cash flows to produce a discounted cash flow ("DCF") valuation of Vodacom SA to determine the fair value of YeboYethu's interest in Vodacom SA pre-BEE Transaction;
- ▶ Compiled a dividend discount valuation of Vodacom SA by using forecast dividends based on management's explicit interim and final dividend forecast for FY2018 and forecast dividends thereafter, discounted at the cost of equity determined by BDO Corporate Finance to produce a dividend discount model ("DDM") valuation of Vodacom SA;
- ▶ Compiled a capitalisation of maintainable earnings valuation for Vodacom SA by using adjusted historical and forecast financial information and applied BDO Corporate Finance's calculated earnings multiples based on market comparables, adjusted for company specific factors for Vodacom SA relative to listed peers, to revenue, earnings before interest and tax ("EBIT"), earnings before interest, taxation, depreciation and amortisation ("EBITDA") and profit after tax ("PAT");
- ▶ Determined appropriate valuation discounts or premiums which we used in our valuation of Vodacom SA;
- ▶ Performed a valuation of YeboYethu pre-BEE Transaction on a net asset value ("NAV") basis and a valuation per YeboYethu Ordinary Share. Based on the NAV valuation, we assumed that the YeboYethu N Shares held by the YeboYethu ESOP are converted into YeboYethu Ordinary Shares based on the formula contained in YeboYethu's Memorandum of Incorporation ("MOI");
- ▶ Performed a valuation of a YeboYethu Ordinary Share post-BEE Transaction based on valuation of the Vodacom Group financial asset using a Monte Carlo Simulation;
- ▶ Performed a sensitivity analysis on key assumptions included in the valuations;
- ▶ Performed such other studies and analyses as we considered appropriate and have taken into account our assessment of general economic, market and financial conditions and our experience in other transactions, as well as our experience in securities valuation and knowledge of the telecommunications industry generally;
- ▶ Held discussions with YeboYethu and Vodacom Group management regarding the past and current business operations, regulatory requirements, financial condition and future prospects of Vodacom Group and such other matters as we have deemed relevant to our inquiry;
- ▶ Held discussions with YeboYethu and Vodacom Group management regarding the rationale for the BEE Transaction and considered such other matters as we consider necessary, including assessing the prevailing economic and market conditions and trends;
- ▶ Assessed the long-term potential of Vodacom SA and Vodacom Group;
- ▶ Evaluated the relative risks associated with Vodacom Group and the telecommunications industry;
- ▶ Reviewed certain publicly available information relating to Vodacom Group and the telecommunications industry that we deemed to be relevant, including Company announcements and media articles, including available analyst coverage; and
- ▶ Where relevant, representations made by YeboYethu and Vodacom Group management and/or their advisors were corroborated to source documents or independent analytical procedures were performed by us, to examine and understand the industry in which YeboYethu and Vodacom Group operates, and to analyse external factors that could influence the business of YeboYethu and Vodacom Group.

Assumptions

We arrived at our opinion based on the following assumptions:

- ▶ That all agreements that have been entered into in terms of the BEE Transaction will be legally enforceable as against the relevant parties thereto;
- ▶ That the BEE Transaction will have the legal, accounting and taxation consequences described in the Circular and discussions with, and materials furnished to us by representatives and advisors of YeboYethu; and
- ▶ That reliance can be placed on the financial information and *pro forma* financial effects of YeboYethu.

Appropriateness and reasonableness of underlying information and assumptions

We satisfied ourselves as to the appropriateness and reasonableness of the information and assumptions employed in arriving at our opinion by:

- ▶ Placing reliance on audit reports in the financial statements of YeboYethu and Vodacom Group;
- ▶ Conducting analytical reviews on the historical financial results and forecast financial information, such as key ratio and trend analyses; and
- ▶ Determining the extent to which representations from management were confirmed by documentary and audited financial evidence as well as our understanding of YeboYethu and Vodacom Group and the economic environment in which they operate.

Limiting conditions

This opinion is provided in connection with and for the purposes of the BEE Transaction. The opinion does not purport to cater for each individual Shareholder's perspective, but rather that of the general body of Shareholders. Should a YeboYethu Shareholder be in doubt as to what action to take, he or she should consult an independent adviser.

Individual Shareholders' decisions regarding the BEE Transaction may be influenced by such Shareholders' particular circumstances and accordingly individual Shareholders should consult an independent advisor if in any doubt as to the merits or otherwise of the BEE Transaction.

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 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.

Where relevant, forward-looking information of Vodacom SA and Vodacom Group 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 Vodacom SA and Vodacom Group will correspond to those projected. We have however compared the forecast financial information to past trends as well as discussing the assumptions inherent therein with management.

We have also assumed that the BEE Transaction will have the legal consequences described in discussions with, and materials furnished to us by representatives and advisors of YeboYethu 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.

Independence, competence and fees

We confirm that neither we nor any person related to us (as contemplated in the Companies Act) have a direct or indirect interest in the BEE Transaction, nor have had within the immediately preceding two years, any relationship as contemplated in section 114(2)(b) of the Companies Act, and specifically declare, as required by Regulation 90(6)(i) and 90(3)(a) of the Companies Regulations, that we are independent in relation to the BEE Transaction and will reasonably be perceived to be independent taking into account other existing relationships and appointments. We also confirm that we have the necessary competence to provide the Fair and Reasonable Opinion and meet the criteria set out in section 114(2)(a) of the Companies Act.

We confirm that neither us nor any person related to us (as contemplated in the JSE Listings Requirements), have any relationship with YeboYethu or with any party involved in the BEE Transaction as contemplated in paragraph 5.12 of Schedule 5 to the JSE Listings Requirements and have not had such relationship within the immediately preceding two years.

Furthermore, we confirm that our professional fees of R450 000 (excluding VAT) are not contingent upon the success of the BEE Transaction. Our fees are not payable in shares.

Valuation approach

BDO Corporate Finance performed a valuation of the YeboYethu Ordinary Shares pre-BEE Transaction and a valuation of the YeboYethu Ordinary Shares post-BEE Transaction to determine whether the BEE Transaction is fair to the YeboYethu Shareholders.

Pre-BEE Transaction

BDO Corporate Finance performed a valuation of YeboYethu pre-BEE Transaction to determine the fair value of the consideration transferred.

The Company's NAV comprises a 3.44% investment in Vodacom SA, net of the associated NVF and fair value of assets and liabilities held by YeboYethu. The maturity date of the Existing Vodacom SA BEE Structure is 8 October 2018. Consequently, we performed the valuation of YeboYethu on a NAV basis.

We determined the fair value of the 3.44% interest in Vodacom SA by performing a desktop valuation based on the DCF approach as the primary valuation methodology and DDM and capitalisation of maintainable earnings methodology as secondary methodologies to support the results of the DCF valuation.

The valuations were performed taking cognisance of risk and other market and industry factors affecting Vodacom SA. Additionally, sensitivity analyses were performed considering key value drivers.

Key internal value drivers to the discounted cash flow valuation included revenue growth of 5%, the discount rate of 12.8% (being the weighted average cost of capital), working capital and capital expenditure requirements and operating margins. Revenue growth is a function of average revenue per user ("ARPU"), customer growth and churn rates.

External value drivers, including rates of economic growth of 2.1%, inflation of 5.2% and prevailing interest rates in South Africa of 10.0% as well as market and industry conditions specific to the telecommunications sector were also considered in assessing the forecast cash flows and risk profile of Vodacom SA.

In addition, sensitivity analyses were performed in respect of revenue growth and the discount rate by increasing and decreasing the revenue growth rates by a maximum of 1% and the discount rate range by a maximum of 1%. The revenue growth rate and discount rate sensitivity analysis did not indicate a sufficient effect on the valuation of Vodacom SA to alter our opinion in respect of the BEE Transaction.

Post-BEE Transaction

BDO Corporate Finance determined the value attributable to YeboYethu post-BEE Transaction, i.e. consideration received, which included all aspects of the consideration received, namely:

- ▶ Special Dividend per YeboYethu Ordinary Share; and
- ▶ The fair value of a YeboYethu Ordinary Share following implementation of the BEE Transaction.

We employed a Monte Carlo methodology to determine the fair value of the Vodacom Group financial asset held by YeboYethu. The deemed option (for accounting purposes) being valued in respect of the BEE Transaction has a deemed strike price (for accounting purposes) that is influenced by dividends and distributions from Vodacom Group, as well as interest rates. A Monte Carlo Simulation allows for numerous iterations based on the variables affecting the strike price and calculates a strike price based on opening notional vendor funding balance, an escalation factor, and dividends and distributions from Vodacom Group, determined based on a range of possible movements in earnings and the prime interest rate.

Value drivers of the Monte Carlo methodology include:

- ▶ a risk free rate of 8.768% based on a South African zero-coupon swap rate yield curve approximating the term of the funding period, being 10 years;
- ▶ the closing market price of a Vodacom Group ordinary share of R123.00 on 3 July 2018;
- ▶ dividend yield of 7.42%;
- ▶ the forecast dividends and trickle dividends in respect of a Vodacom Group share;
- ▶ life of the funding period – 10 years. The third party funding is due to be redeemed after five years, however the intention is to refinance for an additional five years;
- ▶ the forecast outstanding balance in respect of Vodacom Group and third party funding over the life of the funding period; and
- ▶ the expected volatility of a Vodacom Group share of 24.58%.

The transaction documents note that the BEE Transaction has been structured such that YeboYethu will, subject to the Share Cover Ratio exceeding 2.4 times, be able to pay a dividend to YeboYethu Shareholders from the outset of the transaction. This results in there being a trickle dividend, which BDO Corporate Finance has discounted at the cost of equity determined for Vodacom Group of 14.8%, over the life of the funding period.

The key internal value driver is the dividend yield and trickle dividends on Vodacom Group shares over the life of the transaction period. Key external value drivers are forecast interest rates of 10.5% and the expected volatility of Vodacom Group shares.

In addition, sensitivity analyses were performed in respect of dividend yield and the volatility by increasing and decreasing the dividend yield and the volatility by a factor of 10% of the assumed dividend and volatility yield. The dividend yield and volatility sensitivity analysis did not indicate a sufficient effect on the valuation of the Vodacom Group financial asset to alter our opinion in respect of the BEE Transaction.

In order to determine the fair value of the consideration received, we aggregated the value of the new Vodacom Group financial asset, the Special Dividend and the net present value of the trickle dividend to the YeboYethu Shareholders.

Valuation results

In undertaking the valuation exercise above, we determined a valuation range of R72.25 to R93.79 per YeboYethu Ordinary Share with a most likely value of R80.32 per YeboYethu Ordinary Share immediately before the BEE Transaction is implemented.

In addition to the Vodacom Group financial asset held by YeboYethu, YeboYethu Shareholders will receive a Special Dividend of R73.00 per YeboYethu Ordinary Share. In undertaking the valuation exercise above, we determined a valuation range of R169.55 to R188.79 per YeboYethu Ordinary Share with a most likely value of R178.80 per YeboYethu Ordinary Share immediately after the BEE Transaction is implemented (including the Special Dividend).

The valuation ranges above are provided solely in respect of this Independent Expert Report and should not be used for any other purposes.

Key qualitative considerations

We have also considered the following key qualitative considerations in evaluating the reasonableness of the BEE Transaction:

- ▶ the rationale for the BEE Transaction as set out in the Announcement and draft Circular;
- ▶ the BEE Transaction will maximise YeboYethu's value in Vodacom Group;
- ▶ the BEE Transaction will result in Special Dividend being paid to all YeboYethu Shareholders, representing 2.7 times their original equity contribution;
- ▶ the BEE Transaction will ensure a sustainable and material shareholding is achieved at the Vodacom Group level;
- ▶ the BEE Transaction will introduce long term shareholders of reference into the YeboYethu shareholding structure;
- ▶ the BEE Transaction will build on the successful relationship with Vodacom Group as its BEE shareholder; and
- ▶ the BEE Transaction will ensure that any leverage is sustainable over the longer term.

Opinion

Based upon and subject to the conditions set out herein, BDO Corporate Finance is of the opinion that the terms and conditions of the BEE Transaction, are fair and reasonable to YeboYethu Shareholders.

Our opinion is necessarily based upon the information available to us up to 3 July 2018, being the pricing date of the BEE Transaction, including in respect of the 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 BEE Transaction 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.

Consent

We hereby consent to the inclusion of this Independent Expert Report, in whole or in part, and references thereto in the Circular, in the form and context in which they appear.

Yours faithfully



N Lazanakis
Director

BDO Corporate Finance Proprietary Limited
22 Wellington Road
Parktown
2193

ANNEXURE 2: PRO FORMA FINANCIAL INFORMATION OF YEBOYETHU

The tables below sets out the *pro forma* financial information of the BEE transaction on the audited annual financial results of YeboYethu for the year ended 31 March 2018. The *pro forma* financial information has been prepared for illustrative purposes only and because of its *pro forma* nature, it may not fairly present YeboYethu's financial position, changes in equity, results of operations or cash flows, nor the effect and impact of the BEE transaction going forward.

The purpose of the *pro forma* financial information is to illustrate the impact of the BEE transaction had it been effective 31 March 2018 for purposes of the *pro forma* consolidated statement of financial position and 1 April 2017 for purposes of the *pro forma* consolidated income statement and on the assumptions set out below. The *pro forma* financial information presented below does not purport to be indicative of the financial results and effects of the BEE transaction if it had been implemented on a different date.

The *pro forma* financial information has been prepared using accounting policies that comply with IFRS and that are consistent with those applied in the published audited annual financial results of YeboYethu for the year ended 31 March 2018. The *pro forma* financial information is presented in accordance with the JSE Listings Requirements and the Guide on *Pro forma* Financial Information issued by the South African Institute of Chartered Accountants.

The directors are responsible for the compilation, contents and preparation of the *pro forma* financial information. Their responsibility includes determining that the *pro forma* financial information has been properly compiled on the basis stated, which is consistent with the accounting policies of YeboYethu and that the *pro forma* adjustments are appropriate for purposes of the *pro forma* financial information disclosed pursuant to the JSE Listings Requirements.

The *pro forma* consolidated statement of financial position as at 31 March 2018 and the *pro forma* consolidated income statement for the year then ended, should be read in conjunction with the independent reporting accountant's assurance report thereon contained in **Annexure 3** to this circular.

Pro forma consolidated income statement

for the year ended 31 March 2018

The *pro forma* consolidated income statement below presents the effects of the BEE transaction on the published audited financial results of YeboYethu for the year ended 31 March 2018 on the assumption that the BEE Transaction was effective 1 April 2017.

R000	Notes	Pro forma adjustments							Pro forma after the BEE transaction ⁸
		YeboYethu (RF) Limited ¹	Unwind of current Vodacom SA BEE transaction ²	Dividend income received from Vodacom Group ³	Finance cost on Class A and Class B preference shares ⁴	Transaction cost and other expenses ⁵	Consolidate YeboYethu Investment ⁶	Gain on remeasurement of financial instruments ⁷	
Income		20 075	(20 075)	822 046	–	–	–	–	822 046
Expenditure		(3 597)	–	–	–	(64 208)	–	–	(67 805)
Operating profit		16 478	(20 075)	822 046	–	(64 208)	–	–	754 241
Finance income		875	–	–	–	–	–	–	875
Finance costs		(1)	–	–	(686 233)	–	–	–	(686 234)
Gain on remeasurement of financial instrument		624 001	(624 001)	–	–	–	–	1 053 015	1 053 015
Profit before tax		641 353	(644 076)	822 046	(686 233)	(64 208)	–	1 053 015	1 121 897
Taxation		(142 766)	142 521	–	–	–	–	(235 875)	(236 120)
Net profit		498 587	(501 555)	822 046	(686 233)	(64 208)	–	817 140	885 777
Attributable to:									
Equity shareholders		498 587	(501 555)	822 046	(686 233)	(64 208)	–	817 140	885 777
Diluted earnings reconciliation									
Earnings, attributable to equity shareholders, for basic earnings and headline earnings per share		498 587	(501 555)	822 046	(686 233)	(64 208)	–	817 140	885 777
Adjusted for:									
Dilutive effect of potential ordinary shares in subsidiary		–	–	–	–	–	–	–	–
Earnings for diluted earnings and diluted headline earnings per share		498 587	(501 555)	822 046	(686 233)	(64 208)	–	817 140	885 777
Number of shares (thousands)									
– for basic and headline earnings per share		14 395	38 521						52 916
– for diluted and diluted headline earnings per share		21 277	31 639						52 916
Earnings per share (cents)									
Basic earnings per share		3 464							1 674
Diluted earnings per share		2 343							1 674
Headline earnings per share		3 464							1 674
Diluted headline earnings per share		2 343							1 674

Notes and assumptions

- The YeboYethu information has been extracted from the published audited annual financial results of YeboYethu for the year ended 31 March 2018.
- As the BEE transaction is assumed to be effective on 1 April 2017, it has been assumed that the unwind of the existing Vodacom SA BEE transaction and the implementation of the NVF structure will take place in accordance with the memorandum of incorporation of Vodacom SA resulting in YeboYethu holding shares in Vodacom SA. Consequently, dividend income earned on the investment in Vodacom SA as well as the gain on the re-measurement of this investment together with the tax impact thereon are reversed based on the actual impact thereof on YeboYethu for the year ended 31 March 2018.

YeboYethu will hold a 2.04% shareholding in Vodacom SA subsequent to the unwind of the existing BEE transaction (the remaining Vodacom SA A ordinary shares, rank *pari passu* with the ordinary Vodacom SA shares). The investment in Vodacom SA is carried at fair value, and consequently the *pro forma* consolidated income statement assumes a non-recurring fair value adjustment based on the fair value of the Vodacom SA shares. Refer to 7 below for the fair value adjustment arising following YeboYethu exchanging its Vodacom SA shares for new Vodacom Group shares as well as the fair value adjustment arising as a result of YeboYethu subscribing for new Vodacom Group shares.

The diluting impact of the N shares falls away following the unwind of the existing Vodacom SA BEE transaction.

- Dividend income is calculated at 6.23% of the total dividends paid by Vodacom Group of R13 186 million during the year ended 31 March 2018.
- Finance costs are adjusted for the class A preference shares which bear interest at a rate of 68% of the prime overdraft lending rate (non tax deductible) on the outstanding balance as well as class B preference shares which bear interest at a rate of 70% of the prime overdraft rate (non tax deductible) on the outstanding balance.

	R000
Class A preference shares from third party financiers	4 623 446
Finance cost on class A preference shares at 68% of prime	(312 430)
	R000
Class B preference shares from Vodacom Group	5 284 708
Finance cost on class B preference shares at 70% of prime	(373 803)

- Once-off transaction costs of R64 million are assumed.
- Based on the YeboYethu Board's judgement and application of the control principles contained in IFRS 10: Consolidated Financial Statements, the YeboYethu Board concluded that YeboYethu should consolidate YeboYethu Investment. The historical financial information of YeboYethu Investment for the period ended 31 May 2018 and the independent reporting accountant's audit report thereon is available for inspection as stated in paragraph 45 of this circular.

As a result, the 114 451 180 new Vodacom Group shares held by YeboYethu Investment in Vodacom Group is reflected as a financial asset at fair value through profit or loss, in terms of IAS 39: Financial Instruments: Recognition and Measurement, in the consolidated YeboYethu results. The fair value is determined based on the listed share price of Vodacom Group in terms of IFRS 13: Fair Value Measurement and any resulting gains or losses will be recognised through profit or loss at each reporting date. The investment is categorised as level 1 in the fair value hierarchy. Fair value is determined directly by reference to published price quotations in an active market.

- As a result of the fair value adjustment detailed in 2 and 6 above, the *pro forma* consolidated income statement assumes a net gain on remeasurement of R817.1 million (net of deferred tax of R235.9 million) based on 114 451 180 new Vodacom Group shares at a price of R123.09 per Vodacom Group share, being the share price on the last practicable date prior to finalising the circular.
- On each subsequent reporting date, the investment in Vodacom Group will be adjusted based on movements in the fair value and such movements will be recognised in profit or loss. The YeboYethu information reflected in the "*Pro forma* after the BEE transaction" column has been calculated on the basis that all of the steps to unwind the existing Vodacom SA BEE transaction and all of the steps to implement the BEE transaction have been completed. Dividend income, finance cost, other expenses and remeasurement of financial instruments are continuous in nature, unless specified otherwise.
- The BEE transaction gives rise to the following increases in the weighted average number of YeboYethu shares in issue:
 - Step 1: 8 681 092 YeboYethu N shares convert into YeboYethu ordinary shares;
 - Step 2: 21 593 279 YeboYethu ordinary shares are issued to RBH and Thebe in exchange for their investment in Vodacom SA; and
 - Step 4: 8 246 289 YeboYethu ordinary shares are issued to the Vodacom ESOP.

Pro forma consolidated statement of financial position

as at 31 March 2018

The *pro forma* consolidated statement of financial position below presents the effects of the BEE transaction based on the published audited financial results of YeboYethu for the year ended 31 March 2018 on the assumption that the BEE transaction was effective 31 March 2018.

R000	Note	YeboYethu (RF) Limited ¹	Settlement of notional vendor financing ²	Purchase of Vodacom SA shares from RBH and Thebe ³
Assets				
Non-current assets				
Financial assets		–	2 258 760	3 443 264
Current assets				
Financial assets		2 258 760	(2 258 760)	–
Accounts receivable		17 606	–	–
Tax receivable		456	–	–
Restricted cash		210	–	–
Cash and cash equivalents		4 029	–	–
Total assets		2 281 061	–	3 443 264
Equity and liabilities				
Share capital		*	–	3 443 264
Ordinary share premium		359 883	–	–
Retained earnings		1 490 599	–	–
Total equity		1 850 482	–	3 443 264
Non-current liabilities				
Borrowings		–	–	–
Deferred tax		425 343	–	–
		425 343	–	–
Current liabilities				
Dividend payable		3 059	–	–
Accounts payable		2 177	–	–
		5 236	–	–
Total liabilities		430 579	–	–
Total equity and liabilities		2 281 061	–	3 443 264
Number of shares in issue (thousand)	12	14 395	8 681	21 593
Net asset value per share (cents)		8 697		
Tangible net asset value per share (cents)		8 697		

Pro forma adjustments

Issue of YeboYethu shares to Vodacom ESOP ⁴	Subscription to class A and class B preference shares ⁵	Dividend paid to YeboYethu shareholders ⁶	Transaction cost and other expenses ⁷	Consolidate YeboYethu Investment ⁸	Subscription to Vodacom Group shares ⁹	Remeasurement of Financial assets ¹⁰	<i>Pro forma</i> after the BEE transaction ¹¹
-	-	-	-	-	7 332 756	1 053 015	14 087 795
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	17 606
-	-	-	-	-	-	-	456
-	-	-	-	-	-	-	210
750 000	9 908 154	(3 261 190)	(64 208)	-	(7 332 756)	-	4 029
750 000	9 908 154	(3 261 190)	(64 208)	-	-	1 053 015	14 110 096
750 000	-	-	-	-	-	-	4 193 264
-	-	-	-	-	-	-	359 883
-	-	(3 261 190)	(64 208)	-	-	817 139	(1 017 660)
750 000	-	(3 261 190)	(64 208)	-	-	817 139	3 535 487
-	9 908 154	-	-	-	-	-	9 908 154
-	-	-	-	-	-	235 875	661 218
-	9 908 154	-	-	-	-	235 875	10 569 372
-	-	-	-	-	-	-	3 059
-	-	-	-	-	-	-	2 177
-	-	-	-	-	-	-	5 236
-	9 908 154	-	-	-	-	235 875	10 574 608
750 000	9 908 154	(3 261 190)	(64 208)	-	-	1 053 014	14 110 095
8 246							52 916
							6 681
							6 681

Notes and assumptions

1. The YeboYethu information has been extracted from the published audited annual financial results of YeboYethu for the year ended 31 March 2018.

2. It has been assumed that the unwind of the existing Vodacom SA BEE transaction and the implementation of the NVF structure takes place in accordance with the memorandum of incorporation of Vodacom SA.

YeboYethu will hold a 2.04% shareholding in Vodacom SA (the remaining Vodacom SA A ordinary shares, rank *pari passu* with the ordinary Vodacom SA shares), resulting in the derecognition of the current financial asset, being the option asset investment in Vodacom SA, and recognition of the investment in Vodacom SA as a non-current financial asset. The investment in Vodacom SA is held at fair value and consequently the *pro forma* consolidated statement of financial position assumes a non-recurring fair value adjustment based on the fair value of the Vodacom SA shares. Refer to note 10 below for the fair value adjustment arising following YeboYethu exchanging its Vodacom SA shares for new Vodacom Group shares as well as the fair value adjustment arising as a result of YeboYethu subscribing for new Vodacom Group shares.

3. YeboYethu issues 21 593 279 new YeboYethu ordinary shares to Thebe and RBH for a consideration of R3 443.3 million in exchange for their investment in Vodacom SA. Share capital and financial assets are increased accordingly.

4. YeboYethu issues ordinary shares to the value of R750 million to Vodacom ESOP. Share capital and cash and cash equivalents are increased accordingly.

5. Borrowings and cash and cash equivalents are increased for YeboYethu's issue of class A preference shares, to the value of R4 623.4 million, from third party financiers and class B preference shares, to the value of R5 284.7 million, from Vodacom Group.

6. Retained earnings and cash and cash equivalents are reduced for the impact of the declaration of the special dividend (the special dividend of R3 261.2 million is settled from the proceeds of the subscription in YeboYethu ordinary shares by Vodacom ESOP, being R750 million, and the issue of the class B preference shares).

7. Once-off transactions costs of R64 million are assumed to be settled in cash and have been expensed in profit or loss.

8. Based on the YeboYethu board's judgement and application of the control principles contained in IFRS 10: Consolidated Financial Statements, the YeboYethu board concluded that YeboYethu should consolidate YeboYethu Investment. The historical financial information of YeboYethu Investment for the period ended 31 May 2018 and the independent reporting accountant's audit report thereon is available for inspection as stated in paragraph 45 of this circular.

9. YeboYethu Investment subscribes for 64 761 185 Vodacom Group ordinary shares at the BEE transaction discounted subscription price, amounting to R7 332.8 million (as described in par 3.6 to the circular). The 114 451 180 new Vodacom Group shares held by YeboYethu Investment in Vodacom Group is reflected as a financial asset at fair value through profit or loss, in terms of IAS 39: Financial Instruments: Recognition and Measurement, in the consolidated YeboYethu results.

The fair value of the investment is determined based on the listed share price of Vodacom Group in terms of IFRS 13: Fair Value Measurement and any resulting gains or losses will be recognised through profit or loss at each reporting date.

10. As a result of the fair value adjustment detailed in 2 and 9 above, the *pro forma* consolidated statement of financial position assumes a gain on remeasurement adjustment of R1 053.0 million. The remeasurement relates mainly to the 114 451 180 new Vodacom Group shares at a price of R123.09, per Vodacom Group share, being the share price on the last practicable date prior to finalising the circular.

11. The YeboYethu information reflected in the "Pro forma after the BEE transaction" column has been calculated on the basis that all of the steps to unwind the existing Vodacom SA BEE transaction and all of the steps to implement the BEE transaction have been completed.

12. The BEE transaction gives rise to the following increases in the number of YeboYethu shares in issue:

Step 1: 8 681 092 YeboYethu N shares convert into YeboYethu ordinary shares;

Step 2: 21 593 279 YeboYethu ordinary shares are issued to RBH and Thebe in exchange for their investment in Vodacom SA; and

Step 4: 8 246 289 YeboYethu ordinary shares are issued to the Vodacom ESOP.

ANNEXURE 3: INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF *PRO FORMA* FINANCIAL INFORMATION OF YEBOYETHU

The Directors
YeboYethu (RF) Limited
Vodacom Corporate Park
082 Vodacom Boulevard
Midrand
1685

Report on the Assurance Engagement on the Compilation of *Pro Forma* Financial Information included in a Circular

YeboYethu (RF) Limited ("YeboYethu or "the Company") is issuing a circular to its shareholders ("the Circular") regarding its proposed participation in Vodacom Group Limited's ("Vodacom Group") broad based black economic empowerment ownership transaction, whereby:

- ▶ YeboYethu's existing equity stake in Vodacom (Proprietary) Limited ("Vodacom SA") will be unwound;
- ▶ Royal Bafokeng Holdings Proprietary Limited and Thebe Investment Corporation Proprietary Limited will exchange their Vodacom SA shares for shares in YeboYethu;
- ▶ YeboYethu exchanges its Vodacom SA shares for new Vodacom Group shares; and
- ▶ YeboYethu raises vendor and third party funding in order to subscribe for additional Vodacom Group shares.

We have completed our assurance engagement to report on the compilation of the *pro forma* financial information of the Company by the directors. The *pro forma* financial information, as set out in paragraph 6 and **Annexure 2** of the Circular, consists of the *pro forma* statement of financial position as at 31 March 2018, the *pro forma* statement of comprehensive income for the year then ended, the *pro forma* financial effects and related notes. The applicable criteria on the basis of which the directors have compiled the *pro forma* financial information are specified in the JSE Limited (JSE) Listings Requirements and described as set out in paragraph 6 and **Annexure 2** of the Circular.

The *pro forma* financial information has been compiled by the directors to illustrate the impact of participating in Vodacom Group's proposed broad based black economic empowerment ownership transaction. As part of this process, information about the Company's financial position and financial performance has been extracted by the directors from the Company's annual financial statements for the year ended 31 March 2018, on which an audit report has been published.

Directors' responsibility

The directors of the Company 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 paragraph 6 and **Annexure 2** of the Circular.

Our independence and quality control

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 behaviour. The IRBA code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Part A and B).

The firm applies International Standard on Quality Control 1 and, accordingly, maintains a comprehensive system of quality control including documented policies and 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 of the applicable criteria specified in the JSE Listings Requirements and described in paragraph 6 and **Annexure 2** of the Circular.

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 issued by the International Auditing and Assurance Standards Board. This standard requires that we plan and perform our 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 and described in the Circular.

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 is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the company as if the event had occurred or the transaction 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 event or transaction 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 event or transaction, 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.

The procedures selected depend on our judgment, having regard to our understanding of the nature of the Company, the event or transaction 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 by the JSE Listings Requirements and described in paragraph 6 and **Annexure 2** to the Circular.



PricewaterhouseCoopers Inc.

Director: Berno Niebuhr

Registered Auditor

Johannesburg

10 July 2018

ANNEXURE 4: DETAILED CURRICULA VITAE OF YEBOYETHU DIRECTORS

The curricula vitae of the YeboYethu directors are set out below:

Zarina Bibi Mahomed Bassa (age 54)

BAcc, DipAcc, CA(SA)

Independent non-executive director, Chairman of the YeboYethu board, member of the Audit and Social and Ethics Committees and represents YeboYethu on the Vodacom SA board. Appointed Chairman in June 2008.

Zarina serves as a non-executive director of Vodacom SA, Woolworths, Investec and Oceana. Zarina was previously an executive director at Absa Bank and a member of the Absa Group executive committee, with accountability for Private Banking. Zarina joined Absa in 2002 as Managing Executive of Retail Banking, prior to which she was a partner at Ernst & Young where she spent 17 years across the Durban, United Kingdom and Johannesburg offices. She has also previously chaired the Public Accountants' and Auditors' Board and the Auditing Standards Board and has been a member of the Accounting Standards Board, the JSE's GAAP Monitoring Panel, the board of the South African Institute of Chartered Accountants and Vice President of ABASA. Zarina has also previously served on the board of Kumba Iron Ore, Sun International, Mercedes SA and the FSB. Zarina was named Top Women in Business and Government in 2007 and Top Business Personality in Financial Services: Banking in 2008.

Seth Malefetsane Radebe (age 44)

BCom, BCom (Hons), CA(SA)

Independent non-executive director, Chairman of the Social & Ethics Committee and member of the Audit Committee.

Seth is the Chief Executive of Amazwe Holdings. He is a chartered accountant with over 18 years' experience both in the public and private sectors. His areas of expertise are in finance, auditing, investments, business management, leadership and strategy.

Seth was previously a director at PKF Accountants, and a partner at Grant Thornton, Johannesburg. Seth completed his articles with Deloitte and held various auditing positions with Deloitte, the South African Revenue Services and the office of the Auditor General (AG). Seth serves and had served as either a chairperson or member of the Audit Committee and director of various entities which include YeboYethu, Transnet, Sentech, Africa Cellular Towers (ACTOWERS), South African Forestry Company Limited (SAFCOL), Platsfelds Limited, City of Johannesburg, Municipal Demarcation Board, Mangaung Metropolitan Municipality, among others. He is a member of the South African Institute of Chartered Accountants (and Institute of Directors of South Africa (IODSA).

Adele Mary Hall (age 50)

BCompt (Unisa)

Independent non-executive director and member of the Social & Ethics Committee.

Adele is the co-owner and director of No Ordinary Corporation, an organisation whose primary purpose is to assist organisations with their human resources and transformation objectives, with a special focus on development of people, particularly entrepreneurs. Positions previously held included Vice President and Head of Transformation at Saab Grintek Defence, as well director responsible for BBBEE, Transformation and Diversity at UTi Africa. She is also the chairman of Alcon Marepha and a member of the Thandi Foundation. Adele previously held the position as Sales and Marketing director at The Pacific Institute of South Africa. Prior to this, she was an executive director and the majority shareholder of FranklinCovey Southern Africa and has held a number of senior commercial and marketing positions at FranklinCovey since 2001 when she first joined. Prior to this she held financial positions in a re-insurance company.

Stefaan Sithole (age 60)

BCom (Wits), BAcc (Wits), CA (SA), Diploma in Business Management (University of Natal), CIA

Independent non-executive director, Chairman of the Audit Committee.

In 1991 Stefaan qualified as a Chartered Accountant after serving articles with Deloitte Haskins and Sell. He then joined Anglo American Corporation as an Internal Auditor for a period of three years. Recruited by SAB Beer Division for an executive financial position, Stefaan served as a Financial Manager at the Rosslyn Brewery from 1992 to 1994. In 1995, he became a Partner in a multi-national auditing firm, which was renamed Fisher Hoffman Sithole. In 2001 he became a Partner at Sithole Incorporated and since 2002 he has been the Managing Partner of Sithole Incorporated and Sithole SS Group. Stefaan continues to serve as Chairman and member of numerous private and public sector audit committees as well as trustee to various entities. He is currently a non-executive director of Peregrine Holdings, a member of the Audit Committee and Chairman of Peregrine's Social and Ethics Committee.

Matimba Mbungela (age 46)

B Admin (University of Venda), Post Graduate Diploma in HR (UCT), MBA (UKZN), and also a graduate of the Vodafone Global HR Excellence Program.

Non-executive director and member of the Social & Ethics Committee.

Matimba is the Chief Human Resources Officer at Vodacom Group. Prior to this role, he was Managing Executive: HR for Vodacom South Africa until April 2014. Matimba has worked within the Vodacom/Vodafone Group since 2003 during which he worked in various roles within HR. He subsequently spent 3 years on secondment to Vodafone as Regional Head of Organisational Effectiveness & Change, and Regional Head of Talent within the Africa, Middle East & Asia Pacific "AMAP" region. Prior to his assignment to the Vodafone AMAP Region, Matimba was responsible for Talent Management at Vodacom for six years where he successfully delivered the integration of Vodacom's talent strategy into the Vodafone global strategy. His previous experience includes key HR roles in blue chip companies such as BMW South Africa and Unilever.

In October 2015, Matimba was appointed as a Non-Executive Director on the Vodacom Business Nigeria Board and 1 August 2017 as Director on the Vodacom Tanzania Board.

All directors are South African.

All the directors and YeboYethu's company secretary have confirmed that they have not been involved in any or are not subject to any:

- ▶ bankruptcies, insolvencies or individual voluntary compromise arrangement;
- ▶ receiverships, compulsory liquidations, creditors voluntary liquidations, administrations, company voluntary arrangements, or any compromise or arrangement with creditors generally or any class of creditors of any company where the director is or was a director with an executive function at the time of or within 12 months preceding such events;
- ▶ compulsory liquidations, administrations, partnership voluntary arrangements of an partnership where the director was a partner at the time of or within 12 month preceding such events;
- ▶ receiverships of any asset/s of such person or of a partnership of which the individual is or was a partner at the time of or within 12 months preceding such events;
- ▶ public criticism by statutory or regulatory authorities or disqualified by a court from acting as a director or in the management or conduct of the affairs of any company;
- ▶ barred from entry into any profession or occupation; or
- ▶ offence involving dishonesty.

ANNEXURE 5: TRADING HISTORY OF YEBOYETHU SHARES ON THE JSE

Below is the price history of the YeboYethu shares on the JSE displaying the (i) aggregate volumes and values traded; (ii) the highest and lowest prices traded each month over the twelve months and (iii) each day over the 30 days preceding the last practicable date prior to the date of issue of the circular.

	High (R)	Low (R)	Close (R)	Volume (shares)	Value (R)
Monthly					
2017					
June					
July	75.00	69.00	70.26	93 777	6 819 473.49
August	75.00	70.00	70.52	84 591	6 182 710.81
September	75.01	70.20	72.46	64 449	4 733 077.24
October	75.05	71.00	73.38	38 476	2 822 845.86
November	75.00	70.00	71.42	34 008	2 434 824.07
December	71.01	67.50	68.98	20 220	1 403 721.44
2018					
January	75.00	68.50	70.76	64 879	4 652 101.60
February	75.20	70.15	72.21	39 543	2 877 321.62
March	77.50	74.53	75.58	39 233	2 966 994.19
April	80.00	70.25	75.93	135 043	10 651 073.41
May	87.00	73.40	80.64	46 216	3 734 505.37
June	126.00	76.25	106.49	71 382	7 654 966.13
Daily					
2018					
May					
Wed, 23 May	84.00	81.55	81.55	1 699	141 661.40
Thu, 24 May	83.00	81.50	81.56	1 906	155 784.70
Fri, 25 May	85.00	81.56	85.00	2 894	240 033.80
Mon, 28 May	85.00	85.00	85.00	363	30 855.00
Tue, 29 May	85.50	76.25	76.25	5 341	442 941.68
Wed, 30 May	76.50	76.25	76.50	1 125	85 831.25
Thu, 31 May	85.00	80.00	85.00	3 730	306 016.80
Daily					
2018					
June					
Fri, 1 June	85.00	85.00	85.00	–	–
Mon, 4 June	85.00	80.00	80.00	1 325	106 405
Tue, 5 June	77.10	76.25	76.25	1 119	86 143
Wed, 6 June	84.99	76.25	84.50	6 153	504 616
Thu, 7 June	81.00	78.10	80.00	2 985	237 667
Fri, 8 June	84.50	78.10	84.50	2 115	172 359
Mon, 11 June	120.00	86.06	120.00	11 989	1 183 634
Tue, 12 June	125.01	120.00	120.50	3 273	398 732
Wed, 13 June	126.00	125.00	126.00	1 590	199 078
Thu, 14 June	126.00	125.00	126.00	1 717	215 959
Fri, 15 June	126.00	125.01	125.01	2 740	344 743
Mon, 18 June	125.00	123.00	123.00	3 636	447 920
Tue, 19 June	126.00	120.00	120.00	7 577	941 454
Wed, 20 June	119.00	105.00	105.00	1 749	199 877
Thu, 21 June	114.50	105.00	114.50	1 576	176 370
Fri, 22 June	114.70	114.50	114.50	4 140	474 112
Mon, 25 June	115.00	111.00	111.51	4 202	472 312
Tue, 26 June	111.52	111.00	111.00	1 451	161 334
Wed, 27 June	111.01	111.00	111.00	2 630	291 932
Thu, 28 June	111.00	105.00	107.00	1 550	169 047
Fri, 29 June	111.00	107.00	111.00	7 865	871 273
Mon, 2 July	110.50	102.00	102.00	4 369	481 340
Tue, 3 July	110.00	102.00	110.00	2 108	223 085

ANNEXURE 6: EXTRACTS FROM THE MEMORANDUM OF INCORPORATION OF YEBOYETHU, INCLUDING PROPOSED AMENDMENTS

Summary of the salient changes to the memorandum of incorporation (“MOI”) of YeboYethu (RF) Limited (“company”)

Undefined terms and phrases appearing herein shall, to the extent the context indicates so, have the meanings assigned to them in the MOI.

1. Definitions

- 1.1 **B-BBEE Definitions** (clauses 1.1 – 1.15): All definitions relating to B-BBEE have been updated in order to align them with the current definitions contained in the B-BBEE Laws.
- 1.2 **“BEE Listing”** (old clause 1.1.2), **“BEE Listing Period”** (old clause 1.1.3), **“BEE Transaction”** (old clause 1.1.4): These definitions have been deleted as they are no longer relevant and/or applicable pursuant to the new transaction.
- 1.3 **“Bulk Dematerialisation”** (old clause 1.1.6), **“Bulk Dematerialisation”** (old clause 1.1.7): These definitions have been deleted as they are no longer relevant and/or applicable pursuant to the new transaction.
- 1.4 **“funding agreements”** (clause 1.32): New definition has been inserted which relates to the agreements entered into or to be entered into between VGL, third party funders, the Company and some key shareholders of the Company in terms whereof VGL and the third party funders will advance funding to the Company and/or the key shareholders for the purpose of consummating the transaction. A subset of these agreements is defined as the **“funders funding agreements”**, which specifically refers to those funding agreements to which the party funders are a party and excluding those to which they are not a party.
- 1.5 **“funding agreements restriction period”** (clause 1.33): New definition has been inserted which relates to the funding agreements and it is used in the MOI to define the duration of the period during which certain obligations and/or restrictions will apply to the Company pursuant to the funders’ funding agreements.
- 1.6 **“funding period”** (clause 1.34): New definition has been inserted which relates to the funding agreements and it is used in the MOI to define the duration of the period during which certain obligations and/or restrictions will apply to the Company pursuant to all of the funding agreements.
- 1.7 **“Implementation Date”** (old clause 1.1.20): This definition has been deleted as it is no longer relevant and/or applicable pursuant to the new transaction.
- 1.8 **“implementation agreement”** (clause 1.36): New definition has been inserted being the agreement that sets out the details and implementation steps relating to the new transaction.
- 1.9 **“preference share agent”** (clause 1.48): New definition has been inserted which relates to the person appointed by the preference shareholders as their agent for purposes of, among other things, giving certain consents on behalf of the preference shareholders as required under the MOI.
- 1.10 **“preference shares”** (clause 1.49): New definition has been inserted which relates to the new class of preference shares which will be created and issued to the funders.
- 1.11 **“Subscription Agreement”** (old clause 1.1.36): This definition has been deleted as it is no longer relevant and/or applicable pursuant to the new transaction.
- 1.12 **“VGL ESOP”** (clause 1.71): New definition has been inserted which relates to the new VGL employee share scheme to be established pursuant to the transaction and it is used in the MOI in relation to the granting of permission for non-black participants therein to hold shares in the Company.
- 1.13 **“VGL ESOP participants”** (clause 1.72): New definition has been inserted which relates to the new VGL employee share scheme participants.
- 1.14 **“VGL service level agreement”** (clause 1.74): New definition has been inserted which refers to the service level agreement entered into between VGL and the Company.
- 1.15 **“VGL shares”** (clause 1.75): New definition has been inserted which relates to the new VGL shares to be held by the Company pursuant to the transaction.
- 1.16 **“VSA A Shares”** (old clause 1.1.42), **“VSA Ordinary Shares”** (old clause 1.1.43), **“VSA Shareholders Agreement”** (old clause 1.1.44): These definitions have been deleted as they are no longer relevant and/or applicable pursuant to the new transaction.
- 1.17 **“YeboYethu Ordinary Shareholders”** (old clause 1.1.45), **“YeboYethu Ordinary Shares”** (old clause 1.1.46): These definitions have been deleted as they are no longer relevant and/or applicable pursuant to the new transaction.

1.18 **"YY ShareCo"** (clause 1.79): New definition has been inserted being the new special purpose vehicle through which the Company will indirectly hold the VGL shares, and which entity also serves as a security vehicle in respect of the security provided to the funders pursuant to the funding agreements.

2. Powers and objects of the company (clause 5)

2.1 The old clauses 3.1.1 to 3.1.3 have been deleted as these clauses are no longer relevant and/or applicable in the context of the new transaction.

2.2 New clause 5.2, the main object of the company has been clarified and expanded to indicate that the Company is intended to be an investment vehicle through which shareholders, indirectly acquire exposure to VGL shares and, for the duration of the funding period, to be a B-BBEE owned company and a B-BBEE controlled company compliant with the B-BBEE laws and the B-BBEE principles.

3. Restrictive conditions (clause 6)

3.1 The Company is a ring fenced entity and accordingly it is subject to certain restrictive provisions which are set out in clauses 6.1 to 6.3. These restrictive conditions have been amended to allow for the Company to consummate the new transaction and to cater for its continued obligations pursuant to the new transaction.

3.2 The new and/or additional restrictive conditions are set out in clause 6.1, which essentially restrict the Company's powers and activities only to, among others, implementing the new transaction, acquiring and holding shares in YY ShareCo and receiving and distributing dividends and other forms distributions.

3.3 Clause 6.5 relates to the amendment of the restrictive provisions and has been amended, essentially to make the Company a true ring fenced entity in that any amendment to these restrictive conditions will require more than a special resolution and in addition to the increased shareholder approval threshold, the prior written consent of VGL and the preference share agent will also be required (as per clause 6.6).

4. Authorised shares of the company (clause 8)

4.1 Clause 8.1.1.1, the authorised ordinary share capital of the Company has been (i) converted from par value shares to no par value, and (ii) increased from 40 000 000 to 100 000 000 ordinary shares.

4.2 Clause 8.1.1.3, two new classes of preference shares have been created, being the Class A preference shares and the Class B preference shares with the preferences, rights, limitations and other terms associated with each such class set out in **Annexure B** to the MOI. These new preference shares will be issued to the funders as funding instruments.

4.3 Clause 8.2.5, the preference share agent's prior written consent will be required in order for the Company to (*inter alia*) create further classes of shares, increase the company's authorised share capital, reclassify, convert, consolidate or subdivide any class of shares, or vary the preferences, rights or limitation of any class of shares.

5. Share issues (clause 9)

Clause 9.1.1 (old clause 7.4), this clause has been amended by adding two further conditions in respect of any issue of shares by the Company, being that any issue of shares shall be subject to (i) the B-BBEE principles, and (ii) the prior written consent of the preference share agent.

6. Certificated and uncertificated securities (clause 11)

The old clauses 8.9 and 8.10 dealing with "Bulk Dematerialisation" have been deleted as these provisions are no longer relevant and/or applicable in the context of the new transaction.

7. Odd-lot offers (clause 18)

This new clause has been inserted to provide flexibility for the Company to implement odd-lot offers if approved by shareholders by ordinary resolution.

8. Application of the B-BBEE principles (clause 19)

Clause 19, this clause has been inserted to clarify that (i) the B-BBEE principles only apply for the duration of the funding period, and (ii) the B-BBEE principles do not apply to the preference share holders.

9. Restrictions on the sale and encumbrance of shares (clause 20)

9.1 Clause 20.2, this clause has been amended to permit shareholders of the Company to encumber their shares in the Company.

9.2 Clause 20.3, this clause has been inserted to ensure that all shareholders of the Company undertake to comply with the B-BBEE undertakings and furthermore that they undertake to procure that the Company complies with the B-BBEE undertakings.

9.3 Clause 20.4, this clause has been inserted to ensure that shareholders of the Company do not inadvertently breach the MOI by reason of a change in B-BBEE laws, and to the extent that such a change occurs, the shareholders undertake to vote in favour of any amendments to the MOI proposed by the directors to align it with such changed legislation. If the shareholders do not vote in favour of such amendment after that having been proposed by the directors, then the exclusion does not apply, and in those circumstances, a breach of the restrictions in clause 20 or the B-BBEE undertakings in **Annexure C** due to a change in the B-BBEE laws will trigger the ordinary breach provisions.

- 9.4 The provisions previously contained in this clause dealing with the lock-in of shareholders have been deleted as these are no longer relevant and/or applicable in the context of the new transaction.
- 9.5 No other substantive amendments have been made to this clause other than to align it with the simplified B-BBEE definitions.

10. Restriction on transmission of shares (clause 21)

Clauses 21.3 and 21.4 have been amended such that they apply to any insolvency event, whether voluntary or involuntary whereas previously they only applied to involuntary insolvency events.

11. Deemed offers (clause 22)

- 11.1 The purchase price payable for deemed offers has been amended from "Interim Market Value" (as previously defined) to a pricing based on the VWAP of the shares of Company.
- 11.2 Clause 22.4.2.1 (old clause 11.5.2.1), the purchase price payable in respect of a deemed offer arising pursuant to a death event has been amended to be an amount equal to the 30 day VWAP of the shares.
- 11.3 Clause 22.4.2.2 (old clause 11.5.2.2), the purchase price payable in respect of a deemed offer arising pursuant to an insolvency event has been amended to be an amount equal to the 30 day VWAP of the shares.
- 11.4 Clause 22.4.2.3 (old clause 11.5.2.3), the purchase price payable in respect of a deemed offer arising pursuant to a breach of the B-BBEE undertakings has been amended to be an amount equal to the 30 day VWAP of the shares less 27%, provided that:
- 11.4.1 the purchase price per offer share shall be equal to the 30 day VWAP of the shares less 7% if the relevant breach of a B-BBEE principle was caused by facts or circumstances beyond the control of the relevant shareholder; and
 - 11.4.2 the purchase price per offer share shall be equal to the 30 day VWAP of the shares less 1% if the relevant breach of a B-BBEE principle was caused by any change in the B-BBEE laws, the consequences of which were outside of the reasonable control of relevant shareholder.

12. Shareholders' meetings (clause 25)

- 12.1 Clause 25.1, this clause has been amended to expressly provide the board with powers to cancel a shareholders' meeting called by it if it deems fit to do so.
- 12.2 Clause 25.1.2.1, this clause has been amended to expressly provide that the Company must hold a shareholders' meeting whenever it is required to do so in terms of the JSE Listings Requirements (this is in addition to the MOI and the Companies Act requirements for a meeting).
- 12.3 Clause 25.3.3, this clause has been amended to state that all shareholders' meetings require 15 business days' notice (previously 10 business days notice).
- 12.4 Clause 25.4.5, this clause has been inserted to oblige the Company to release SENS notices in respect of all postponed or adjourned meetings.

13. Votes of shareholders (clause 27)

- 13.1 Clause 27.1.1, this clause has been amended to provide that all voting at a meeting of the shareholders shall only be conducted by means of a poll.
- 13.2 Clause 27.4, this clause has been amended to provide that the chairperson shall not be entitled to a second or casting vote.

14. Proxies and representatives (clause 28)

Clause 28.4.2, this clause has been amended to align with the Companies Act such that a proxy shall be entitled to deliver its proxy form at any time before such proxy exercises any rights on behalf of a shareholder at the relevant meeting.

15. Composition of the board of directors (clause 31)

- 15.1 Clause 31.1, this clause has been amended to provide that the maximum number of directors of the Company shall be 9 and that the shareholders shall be entitled, by ordinary resolution, to change such maximum number of directors as they from time to time shall consider appropriate.
- 15.2 Clause 31.2.2, this clause has been inserted to ensure that the board remains sufficiently diversified and representative. This clause provides that the board shall comprise at least 50% black people and 25% black women.
- 15.3 Clause 31.3, this clause has been inserted to enable VGL to appoint an observer to attend meetings of the board, however such observer shall not be entitled to vote at such meetings.
- 15.4 Clause 31.5.1, this clause has been amended to provide that a shareholder shall be entitled to nominate for appointment one director for every 10% ordinary shareholding held by that shareholder in the Company. This nomination right is without prejudice to any other provision of the MOI or any rights in law, and the appointment (or removal) of the director so proposed is nevertheless subject to election (or removal) by ordinary resolution.
- 15.5 Clause 31.5.2, this clause has been inserted to oblige a shareholder to propose the removal of its nominated director if that shareholder's shareholding is diluted to below 10%.
- 15.6 Old clause 24.6, this clause has been deleted as it is no longer applicable.

16. Alternate directors (clause 34)

Clause 34.1, this clause has been amended to provide that directors may only appoint alternate directors only to the extent that such person (being the candidate for alternate director) is already a director of the Company.

17. Directors meetings (clause 36)

17.1 Clause 36.2, this clause has been amended to remove the provisions relating to the deputy chairman as this concept no longer applies in the MOI.

17.2 Clause 36.4.4, this clause has been inserted to expressly provide the directors with the powers to cancel a board meeting when appropriate to do so.

18. Reserved matters (old clause 35)

This clause has been deleted in its entirety as it is no longer relevant and/or applicable in the context of the new transaction.

19. Debt instruments (clause 41)

This clause has been amended to state that during the funding period, in addition to any other requirements in terms of the MOI, the board may only authorise an issue of debt instruments with the prior written consent of the preference share agent.

20. Financial assistance (clause 42)

This clause has been amended by the addition of the new clause 42.3 to state that during the funding period, in addition to any other requirements in terms of the MOI, the board may only authorise the financial assistance contemplated in clauses 42.1. and 42.3 with the prior written consent of the preference share agent.

21. Annual financial statements (clause 43)

Clause 43.1.2, this clause has been amended in order to align it with the JSE Listings Requirements in that the company will now be required to prepare its annual financial statements within 4 months after the end of its financial year.

22. Distributions (clause 44)

Clause 44.1, this clause has been amended to provide for the additional requirement that during the funding period, any distributions to be made by the Company shall also be subject to the funding agreements.

23. Amendment of the memorandum of incorporation (clause 49)

Clause 49.1, this clause has been amended to provide for the additional requirement that during the funding period, any amendment of the MOI shall also be subject to the consent of the preference share agent.

24. Winding up (old clause 43)

This clause has been deleted in its entirety.

ANNEXURE 7: REPORT BY THE BOARD OF DIRECTORS IN TERMS OF REGULATION 31(7)

Report by the board of directors of YeboYethu (RF) Limited (2008/014734/06) (“company”) in terms of Regulation 31(7) of the Companies Regulations, 2011

Whereas:

1. The company presently has 40 000 000 authorised issued and unissued ordinary shares with a par value of R0.0001 (one thousandth of a cent) each.
2. The conversion of the entire ordinary share capital of the company into 40 000 000 ordinary shares of no par value, in terms of regulation 31 to the Companies Act, 2008 (as amended) (“**Companies Act**”) published under GN R351 in GG 34239 of 26 April 2011 (“**conversion**”) will be placed before the shareholders of the company for their consideration in terms of the circular and notice of general meeting to which this report is annexed.
3. The conversion is necessitated as a result of the proposed creation by the company of additional authorised ordinary shares, which in terms of the Companies Act are required to be of no par value, pursuant to the implementation of the BEE transaction as more fully described in the abovesaid circular to shareholders. Accordingly, all shares of this particular class will have to be of a uniform no par value.
4. For the purposes of regulation 31(8) the company must publish the proposed board resolution and the proposed special resolution for conversion to shareholders before the general meeting at which the special resolution will be considered.
5. The necessary board report for purposes of regulation 31(7) is contained below and is approved by the board of directors of the company to be published to the company's shareholders.

Report

6. In respect of the conversion the board hereby:
 - 6.1 notes that the value of the shares which are the subject matter of the conversion, namely all ordinary shares, will remain the same as each converted ordinary share shall have the same rights and privileges as attach to such shares immediately prior to the conversion;
 - 6.2 notes that all shareholders will be equally affected by the conversion;
 - 6.3 is of the view that the shareholders of the company will not in any way be affected by the conversion, whether as regards the voting or economic rights or distribution rights held by the shareholders of the company as the substance of their specific rights and privileges will not be altered; and
 - 6.4 in light of the foregoing and due to the fact that there will be no adverse effect on the shareholders of the company, has determined that no compensation to shareholders of the company is deemed necessary or contemplated, as a result of the conversion.

For and on behalf of the board



Avinash Dhanasir
Company Secretary

11 July 2018

ANNEXURE 8: SUMMARIES OF MATERIAL AGREEMENTS

The definitions and interpretations commencing on page 6 of the circular apply, *mutatis mutandis*, to this Annexure:

1. Implementation agreement

- 1.1 The implementation agreement sets out the terms, obligations, and mutual commitments of Vodacom Group, Vodacom SA, YeboYethu, YeboYethu ESOP, RBH, Thebe, YeboYethu Investment, and the Vodacom ESOP, to work together to ensure that the BEE transaction is implemented.
- 1.2 The implementation agreement is subject to certain suspensive conditions (the general transaction conditions and the specific transaction conditions), which are more fully set out in paragraph 5 of the circular.
- 1.3 The salient terms of the implementation of the BEE transaction, as provided for in the implementation agreement, are more fully set out in paragraph 3 of the circular. They include: the unwind of the existing BEE transaction, the consolidation of Vodacom SA BEE shareholders into YeboYethu, the declaration of a special dividend by YeboYethu, the acquisition of YeboYethu shares by Vodacom ESOP through a contribution by employer companies, the exchange by YeboYethu of their Vodacom SA shares for new Vodacom Group shares, and the subscription by YeboYethu for additional Vodacom Group shares through vendor financing and third-party financing.
- 1.4 The implementation agreement will terminate on the final implementation day if the BEE transaction is successfully implemented. If any general or specific transaction condition is not fulfilled or waived by the time stipulated, the provisions of the implementation agreement, save for certain clauses, will never become effective. However, the implementation agreement (and the BEE transaction) will terminate earlier if:
 - 1.4.1 Vodacom Group, YeboYethu, RBH and Thebe agree that any of the necessary general or specific transaction conditions cannot be fulfilled; or
 - 1.4.2 Vodacom Group, YeboYethu, RBH and Thebe agree to terminate the implementation agreement.

2. Relationship agreement

- 2.1 The relationship agreement governs the relationship between Vodacom Group, YeboYethu and YeboYethu Investment, being the parties thereto, in respect of the BEE transaction and comes into effect from the final implementation date and continues in force until the expiry of the funding period.
- 2.2 It sets out, *inter alia*, the "B-BBEE principles" applicable during the funding period, restrictions applicable to YeboYethu and YeboYethu Investment during such period and the implications of any breach of same. The parties shall engage with each other in good faith from the 9th anniversary of the final implementation date to determine whether the relationship may be extended and the terms thereof. Some of the salient features of the relationship agreement are discussed below.
- 2.3 Each of YeboYethu and YeboYethu Investment warrants in favour of Vodacom Group that for the duration of the funding period it will, *inter alia*:
 - 2.3.1 not dispose of or encumber its assets (other than as set out in the relationship agreement) without Vodacom Group's prior written consent;
 - 2.3.2 repay its indebtedness under the funding agreements and maximise the net value points Vodacom Group would derive from YeboYethu on Vodacom Group's ownership scorecard;
 - 2.3.3 procure no change is made to its memorandum of incorporation without Vodacom Group's prior written consent; and
 - 2.3.4 not, save for in terms of the funding agreements, obtain further acquisition finance in respect of certain of their assets without VGL's prior written consent.
- 2.4 Each of YeboYethu and YeboYethu Investment further warrants in favour of Vodacom Group that it will be black owned and shall comply with and enforce the "*B-BBEE Principles*" (as defined in their respective memoranda of incorporation).
- 2.5 In the event that the "*B-BBEE principles*" set out in the relationship agreement are breached, the agreement caters for a number of remedial actions, including a remedy period, provision for engagement between the parties, a deemed offer (with different discount rates applicable according to the breach event) and a pre-emptive right in favour of Vodacom Group (with a specified time period and discount rate applicable).

3. Funding agreements

- 3.1 In terms of the step 6 funders funding YeboYethu preference share subscription agreement, to be entered into by YeboYethu and the third-party funders, YeboYethu will issue class A preference shares to third-party funders in order to fund YeboYethu's subscription for additional YeboYethu Investment shares in accordance with the step 6 funders funding YeboYethu/YeboYethu Investment subscription agreement. The salient features of the class A preference shares are detailed in paragraph 4.2 of this circular.
- 3.2 The class A preference shares will be secured through: (i) YeboYethu entering into a cession and pledge agreement with the third-party funders and RMB (in its capacity as preference share agent), in terms of which YeboYethu will cede and pledge in security its proceeds account, transaction account, redemption reserve account, any shares or other securities held by YeboYethu from time to time (including without limitation the YeboYethu Investment shares held by it), in favour of the third-party funders as security for its obligations in relation to the class A preference shares, (ii) YeboYethu Investments entering into a guarantee agreement with the third-party funders and RMB (in its capacity as preference share agent), in terms of which YeboYethu will guarantee YeboYethu's obligations in relation to the class A preference shares in favour of the third-party funders; and (iii) YeboYethu Investments entering into a cession and pledge agreement with the third-party funders and RMB (in its capacity as preference share agent), in terms of which YeboYethu Investments will cede and pledge in security its bank account and any shares or other securities held by it from time to time (including without limitation the Vodacom Group shares held by it), in favour of the third-party funders as security for its obligations under the aforesaid guarantee.
- 3.3 In terms of the step 6 Vodacom Group funding YeboYethu preference share subscription agreement, to be entered into by YeboYethu and Vodacom Group, YeboYethu will issue class B preference shares to Vodacom Group in order to fund: (i) the transaction costs, (ii) payment of the special dividend; and (iii) YeboYethu's subscription for additional YeboYethu Investment shares in accordance with the step 6 Vodacom Group funding YeboYethu/YeboYethu Investment subscription agreement. The class B preference shares will be unsecured. The salient features of the class B preference shares are detailed in paragraph 4.2 of this Circular.

4. Vodacom Group service agreement

- 4.1 YeboYethu and Vodacom Group entered into the Vodacom Group service agreement in terms of which YeboYethu appointed Vodacom Group as service provider to perform a range of administrative and financial managerial services for YeboYethu.
- 4.2 The Vodacom Group service agreement, which replaces the Vodacom SA service agreement, will take effect on the final implementation date and will endure indefinitely, unless terminated earlier by either of the parties (with or without cause).
- 4.3 The services to be provided by Vodacom Group under the agreement include maintaining YeboYethu's financial records, providing administrative and financial direction, attending to YeboYethu's tax affairs, and carrying out company secretarial, risk management and internal audit services to YeboYethu. The initial fees payable by YeboYethu to Vodacom Group shall be an amount of R4 086 743 per annum plus VAT, escalated by CPI on an annual basis.

ANNEXURE 9: EXTRACTS OF SECTIONS 115 AND 164 OF THE ACT

1. Section 115: Required approval for transactions contemplated in part

- (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
 - (iii) 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 a special 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.

2. 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 pay 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.

ANNEXURE 10: SUMMARY OF THE CLASS A AND CLASS B PREFERENCE SHARE TERMS

CLASS A PREFERENCE SHARES

1 RESTRICTIONS

The company is not entitled to perform the following actions in terms of the documents relating to the class B preference shares or may only perform the following actions with the consent of the holders of the class A preference shares (the A Holders):

- 1.1 the company shall not (and the company shall procure that YeboYethu Investment shall not) change its residence for tax purposes;
- 1.2 the company shall not (and the company shall procure that YeboYethu Investment shall not) enter into any amalgamation, demerger, merger, consolidation or corporate reconstruction other than with the prior approval of the person appointed by the A Holders to represent them in their dealings with the company (the Preference Share Agent);
- 1.3 the company shall not (and the company shall procure that YeboYethu Investment shall not) change the nature of the business;
- 1.4 the company shall not (and the company shall procure that YeboYethu Investment shall not):
 - 1.4.1 acquire a company or any shares or securities or a business or undertaking (or, in each case, any interest in any of them), other than the acquisition of Vodacom Group shares by YeboYethu Investment; or
 - 1.4.2 incorporate a company; other than with the prior written consent of the Preference Share Agent;
- 1.5 the company shall not (and the company shall procure that YeboYethu Investment shall not):
 - 1.5.1 enter into, invest in or acquire (or agree to acquire) any shares, stocks, securities or other interest in any joint venture; or
 - 1.5.2 transfer any assets or lend to or guarantee or give an indemnity for or grant any Security interest for the obligations of a joint venture or maintain the solvency of or provide working capital to any joint venture (or agree to do any of the foregoing); without the prior written consent of the Preference Share Agent;
- 1.6 the company shall (and the company shall procure that YeboYethu Investment shall) maintain in good working order and condition (ordinary wear and tear excepted) all of its assets necessary in the conduct of its business;
- 1.7 the company shall not (and the company shall ensure that YeboYethu Investment shall not) create or permit to subsist any security over any of its assets except:
 - 1.7.1 any security arising under or evidenced by any funding document relating to the class A preference shares; or
 - 1.7.2 any other security created with the prior approval of the Preference Share Agent;
- 1.8 the company shall not:
 - 1.8.1 sell, transfer or otherwise dispose of any of its assets on terms whereby they are or may be leased to or re-acquired by any Obligor;
 - 1.8.2 sell, transfer or otherwise dispose of any of its receivables on recourse terms;
 - 1.8.3 enter into any arrangement under which money or the benefit of a bank or other account may be applied, set off or made subject to a combination of accounts; or
 - 1.8.4 enter into any other preferential arrangement having a similar effect, in circumstances where the arrangement or transaction is entered into primarily as a method of raising financial indebtedness or of financing the acquisition of an asset;
- 1.9 the company shall not (and the company shall procure that YeboYethu Investment shall not) enter into a single transaction or a series of transactions (whether related or not) and whether voluntary or involuntary to dispose of any asset other than a disposal:
 - 1.9.1 of the Vodacom Group shares in order:
 - 1.9.1.1 to effect an equity cure in relation to the financial covenants (on the terms and conditions set out in the funding documents relation to the class A preference shares);
 - 1.9.1.2 to ensure that the aggregate amount which the company has contracted to pay to the A Holders if all of the class A preference shares were to be redeemed on that day (including without limitation in respect of dividends and redemption prices) are less than an amount equal to 135% of the aggregate issue prices of all of the class A preference shares which, at that time, have not been redeemed in full; or
 - 1.9.1.3 to enable Vodacom Group to exercise its rights under a deemed offer as contemplated in the relationship agreement, provided in each case that no default is continuing at the time (save for the occurrence of a default that resulted in Vodacom Group becoming entitled to exercise its rights under clause 5.3.4.1 of the relationship agreement) or will arise as a result of such disposal;
 - 1.9.2 with the prior written consent of the Preference Share Agent;
- 1.10 the company shall not (and the company shall procure that YeboYethu Investment shall not) enter into any transaction with any person except on arm's length terms and for full market value, other than with the prior written consent of the Preference Share Agent;
- 1.11 the company shall not (and the company shall procure that YeboYethu Investment shall not) make any loans or be a creditor in respect of any financial indebtedness other than with the prior written consent of the Preference Share Agent;
- 1.12 the company shall not (and the company shall procure that YeboYethu Investment shall not) incur or allow to remain outstanding any guarantee in respect of any obligation of any person other than:
 - 1.12.1 arising under or evidenced by the funding documents relating to the class A preference shares; or
 - 1.12.2 entered into with the prior written consent of the Preference Share Agent;

- 1.13 the company shall not declare, make or pay any distribution or pay, prepay, repay, dispose, exchange or repurchase any shareholder loans or make any other payment (whether as a fee, royalty, donation, repayment of a loan or any other form of payment) to any shareholder other than:
 - 1.13.1 a distribution by the company to the holders of the class A preference shares under the transaction agreements;
 - 1.13.2 any distribution by the company to the ordinary shareholders in accordance with the priority of payments set out in the funding documents relating to the class A preference shares; or
 - 1.13.3 any other distribution made with the prior approval of the Preference Share Agent;
- 1.14 the company shall not (and the company shall procure that YeboYethu Investment shall not) assume, incur or allow to remain outstanding any financial indebtedness other than pursuant to indebtedness incurred:
 - 1.14.1 under the funding documents relating to the class A preference shares;
 - 1.14.2 under the funding documents relating to the class B preference shares;
 - 1.14.3 in respect of refinancing; or
 - 1.14.4 any other indebtedness incurred with the prior written approval of the Preference Share Agent;
- 1.15 the company shall procure that it will not amend any of the funding documents relating to the class B preference share without the prior written consent of the Preference Share Agent;
- 1.16 the company shall maintain the its bank accounts with the account bank in South Africa, in the name of the company;
- 1.17 the company shall ensure that all net distributable proceeds received by YeboYethu Investment are paid directly into the bank account designated as the proceeds account;
- 1.18 the company shall not have any bank accounts other than the bank accounts opened for the purposes of the class A preference shares and its transactional bank accounts.
- 1.19 the company shall not issue or register any transfer of ownership of any other shares except as permitted under the relationship agreement, the company's memorandum of incorporation or arising as a result of the enforcement of any security (which it is permitted to provide in terms of the class A preference shares), other than with the prior written consent of the Preference Share Agent.

2 VOTING

- 2.1 The Preference Share Agent (acting on behalf of the A Holders) shall be given due notice of, and shall be entitled to be present (either in person or through a duly authorised representative) at, all shareholders meetings of the company.
- 2.2 Subject to clause 2.3, the Preference Share Agent (acting on behalf of the A Holders) shall not have any voting rights at any shareholders meeting unless, at the time of such shareholders meeting, any default or potential default has occurred and is continuing or in respect of the matters set out in paragraph 2.3.
- 2.3 A resolution of the Preference Share Agent (acting on behalf of the A Holders, as a separate class of shareholders) shall be required to be passed, in addition to the resolution required to be passed by ordinary shareholders, in respect of the following matters:
 - 2.3.1 amending or varying these class A preference share Terms, the rights to receive the dividends and/or redemption prices of the class A preference shares;
 - 2.3.2 increasing, altering, subdividing, repurchasing, reduction, return or repayment of any share capital, share premium, stated capital, non-distributable reserve account or reserves of the issued and/or authorised share capital of the company, including the issue and allotment of shares, share options, warrants and debentures (and other similar instruments);
 - 2.3.3 amending, varying or cancelling any of the rights attaching to the ordinary shares held by the company in YeboYethu Investment;
 - 2.3.4 amending the company's memorandum of incorporation;
 - 2.3.5 approving a scheme of arrangement, liquidation, winding-up or application for business rescue of the company;
 - 2.3.6 undertaking any act that requires a special resolution to be passed under the Act.
- 2.4 The company shall procure that to the extent that any resolution of ordinary shareholders is required to be passed by YeboYethu Investment in relation to the following matters, YeboYethu Investment shall not implement or undertake any such matter, without the prior written consent of the Preference Share Agent:
 - 2.4.1 increasing, altering, subdividing, repurchasing, reduction, return or repayment of any share capital, share premium, stated capital, non-distributable reserve account or reserves of the issued and/or authorised share capital of YeboYethu Investment, including the issue and allotment of shares, share options, warrants and debentures (and other similar instruments);
 - 2.4.2 sale, disposal or encumbrance of any shares held by YeboYethu Investment directly or indirectly;
 - 2.4.3 amending, varying or cancelling any of the rights attaching to the ordinary shares held by YeboYethu Investment;
 - 2.4.4 amending the constitutional documents of YeboYethu Investment;
 - 2.4.5 approving a scheme of arrangement, liquidation, winding up or application for business rescue of YeboYethu Investment;
 - 2.4.6 incurring any debt or guaranteeing any indebtedness, make any investments by YeboYethu Investment other than pursuant to the Transaction Documents; and
 - 2.4.7 change the nature of the business of YeboYethu Investment.
- 2.5 Without derogating from the foregoing, the company shall be obliged to give the Preference Share Agent (acting on behalf of the A Holders) notice, in terms of the company's memorandum of incorporation and the Act, of any meeting of the shareholders or class of shareholders.
- 2.6 At every meeting of the A Holders as a separate class of shareholders of the company the provisions of the company's memorandum of incorporation relating to shareholders meetings shall apply mutatis mutandis.

- 2.7 At every shareholders meeting at which the A Holders are entitled to exercise voting rights the provisions of the company's memorandum of incorporation relating to shareholders meetings shall apply mutatis mutandis, except that there shall be no quorum unless the Preference Share Agent (representing one or more A Holders by proxy) is present, provided that if at any adjournment of such meeting a quorum is not so present, the provisions of the company's memorandum of incorporation relating to adjourned general meetings shall, mutatis mutandis, apply.
- 2.8 At every shareholders meeting or adjourned shareholders meeting of the company contemplated in Clause 2.2 at which the A Holders are entitled to exercise voting rights:
- 2.8.1 all resolutions put to the meeting shall be voted on by way of a poll; and
- 2.8.2 each A Holder shall, in respect of each class A preference share held by it, be entitled to exercise 1 (one) vote per class A preference share, provided that if the total voting rights of all the A Holders exceeds 24.99% of the total voting rights of all shareholders of the company, then each A Holder shall, in respect of each class A preference share held by it, be entitled to exercise 24.99% of the voting rights exercisable by all the shareholders at such meeting divided by the numbers of class A preference shares then in issue.
- 2.9 At every shareholders meeting or adjourned shareholders meeting of the company contemplated in clause 2.3:
- 2.9.1 all resolutions put to the meeting shall be voted on by way of a poll; and
- 2.9.2 each A Holder shall in respect of each class A preference share held by it be entitled to 1 vote.
- 2.10 At all times while the A Holders are entitled to exercise voting rights at any shareholders meeting of the company, the Preference Share Agent (acting on behalf of the A Holders) shall be entitled to:
- 2.10.1 convene a meeting of the shareholders of the company in accordance with section 61 of the Act; and
- 2.10.2 appoint the chairman of a shareholders meeting of the company.

CLASS B PREFERENCE SHARES

1 VOTING

- 1.1 No class B preference share shall have any votes except if:
- 1.1.1 a B Trigger Event (as defined in the rights and privileges attaching to the class B preference shares) has occurred and is continuing; or
- 1.1.2 the shareholders of the company propose a resolution which affects the rights and privileges attaching to any class B preference share or the interests of the holders thereof, including a resolution for the winding-up, commencement of business rescue proceedings or liquidation of the company, the reduction of the company's capital or the acquisition by the company of its shares in terms of section 48 of the Act.
- 1.2 If the circumstances envisaged in clause 1.1.1 or 1.1.2 are continuing:
- 1.2.1 at any time prior to the date on which all the class A preference shares have been redeemed in full, the class B preference shares shall, between them, have 1 (one) vote at general meetings of the company; or
- 1.2.2 after the date on which all the class A preference shares have been redeemed in full, each class B preference share shall confer on its holder 1 (one) vote at general meetings of the company.
- 1.3 The holders of the class B preference shares shall be entitled to notices of general meetings at which the class B preference shares are entitled to vote (but not to any other notice of any other general meetings).

2 RESTRICTIONS

The company is not entitled to perform the following actions in terms of the documents relating to the class B preference shares or may only perform the following actions with the consent of the holders of the class B preference shares (the B Holders):

- 2.1 the rights and privileges of the class B preference shares may not be modified, altered, varied, added to or abrogated without the prior written consent of the B Holders;
- 2.2 except for the class A preference shares, no shares in the capital of the company ranking, as regards rights to dividends, or on a winding-up as regards capital, in priority to or *pari passu* with the class B preference shares shall be created or issued without the prior written consent of the B Holders, which consent shall not be unreasonably withheld;
- 2.3 each of the company and YeboYethu Investment (each a Material Person) shall:
- 2.3.1 file all tax returns containing information required by law to be contained therein;
- 2.3.2 maintain its tax residency in South Africa; and
- 2.3.3 not surrender or dispose of any tax credit, any assessed loss benefit or any allowance.
- 2.4 until the date on which all of the class B preference shares have been redeemed in full (the Interim Discharge Date), no Material Person shall create or permit to subsist any security interest over any of its assets, except any security interest:
- 2.4.1 created pursuant to any finance document designated as such in respect of the class A preference shares;
- 2.4.2 created with the prior written consent of the B Holders; and/or
- 2.4.3 which arises as a result of the operation of law in the normal and ordinary course of the applicable Material Person's business (provided that, for the purposes of this clause 8.4, "normal and ordinary course of the applicable Material Person's business" shall exclude the business of raising finance and other investment activities);
- 2.5 until the Interim Discharge Date, no Material Person shall enter into a single transaction or a series of transactions, whether related or not and whether voluntary or involuntary, to dispose of any of its assets, except any disposals made:
- 2.5.1 in accordance with any applicable provisions of the transaction agreements; or
- 2.5.2 once the class A preference shares have been redeemed in full, (i) with the B Holder's prior written consent, or (ii) in order to pay dividends and/or redemption prices relating to the class B preference shares, provided that arrangements have been made satisfactory to the Holders in their discretion to ensure that the proceeds obtained as a result of such a disposal are used to pay the applicable dividends and/or redemption prices;

- 2.6 until the Interim Discharge Date, the company shall not declare, make or pay any distribution (whether in cash or in kind), except any:
 - 2.6.1 dividends relating to the class A preference shares and any distributions to ordinary shareholders which the company is entitled to make in terms of the step 6 Vodacom Group funding YeboYethu/YeboYethu Investment subscription agreement;
 - 2.6.2 dividends paid by the company (in respect of the class B preference shares) or the redemption of any class B preference share by the company; or
 - 2.6.3 by the company with the prior written consent of all the B Holders (which consent may be withheld without assigning reasons).
- 2.7 YeboYethu Investment shall use (i) any distributions paid to it in respect of the Vodacom Group shares from time to time held by it, (ii) any proceeds obtained by it in respect of the disposal of any of its Vodacom Group shares, and (iii) any other income of any nature whatsoever that from time to time accrues to it from any source, in order to:
 - 2.7.1 pay or make reasonable provisions for any taxes that will become payable by it in respect of those distributions proceeds or other income;
 - 2.7.2 pay any costs reasonably and necessarily incurred by it in order to maintain its corporate existence; and
 - 2.7.3 distribute the entire remaining balance to the company, and YeboYethu Investment shall make those distributions within 5 (five) business days of the date on which it receives any distributions in respect of its Vodacom Group shares or the proceeds of the disposal of any of those shares;
- 2.8 no Material Person shall enter into any amalgamation, demerger, merger or corporate reconstruction except with the prior written consent of the B Holders, which consent may be withheld without assigning reasons;
- 2.9 the company shall not, without the prior written consent of the B Holders, enter into any transaction, arrangement or contract with any person, save for:
 - 2.9.1 the performance of its obligations and exercise of its rights under and in terms of the transaction agreements to which it is a party;
 - 2.9.2 any transaction, arrangement or contract that is necessary or expedient for the purposes of compliance with, or implementation of its obligations under, any law to which it may be subject;
 - 2.9.3 any transaction, arrangement or contract entered into for the purposes of the engagement from time to time of professional advisers, company secretaries, directors and officers; and
 - 2.9.4 any transaction, arrangement or contract entered into for the purposes of maintaining its corporate existence;
- 2.10 the company shall not, without the prior written consent of the B Holders:
 - 2.10.1 consent to the cancellation of any transaction agreement to which it is a party or to any amendment of any nature to any such a document; or
 - 2.10.2 waive or abandon any right of any nature whatsoever that it may have under any transaction agreement to which it is a party, and the company shall, except if the B Holders have otherwise determined in writing, strictly and punctually enforce all its obligations under all the transaction agreements to which it is a party;
- 2.11 no Material Person shall make any amendment to its Memorandum of Incorporation, save to the extent necessary to implement the transactions contemplated in the transaction agreements, without the prior written consent of the B Holders, which consent may be withheld without assigning reasons;
- 2.12 no Material Person shall make any material change to the general nature of its business from that which it carried on without the prior written consent of the B Holders;
- 2.13 until the Interim Discharge Date no Material Person shall lend any money to any person except that:
 - 2.13.1 YeboYethu Investment shall be entitled to lend, to the company, such monies as the company may require in order to comply with its obligations under the transaction agreements; and
 - 2.13.2 YeboYethu Investment shall be entitled to lend, to the company, the proceeds of any Refinance incurred by it, but strictly for the purposes of enabling the company to pay dividends and redemption prices in relation to the class A preference shares and the class B preference shares;
- 2.14 except as permitted under clause 8.12.2 no Material Person shall, until the Interim Discharge Date, incur or allow to remain outstanding any financial indebtedness, other than:
 - 2.14.1 any financial indebtedness which the company or YeboYethu Investment is entitled to incur in terms of their Memorandum of Incorporation without the consent of the B Holders;
 - 2.14.2 to any loans made by YeboYethu Investment to the company pursuant to clause 8.11;
 - 2.14.3 until the class A preference shares have been redeemed in full to any Financial Indebtedness arising under the funding documents relating to the class A preference shares;
 - 2.14.4 to the company's financial indebtedness arising under the funding documents relating to the class B preference shares;
 - 2.14.5 to any refinance incurred by either Material Person; or
 - 2.14.6 to any financial indebtedness incurred by either Material Person with the prior written consent of all the B Holders;
- 2.15 until the Interim Discharge Date, no Material Person shall change its auditor other than to a PwC, EY, KPMG or Deloitte, or any other firm of registered auditors approved in advance by the B Holders in writing;
- 2.16 until the Interim Discharge Date, no Material Person shall change its financial year without the prior written consent of the B Holders, which consent shall not be unreasonably withheld or delayed;
- 2.17 to the extent permitted by law, no Material Person shall vote in favour of, commence and/or implement any business rescue proceedings in respect of itself;
- 2.18 if business rescue proceedings have commenced in relation to a Material Person in accordance with the Act, no Material Person shall (to the extent permitted by law):
 - 2.18.1 vote to amend, approve or reject a proposed business rescue plan in relation to such business rescue proceedings in the manner contemplated in the Act; and/or
 - 2.18.2 propose the development of an alternative business rescue plan in the manner contemplated in the Act; and/or
 - 2.18.3 present an offer to acquire the interests of any or all of the other creditors of the applicable Material Person in the manner contemplated in the Act, without the prior written consent of the B Holders.



YeboYethu (RF) Limited

(Incorporated in the Republic of South Africa)

(Registration number 2008/014734/06)

(ISIN: ZAE000218483 Share code: YYLBEE)

("YeboYethu" or "the company")

NOTICE OF GENERAL MEETING

Notice is hereby given that a general meeting of the shareholders of the company will be held immediately after the conclusion of the annual general meeting on Friday 17 August 2018, at Vodacom World, 082 Vodacom Boulevard, Midrand, Johannesburg, South Africa at approximately 11:00, for purposes of considering and, if deemed fit, passing, with or without modification, the resolutions set out below.

The definitions and interpretations commencing on page 06 of the circular to which this notice of general meeting is attached apply, *mutatis mutandis*, to this notice of general meeting.

1. Ordinary resolution number 1 – approval of BEE transaction as category 1 transaction

"RESOLVED THAT the company's entry into and implementation of the BEE transaction, in particular the aspects thereof set out in steps 1, 2, 5 and 6 as described in the circular, be and are hereby approved in terms of section 9 of the JSE Listings Requirements as a category 1 transaction by the company."

Reason for and effect of ordinary resolution number 1

The reason for this resolution is that the JSE Listings Requirements require shareholder approval for the company to implement certain material transactions, principally acquisitions and disposals, which are of a particular threshold in comparison to the company's market capitalisation, namely so-called "category 1" transactions where the consideration in the transaction amounts to 30% or more of the company's market capitalisation.

The effect of this resolution is that it enables the company to implement the BEE transaction as a whole, in particular the acquisition and disposal aspects thereof, with the required authority of the shareholders of the company.

2. Ordinary resolution number 2 – approval of the YeboYethu specific issue for cash to Vodacom ESOP

"RESOLVED THAT the issue by the company of up to 8 246 289 YeboYethu ordinary shares to the Vodacom ESOP for a cash consideration of up to R750 000 000 as set out in step 4 of the BEE transaction as described in the circular, be and is hereby approved as a specific issue for cash in terms of section 5.51 of the JSE Listings Requirements and clause 7 of the company's MOI."

Reason for and effect of ordinary resolution number 2

The reason for this resolution is that the JSE Listings Requirements and the company's MOI require shareholder approval for the company to issue shares for cash in a specific issuance transaction.

The effect of this resolution is that it enables the company to issue shares for cash to Vodacom ESOP as an integral component of the BEE transaction, with the required authority of the shareholders of the company.

In terms of the JSE Listings Requirements the party being issued shares in a specific issue for cash, as well as that party's "associates" as defined therein, are excluded from the vote. It is recorded that neither Vodacom ESOP nor any of its associates presently hold any shares in the company, and accordingly this exclusion does not find application.

3. Special resolution number 1 – approval of BEE transaction as a disposal by the company in terms of section 112 of the Act

“RESOLVED THAT the company’s entry into and implementation of the BEE transaction, in particular the aspects thereof set out in steps 1, 2, 5 and 6 as described in the circular, be and are hereby approved in terms of sections 112 and 115 of the Act to the extent that such steps individually or collectively amount to a disposal by the company and/or by YeboYethu Investment of the whole or greater part of the assets or undertaking of the company as contemplated in those sections of the Act, provided that, if the suspensive conditions are not timeously fulfilled or waived and, as a result the BEE transaction lapses, this resolution be and is hereby revoked in accordance with section 164(9)(c) of the Act, with effect from the date upon which the BEE transaction lapses.”

As required by the Act in circumstances where a company proposes a transaction in terms of section 112 thereof, shareholders are hereby notified of their rights in terms of sections 115 and 164 of the Act as set out in paragraph 9 of the circular.

Reason for and effect of special resolution number 1

The reason for this resolution is that the Act requires shareholder approval for transactions where a company disposes of all or the greater part of its assets or undertaking, whether in a single transaction or series of transactions. “All or greater part” in this context means more than 50% of the gross assets or gross undertaking. Further, to the extent that the BEE transaction lapses due to non-fulfilment of its conditions precedent, and any shareholders had in the interim exercised appraisal rights, such appraisal rights would in terms of the Act have to be removed through a revocation of this resolution. Accordingly, this resolution contains a revocation provision which would apply only in such circumstance.

The effect of this resolution is that it enables the company to implement steps 1, 2, 5 and 6 as integral components of the BEE transaction, with the required authority of the shareholders of the company. Its effect is to also revoke itself in circumstances where the transaction lapses, thereby addressing any exercised appraisal rights.

4. Special resolution number 2 – issue of shares of 30% or more of existing issued share capital

“RESOLVED THAT the issue by the company of a total of up to 29 839 568 YeboYethu ordinary shares to RBH, Thebe and Vodacom ESOP pursuant to steps 2 and 4 of the BEE transaction as described in the circular, be and is hereby approved in terms of section 41(3) of the Act in that same amounts to an issuance, in an integrated series of transactions, of more than 30% of the total number of YeboYethu ordinary shares in issue immediately prior to the implementation of those steps.”

Reason for and effect of special resolution number 2

The reason for this resolution is that the Act requires shareholder approval for issues of shares, in a transaction or series of integrated transactions, where the shares to be issued carry a voting power of 30% or more of the voting power of all shares of that class in issue immediately prior to the new issue of shares. Steps 2 and 4 of the BEE transaction will result in an issue of shares to that extent.

The effect of this resolution is that it enables the company to implement steps 2 and 4 as integral components of the BEE transaction, with the required authority of the shareholders of the company.

5. Special resolution number 3 – conversion of YeboYethu ordinary shares from par value to no-par value

“RESOLVED THAT the entire current authorised issued and unissued ordinary shares of the company, namely 40 000 000 ordinary shares with a par value of R0.00001 each, be and are hereby all converted into ordinary shares of no par value in terms of regulation 31 of the Companies Regulations, 2011 with immediate effect from the date of filing of this special resolution number 3 with the Companies and Intellectual Property Commission, it being noted and recorded that the shareholders have been referred to the board’s report in this regard as required by regulation 31(7) and included in the circular as **Annexure 7** thereto.”

Reason for and effect of special resolution number 3

The reason for this resolution is that the Act does not allow the company to create new par value shares, whereas the company’s existing shares are all of par value. Given that more ordinary shares need to be created for purposes of implementing the BEE transaction, and that such newly created shares must be of no par value, the company is required to convert its entire share capital into shares of no par value so that all shares are of a uniform no par value. In terms of the Act this requires a special resolution of shareholders.

The effect of this resolution is that it enables the company to increase its share capital in order to implement steps 2 and 4 as integral components of the BEE transaction (namely the share issuances).

6. Special resolution number 4 – creation of class A and B preference shares and additional ordinary shares

“RESOLVED THAT in terms of section 16 of the Act:

- a. 25 000 000 class A shares and 25 000 000 class B shares of no par value, with such preferences, rights and limitations as more fully set out in the YeboYethu memorandum of incorporation to be adopted in terms of special resolution number 5, be and are hereby created and authorised, and are placed under the control of the board of the company to be issued to third party funders and to Vodacom Group pursuant to the vendor financing arrangements as set in step 6 of the BEE transaction described in the circular; and
- b. an additional 60 000 000 ordinary shares of no par value be and are hereby created and authorised in order to ensure that the company has a sufficient number of authorised unissued YeboYethu ordinary shares to issue to RBH, Thebe and Vodacom ESOP pursuant to steps 2 and 4 of the BEE transaction as described in the circular, with the result that the company’s authorised shares shall comprise 100 000 000 ordinary shares of no par value, 25 000 000 class A shares of no par value, 25 000 000 class B shares of no par value and 12 000 000 N shares with a par value of R0.00001 each with immediate effect from the filing of the company’s new MOI under special resolution number 5 below.”

Reason for and effect of special resolution number 4

The reason for this resolution is that the company is required to create further shares, both ordinary shares and preference shares, to implement steps 2, 4 and 6 of the BEE transaction. All these steps require a special resolution of shareholders in terms of the Act.

The effect of this resolution is that it enables the company to implement steps 2, 4 and 6 as integral components of the BEE transaction, and a further effect is that it updates and reflects the company’s share capital in its MOI to the correct position as at completion of the BEE transaction.

7. Special resolution number 5 – adoption of new MOI

“RESOLVED THAT, subject to the passing of all of the other resolutions necessary to implement the BEE transaction, and in terms of section 16 of the Act the current MOI of the company be and is hereby replaced in its entirety by the adoption of the company’s new MOI (the salient amendments in relation to which are attached as **Annexure 6** to this circular, and copies of the full new MOI are available on the company’s website and for inspection), which includes *inter alia* the new authorised shares of the company as set out in special resolution number 4 above, the new MOI to take effect immediately upon the filing thereof at the Companies and Intellectual Property Commission, provided that, if the suspensive conditions are not timeously fulfilled or waived and, as a result the BEE transaction lapses, this resolution be and is hereby revoked in accordance with section 164(9)(c) of the Act, with effect from the date upon which the BEE transaction lapses.”

As required by the Act in circumstances where a company proposes amendments to the company’s memorandum of incorporation which may be seen as an amendment altering the preference, rights, limitations or other terms of the shares in a manner which is materially adverse to the rights or interests of holders of that class, the shareholders are hereby notified of their rights in terms of sections 115 and 164 of the Act as set out in paragraph 9 of the circular.

Reason for and effect of special resolution number 5

The reason for this resolution is that the Act requires shareholder approval for the adoption of a new MOI of a company. The company requires a new and updated MOI which reflects the position as contemplated in, and is better suited to, the BEE transaction. This includes, but is not limited to, giving the company the requisite capacity and powers to implement the BEE transaction, and reflecting the new share capital structure as described in special resolution number 4 above. Further, to the extent that the BEE transaction lapses due to non-fulfilment of its conditions precedent, and any shareholders had in the interim exercised appraisal rights, such appraisal rights would in terms of the Act have to be removed through a revocation of this resolution. Accordingly, this resolution contains a revocation provision which would apply in such circumstance.

The effect of this resolution is that it adopts a new and updated MOI for the company which is aligned to the BEE transaction. Its effect is to also revoke itself in circumstances where the transaction lapses, thereby addressing any exercised appraisal rights.

8. Special resolution number 6 – financial assistance

"RESOLVED THAT the provision by the company of the following direct and/or indirect financial assistance, which facilitates the third-party funders acquisition of the class A preference shares pursuant to the BEE transaction, be and is hereby approved in terms of section 44 of the Act:

- (i) YeboYethu's granting of security, by way of pledge over its shares in YeboYethu Investment, to the third-party funders; and
- (ii) any other general or incidental support or facilitation of a financial nature required to be given by the company as contemplated in the funding agreements."

Reason for and effect of special resolution number 6

The reason for this resolution is that the Act requires shareholder approval where a company provides financial assistance in connection with the acquisition of shares in the company. The aspects of the BEE transaction as described in this resolution may be construed as amounting to such financial assistance by the company. The Act further requires that the board be satisfied that the granting of such financial assistance will not place the company in breach of the solvency and liquidity test as defined in the Act, and that the terms of such financial assistance are fair and reasonable to the company. The company's board shall ensure compliance with these provisions.

The effect of this resolution is that it enables the company to implement step 6 as an integral component of the BEE transaction, with the required authority of the shareholders of the company. Further, to the extent that any other facilitation by the company of the BEE transaction (and in particular the acquisition of any shares in the company) may be construed as "financial assistance" as contemplated in the Act, this resolution applies to same.

9. Ordinary resolution number 3 – general authority to implement all resolutions herein

"RESOLVED THAT any director of the company be authorised to do all things and take any action which they consider necessary or desirable in connection with the agreements and matters contemplated in these resolutions and to sign all such documents as may be reasonable or necessary to give effect to the resolutions referred to above."

Reason for and effect of ordinary resolution number 3

The reason for and effect of this resolution is to authorise a director of the company to generally implement the BEE transaction for and on behalf of the company.

Record date

The record date for shareholders to be registered in the securities register of the company for purposes of being entitled to attend, speak and vote at the general meeting is Friday 10 August 2018.

In accordance with the Act, shareholders attending the general meeting will need to present reasonable satisfactory identification such as an identity book, passport or driver's licence at the registration desk.

Participation by way of electronic means

Shareholders or their proxies may participate in the general meeting by way of electronic means, but will not be able to vote via electronic means on the resolutions. Such shareholder (or proxy) will need to contact Ms Lerato Molefe at Vodacom on +27 11 653 5774 by not later than 11:00 on Monday 13 August 2018 so that YeboYethu can provide for a teleconference dial-in facility. Shareholders are advised that, when such shareholder intends to participate via teleconference, it is recommended that the form of proxy is sent through to the transfer secretaries, Link Market Services Proprietary Limited by no later than 11:00 on Thursday 16 August 2018, provided that a shareholder or his or her proxy shall be entitled to deliver the form of proxy at any time before the proxy exercises any rights of the relevant shareholder at the general meeting.

Voting and proxies

Ordinary and 'N' ordinary shareholders are entitled to attend, speak and vote at the general meeting.

Ordinary and 'N' ordinary shareholders may appoint a proxy to attend, speak and vote in their stead. A proxy need not be a shareholder of the company.

In accordance with best practice, voting shall be by ballot only.

Ordinary resolution number **2** to be adopted at this general meeting requires approval by way of a special majority. In other words, 75% of the shares voted at the general meeting.

Ordinary resolutions number **1** and **3** to be adopted at this general meeting require approval by way of a simple majority. In other words, 50% plus 1 share of the shares to be voted at the general meeting.

The special resolutions to be adopted at this general meeting require approval by way of 75% of the votes cast at the meeting.

Shareholders holding dematerialised shares, but not in their own name must furnish their Central Securities Depository Participant (CSDP) or broker with their instructions for voting at the annual general meeting. If your CSDP or broker, as the case may be, does not obtain instructions from you, it will be obliged to act in accordance with your mandate furnished to it.

If you are a shareholder holding dematerialised shares, but not in your own name and wish to attend the annual general meeting, you must request your CSDP or broker to issue the necessary letter of authority to you.

It is recommended that forms of proxy (which form may be found enclosed) be forwarded to reach the transfer secretaries, Link Market Services South Africa Proprietary Limited, by no later than 11:00 on Thursday 16 August 2018. Any form of proxy not received by this time must be handed to the Chairman of the general meeting anytime prior to the vote.

The completion of a form of proxy does not preclude any shareholder from attending the general meeting.

Appraisal Rights

In terms of section 164 of the Act, at any time before the appraisal rights resolutions as set out in this Notice of general meeting are voted on, a shareholder may give YeboYethu a written notice objecting to one or both of the appraisal rights resolutions.

Within 10 business days after YeboYethu has adopted the relevant appraisal rights resolutions, YeboYethu must send a notice to the dissenting shareholders who have not withdrawn their objection notice and who have voted against the appraisal rights resolution, that the appraisal rights resolution has been adopted.

A dissenting shareholder may demand that YeboYethu pay the dissenting shareholder the fair value for all of their shares by following the procedural requirements of section 164 of the Act.

A summary of section 164 of the Act is set out in paragraph 9.2 of the circular.

By order of the Board



Avinash Dhanasir
Company Secretary

Wednesday 18 July 2018

IMPORTANT NOTES ABOUT THE GENERAL MEETING

- Date:** Friday 17 August 2018 at 11:00
- Venue:** Vodacom World, 082 Vodacom Boulevard, Midrand
- Time:** The general meeting will start immediately after the conclusion of the annual general meeting at approximately 11:00. Shareholders wishing to attend are advised to be at Vodacom World no later than 10:45. Reception staff will direct shareholders to the general meeting venue.
- Admission:** Shareholders, representatives of shareholders and proxies attending the general meeting are requested to register at the registration desk in the auditorium reception area at the venue. Proof of identity may be required for registration purposes.

Other important notes

1. General

Shareholders wishing to attend the general meeting have to ensure beforehand with the transfer secretaries that their shares are in fact registered in their name. Should this not be the case and the shares are registered in any other name or in the name of a nominee company, it is incumbent on shareholders attending the general meeting to make the necessary arrangements with that party in whose name the shares are registered to be able to attend and vote in their personal capacity.

2. Certificated shareholders and own name dematerialised shareholders

If you are the registered holder of certificated shares or hold dematerialised shares in your own-name and you are unable to attend the general meeting but wish to be represented at the general meeting, you must complete and return the attached form of proxy in accordance with the instructions contained therein so as to be received by the transfer secretaries, by no later than the recommended time as indicated in note 4 below.

3. Dematerialised shareholders

If you are the holder of dematerialised shares, other than with "own-name" registration, you must provide your CSDP or broker with your voting instructions for the general meeting in terms of the custody agreement entered into with your CSDP or broker. If, however, you wish to attend the general meeting in person or by electronic participation, or to be represented thereat, then you must request your CSDP or broker to provide you with the necessary letter of representation to do so.

4. Proxies

Shareholders are advised that it is recommended that the forms of proxy should reach the transfer secretaries no later than 11:00 on Thursday 16 August 2018. Any form of proxy not received by this time must be handed to the Chairman of the general meeting at any time prior to the vote.

5. Enquiries

Any shareholder having difficulties or queries with regard to the general meeting or the above may contact the YeboYethu call centre on 010 285 0090 (standard rates apply) or 082 241 0001 (toll free from your Vodacom cellphone).

6. Results of the general meeting

The results of the general meeting will be released on SENS as soon as practicably possible after the general meeting.



YeboYethu (RF) Limited
 (Incorporated in the Republic of South Africa)
 (Registration number 2008/014734/06)
 (ISIN: ZAE000218483 Share code: YYLBEE)
 ("YeboYethu" or "the company")

FORM OF PROXY

For use by certificated and own-name dematerialised shareholders at the general meeting to be held immediately after the conclusion of the annual general meeting at approximately 11:00 at Vodacom World, 082 Vodacom Boulevard, Midrand, Johannesburg, South Africa on Friday 17 August 2018.

I/We (Please print full names) _____ (name in BLOCK LETTERS)

Being the holders of _____ shares in the Company, do hereby appoint (see Note 1 and 2)

1. _____ or failing him/her,

2. _____ or failing him/her,

the Chairman of the general meeting as my/our proxy to attend and speak and vote for me/us on my/our behalf at the general meeting which will be held for the purpose of considering and, if deemed fit, passing the ordinary and special resolutions to be proposed and at each adjournment of the meeting and to vote for or against the ordinary and special resolutions or to abstain from voting in respect of the shares in the issued capital of the Company registered in my/our name/s, in accordance with the following instructions.

Insert an "X" or the number of shares (see Note 3)

	NUMBER OF SHARES		
	For	Against	Abstain
1. Ordinary resolution number 1 Approval of BEE transaction as category 1 transaction			
2. Ordinary resolution number 2 Approval of the YeboYethu specific issue for cash to Vodacom ESOP			
3. Special resolution number 1 Approval of BEE transaction as a disposal by the company in terms of section 112 of the Act			
4. Special resolution number 2 Issue of shares of 30% or more of existing issued share capital			
5. Special resolution number 3 Conversion of YeboYethu ordinary shares from par value to no-par value			
6. Special resolution number 4 Creation of class A and B preference shares and additional ordinary shares			
7. Special resolution number 5 Adoption of new MOI			
8. Special resolution number 6 Financial assistance			
9. Ordinary resolution number 3 General authority to implement all resolutions herein			

(Indicate with an "X" or the relevant number of shares, in the applicable space, how you wish your votes to cast). Unless otherwise directed the proxy will vote as he/she thinks fit.

Signed at _____ this _____ day of _____ 2018

Signature of shareholder _____ Assisted by (where applicable) _____

It is recommended that completed forms of proxy must be lodged with Link Market Services Proprietary Limited by no later than 11:00 on Thursday 16 August 2018. Any form of proxy not received by this time must be handed to the Chairman of the general meeting immediately prior to the vote.

Please read the notes on the reverse side of this proxy form.

NOTES TO THE FORM OF PROXY

1. A shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space/s provided, with or without deleting "the Chairman of the general meeting" but any such deletion must be initialed by the shareholder. The person whose name stands first on the form of proxy and who is present at the general meeting will be entitled to act as proxy to the exclusion of those whose names follow.
2. A shareholder may appoint two or more persons concurrently as proxies, and may appoint more than one proxy to exercise voting rights attached to different securities held by such shareholder.
3. Please insert an "X" in the relevant space according to how you wish your votes to be cast. However, if you wish to cast your votes in respect of a lesser number of shares than you own in the company insert the number of shares held in respect of which you wish to vote. Failure to comply with the above will be deemed to authorise the proxy to vote or to abstain from voting at the general meeting as he/she deems fit in respect of all the shareholder's votes exercisable at the meeting. A shareholder or his/her proxy is not obliged to use all the votes exercisable by the shareholder or by his/her 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 by his/her proxy.
4. It is recommended that forms of proxy be received by the transfer secretaries, Link Market Services South Africa Proprietary Limited, 13th Floor, 19 Ameshoff Street, Braamfontein, 2001. (PO Box 4844, Johannesburg, 2000) or email yeboyethuproxies@linkmarketservices.co.za by no later than the recommended time.
5. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the general meeting and voting in person at the meeting to the exclusion of any proxy appointed in terms of this form of proxy.
6. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the transfer secretaries or waived by the Chairman of the general meeting.
7. Any alterations or corrections made to this form of proxy must be initialed by the signatory/ies.
8. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the transfer secretaries Link Market Services Proprietary Limited.
9. The Chairman of the general meeting may accept any form of proxy which is completed other than in accordance with these notes if he is satisfied as to the manner in which the shareholder wishes to vote.

Transfer secretaries:

Link Market Services South Africa Proprietary Limited
13th Floor
19 Ameshoff Street
Braamfontein 2001

Telephone: 010 285 0090 (standard rates apply) or 082 241 0001 (toll free from Vodacom)

Email: yeboyethuproxies@linkmarketservices.co.za

SUMMARY OF THE RIGHTS CONTAINED IN SECTION 58 OF THE ACT

In compliance with the provisions of section 58(8)(b)(i) of the Act, a summary of the rights of a shareholder to be represented by proxy, as set out in section 58 of the Act, is set out immediately below:

1. a shareholder entitled to attend and vote at the general meeting may appoint any individual as a proxy to attend, participate in and vote at the general meeting in the place of the shareholder. A proxy need not be a shareholder of YeboYethu;
2. a shareholder may appoint two or more persons concurrently as proxies, and may appoint more than one proxy to exercise voting rights attached to different securities held by such shareholder;
3. a copy of the instrument appointing a proxy must be delivered to YeboYethu, or to any other person on behalf of YeboYethu, before the proxy exercises any rights of the shareholder at the general meeting;
4. a proxy appointment must be in writing, dated and signed by the shareholder appointing a proxy, and, subject to the rights of a shareholder to revoke such appointment (as set out below), remains valid for one year or such period expressly set out in the appointment (unless such appointment is revoked or expires earlier as provided for in section 58 of the Act);
5. a proxy may delegate the proxy's authority to act on behalf of a shareholder to another person, subject to any restrictions set out in the instrument appointing the proxy;
6. the appointment of a proxy is suspended at any time and to the extent that the shareholder who appointed such proxy chooses to act directly and in person in the exercise of any rights as a shareholder;
7. irrespective of the form of the instrument used to appoint a proxy, the appointment of a proxy is revocable (unless the proxy appointment expressly states otherwise) by the shareholder in question cancelling it in writing, or making a later inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and to YeboYethu. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as of the later of (a) the date stated in the revocation instrument, if any; and (b) the date on which the revocation instrument is delivered to YeboYethu as required in the first sentence of this paragraph;
8. a proxy is entitled to exercise, or abstain from exercising, any voting right of the shareholder without direction, except to the extent that the memorandum of incorporation, or the instrument appointing the proxy, provides otherwise;
9. if the instrument appointing the proxy or proxies has been delivered to YeboYethu, as long as that appointment remains in effect, any notice that is required by the Act or the MOI to be delivered by YeboYethu to the shareholder, must be delivered by YeboYethu to (a) the shareholder, or (b) the proxy or proxies, if the shareholder has (i) directed YeboYethu to do so in writing; and (ii) paid any reasonable fee charged by YeboYethu for doing so; and
10. attention is also drawn to the notes to the form of proxy.

