



**YeboYethu Limited**

(to be renamed YeboYethu (RF) Limited)  
Incorporated in South Africa  
(Registration number 2008/014734/06)  
Share code YYLBEE ISIN: ZAE000218483  
("YeboYethu")

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## Pre-listing statement

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**relating to the listing of YeboYethu ordinary shares as asset backed securities  
(being specialist securities under the Listings Requirements) on the BEE Segment, and will thus be BEE securities,  
from the commencement of trade on Thursday 11 August 2016**

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**This pre-listing statement is not an invitation to the public to subscribe for securities, but is issued in compliance with the Listings Requirements, for the purpose of providing information to the public with regards to YeboYethu.** The YeboYethu ordinary shares are subject to various restrictions as set out in the YeboYethu MOI, including, *inter alia*, that they may only be owned by BEE verified persons and may not be encumbered. Subsequent to the BEE listing and for the duration of the lock-in period, the trading in, and transfer of, YeboYethu ordinary shares will be subject to the trading terms and conditions.

The JSE's approval of the BEE listing should not be taken in any way as an indication of the merits of YeboYethu or the YeboYethu ordinary shares. The JSE has not verified the accuracy of the contents of this pre-listing statement and, to the extent permitted by law, the JSE will not be liable for any claim of whatever kind pursuant to the contents of this pre-listing statement not being accurate. The JSE takes no responsibility for the contents of this pre-listing statement or the historical financial information, makes no representation as to the accuracy or completeness of any of the foregoing documents and expressly disclaims any liability for any loss arising from or in reliance upon the whole or any part of this pre-listing statement or the historical financial information. No claims may be made against the JSE Guarantee Fund in respect of YeboYethu ordinary shares other than pursuant to the trading of the YeboYethu ordinary shares on the JSE and in accordance with the terms of the rules of the JSE Guarantee Fund.

Prospective purchasers of any YeboYethu ordinary shares should ensure that they fully understand the nature of the YeboYethu ordinary shares and the extent of their exposure to risks in respect thereof, and that they consider the suitability of the YeboYethu ordinary shares as an investment in the light of their own circumstances and financial position. The YeboYethu ordinary shares are to be listed as asset backed securities (being specialist securities under the Listings Requirements) on the BEE Segment, and will thus be BEE securities. Specialist securities involve a high degree of risk, including the risk of losing some or a significant part of their initial value. Potential investors should be prepared to sustain a total loss of their investment in such securities. The YeboYethu shares rank *pari passu* with one another.

At the date of the BEE listing, the authorised share capital of YeboYethu will comprise 40,000,000 YeboYethu ordinary shares with a par value of R0.00001 each and 12,000,000 YeboYethu N shares with a par value of R0.00001 each.

The JSE has granted YeboYethu a listing of 14,395,300 YeboYethu ordinary shares as asset backed securities on the BEE Segment in the Telecommunications sector of the main board of the JSE under the full name "YeboYethu Limited" with the abbreviated name of "YeboYethu" (the JSE alpha code will be "YYLBEE" and the ISIN will be ZAE000218483). It is anticipated that the BEE listing will be effective as from the commencement of trade on Thursday 11 August 2016.

**YeboYethu will list on the BEE Segment pursuant to the use of a BEE verification agent as contemplated in the Listings Requirements. The YeboYethu ordinary shares will only be traded on the JSE in dematerialised form and accordingly all YeboYethu ordinary shares currently held in certificated form (other than YeboYethu ordinary shares held by election shareholders) will be converted into dematerialised form pursuant to the bulk dematerialisation.**

All YeboYethu directors, whose names are set out on pages 18 – 20 of this pre-listing statement, collectively and individually, accept full responsibility for the accuracy of the information given as it pertains to YeboYethu and certify that, to the best of their knowledge and belief, there are no other facts the omission of which would make any statement false or misleading in any material way and that they have made all reasonable enquiries to ascertain such facts and that this pre-listing statement contains all information required by law and the Listings Requirements. YeboYethu accepts full responsibility for the accuracy of the information contained in this pre-listing statement and the historical financial information.

Each of the financial adviser and sponsor, attorneys and independent reporting accountants have consented in writing to act in the capacity stated and its name being stated in this pre-listing statement and have not withdrawn its consent prior to the publication of this pre-listing statement.

An abridged version of this pre-listing statement will be published on SENS on Tuesday 12 July 2016. This pre-listing statement is available on YeboYethu's website ([www.yeboyethu.co.za](http://www.yeboyethu.co.za)).

Date of issue: Tuesday 12 July 2016

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**Financial adviser and sponsor**



**Attorneys**



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## Corporate information relating to YeboYethu

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### Registration number of YeboYethu Limited

2008/014734/06

### Postal address of YeboYethu Limited

Private Bag X9904  
Sandton  
2146

### Registered office of YeboYethu Limited

Vodacom Corporate Park  
082 Vodacom Boulevard  
Midrand 1685

### Financial adviser and sponsor

UBS South Africa (Proprietary) Limited  
64 Wierda Road East  
Wierda Valley  
Sandton 2196

### Finance and administration

Vodacom (Proprietary) Limited  
(Registration number: 1993/003367/07)  
Vodacom Corporate Park  
082 Vodacom Boulevard  
Midrand 1685

### Transfer secretaries

Link Market Services South Africa  
(Proprietary) Limited  
(Registration number 2000/007239/07)  
13th Floor, Rennie House  
19 Ameshoff Street  
Braamfontein 2001  
(PO Box 4844, Johannesburg 2000)

### Company secretary

Lebogang Mogoane  
Vodacom Corporate Park  
082 Vodacom Boulevard  
Midrand 1685

### Independent Reporting Accountants to YeboYethu Limited (from 1 April 2013 to 20 July 2014)

Deloitte & Touche  
Riverwalk Office Park, Block B  
41 Matroosberg Road  
Ashlea Gardens X6  
Pretoria 0081  
(PO Box 11007, Hatfield 0028)

### Independent Reporting Accountants to YeboYethu Limited (from 21 July 2014)

PricewaterhouseCoopers Inc.  
2 Eglin Road  
Sunninghill 2157  
(Private Bag X36, Sunninghill 2157)

### Independent Reporting Accountants to Vodacom (Proprietary) Limited (from 21 July 2014)

PricewaterhouseCoopers Inc.  
32 Ida Street  
Menlo Park 0081  
(PO Box 35296, Menlo Park 0102)

### Attorneys

Cliffe Dekker Hofmeyr Incorporated  
1 Protea Place, Cnr Fredman & Protea Place  
Sandton 2196

### BEE verification agent

Velocity Trade Financial Services  
(Proprietary) Limited  
(Registration number 2010/010415/07)  
200 on Main, 1st Floor  
Main Road, Claremont  
Cape Town 7708  
Telephone number: 082 241 0001  
(Toll-free from any Vodacom cellphone) or  
010 285 0090 (Standard call rates apply)

### YeboYethu board

ZBM Bassa (independent non-executive chairman)  
AM Hall (independent non-executive director)  
D Konar (independent non-executive director)  
SM Radebe (independent non-executive director)  
V Jarana (non-executive director)  
TC Ralebitso (non-executive director)

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## Important dates and times

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The definitions and interpretations commencing on page 2 of this document apply, changed as necessary, to this section on important dates and times.

2016

Prelisting statement made available to YeboYethu shareholders from  
YeboYethu over-the-counter trading platform shuts down  
YeboYethu shareholders commences registration/verification  
Listing of YeboYethu ordinary shares as asset backed securities on the JSE

**Tuesday 12 July**  
**Friday 15 July**  
**Monday 18 July**  
**Thursday 11 August**

#### Notes:

1. All dates and times referred to in this document are subject to change and YeboYethu shareholders will be notified of any such changes.
2. All times referred to in this document are local times in South Africa.

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### Documents incorporated by reference:

- Historical financial information of Vodacom SA for the three financial years ended 31 March 2016 is available on the YeboYethu website ([www.yeboyethu.co.za](http://www.yeboyethu.co.za)).
- Historical financial information of YeboYethu for the three financial years ended 31 March 2016 is available on the YeboYethu website ([www.yeboyethu.co.za](http://www.yeboyethu.co.za)).
- Independent Reporting Accountant's reports to YeboYethu Limited and Vodacom (Proprietary) Limited are also available on the YeboYethu website ([www.yeboyethu.co.za](http://www.yeboyethu.co.za)).

## Definitions and interpretations

In this document and its annexures, unless otherwise stated or the context otherwise indicates, the words in the first column shall have the meanings stated opposite them in the second column and words in the singular shall include the plural and *vice versa*, and words importing natural persons shall include corporations and associations of persons and an expression denoting any gender shall include the other gender.

"asset backed securities"	has the meaning given to such term in the Listings Requirements;
"authorised user"	has the meaning given to such term in the FM Act;
"BEE"	black economic empowerment, as contemplated in the BEE Act, the BEE Codes and BEE ICT Code;
"BEE Act"	the Broad-Based Black Economic Empowerment Act, 53 of 2003 and any regulations promulgated thereunder as amended;
"BEE Codes"	the Broad-Based Black Economic Empowerment Codes of Good Practice gazetted under the BEE Act;
"BEE ICT Code"	the Information and Communication Technology Sector Code published in terms of Section 9(1) of the BEE Act;
"BEE listing"	the admission to listing of the YeboYethu ordinary shares as asset backed securities on the BEE Segment;
"BEE listing period"	the period commencing on the date upon which the YeboYethu ordinary shares are listed on the BEE Segment and ending on the date on which the BEE listing terminates for any reason;
"BEE principles"	the " <i>BEE Principles</i> " set out in the YeboYethu MOI, a summary of which is set out in paragraph 6.2;
"BEE securities"	has the meaning given to such term in the Listings Requirements;
"BEE Segment"	has the meaning given to such term in the Listings Requirements;
"BEE verification"	the verification of a person by the BEE verification agent, which verification must conclude, <i>inter alia</i> , that: <ul style="list-style-type: none"> <li>• the person is an eligible person;</li> <li>• such eligible person has been notified of the necessary restrictions, limitations and requirements applicable to such YeboYethu ordinary shares from time to time as set out in the YeboYethu MOI and the transaction agreements, and has agreed to be bound by the provisions thereof; and</li> <li>• such Eligible Person has accepted the trading terms and conditions and has signed all documents and contracts required in terms of the trading terms and conditions;</li> </ul>
"BEE verification agent"	during the BEE listing period, a person appointed from time to time by YeboYethu to conduct the BEE verification, who as at the last practicable date, is Velocity;
"BEE verified persons"	during the BEE listing period, any eligible person which YeboYethu (or its nominee, delegate or agent) has notified as having successfully completed BEE verification, and whose BEE verification status has not expired or been withdrawn in accordance with the trading terms and conditions;
"black business partners"	creditworthy black groups that form part of Vodacom SA's distribution network and who participated in the initial public offering;
"black company"	an entity which is both a "B-BBEE-owned Company" and a "B-BBEE-controlled Company" as defined in the BEE Codes;
"black entity"	a vesting trust which qualifies for recognition under the BEE Codes, a broad-based ownership scheme, a close corporation, or an unincorporated entity or association, including a partnership, joint venture, syndicate or stokvel, as may be determined by Vodacom SA in its sole discretion as an entity or association which may enable Vodacom SA to claim BEE scorecard points pursuant to the BEE Codes;

"black group"	a black company or a black entity;
"black people" or "black person"	has the meaning ascribed to it in the BEE Codes, which current meaning is summarised as follows for convenience, and should not be construed as an interpretation of the BEE Codes: Africans, Coloureds (including Chinese) and, Indians who are natural persons and who are South African citizens by: (i) birth or descent; or (ii) naturalisation occurring (a) prior to 27 April 1994, being the commencement date of the Constitution of the Republic of South Africa of 1993; or (b) after that date but who would have qualified for naturalisation prior to that date if it were not for the apartheid policies in place in South Africa, and "black" shall be construed accordingly;
"black public"	individually and collectively, black people and black groups;
"broker"	a 'stockbroker', as defined in the FM Act;
"bulk dematerialisation"	the process by which all the YeboYethu ordinary shares held by the bulk dematerialised shareholders in certificated form are converted, prior to the BEE listing, into dematerialised form and such dematerialised YeboYethu ordinary shares are transferred into the name of the custody entity so as to be held by it for and on behalf of the bulk dematerialised shareholders;
"bulk dematerialisation shares"	the YeboYethu ordinary shares that have been dematerialised pursuant to the bulk dematerialisation;
"bulk dematerialised shareholders"	all YeboYethu shareholders who are not election shareholders who will have their YeboYethu ordinary shares dematerialised pursuant to the bulk dematerialisation;
"business day"	any day other than a Saturday, Sunday or gazetted national public holiday in South Africa;
"certificated"	shares that have not been dematerialised and which are represented by share certificates;
"circular"	circular to YeboYethu shareholders 27 May 2016, and all annexures thereto;
"Common Monetary Area"	South Africa, the Republic of Namibia and the Kingdom of Lesotho and Swaziland;
"Companies Act"	the Companies Act, 71 of 2008, as amended;
"controlled client"	a controlled client of a JSE member as contemplated under the JSE Equities Rules and Directives;
"CSD"	South African Central Securities Depository;
"CSDP"	a Central Securities Depository Participant, accepted as a participant in terms of the FM Act;
"custody entity"	the person designated by YeboYethu from time to time to act in such capacity, the custody entity initially being Link Investor Services, acting through its nominee, Pacific Custodians (Nominees) (RF) (Proprietary) Limited, registration number 2014/113298/07, a private company incorporated in accordance with the laws of South Africa being a wholly-owned subsidiary of Link Investor Services;
"deemed offer"	those circumstances in which YeboYethu will be entitled to buy from a YeboYethu shareholder their YeboYethu ordinary shares, with or without a discount, as detailed in paragraph 6.3;
"dematerialise" or "dematerialised"	the process by which certificated securities are converted to securities that are held in collective custody by a central securities depository or its nominee in a separate central securities account and are transferrable by entry without a certificate or written instrument;
"election end date"	the date falling 5 business days prior to the date of the BEE listing being Thursday 4 August 2016;
"election shareholders"	those YeboYethu ordinary shareholders who have by the election end date, elected not to participate in the bulk dematerialisation and to continue to hold their YeboYethu ordinary shares in certificated form;

"eligible persons"	any member of the black public;
"emigrant"	any emigrant from the Common Monetary Area whose address is outside the Common Monetary Area;
"encumbrance"	in relation to any property, includes any pledge, security cession, charge hypothecation, lien, subordination, mortgage, option over, right of retention or any other encumbrance whatsoever, or any form of hedging or similar derivative instrument of any nature whatsoever of or over or in respect of that property or class of property (or any part or proceeds thereof), or any lending of that property, and, the words encumber, encumbered or encumbering shall have corresponding meanings;
"ESOP"	the YeboYethu Employee Participation Trust (Gauteng High Court Local Division, Johannesburg, Master's Reference Number 2065/2008), a trust duly constituted in accordance with the laws of South Africa, and created by Vodacom SA for the benefit of eligible employees;
"ESOP A shares"	75,000,000 Vodacom SA A shares;
"ESOP call option"	the call option available to Vodacom SA to repurchase from YeboYethu a formula-determined number of ESOP A Shares at par value at the end of the lock-in period, if the notional outstandings in respect of the Vodacom ESOP A shares is not zero;
"ESOP participant"	means a " <i>participant</i> ", as contemplated in the ESOP;
"Exchange Control Regulations"	the Exchange Control Regulations 1961, as amended, made in terms of section 9 of the Currency and Exchanges Act, 9 of 1933, as amended;
"FM Act"	the Financial Markets Act, 19 of 2012, as amended;
"FSB"	Financial Services Board, established by section 2 of the Financial Services Act, 97 of 1990, as amended;
"first five years"	the period that commenced on the implementation date and which expired on the 5 <sup>th</sup> anniversary thereof;
"historical financial information"	the historical financial information for YeboYethu and for Vodacom SA for the three financial years ended 31 March 2016;
"IFRS"	International Financial Reporting Standards;
"implementation date"	8 October 2008;
"interim market value"	the valuation per share as determined annually by an accounting firm or merchant bank appointed by Vodacom SA;
"Innovator Trust"	Innovator Trust (Gauteng High Court Local Division, Johannesburg, Master's Reference Number 152/2014), a trust duly constituted in accordance with the laws of South Africa;
"ISIN"	International Securities Identification Number;
"JSE"	as the context requires either JSE Limited, registration number 2005/022939/06, a public company incorporated in accordance with the laws of South Africa and licensed to operate an exchange under the FM Act, or the shares exchange operated by that company;
"JSE member"	a member of the JSE;
"JSE Rules and Directives"	the JSE Equity Rules and Directives as set out in the Listings Requirements;
"last practicable date"	the last practicable date prior to the finalisation of this pre-listing statement being 30 June 2016;
"Link Investor Services"	Link Investor Services Proprietary Limited, registration number 2011/001308/07, a private company incorporated in accordance with the laws of South Africa;

"Link Market Services"	Link Market Services South Africa Proprietary Limited, registration number 2000/007239/07, a private company incorporated in accordance with the laws of South Africa;
"Listings Requirements"	the JSE Listings Requirements, as amended;
"lock-in period"	<p>the period commencing on the implementation date and terminating on the earlier of:</p> <ul style="list-style-type: none"> <li>• the tenth anniversary of the implementation date (both dates included); or</li> <li>• the date (if ever) upon which the BEE requirements applicable to Vodacom SA and its subsidiaries have been amended by legislation (or other applicable law or regulation or practice having the effect of law, including without limitation the BEE ICT Code or similar code or charter once it is promulgated as a sectoral code in terms of section 9 of the BEE Act) having the effect (in the sole and absolute discretion of the board of directors of Vodacom Group, after having considered representations which YeboYethu and the Strategic Partners may have made in this regard, but without being bound thereby) that the continued ownership of Vodacom SA shares by YeboYethu, the Strategic Partners or a person or entity to whom any of the aforementioned shareholders wish to transfer their shareholdings, is no longer required for BEE purposes, and no longer results in a BEE benefit for Vodacom SA and its subsidiaries (whether as a result of a once-empowered always-empowered rule or otherwise),</li> </ul> <p>it being recorded for the avoidance of doubt that this may have the effect that the lock-in period expires in respect of certain (but not necessarily all) of the Vodacom SA shares held by YeboYethu and/or the Strategic Partners;</p>
"market participant"	a JSE member, registered holder, CSDP and/or relevant intermediary, as the context may require;
"notional amount"	notional amount per Vodacom SA A share as determined by the directors of Vodacom SA in respect of each allotment and issue of Vodacom SA A shares;
"notional dividend sacrifice"	the allocated amount per Vodacom SA A share, being the aggregate amount of all the dividends that would have been declared and paid in respect of a Vodacom SA A share since its date of issue if such Vodacom SA A share was entitled to participate equally with the Vodacom SA ordinary shares insofar as declaration of dividends are concerned;
"notional outstandings"	<p>the notional outstandings per Vodacom SA A share from time to time, calculated by Vodacom SA in accordance with the following formula:</p> $NO = NA - ND$ <p>where:</p> <p><i>NO</i> = the notional outstandings as at the date of calculation;</p> <p><i>NA</i> = the notional amount as increased and accumulated with compounded interest (from the date of issue) at the notional rate; and</p> <p><i>ND</i> = the cumulative notional dividend sacrifice, as increased and compounded (from the date of payment of each dividend giving rise to a notional dividend sacrifice) at the notional rate;</p>
"notional rate"	a rate of 9.7593% from the implementation date up to and including 31 March 2015, and thereafter a rate of 8%; both such rates being nominal annual rates, compounded daily in arrears (based on a 365 day year);
"nominee"	<p>a person which acts as the registered holder of YeboYethu ordinary shares and manages an interest in YeboYethu ordinary shares on behalf of other persons, and which has been approved by:</p> <ul style="list-style-type: none"> <li>• an exchange in terms of section 76(1)(a) of the FM Act;</li> <li>• a central securities depository in terms of section 76(1)(b) of the FM Act; or</li> <li>• the Registrar of Securities Services in terms of section 76(3)(a)(i) of the FM Act;</li> </ul>
"non-controlled client"	a non-controlled client of a JSE member as contemplated under the JSE Equities Rules and Directives;



"off-market transfer"	any sale, purchase or transfer of YeboYethu ordinary shares not reported through an authorised user;
"off-market transfers process"	the process of purchasing and/or transferring YeboYethu ordinary shares by a BEE verified person pursuant to an off-market transfer, as contemplated in the off-market transfers process terms and conditions;
"off-market transfers process terms and conditions "	the document entitled " <i>Off-Market Transfers Process: Verification Requirements, Terms and Conditions</i> " which shall be made available at <a href="http://www.yeboyethushares.co.za">www.yeboyethushares.co.za</a> , which document records the terms, conditions, restrictions and limitations applicable to BEE verified persons who elect to hold, buy, sell or otherwise transfer any YeboYethu ordinary shares pursuant to an off-market transfer, and which are acknowledged and accepted by such BEE verified person during the BEE verification process;
"on-market transaction"	any sale, purchase or transfer of YeboYethu ordinary shares reported through an authorised user;
"OTC trading platform"	the over-the-counter trading platform facilitated by YeboYethu (through Equity Express) specifically for the purposes of facilitating trading in YeboYethu ordinary shares which platform will cease operating prior to the BEE listing;
"own-broker trading process"	the process of purchasing, holding and/or transferring (including by way of trading) YeboYethu ordinary shares from time to time in accordance with the YeboYethu BEE contract (and not, for the avoidance of doubt, in accordance with the standard trading process);
"own-broker trading process terms and conditions"	the document entitled " <i>YeboYethu Own-Broker Trading Process: Verification Requirements, Terms and Conditions</i> " which shall be made available at <a href="http://www.yeboyethushares.co.za">www.yeboyethushares.co.za</a> , which document records the terms, conditions, restrictions and limitations applicable to each BEE verified person who elects to purchase, holds and/or transfer any ordinary shares in terms of the own-broker trading process, and which are acknowledged and accepted by such BEE verified person during the BEE verification process;
"pre-listing statement"	all parts of this bound document dated Tuesday 12 July 2016, including the annexures attached hereto;
"public A shares"	all Vodacom SA A shares held by YeboYethu other than the ESOP A shares;
"public call option"	the call option available to Vodacom SA to repurchase a formula-determined number of public A shares (and, if necessary, Vodacom SA ordinary shares) at par value from YeboYethu at the end of the lock-in period, if the notional outstandings in respect of the public A shares is not zero;
"Rand" Or "R"	the South African Rand, the official currency of South Africa;
"RBH"	Royal Bafokeng Holdings (Proprietary) Limited, registration number 2006/006906/07, a private company duly incorporated in accordance with the laws of South Africa;
"RBH-CO"	Lisinfo 209 Investments (Proprietary) Limited, registration number 2008/007293/07, a private company duly incorporated in accordance with the laws of South Africa and, as at the implementation date, a wholly-owned subsidiary of RBH-TELCO;
"RBH-TELCO"	RBH Telecom Holdings (Proprietary) Limited, registration number 2006/006958/07, a private company duly incorporated in according with the laws of South Africa;
"SENS"	the Stock Exchange News Services of the JSE;
"South Africa"	the Republic of South Africa;
"standard trading process"	the process of purchasing, holding and/or transferring (including by way of trading), YeboYethu ordinary shares from time to time in terms of which a BEE verified person enters into a contractual custody arrangement with the custody entity and a mandate arrangement with the trading entity for the purposes of effecting transfers of its YeboYethu ordinary shares through the JSE's trading processes, as contemplated in the standard trading process terms and conditions;



"standard trading process terms and conditions"	the document entitled " <i>YeboYethu Standard Trading Process: Verification Requirements, Terms and Conditions</i> " which shall be made available at <a href="http://www.yeboyethushares.co.za">www.yeboyethushares.co.za</a> , which document records the terms, conditions, restrictions and limitations applicable to each BEE verified person who elects to purchase, hold and/or transfer any YeboYethu ordinary shares in terms of the standard trading process, and which are acknowledged and accepted by such BEE verified person during the BEE verification process;
"Strate"	a CSD operating under Strate (Proprietary) Limited, registration number 1998/022242/07, a private company incorporate in accordance with the laws of South Africa;
"Strategic Partners"	collectively RBH-CO and Thebe-CO;
"Thebe"	Thebe Investment Corporation (Proprietary) Limited registration number 1992/001846/07, a private company duly incorporated in accordance with the laws of South Africa;
"Thebe-CO"	Main Street 661 (Proprietary) Limited, registration number 2008/003181/07, a private company duly incorporated in accordance with the laws of South Africa;
"trading entity"	the person designated by YeboYethu from time to time to act in such capacity, which shall act as agent on behalf of each YeboYethu ordinary shareholder who elects to use the standard trading process, initially being Velocity;
"transaction agreements"	the: <ul style="list-style-type: none"> <li>• the shareholder's agreement dated 24 July 2013, in terms of which the relationship between the shareholders of Vodacom SA, being RBH-CO, Thebe-CO, Vodacom Group and YeboYethu, is governed;</li> <li>• the relationship agreement means the agreement entitled "Relationship Agreement" concluded between Vodacom Group, Vodacom SA, RBH, RBH-CO, RBH-TELCO, Thebe, Thebe-CO, the ESOP and YeboYethu on 20 June 2008; and</li> <li>• the subscription agreement executed between Vodacom SA, Vodacom Group and YeboYethu dated 20 June 2008;</li> </ul>
"transfer secretaries"	during the BEE listing period, a person appointed from time to time by YeboYethu, who at the date of the BEE listing is Link Market Services;
"trading terms and conditions"	the terms and conditions, restrictions and limitations applicable to each BEE verified person and acknowledged and accepted by such BEE verified person during the BEE verification process, being as the context may require: <ul style="list-style-type: none"> <li>• the standard trading process terms and conditions;</li> <li>• the own-broker trading process terms and conditions;</li> <li>• the off-market transfers process terms and conditions;</li> </ul>
"Velocity"	Velocity Trade Financial Services (Proprietary) Limited, registration number 2010/010415/07, a private company incorporated in accordance with the laws of South Africa, a wholly owned subsidiary of Velocity Trade International Limited (UK);
"Vodacom Group"	Vodacom Group Limited, registration number 1993/005461/06, a public company incorporated in accordance with the laws of South Africa;
"Vodacom SA"	Vodacom (Proprietary) Limited, registration number 1993/003367/07, a private company incorporated in accordance with the laws of South Africa;
"Vodacom SA A shares"	ordinary class "A" shares of R0.00001 each in the share capital of Vodacom SA, bearing rights and privileges set out in the memorandum of incorporation of Vodacom SA;
"Vodacom SA BEE transaction"	the 2008 broad-based BEE ownership transaction with an aggregate value of R7.5 billion in terms of which, <i>inter alia</i> , YeboYethu acquired 3.44% of Vodacom SA;
"Vodacom SA ordinary shares"	ordinary class shares of R0.00001 each in the share capital of Vodacom SA, bearing rights and privileges set out in the memorandum of incorporation of Vodacom SA;

"Vodacom SA service agreement"	means the agreement headed " <i>Services Agreement</i> " entered into between YeboYethu and Vodacom SA in terms of which, <i>inter alia</i> , YeboYethu appointed Vodacom SA to perform certain management services on behalf of YeboYethu;
"Vodacom SA shares"	as determined by the context, the Vodacom SA ordinary shares and/or the Vodacom SA A shares;
"YeboYethu"	YeboYethu Limited, registration number 2008/014734/06, a public company incorporated in accordance with the laws of South Africa, to be renamed YeboYethu (RF) Limited;
"YeboYethu BEE contract"	the contract referred to in the own-broker trading process terms and conditions which an eligible person is required to enter into with Vodacom SA, Vodacom Group and the relevant market participants should he/she/it choose to hold, purchase and/or transfer YeboYethu ordinary shares in accordance with the own-broker trading process (this is a bespoke contract required in respect of the YeboYethu ordinary shares and is distinct from the agreement referred to in the Listings Requirements as a "BEE contract");
"YeboYethu board" or "YeboYethu directors"	the board of directors of YeboYethu, as constituted from time to time;
"YeboYethu MOI"	the memorandum of incorporation of YeboYethu;
"YeboYethu N shares"	means compulsorily convertible "N" shares with a par value of R0.00001 each in the share capital of YeboYethu bearing the rights set out in the YeboYethu MOI;
"YeboYethu N shareholders"	registered holders of YeboYethu N shares;
"YeboYethu ordinary shareholder"	registered holders of YeboYethu ordinary shares;
"YeboYethu ordinary shares"	ordinary shares having with a par value of R0.00001 each in the share capital of YeboYethu bearing the rights set out in the YeboYethu MOI;
"YeboYethu shareholders"	the registered holders of YeboYethu shares;
"YeboYethu shares"	YeboYethu ordinary shares and YeboYethu N shares; and
"YeboYethu subscription option"	the subscription option granted by Vodacom SA to YeboYethu to subscribe for Vodacom SA ordinary shares after receipt of a notice by Vodacom SA to the effect that it wishes to exercise the ESOP call option and/or the public call option.

## 1. Introduction and background

YeboYethu was incorporated on 19 June 2008 as a special purpose vehicle to hold a direct investment in Vodacom SA and facilitate broad-based black economic empowerment in the mobile telecommunications sector. Since inception, over 100 000 black people have been able to hold, through investing in YeboYethu shares, a beneficial interest in Vodacom SA, South Africa's largest mobile communications operator (by customer and revenue). YeboYethu has up to a 3.44% stake in Vodacom SA.

YeboYethu issued 14.4 million ordinary shares to the black public and 12.0 million convertible N shares to the ESOP. 14.4 million YeboYethu ordinary shares were offered at R25 each to the black public and black business partners of Vodacom SA pursuant to the initial public offering in 2008. As a result of the public offer, approximately 102 000 qualifying black investors became YeboYethu ordinary shareholders. YeboYethu was, at the time of the implementation of the Vodacom SA BEE transaction, one of South Africa's largest empowerment schemes in the telecommunications industry. The Vodacom SA BEE transaction, valued at approximately R7.5 billion, was concluded as part of Vodacom SA's on-going efforts to further its BEE objectives in South Africa, and in particular, resulted in YeboYethu owning a maximum of 3.44% of Vodacom SA.

For the avoidance of doubt, YeboYethu **does not** own nor have any beneficial interests in nor rights to Vodacom Group shares.

During the first five years, YeboYethu shareholders were not allowed to trade, except in limited circumstances. Following the conclusion of the first five years, in order to facilitate permitted trading in YeboYethu ordinary shares between eligible persons for the remainder of the lock-in period, YeboYethu commenced operation of the OTC trading platform on 3 February 2014. The lock-in period is still in effect and will terminate on Monday 8 October 2018. For the remainder of the lock-in period, the holding, buying, selling and otherwise transferring of YeboYethu ordinary shares remains restricted as contemplated under the transaction agreements. There will be no restrictions on the sale or encumbrance of YeboYethu ordinary shares after the expiration of the lock-in period. The trading history of the OTC trading platform is set out in **Annexure 1** to this Pre-Listing Statement.

Prior to the commencement of trading on the OTC trading platform, YeboYethu was granted a temporary exemption by the FSB on 8 October 2013 which exemption has been extended from time to time by the FSB. The temporary exemption exempts YeboYethu from the requirement to apply for an exchange license in accordance with the FM Act. This exemption was granted on a temporary basis pending clarification by the FSB of the OTC trading platform regulatory regime.

Following a period of public consultation which commenced in December 2013, the FSB issued a final directive on 11 July 2014, which required companies providing infrastructures to facilitate trading in their own shares (i.e. by way of OTC trading platforms) to:

- change their operating models and methodologies such that they no longer render the functions of an exchange;
- list on a licensed stock exchange;
- apply for an exchange licence in accordance with the FM Act; or
- obtain the appropriate exemption from the FSB.

After considering various alternatives, the YeboYethu board has determined that YeboYethu will pursue a listing of the YeboYethu ordinary shares on the JSE.

In order to list on the BEE Segment, the JSE requires that the YeboYethu ordinary shares be listed as asset backed securities on the BEE Segment due to, amongst other reasons, BEE transaction structures generally bearing similarities to asset backed security structures in that the relevant shares being traded are generally backed by an underlying investment. In the case of YeboYethu, the Vodacom SA shares held by YeboYethu are the sole asset of YeboYethu. Accordingly, the key focus for investors would generally be on the underlying asset, being the Vodacom SA shares. After the lock-in period, YeboYethu ordinary shares will remain listed as asset backed securities, but will no longer be listed on the BEE Segment.

## 2. Rationale for the BEE listing

The main rationale for implementing the BEE listing is to provide the YeboYethu shareholders with regulatory certainty regarding their ability to continue trading in YeboYethu ordinary shares during the lock-in period and thereafter. As a result of regulatory changes implemented by the FSB in 2014, it will no longer be possible to continue trading YeboYethu ordinary shares on the OTC trading platform without seeking an exchange licence.

The BEE listing will provide YeboYethu shareholders with the following additional advantages:

- an anticipated enhanced liquidity in comparison to the OTC trading platform due to the wider access that buyers and sellers will have to professional broking services of JSE members;
- easier price discovery as JSE prices are published in most major print and electronic financial publications; and
- increased investor protection as a result of:
  - the JSE being a regulated market;
  - the segregation of duties between order taking, matching, settlement and custody of securities and cash;
  - monitoring of insider trading and price manipulation; and
  - monitoring of false and misleading reporting.

Certain key additional consequences of the BEE listing to consider include:

- the incremental once-off and ongoing costs that will be incurred by YeboYethu in respect of the implementation and maintenance of the BEE listing (refer to paragraph 14 for estimated costs of the BEE listing);
- YeboYethu being required in terms of the Listings Requirements to indemnify the JSE and certain market participants;
- bulk dematerialised shareholders will, unless and until they take steps to transfer their YeboYethu ordinary shares into their own name, have to obtain letters of representation from the custody entity should such bulk dematerialised shareholder make use of the standard trading process (or such other nominee/custodian which holds their dematerialised YeboYethu ordinary shares if the own-broker trading process or the off-market transfers process is used) if they wish to attend and vote in respect of their YeboYethu ordinary shares at general meetings of YeboYethu;
- it will be necessary for any YeboYethu shareholder or eligible person who wishes to buy, sell, otherwise transfer or receive transfer of YeboYethu ordinary shares to complete the BEE verification process and become a BEE verified person. The manner of BEE verification will depend on whether the relevant person wishes to use:
  - the standard trading process, being the process facilitated by and subsidised by YeboYethu;
  - the own-broker trading process (in which case relevant market participants will need to be appointed by the eligible person, such as a JSE member and a custodian to provide custody services); or
  - the off-market transfers process, where a BEE verified person wishes to buy, sell, otherwise transfer or receive transfer of YeboYethu ordinary shares by way of an off-market transfer; and
- where market participants are appointed by a BEE verified person, they will levy charges which the BEE verified person will be liable for.

### **3. Bulk dematerialisation**

The Listings Requirements and the FM Act does not permit trading in securities which are in certificated form.

On 29 June 2016, YeboYethu shareholders approved the necessary amendments to the YeboYethu MOI in order to, *inter alia*, authorise YeboYethu to implement the bulk dematerialisation of YeboYethu ordinary shares for the YeboYethu ordinary shareholders, other than the election shareholders.

Pursuant to the relevant approvals, bulk dematerialised shareholders have agreed that they will be bound by the provisions of the Strate Rules and Directives with regards to their bulk dematerialised shares.

As set out in the circular, YeboYethu shareholders who wish to continue holding their YeboYethu ordinary shares as certificated YeboYethu ordinary shares may elect to do so until the election end date, in which case such YeboYethu ordinary shares will not be subject to bulk dematerialisation.

Election shareholders will continue to be entitled to attend and vote (whether in person or by proxy) in respect of their YeboYethu ordinary shares at general meetings of YeboYethu without the need for any further action.

YeboYethu shareholders are reminded that, should they elect to continue holding their YeboYethu ordinary shares in certificated form, the share certificates in respect of those YeboYethu ordinary shares will, in accordance with the YeboYethu MOI, continue to be held in safe custody with the transfer secretaries. Should a certificated YeboYethu shareholder wish to trade their YeboYethu ordinary shares on the JSE, they will first need to be dematerialised. YeboYethu shareholders wishing to dematerialise their certificated YeboYethu ordinary shares must contact the transfer secretaries and their CSDP for guidance through the process and any applicable costs.

## **4. Verification, trading and settlement of YeboYethu ordinary shares during the BEE listing period**

### **4.1 Overview**

The BEE Segment is a sector of the main board of the JSE on which BEE securities are listed.

The JSE generally operates on the principle that there are no restrictions in respect of the transferability of the securities that are listed on it. The BEE Segment differs, however, in that the transfer of BEE securities is restricted and may only be made to purchasers that are deemed to be BEE verified persons. The Listings Requirements and rules of the JSE provide that BEE securities may only be transferred between BEE verified persons.

YeboYethu ordinary shares, which will be classified as BEE securities, may only be traded via a JSE member who will place an order in the trading system to purchase or sell BEE securities. Prior to placing the order, the member must receive confirmation from the issuer of the BEE securities or their appointed BEE verification agent that the proposed registered owner or beneficial owner, as the case may be, qualifies as a BEE verified person. Further information regarding the BEE verification process is laid out in paragraphs 4.2 to 4.6 below.

The JSE's settlement authority will monitor for any transactions that are concluded where the purchaser is not a BEE verified person and will instruct the JSE member to take applicable actions, as detailed in the JSE's Rules and Directives, to rectify the transaction.

The JSE's surveillance department will investigate instances of non-compliance by JSE members with the JSE Rules and Directives and will instigate disciplinary action, where appropriate.

In all other respects, the JSE's ordinary trading rules will apply to the trading of YeboYethu ordinary shares. Settlement will take place via the local CSD, Strate. The principle features of Strate are as follows:

- trades executed on the JSE must be settled on a T+5 basis, being five days after the date of the trade (please note that the settlement cycle will be moving to T+3 on Monday 11 July 2016, or such later date as announced by the JSE, at which time trades will settle three days after the date of the trade);
- electronic record of ownership has replaced share certificates and the physical delivery thereof; and
- all investors are required to appoint either a broker or CSDP to act on their behalf and to handle their settlement requirements.

The BEE Segment operates during the normal JSE trading hours.

### **4.2 BEE verification**

YeboYethu has elected to offer its BEE listing on the JSE and the model adopted requires, in terms of the JSE Rules and Directives and Listings Requirements that a BEE verification agent be appointed. Trading in YeboYethu ordinary shares is restricted to BEE verified persons and the role of the BEE verification agent will be to conduct a BEE verification process to ensure that only those persons that have been confirmed as a BEE verified person may become registered or beneficial owners, as the case may be, of YeboYethu ordinary shares.

This means that all persons who wish to buy, sell or otherwise transfer YeboYethu ordinary shares will be put through a BEE verification process, in terms of which:

- their eligibility to trade in YeboYethu ordinary shares will be assessed;
- if confirmed to be a BEE verified person, they will be required to accept the relevant trading terms and conditions of YeboYethu; and
- they will be required to enter into such contractual and mandate arrangements as required in terms of the trading process they have elected. The nature of the documentation to be completed will depend on which of the 3 trading processes (set out in paragraph 4.3 below) has been elected by the BEE verified person.

### **4.3 Trading, clearing, settlement and custody of YeboYethu ordinary shares**

In order to trade in YeboYethu ordinary shares, BEE verified persons have the choice to use:

- the standard trading process; or
- the own-broker trading process; or
- the off-market transfers process.

#### **4.4 BEE verification process for the standard trading process**

The standard trading process is the most cost effective and simplest trading process available to BEE verified persons. Those investors that make use of this process will not be required to appoint a CSDP or open an account with a JSE broker and will thus avoid the costs associated therewith. The costs of the standard trading process will be partially subsidised by YeboYethu.

The objective of the standard trading process is to provide a simple, accessible and cost effective trading option to the majority of YeboYethu shareholders, who, in the absence of this facility, would not ordinarily and easily access trading in YeboYethu ordinary shares through the usual channels for trading listed securities on the JSE.

To this end, YeboYethu shareholders that wish to make use of the standard trading process will enter into a trading mandate with the trading entity. The trading entity will provide and operate a website and a call centre (with multiple language optionality) and thereby accept buy and sell orders from BEE verified persons. Additionally, YeboYethu will provide a walk-in centre to YeboYethu shareholders that wish to make use of the standard trading process. The trading entity will route these buy and sell orders to the trading entity's appointed JSE member(s) for execution on the JSE. Each order will be executed individually and there will be no bulking or aggregation of orders by the trading entity or the relevant JSE member.

The trading mandate concluded between the BEE verified person and the trading entity regulates the process of placing buy and sell orders via the website, call centre or walk in centre, which orders the trading entity will effect through the standard trading process.

BEE verified persons will be required to sign a custody and settlement mandate with link investor services, who will through the custody entity hold their dematerialised YeboYethu ordinary shares and cash on their behalf.

YeboYethu will be responsible for settlement and not the JSE nor any other person.

#### **4.5 BEE verification process for the own-broker trading process**

YeboYethu shareholders and prospective shareholders who have not yet been verified as BEE verified persons that wish to make use of their own JSE member or CSDP will be required to follow the own-broker trading process. This process is more complicated than the standard trading process.

Such a person will be required to enter into a YeboYethu BEE contract. The YeboYethu BEE contract must also be signed by YeboYethu, the relevant CSDP, the JSE member (who will provide broker services to the YeboYethu shareholder) and each other market participant that will act as either an intermediary holder or an intermediary holder that also acts as registered holder in relation to such YeboYethu shareholder, and in respect of whom such BEE verified person has been verified as a BEE verified person.

YeboYethu shareholders and prospective shareholders that wish to follow this route will be required to enter into a YeboYethu BEE contract, which amongst other things will:

- regulate the custodian relationship applicable to the relevant YeboYethu ordinary shares;
- record the various obligations and responsibilities of the relevant market participants;
- regulate the liability of such market participants if they fail to comply with the YeboYethu BEE contract;
- regulate the liability of the BEE verified person if they fail to comply with the YeboYethu BEE contract;
- impose obligations on the relevant market participants to act in accordance with Vodacom SA's instructions in certain circumstances, to transfer YeboYethu ordinary shares to Vodacom SA or its nominee, delegate or agent, as contemplated by the transaction agreements; and
- prescribe the minimum requirements for the mandates to be concluded between BEE verified persons and the market participants, and that such mandates must be approved by YeboYethu.

#### **4.6 BEE verification process for the off-market transfers process**

No off-market transfer of YeboYethu ordinary shares may be effected in favour of a buyer or transferee of YeboYethu ordinary shares that has not successfully been confirmed as BEE verified by the BEE verification agent. Accordingly, BEE verified persons that wish to make use of the YeboYethu off-market transfers process must do so in compliance with the off-market transfers process terms and conditions. Existing YeboYethu ordinary shareholders and prospective

shareholders are advised to contact the BEE verification agent on 082 241 0001 (Toll free from any Vodacom cellphone) or 010 285 0090 (Standard call rates apply) for guidance as to the BEE verification process for off-market transfers that do not involve a JSE member.

#### **4.7 Controlled clients**

If a prospective shareholder who has not yet been verified as BEE verified or a person already verified as being a BEE verified person wishes to trade ordinary shares as a controlled client by way of the own-broker trading process, they will need to inform the BEE verification agent of the identity of the JSE member with whom they intend opening a trading account. The BEE verification agent will, on completion of the BEE verification process in respect of the prospective shareholder and ratification of the eligibility status of the previously verified BEE verified person, issue a confirmation to the nominated JSE member, which states that the BEE verification process has been successfully concluded in respect of their client and that as a BEE verified person, they may trade in YeboYethu ordinary shares.

#### **4.8 Non-controlled clients**

If a prospective shareholder that has not yet been verified as BEE verified or person already verified as being a BEE verified person wishes to trade YeboYethu ordinary shares as a non-controlled client of a JSE member by way of the own-broker trading process, they will need to inform the BEE verification agent of the identity of the JSE member with whom they intend opening a trading account and the identity of the registered holder and/or CSDP who will hold in safe custody their YeboYethu ordinary shares. The BEE verification agent will, on completion of the BEE verification process in respect of the prospective shareholder and ratification of the eligibility status of the previously verified BEE verified person, issue a confirmation to the nominated JSE member and the nominated registered holder and/or CSDP, which states that the BEE verification process has been successfully concluded in respect of their client and that as a BEE verified person, they may trade in YeboYethu ordinary shares.

#### **4.9 Own name client of a CSDP without a trading account with the JSE member**

If a prospective shareholder that has not yet been verified as BEE verified person or a person already verified as being a BEE verified person wishes to open an account in their own name (i.e. as a registered shareholder) at a CSDP to hold their YeboYethu ordinary shares, and does not have a trading account with a JSE member, the relevant prospective shareholder or person verified as being a BEE verified person will be required to inform the BEE verification agent of the identity of the CSDP with whom they intend entering into a mandate arrangement. The BEE verification agent will, on completion of the BEE verification process, issue a confirmation to the nominated CSDP, which states that BEE verification has been successfully concluded in respect of their client and that as a BEE verified person, they may trade in YeboYethu ordinary shares.

### **5. Indemnity granted by YeboYethu**

As YeboYethu has elected to pursue the BEE listing subject to the use of a BEE verification agent, YeboYethu (as issuer) is required, in terms of the Listings Requirements to grant certain indemnities in favour of the JSE and relevant market participants in accordance with and subject to the limitations and qualifications in the Listings Requirements.

In addition to the indemnities required to be given by YeboYethu pursuant to the Listings Requirements, YeboYethu may be required contractually to give other indemnities in favour of its service providers for purposes of and in connection with the BEE listing, and to any other person for purposes of establishing, implementing and facilitating the infrastructure required for, or incidental to the BEE listing. In addition, the operation of the own-broker trading process, the off-market transfers process and the standard trading process (the latter being operated by the trading entity and the custody entity), together with the BEE verification agent, entails a degree of facilitation or subsidisation by YeboYethu from a costs point of view. The operation of the standard trading process, in particular, is aimed at ensuring an accessible entry point for the bulk of the YeboYethu shareholders within the JSE's listed trading environment.

### **6. Restrictions during lock-in period**

#### **6.1 Overview**

Trading in YeboYethu ordinary shares will be subject to the JSE Rules and Directives and Listings Requirements and the YeboYethu MOI and, for the duration of the lock-in period, the BEE principles. The YeboYethu MOI imposes certain restrictions on the sale and/or encumbrance of YeboYethu ordinary shares and contain various other rights in favour of and/or obligations on YeboYethu shareholders.



## 6.2 BEE principles

For the duration of the lock-in period, the following principles which are subject to certain limited exceptions apply to YeboYethu ordinary shareholders and the YeboYethu ordinary shares:

- YeboYethu ordinary shares may not be encumbered;
- YeboYethu ordinary shares may only be disposed of to eligible persons;
- Black groups must maintain the same or higher BEE status than they had at the time of their application for YeboYethu ordinary shares in terms of the prospectus;
- All share certificates in respect of certificated YeboYethu ordinary shares must be deposited with the transfer secretaries; and
- YeboYethu shareholders must not be in breach of the YeboYethu MOI, the key extracts of which are set out in Annexure 2.

At the time of termination of the lock-in period, the majority of these restrictions will no longer apply.

## 6.3 Deemed offers

In certain circumstances YeboYethu will be entitled to buy from a YeboYethu shareholders their YeboYethu ordinary shares, with or without a discount. These circumstances include where:

### 6.3.1 YeboYethu may buy back the YeboYethu ordinary shares at the interim market value

If a YeboYethu shareholder is involuntarily sequestered or liquidated (as applicable), and the trustee or liquidator of that estate fails, within 6 months of that YeboYethu shareholder being sequestered or liquidated, to sell that YeboYethu shareholder's YeboYethu ordinary shares to a BEE verified person, YeboYethu or its nominee shall be entitled to buy back the YeboYethu ordinary shares at the interim market value.

### 6.3.2 YeboYethu may buy back the YeboYethu ordinary shares at a 10% discount to the interim market value

If any shareholder, JSE member, participant or beneficiary of a YeboYethu shareholder that is a black group dies and, as a result, the black group no longer constitutes a BEE verified person, and the black group fails, within 6 months of that persons death, to restore its status as a BEE verified person, YeboYethu or its nominee may buy back the YeboYethu ordinary shares at a 10% discount to the interim market value.

### 6.3.3 YeboYethu may buy back the YeboYethu ordinary shares at a 40% discount to the interim market value

In the event that a YeboYethu shareholder:

- breaches the BEE principles;
- made a false declaration with regard to his BEE status in their application for shares in the initial public offer; and/or
- fails to comply with the YeboYethu MOI,

YeboYethu or its nominee may buy back the YeboYethu ordinary shares at a 40% discount to the interim market value. In the events contemplated in 6.3.3, the YeboYethu shareholder shall not be afforded any opportunity to rectify or remedy the breach, false declaration or failure to comply with the YeboYethu MOI.

In the events contemplated in 6.3.1, 6.3.2 and 6.3.3 above, the YeboYethu shareholder shall be deemed to have made an offer in respect of the YeboYethu ordinary shares on the day immediately preceding the day on which the relevant event occurs.

If any YeboYethu shareholder becomes aware of the fact that an event contemplated in 6.3.1, 6.3.2 and 6.3.3 above has occurred in respect of another YeboYethu shareholder, such YeboYethu shareholder shall be obliged to bring that fact to the attention of YeboYethu.

The deemed offer shall be open for acceptance by YeboYethu from the date on which an event contemplated above occurs and lapsing 60 (sixty) days after YeboYethu becomes aware that an event contemplated above has occurred and may be accepted by written notice to the effect that effect to the YeboYethu shareholder. In this regard, YeboYethu may accept the offer for itself, or on behalf of its nominee.

Save for a breach of the last two trigger events, these circumstances will only entitle YeboYethu or its nominee to buy the relevant YeboYethu shareholder's YeboYethu ordinary shares when they occur during the lock-in period. After the lock-in period, the majority of these provisions will no longer apply.

## 7. The public call option and the YeboYethu subscription option

The public call option allows Vodacom SA to purchase a formula-determined number of Vodacom SA A shares (and Vodacom SA ordinary shares, if required) from YeboYethu at par value if, by the end of the lock-in period, the notional outstandings are not equal to zero in terms of the notional funding structure which applied when the Vodacom SA A shares were originally issued.

The YeboYethu subscription option allows YeboYethu, upon Vodacom SA exercising the public call option and/or ESOP call option, to subscribe for a formula-determined number of Vodacom SA ordinary shares from Vodacom SA at a price equal to the par value of those shares plus the notional outstandings of the relevant Vodacom SA A shares.

The salient terms of these options are set out in Annexure 2 to this pre-listing statement.

## 8. YeboYethu post the lock-in period

The lock-in period is scheduled to terminate on Monday 8 October 2018. At this point in time:

- each YeboYethu N share shall automatically convert into one YeboYethu ordinary share with a simultaneous repurchase of a variable number of YeboYethu ordinary shares at par value. The variable number of YeboYethu ordinary shares will be calculated based on a specified formula which takes into account the outstanding balance of the notional loan and the underlying value of the shares held in Vodacom SA. The formula ensures that ESOP will, after Vodacom SA's repurchase of a portion of the Vodacom SA shares held by YeboYethu and the consequent repurchase by YeboYethu of a portion of YeboYethu shares held by ESOP, hold that percentage shareholding in YeboYethu as is equal to the Vodacom SA A shares held by YeboYethu, as a percentage of all Vodacom SA shares held by it. The remaining YeboYethu ordinary shares shall thereafter be distributed to ESOP participants and will rank *pari passu* to, and be listed on the JSE along with all other YeboYethu ordinary shares; and
- the YeboYethu ordinary shares will no longer be subject to the restrictions that they may only be traded amongst BEE verified persons or that they may not be encumbered.

Further information in this regard is provided in the key extracts from Vodacom SA's memorandum of incorporation and the YeboYethu MOI in Annexure 2 below.

YeboYethu's listing on the JSE will not automatically discontinue after the lock-in period and may be subject to such alternative structure or arrangement determined by YeboYethu and Vodacom SA, in consultation with YeboYethu shareholders and the JSE.

## 9. General information on YeboYethu

### 9.1 Name, incorporation and registered office

YeboYethu 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.

### 9.2 Nature of business

YeboYethu is a special purpose vehicle with the sole business and objective of participating in the Vodacom SA BEE transaction through acquiring and holding shares in Vodacom SA for the benefit of YeboYethu shareholders.

YeboYethu's capacity and authority (and that of the YeboYethu Directors and officers) is accordingly limited to the achievement of this objective by related restrictions. These limitations are set out in the YeboYethu MOI and include that YeboYethu is ring-fenced as contemplated in the Companies Act.

Other limitation include:

- the Vodacom SA shares held by YeboYethu may not be encumbered; and
- YeboYethu's ability to incur material debt has been limited.

YeboYethu holds 7 200 000 Vodacom SA ordinary shares and 157 800 000 Vodacom SA A shares representing 3.44% of the issued share capital of Vodacom SA.

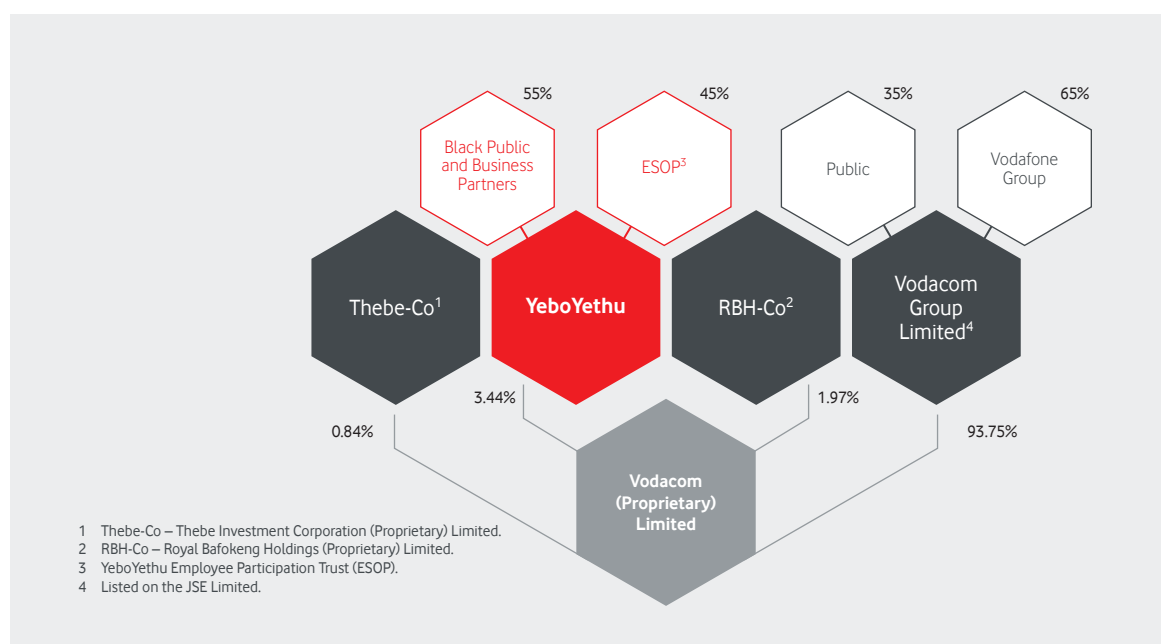
The acquisition of the Vodacom SA shares was funded through a combination of (i) the proceeds of the subscription from participants in the initial public offering; and (ii) the proceeds of the subscription from the issue of the Vodacom SA A shares subscribed for by the ESOP.

As at 31 March 2016, the aggregate notional outstandings in respect of the Vodacom SA A shares held by YeboYethu was R3 005 117 961 (relating to black public: R1 384 892 125 and ESOP: R1 620 225 836).

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 Companies Act, the Insolvency Act, 24 of 1936, as amended and the YeboYethu MOI.

### 9.3 YeboYethu shareholding structure

The following diagram illustrates the shareholding structure of YeboYethu:



### 9.4 Major YeboYethu shareholders

As far as YeboYethu is aware, the following persons directly, or indirectly, have a beneficial interest in 5% or more of any class of shares issued by YeboYethu, and the amount of such person's beneficial interest is set out in the table below:

Name	Class of shares	Number of shares	Percentage holding of class
ESOP	YeboYethu N shares	12 000 000	100
Innovator Trust	YeboYethu ordinary shares	956 876	6.65

### 9.5 Financial information

Reports on the historical financial information of YeboYethu and Vodacom SA for the three financial years ended 31 March 2016 are available on the YeboYethu website ([www.yeboyethu.co.za](http://www.yeboyethu.co.za)) and are the responsibility of the YeboYethu and Vodacom SA boards. The Independent Reporting Accountants' Reports thereon are available for inspection as stated in note 24 of the pre-listing statement.

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

All historical financial information on YeboYethu and Vodacom SA is available on YeboYethu's website: [www.yeboyethu.co.za](http://www.yeboyethu.co.za).

## 10. Underlying assets

YeboYethu owns a maximum of 3.44% of Vodacom SA prior to the participation date, as defined in the memorandum of incorporation of Vodacom SA (i.e the date upon which the notional outstandings of a Vodacom SA A share equal zero, or Vodacom SA has exercised and implemented the public call option, whichever occurs first). YeboYethu does not conduct any business other than holding this asset. For the avoidance of doubt, corporate actions undertaken by Vodacom SA may affect YeboYethu and other holders of Vodacom SA shares in the same manner. YeboYethu's holding of the Vodacom SA shares is subject to the restrictions set out in the YeboYethu MOI, the Vodacom SA memorandum of incorporation and the transaction agreements.

For the avoidance of doubt, YeboYethu **does not** own or have any beneficial interests in or rights to Vodacom Group shares.

As at 31 March 2016 the aggregate notional outstandings in respect of the Vodacom SA A shares held by YeboYethu was R3 005 117 961 (relating to black public: R1 384 892 125 and ESOP: R1 620 225 836).

The net asset value of YeboYethu as at 31 March 2016 is calculated as follows:

	2016	2015	2014
Net asset value (R000)	1 093 381	967 629	1 021 225
Expected number of YeboYethu ordinary shares in issue after conversion	19 568 101	19 164 645	21 166 640
Net asset value per share (Rand)	55.88	50.49	48.25
<b>Reconciliation of expected number of YeboYethu ordinary shares in issue after conversion</b>			
YeboYethu ordinary shares	14 395 300	14 395 300	14 395 300
YeboYethu N shares convertible into YeboYethu ordinary shares	5 172 801	4 769 345	6 771 340
	19 568 101	19 164 645	21 166 640

Shareholders are referred to note 9 in the YeboYethu historical financial information for more detailed information in this regard.

Source: YeboYethu historical financial information for the three financial years ended 31 March 2016.

### 10.1 Profile and nature of the Vodacom SA business

Vodacom SA is held 93.75% by Vodacom Group which is listed on the main board of the JSE.

The principal nature of business of 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.

### 10.2 Vodacom SA share capital

Vodacom SA's authorised share capital consists of:

- 350 000 000 000 Vodacom SA ordinary shares; and
- 350 000 000 Vodacom SA A shares,

of which the following shares have been issued:

Shareholder	Number of Vodacom SA ordinary shares	Number of Vodacom SA A shares	Percentage of issued Vodacom SA shares held
Vodacom Group	4 500 000 000	–	93.75
YeboYethu	7 200 000	157 800 000	3.44
RBH-CO	7 560 000	86 940 000	1.97
Thebe CO	3 240 000	37 260 000	0.84

### 10.3 Vodacom SA share terms

Each Vodacom SA ordinary share entitles the holder thereof to one vote on any matter to be decided by the Vodacom SA shareholders; to participate proportionally in any distribution made by Vodacom SA; and to receive proportionally the net assets of Vodacom SA on its liquidation.

The Vodacom SA A shares have substantially the same rights as the Vodacom SA ordinary shares, save that they will not be entitled to any dividends until the notional outstandings on those shares are zero, or Vodacom SA exercises the public call option/ESOP call option, whichever occurs first.

The Vodacom SA public A shares were issued with notional amounts of R20.11 per share and the Vodacom SA ESOP A shares were issued with notional amounts of R22.50 per share. Since the implementation date, these amounts have been:

- (i) increased by the notional rate of, initially, 9.7593% and, since 1 April 2015, 8% (nominal annual, compounded daily in arrears and based on a 365 day year); and
- (ii) reduced by the notional dividends that each Vodacom SA A share would have received if it were a Vodacom SA ordinary share (i.e. the notional dividend sacrifice).

As at the 31 March 2016, the aggregate notional outstandings in respect of the Vodacom SA A shares were R3 005 117 961 (relating to black public: R1 384 892 125 and ESOP: R1 620 225 836).

### 10.4 Trading in Vodacom SA shares

Trading in the Vodacom SA shares is governed by the Vodacom SA MOI, and the transaction agreements, and includes, among others, pre-emptive rights, restrictions on selling and/or encumbering the Vodacom shares during the lock-in period, deemed offer provisions and tag-along and come along provisions.

For further information on these terms, and the balance of the applicable provisions, please refer to the description of the material contracts set out in paragraph 22.2, the Vodacom SA MOI, and the transaction agreements which are available for inspection.

## 11. YeboYethu directors and management functions

### 11.1 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 is responsible for the day-to-day management functions of YeboYethu.

### 11.2 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 with the principles of good corporate governance as set out in the guidelines of the Code of Good Governance Principles for South Africa – 2009 as laid out in the King III report on Corporate Governance for South Africa – 2009 published by the Institute of directors in Southern Africa, as such is amended and substituted from time to time (King III) to the extent that it applies to the circumstances of YeboYethu.

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.

### 11.3 Company secretary

YeboYethu secretary's street and postal address details are set out in the "Corporate Information" section.

#### 11.4 YeboYethu directors

The CV's of the YeboYethu directors are set out below:

##### **Zarina Bibi Mahomed Bassa**

BAcc, DipAcc, CA(SA)

The Place, 1 Sandton Drive, Sandton 2196

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 is the Executive Chairman of Songhai Capital. She also serves as a non-executive director of Kumba Iron Ore Limited, Sun International, Woolworths, Investec and Oceana amongst others. 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 SA Institute of Chartered Accountants' and Vice President of ABASA. Zarina was named Top Women in Business and Government in 2007 and Top Business Personality in Financial Services: Banking in 2008.

##### **Deenadayalen Konar (Len)**

CRMA, BCom, PG Dip in Acc, MAS (USA), Cert Tax Law, DCom and CA(SA)

52 Corlett Drive, Wanderers Office Park, Grant Thornton Building, Illovo 2196

Independent non-executive director and Chairman of the Audit Committee. Appointed in June 2008.

Len is the Chairman of Exxaro Resources Limited. After completing his articles of clerkship at Ernst & Young in Durban, Len began his career as an academic at the University of Durban-Westville. He then spent six years with the Independent Development Trust as head of investments and internal audit, prior to becoming a professional director of companies and consultant. Len is Chairman of Steinhoff International and a member of the boards of Sappi and a past member of the ad-hoc ethics panel of the United Nations, safeguards panel of the International Monetary Fund in Washington, co-chairman of the implementation oversight panel of the World Bank, and past chairman and member of the external audit committee of the International Monetary Fund.

##### **Seth Malefetsane Radebe**

BCom (Hons), CA(SA)

5 Carnation Street, Gallo Manor Ext 2, Sandton 2052

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

Seth is a Director and the Chief Executive at Amazwe Holdings. He is a Chartered Accountant (CA) with over 16 years experience both in the Public, Private Listed and Private sectors. Seth was previously a Director at PKF Accountants, a Managing Director at Rebahale Consulting and a Partner at Grant Thornton Johannesburg. Seth completed his articles with Deloitte and held various auditing positions with Deloitte, SARS and the Office of the Auditor General (AG). Seth serves and has served as a Director/chairperson of audit committee/member of the Audit Committee on various entities and boards which include YeboYethu, Sentech, Africa Cellular Towers (ACTOWERS), South African Forestry Company Limited (SAFCOL), Platfields Limited, City of Johannesburg, Municipal Demarcation Board, Mangaung Metropolitan Municipality, Mogale City Local Municipality and Metsimaholo Local Municipality among others. He is a member of SAICA (South African Institute of Chartered Accountants), IOD (Institute of Directors), IIA (Institute of Internal Auditors) and IRBA (Independent Regulatory Board of Auditors)

**Adele Mary Hall**

BCompt (Unisa)

39 Meredy Street, Randhart, Alberton 1449

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

Adele runs a small Transformation Consultancy business focussing on BBBEE and until February 2015 was the director responsible for BBBEE, Transformation & Diversity at UTi Africa. She is also the chairman of Alcon Marepha and a member of the boards of Cape Gate Marepha and 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 an co-owner of FranklinCovey 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.

**Tlhabeli Christopher Ralebitso**

BSc Engineering (Mechanical)

Vodacom Corporate Park, 082 Vodacom Boulevard, Midrand 1685

Non-executive director and member of the Social & Ethics Committee. Appointed in June 2008.

Tlhabeli joined Vodacom Group in January 2006 as Managing Director of Vodacom Ventures. He serves as a non-executive director representing Vodacom in companies in which Vodacom has invested. Tlhabeli started his career as an engineer in 1993 in research and development of energy related industrial applications. He progressed to positions in engineering design and construction, and manufacturing at South African Breweries Limited.

**Vuyani Jarana**

National Diploma in Telecommunications (Olifantsfontein), BCom (Unisa), MBA (Stellenbosch)

Vodacom Corporate Park, 082 Vodacom Boulevard, Midrand 1685

Non-executive director. Appointed in November 2012.

Vuyani is Chief Officer of Vodacom SA: Enterprise Business Unit with responsibility to drive business growth through the enterprise business segment. He is responsible for co-ordination and execution of the enterprise business in markets where Vodacom has presence. He is responsible for Vodacom's pan African enterprise business strategy, he is the chairman of Vodacom Business Africa, Chairman of Vodacom Business Nigeria as well as Chairman of Stortech, a subsidiary of Vodacom focusing on storage and cloud-based ICT services for the enterprise business. He is a director on the board of Vodacom SA and a member of the Vodacom Capital Investment Review Board. He is a board member of Eastern Cape Rural Development Agency and council member of the Nelson Mandela Museum. He was previously Chief Operating Officer for Vodacom SA, a position he held until March 2012.

**11.5 Remuneration of YeboYethu directors**

YeboYethu directors have not historically received any remuneration and as at the last practicable date, do not receive any remuneration.

**11.6 YeboYethu directors' interests**

The following YeboYethu directors have direct and indirect beneficial interests in YeboYethu ordinary shares as at last practicable date:

	<b>Units held in ESOP linked to "N" shares</b>	<b>Direct beneficial percentage interest in YeboYethu</b>	<b>Indirect beneficial percentage interest in YeboYethu</b>
V Jarana	2 090 196	–	0.1
TC Ralebitso	2 090 196	–	0.1



## 11.7 Qualifications, borrowing powers and appointment of the YeboYethu directors

The borrowing powers of YeboYethu are limited by the terms of the transaction agreements. In particular, the consent of Vodacom SA is required prior to YeboYethu incurring any borrowings, other than those expressly permitted in the transaction agreements.

In terms of the YeboYethu MOI, the YeboYethu board must comprise of not less than 5 persons and not more than 7 persons. Vodacom Group is entitled to appoint 1 director to the YeboYethu Board and the remaining YeboYethu directors will be elected by YeboYethu shareholders. 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, 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 1/3 (one third), but not less than 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 Companies 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 consultant 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.

## 12. Share capital of YeboYethu

### 12.1 Authorised and issued YeboYethu ordinary shares

	2016	2015	2014
<b>Authorised</b>			
40 million YeboYethu ordinary shares (at R0.00001 each)	R400	R400	R400
<b>Issued</b>			
Opening balance at beginning of year 14.4 million YeboYethu ordinary shares at R0.00001 each	R144	R144	R144
Less repurchase: nil (2015: nil, 2014: 400) YeboYethu ordinary shares at R0.00001 each	–	–	*
<b>Closing balance issued YeboYethu ordinary share capital</b>	<b>R144</b>	R144	R144

(\*) Less than R1.

YeboYethu did not repurchase any YeboYethu ordinary shares during the 2016 and 2015 financial years, but repurchased 400 YeboYethu ordinary shares in 2014.

The amount paid for repurchased and cancelled ordinary shares was accounted for in the 2014 financial year as 400 ordinary shares at R44.07 per share. The total amount of R44.07 comprised of the par value per share of R0.00001, the share premium paid of R24.99 and an excess portion of R19.08. The excess portion is accounted for in retained earnings.

The repurchased YeboYethu ordinary shares were cancelled and became unissued authorised YeboYethu ordinary shares.

	2016 R000	2015 R000	2014 R000
<b>Share premium</b>			
Opening balance at the beginning of the year	359 883	359 883	359 893
Less repurchase: nil (2015: nil, 2014: 400) YeboYethu ordinary shares at R24.99 each	–	–	(10)
<b>Closing balance at the end of the year</b>	<b>359 883</b>	359 883	359 883

## 12.2 Authorised and issued YeboYethu N shares

	2016	2015	2014
<b>Authorised</b>			
12 million authorised YeboYethu N shares (at R0.00001 each)	R120	R120	R120
<b>Issued</b>			
12 million issued YeboYethu N shares (at R0.00001 each)	R120	R120	R120

YeboYethu N shares rank *pari passu* to the YeboYethu ordinary shares other than the fact that they will not earn any dividends until the notional outstandings in respect of the Vodacom SA A shares are zero, or Vodacom SA exercises the public call option or ESOP call option, whichever occurs first.

YeboYethu N shares are solely held by the ESOP.

There were no changes to the YeboYethu N shares for the financial years ended 31 March 2016, 31 March 2015 and 31 March 2014 respectively.

## 12.3 Alterations to share capital

The YeboYethu board may, subject to the restrictions in the MOI and the Listings Requirements, resolve to issue shares at any time, but only within the classes and to the extent that those shares have been authorised by or in terms of the MOI.

## 12.4 Rights attaching to the YeboYethu shares

### 12.4.1 YeboYethu ordinary shares

The YeboYethu ordinary shares are ordinary shares in the share capital of YeboYethu, but will be listed as asset backed securities on the BEE Segment (thus constituting BEE securities).

The YeboYethu ordinary shares are:

- backed by the Vodacom SA shares held by YeboYethu;
- rank *pari passu* with one another;
- will receive any distribution if declared by the YeboYethu board; and
- are entitled to one vote per share.

Any changes to the rights, limitations and other terms of the YeboYethu ordinary shares shall be subject to the requisite approval of the YeboYethu shareholders in accordance with the Companies Act and the YeboYethu MOI.

Subject to any special rights or restrictions as to voting attached to any shares by or in accordance with the MOI, at a meeting of the company:

- any person who is present at the meeting, whether as a shareholder or as proxy for a shareholder, has the number of votes determined in accordance with the voting rights associated with the securities held by that shareholder; and
- on a poll any person who is present at the meeting, whether as a shareholder or as proxy for a shareholder, has the number of votes determined in accordance with the voting rights associated with the securities held by that shareholder.

### 12.4.2 YeboYethu N shares

The YeboYethu N shares are compulsorily convertible class "N" shares bearing the rights and privileges set out in the YeboYethu MOI. The YeboYethu N shares are solely issued to the ESOP. YeboYethu holds Vodacom SA A shares, and YeboYethu in turn issued YeboYethu N shares in respect of Vodacom SA A shares to ESOP.

The YeboYethu N shares:

- are backed by the Vodacom SA A shares held by YeboYethu;
- rank *pari passu* with one another;
- with regard to dividends, rank *pari passu* with YeboYethu ordinary shares save that they are not entitled to any dividends until the earlier of the date ("**conversion date**") on which
  - (i) the notional outstandings are nil or
  - (ii) Vodacom SA has exercised the ESOP call option; and
- with regard to voting rights, rank *pari passu* with YeboYethu ordinary shares.

From the conversion date, each YeboYethu N share will automatically convert into 1 YeboYethu ordinary share and YeboYethu shall simultaneously repurchase from the ESOP a formula determined number of YeboYethu ordinary shares at par value. The remaining YeboYethu ordinary shares shall thereafter be distributed to ESOP participants and the ESOP shall then be terminated. Upon distribution of such YeboYethu ordinary shares to the ESOP participants, it is YeboYethu's intention that such YeboYethu ordinary shares will be listed on the JSE.

Any changes to the rights, limitations and other terms of the YeboYethu N shares shall be subject to the requisite approval of the YeboYethu N shareholders in accordance with the Companies Act and the YeboYethu MOI.

## 13. Risks factors associated with the YeboYethu ordinary shares

Risk factors associated with an investment in shares are factors that influence the value of the shares that are not under the control of the investor. The following are risk factors that have been identified in respect of an investment in YeboYethu ordinary shares, but this list cannot be relied upon to represent all the risk factors that may be associated with an investment in YeboYethu ordinary shares:

- the value of the underlying Vodacom SA shares may decline;
- notional dividends from Vodacom SA shares which notionally reduce the notional outstandings may be insufficient to settle the notional outstandings;
- the total expenses incurred by YeboYethu in the day-to-day running of YeboYethu may increase;
- the discount or premium at which a YeboYethu ordinary share may trade at on the JSE compared to its underlying value is uncertain;
- tax implications pursuant to the holding of such YeboYethu ordinary shares; and
- the underlying risk factors associated with Vodacom SA as set out in **Annexure 3**.

### 13.1 Dividends received from the Vodacom SA ordinary shares

YeboYethu received the following dividends in each of the last 3 financial years on its Vodacom SA ordinary shares:

Year	Aggregate dividend received
2016	R18 700 018
2015	R14 776 000
2014	R19 360 000

### 13.2 Expenses incurred by YeboYethu

The effective management of expenses incurred in running YeboYethu would enhance value to YeboYethu shareholders. YeboYethu and Vodacom SA have entered into the Vodacom SA services agreement to regulate the day to day management of YeboYethu and to effectively manage the expenses of YeboYethu.

### 13.3 Tax implications

Certain tax implications will arise as a result of trading in YeboYethu ordinary shares. YeboYethu shareholders must seek their own independent tax advice as regards the holding or disposal of any YeboYethu ordinary shares.

### 13.4 Vodacom SA risk factors

The risk factors associated with Vodacom SA, based on publically available information, are set out in **Annexure 3** to this pre-listing statement.

## 14. Exchange Control Regulations

The following summary is intended as a guide and is therefore not comprehensive. If you are in any doubt in regard hereto, please consult your professional financial advisor:

### 14.1 South African Exchange Control Regulations

In terms of the Exchange Control Regulations:

- an emigrant may use emigrant blocked funds to acquire YeboYethu ordinary shares;
- all payments in respect of the acquisition of YeboYethu ordinary shares by an emigrant, using emigrant blocked funds, must be made through the authorised dealer in foreign exchange controlled the blocked assets;
- any YeboYethu ordinary shares acquired pursuant to the use of emigrant blocked funds will be credited to their blocked share accounts at the CSDP controlling their blocked portfolios;
- YeboYethu ordinary shares subsequently re-materialised and held in certificated form, will be endorsed "*non-resident*" and a copy will be sent to the authorised dealer in foreign exchange through whom the payment was made. The original share certificate containing such endorsement will be held in safe custody by the transfer secretaries; and
- if applicable, refund monies payable in respect of unsuccessful orders or partly successful orders, as the case may be, for YeboYethu ordinary shares, emanating from emigrant blocked accounts, will be returned to the authorised dealer in foreign exchange through whom the payments were made, for credit to such aspirant shareholders' blocked accounts.

YeboYethu shareholders resident outside the Common Monetary Area should note that, where YeboYethu ordinary shares are subsequently re-materialised and held in certificated form, the share certificates in respect of such YeboYethu ordinary shares will be endorsed "*non-resident*" in terms of the Exchange Control Regulations. The original share certificate containing such endorsement will be held in safe custody by the transfer secretaries.

## 15. Expenses of the BEE listing

The costs of the BEE listing, including the costs applicable to this pre-listing statement, shall be borne by Vodacom SA.

Other than as set out below, YeboYethu has not incurred any preliminary expenses in the three years preceding the date of pre-listing statement with regards to the BEE listing. The estimated expenses are set out below:

	Payable to	R000
Sponsor & financial adviser	UBS South Africa (Pty) Ltd	3 500
Attorneys	Cliffe Dekker Hofmeyr Inc.	3 000
Independent Reporting Accountants	PriceWaterhouseCoopers Inc & Deloitte & Touche	1 210
Document inspection	JSE	68
Pre-listing Statement printing & posting	Studio 5	2 000
Media and advertising	Various service providers	5 500
General meeting costs	Singular Systems (Pty) Ltd	500
Total		15 778

All amounts are exclusive of VAT.

## **16. Advisors' interests**

None of the advisors of YeboYethu have an interest in the issued share capital of YeboYethu as at the last practicable date.

## **17. YeboYethu directors' responsibility statement**

Each of the YeboYethu directors, whose names and details are given in the "Corporate Information" section of this pre-listing statement, collectively and individually, certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement herein false or misleading in any material aspect and they have made all reasonable enquiries to ascertain such facts and this pre-listing statement contains all information required by law and the Listings Requirements. Each of the YeboYethu directors, collectively and individually accept full responsibility for the accuracy of the information contained in this pre-listing statement and the annual financial report, the amendments to the annual financial report or any supplements from time to time, except as otherwise stated therein.

## **18. Promoters**

No amounts were paid, or accrued as payable, within the preceding three years, or were proposed to be paid to any promoter, or to any partnership, syndicate or other association of which he/she/it is or was a member.

No promoter had any material beneficial interest, direct or indirect, in the promotion of YeboYethu and in YeboYethu as a result of the BEE listing or during the three years preceding the date of this pre-listing statement.

## **19. Commissions**

No commissions were paid to any persons within the preceding three years in relation to any of the transactions envisaged in this pre-listing statement or in relation to the issue of any YeboYethu securities.

## **20. Litigation statement**

There are no legal or arbitration proceedings, including any proceedings that are pending or threatened, of which YeboYethu is aware, that may have or have had in the recent past, being at least the previous twelve months, a material effect on YeboYethu's financial position.

## **21. Experts' consents**

The financial adviser and sponsor, attorneys and independent reporting accountants have consented in writing to act in the capacities stated and to their names being included in this pre-listing statement and have not withdrawn their consent prior to the publication of this pre-listing statement.

## **22. JSE sponsor**

UBS South Africa (Proprietary) Limited is the JSE sponsor to YeboYethu.

## **23. Other information**

### **23.1 Material change**

There have been no material changes in the financial or trading position of YeboYethu since YeboYethu's historical financial information results for the year ended 31 March 2016. The aforementioned statement has been made after due and careful enquiry by the YeboYethu directors and there has been no involvement by YeboYethu auditors in making such statement.

### 23.2 Summary of material contracts

The following is a list and description of material contracts entered into by YeboYethu:

<b>Contract name</b>	<b>Description</b>
Subscription agreement	The agreement in terms of which YeboYethu subscribed for Vodacom SA shares pursuant to the Vodacom SA BEE transaction.
Shareholders' agreement	The agreement in terms of which the relationship between the shareholders of Vodacom SA, being RBH-CO, RBH-TELCO, Vodacom Group and YeboYethu, is governed and in terms of which <i>inter alia</i> (i) YeboYethu granted pre-emptive rights in respect of its Vodacom SA shares in favour of the RBH-CO and Thebe-CO and Vodacom Group, (ii) the deemed offer provisions are set out, (iii) the YeboYethu subscription option is set out, (iv) come-along rights in favour of the BEE parties and tag-along rights in favour of Vodacom Group is set out and (v) a pre-emptive right is granted in favour of each of the BEE parties to participate in any future BEE transaction implemented by Vodacom SA during the lock-in period.
Relationship agreement	The agreement in terms of which the relationship between Vodacom SA and Vodacom Group and the BEE parties to the Vodacom SA BEE transaction, being RBH, RBH-TELCO, RBH-CO, Thebe, Thebe-CO, ESOP and YeboYethu, is governed and in terms of which <i>inter alia</i> (i) the relationship between the parties is governed and (ii) the BEE principles applicable to each BEE party are set out including the restrictions on each BEE party's ability to, for the duration of the lock-in period, dispose of or encumber its Vodacom SA shares or to permit the transfer of its own shares.
Vodacom SA service agreement	The agreement in terms of which YeboYethu appointed Vodacom SA to perform to the day to day management of YeboYethu's business and the administration of YeboYethu's affairs.

### 23.3 Acquisitions and disposals

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

### 23.4 Funding

The acquisition of the Vodacom SA A shares held by YeboYethu is subject to a notional vendor financing arrangement. Although YeboYethu does receive support from Vodacom SA it does not utilise loan finance.

### 23.5 Loans receivable

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

## 24. Documents incorporated by reference

The following documents are incorporated by reference and are available on the YeboYethu website ([www.yeboyethu.co.za](http://www.yeboyethu.co.za)):

- historical financial information of Vodacom SA for the three financial years ended 31 March 2016; and
- historical financial information of YeboYethu for the three financial years ended 31 March 2016.

## 25. Documents available for inspection

Copies of the following documents will be available on the website of YeboYethu ([www.yeboyethu.co.za](http://www.yeboyethu.co.za)) and for inspection at the offices of the transfer secretaries as set out in the "Corporate Information" section during normal business hours (excluding Saturdays, Sundays and South African public holidays) from the date of issue of this pre-listing statement up to and including Wednesday 10 August 2016;

### Contract/document

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1. YeboYethu MOI
  2. Relationship agreement
  3. Shareholders' agreement
  4. Subscription agreement
  5. Memorandum of incorporation of Vodacom SA
  6. Historical financial information of YeboYethu for the three financial years ended 31 March 2016
  7. Independent reporting accountant's report on the historical financial information of YeboYethu for the years ended 31 March 2015 and 31 March 2016
  8. Reviewed interim financial results for YeboYethu for the six months ended 30 September 2015
  9. Independent reporting accountant's report on the historical financial information of YeboYethu for the year ended 31 March 2014
  10. Historical financial information of Vodacom SA for the three financial years ended 31 March 2016
  11. Independent reporting accountant's report on the historical financial information of Vodacom SA for the years ended 31 March 2015 and 31 March 2016
  12. Independent reporting accountant's report on the historical financial information of Vodacom SA for the year ended 31 March 2014
  13. Own-broker trading process terms and conditions
  14. Standard trading process terms and conditions
  15. Off-market transfers process terms and conditions
  16. YeboYethu BEE contract
  17. YeboYethu market data agreement which enables YeboYethu to make delayed YeboYethu share data available on its website
  18. Written consents of the financial adviser and sponsor, attorneys and independent reporting accountants
  19. Signed copy of this pre-listing statement
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**Signed at Midrand by or on behalf of all the YeboYethu directors on or about**

**ZBM Bassa**

12 July 2016



## Historical trading statistics: OTC trading platform

Set out below are the trading statistics of YeboYethu ordinary shares on the OTC Trading Platform (excluding transfers which were not matched on the OTC Trading Platform). The OTC Trading Platform is not a licensed exchange for purposes of the FM Act and the OTC Trading Platform is not regulated in the same way as a licensed exchange.

### Extracts of the share price history of YeboYethu

Set out below are the trading statistics of YeboYethu shares on the OTC trading platform (excluding transfers which were not matched on the OTC trading platform). The OTC trading platform is not a licensed exchange for purposes of the FM Act and the OTC trading platform is not regulated in the same way as a licensed exchange.

Date	High (Rand)	Low (Rand)	Closing price (Rand)	Volume	Value traded (Rand)
<b>Daily</b>					
2016-05-19	56.50	55.00	55.06	620	34 338.70
2016-05-20	56.00	55.10	56.00	840	46 558.70
2016-05-23	58.00	56.10	56.15	1 940	110 691.50
2016-05-24	56.15	56.10	56.15	800	44 903.84
2016-05-25	56.15	56.12	56.12	300	16 842.00
2016-05-26	56.12	56.10	56.10	874	49 033.90
2016-05-27	56.15	55.85	55.85	2 200	123 276.12
2016-05-30	56.00	55.00	55.00	1 366	75 654.15
2016-05-31	55.85	54.95	54.95	1 363	74 971.35
2016-06-01	54.95	54.50	54.50	1 357	74 117.62
2016-06-02	55.00	54.00	54.00	2 700	147 432.56
2016-06-03	55.00	54.50	54.50	2 320	127 024.00
2016-06-06	53.60	51.42	51.42	921	48 883.48
2016-06-07	55.00	51.42	52.00	3 725	199 105.52
2016-06-08	55.18	52.00	55.00	5 190	285 255.00
2016-06-09	55.00	55.00	55.00	2 070	113 850.00
2016-06-10	55.50	55.00	55.00	1 487	82 055.00
2016-06-13	55.00	54.00	54.50	1 802	98 800.00
2016-06-14	55.00	54.50	55.00	1 470	80 750.00
2016-06-15	55.00	55.00	55.00	514	28 270.00
2016-06-17	55.00	54.50	55.00	1 961	107 705.00
2016-06-20	55.00	54.50	54.50	1 530	83 785.00
2016-06-21	55.00	54.00	55.00	2 765	150 649.50
2016-06-22	55.01	52.50	52.50	3 702	201 713.00
2016-06-23	55.02	52.80	55.02	2 400	131 590.00
2016-06-24	55.01	54.00	54.00	8 074	443 670.24
2016-06-27	54.00	53.02	54.00	1 214	65 163.00
2016-06-28	55.02	53.50	55.00	5 792	318 422.76
2016-06-29	55.00	53.55	55.00	1 481	81 408.60
2016-06-30	55.10	54.50	54.52	2 135	117 107.94
2016-07-01	55.00	54.52	55.00	1 204	65 690.08
2016-07-04	55.40	54.53	54.62	1 550	84 750.00
2016-07-05	55.00	54.60	54.60	1 272	69 512.18
2016-07-06	55.00	54.60	55.00	1 161	63 425.50
2016-07-07	55.00	54.65	54.95	2 088	114 673.30
2016-07-08	55.00	54.85	54.85	1 902	104 539.90

<b>Date</b>	<b>High (Rand)</b>	<b>Low (Rand)</b>	<b>Closing price (Rand)</b>	<b>Volume</b>	<b>Value traded (Rand)</b>
<b>Month ended</b>					
2015-07-31	73.97	68.91	68.91	57 981	4 000 725.11
2015-08-31	74.88	70.11	74.88	52 755	3 769 313.89
2015-09-30	70.00	69.50	69.50	45 928	3 270 185.40
2015-10-31	66.50	64.61	64.61	31 960	2 113 339.24
2015-11-30	64.50	64.00	64.30	44 451	2 873 895.16
2015-12-31	64.42	64.39	64.39	27 947	1 806 016.72
2016-01-31	56.60	55.10	55.10	40 432	2 474 043.32
2016-02-29	56.00	55.50	55.50	43 950	2 564 712.47
2016-03-31	55.15	54.20	54.20	34 084	1 917 524.21
2016-04-30	52.50	51.51	52.00	131 749	7 343 256.95
2016-05-31	55.85	54.95	54.95	37 341	2 102 582.12
2016-06-30	55.10	54.50	54.52	54 610	2 986 758.22

## Key extracts from Vodacom SA's memorandum of incorporation and the YeboYethu MOI

### Key extracts from Vodacom SA's memorandum of incorporation

The following sections use the definitions as set out in Vodacom SA's memorandum of incorporation which is available for inspection as provided for on page 27.

#### 12. Call option: YeboYethu

- 12.1 If the notional outstandings in respect of the ESOP A shares are not equal to zero on the 7th (seventh) anniversary of the date of issue of the ESOP A shares ("the option trigger date"), the company shall have the right and option ("the ESOP call option") for a period of 90 (ninety) days following the option trigger date ("the option period"), to repurchase from YeboYethu at par value such number of ESOP A shares as is calculated in terms of the formula in clause 12.3.
- 12.2 If the notional outstandings in respect of the public A shares are not equal to zero on the 7th (seventh) anniversary of the date of issue of the public A shares ("the option trigger date"), the company shall have the right and option ("the public call option") for a period of 90 (ninety) days following the option trigger date ("the option period"), to repurchase from YeboYethu at par value such number of public A shares (and public ordinary shares, if required) as is calculated in terms of the formula in clause 12.3.
- 12.3 The number of shares in respect of which the company shall be entitled to exercise the ESOP call option and/or the public call option (as the case may be) shall be calculated, separately in respect of each of the ESOP call option and the public call option, in terms of the formula –

$$N = \frac{NO}{FM} \times A$$

where:

*N* = the number of ESOP A shares, or public A shares and/or public ordinary shares (if required), as the case may be, held by YeboYethu in respect of which the ESOP call option or the public call option (as the case may be) may be exercised by the company during the option period;

*NO* = the notional outstandings per ESOP A share or public A share, as the case may be, held by YeboYethu as at the date upon which the ESOP call option or the public call option (whichever is applicable) is exercised;

*FM* = the fair market value of the company on the option trigger date (as determined in accordance with clause 12.10), divided by: (i) the total number of ordinary shares and A shares in issue (but specifically excluding (a) any other class of shares issued in the course of any further black economic empowerment transaction/s ("further BEE transaction"), even if that other class of shares becomes *pari passu* with the ordinary shares, and (b) any ordinary share, or share of any class, that has been issued at an issue price below 90% (ninety percent) of the fair market value at the time of issue (based on the further company value as defined in clause 12.4)); plus if applicable (ii) the result of *z* as calculated in terms of clause 12.4;

*A* = the number of ESOP A shares or public A shares, as the case may be, held and beneficially owned by YeboYethu on the date of exercise of the ESOP call option or the public call option, as the case may be, provided that (i) the public call option shall first be exercised in respect of the public A shares and shall only be exercised in respect of public ordinary shares if the public A shares held by YeboYethu are less than *N* calculated for the public call option; and (ii) *N* shall be limited to the actual number of ESOP A shares or public A shares (if required), as the case may be, held by YeboYethu.

- 12.4 *If, in the course of a further BEE transaction, the company issues another class or classes of share (other than A shares or ordinary shares), the number of shares by which FM in the formula in clause 12.3 must be divided shall be increased by the number calculated in terms of the following formula –*

$$z = \text{new equity} \div \text{value per share}$$

where:

*z = the number to be added in terms of paragraph (ii) of FM in the formula in clause 12.3;*

*new equity = the aggregate amount of equity contributed to the company in terms of the further BEE transaction (including any equity contributed as a result of an option granted to the participants in the further BEE transaction on substantially the same terms as the option contained in clause 13 of the shareholders agreement); and*

*value per share = (i) the amount determined by dividing the value of the company used for purposes of the further BEE transaction (such value being the total value without deduction of any BEE discount) ("the further company value") by the total number of A shares and ordinary shares in issue, or (ii) if z is calculated in the context of a second or third further BEE transaction, the amount determined by dividing the relevant further company value by the total number of A shares and ordinary shares in issue plus the result of any prior calculations of z. The company shall provide YeboYethu with information regarding the manner in which the relevant further company value has been determined at the time of entering into the further BEE transaction. If YeboYethu believes that the relevant further company value does not fairly reflect the market value of the company as at the relevant date, YeboYethu shall be entitled to refer the further company value for review in accordance with the further company review dispute resolution mechanism contained in the shareholders agreement.*

- 12.5 *The company shall be entitled to exercise the ESOP call option and the public call option by delivering a written notice to that effect ("call option exercise notice") to YeboYethu within the option period, failing which the ESOP call option and/or the public call option (as the case may be) shall lapse and no longer be capable of exercise.*
- 12.6 *The ESOP call option and/or the public call option, as the case may be, exercised by delivery of the call option exercise notice shall not be implemented for a period of 60 (sixty) days after receipt of the call option exercise notice by YeboYethu, and during such 60 (sixty) day period, YeboYethu shall remain entitled to exercise its subscription option in terms of clause 13 of the shareholders agreement ("the subscription option") in respect of all of the ESOP A shares and public A shares held by YeboYethu.*
- 12.7 *If YeboYethu has not, by the 60th (sixtieth) day following receipt of the call option exercise notice –*
- 12.7.1 *exercised the subscription option in writing; and*
- 12.7.2 *paid the relevant subscription price due in terms of the exercise of the subscription option; and*
- 12.7.3 *offered for repurchase all the ESOP A shares and public A shares (as contemplated in the shareholders agreement), then any exercise by YeboYethu of its subscription option during such 60 (sixty) day period shall lapse, and the ESOP call option and the public call option exercised in the call option exercise notice shall be implemented.*
- 12.8 *If YeboYethu timeously executes and complies with all the obligations contemplated in clauses 12.7.1 to 12.7.3 before or on the 60th (sixtieth) day following receipt of the call option exercise notice, then the call option exercise notice shall lapse and no longer be of any force or effect.*
- 12.9 *If the company exercises the ESOP call option and/or the public call option, YeboYethu shall execute the relevant share transfer forms and deliver the relevant share certificates to the company to effect the repurchase, and the relevant repurchased shares shall thereafter be cancelled.*

- 12.10 *The fair market value of the company for the purposes of FM in the formula in clause 12.3 shall be finally determined by the independent merchant bank appointed in terms of clause 11.9, and such valuation shall be –*
- 12.10.1 *final and binding on the company, YeboYethu and any shareholders of YeboYethu in the absence of manifest error; and*
- 12.10.2 *communicated to the company and YeboYethu in writing.*
- 12.11 *YeboYethu shall not be deemed to have given any warranties or representations of whatever nature in respect of the ESOP A shares, public A shares and/or public ordinary shares (as the case may be) repurchased by the company pursuant to the ESOP call option or the public call option, save for warranties to the effect that –*
- 12.11.1 *YeboYethu is the lawful owner and beneficial holder of the relevant shares; and*
- 12.11.2 *YeboYethu has not encumbered, sold, transferred or granted any right or option to a third party over or in respect of the relevant repurchased shares.*
- 12.12 *A repurchase effected in terms of the ESOP call option or the public call option shall only be effective upon payment by the company to YeboYethu of the par value of the shares repurchased.”*

### **Key extracts from the YeboYethu MOI**

The following sections use the definitions as set out in the YeboYethu MOI which is available for inspection as provided for on page 27.

- “8. *Certificated and uncertificated securities and securities register*
- 8.1 *Subject to the provisions of clause 8.7, Securities of the Company are to be issued in certificated or uncertificated form, as shall be determined by the Board from time to time.*
- 8.2 *The Company must establish or cause to be established a register of its issued Securities in the form prescribed by the Act and the Regulations and maintain such register in accordance with the prescribed standards.*
- 8.3 *As soon as practicable after issuing any Securities the Company must enter or cause to be entered in its Securities Register, in respect of every class of Securities it has issued –*
- 8.3.1 *the total number of those Securities that are held in uncertificated form; and*
- 8.3.2 *with respect to certificated Securities –*
- 8.3.2.1 *the names and addresses of the persons to whom the Securities were issued;*
- 8.3.2.2 *the number of Securities issued to each of them;*
- 8.3.2.3 *the number of, and prescribed circumstances relating to, any Securities that have been placed in trust as contemplated in section 40(6)(d) or whose transfer has been restricted;*
- 8.3.2.4 *each Shareholder shall be entitled to 1 (one) certificate for all the Shares of a particular class registered in his name, or to several certificates, each for a part of such shareholding. Every Share certificate shall specify the number of Shares in respect of which it is issued;*
- 8.3.2.5 *in the case of Securities other than Shares as contemplated in section 43, the number of those Securities issued and outstanding and the names and addresses of the registered owners of the Securities and any holders of beneficial interests therein; and*
- 8.3.2.6 *any other prescribed information.*
- 8.4 *The Securities Register maintained in accordance with the Act shall be sufficient proof of the facts recorded in it, in the absence of evidence to the contrary.*

- 8.5 *Unless all the Shares rank equally for all purposes, the Shares, or each class of Shares, and any other Securities, must be distinguished by an appropriate numbering system.*
- 8.6 *A certificate evidencing any certificated Securities of the Company –*
- 8.6.1 *must state on its face –*
- 8.6.1.1 *the name of the Company;*
- 8.6.1.2 *the name of the person to whom the Securities were issued;*
- 8.6.1.3 *the number and class of Shares and designation of the series, if any, evidenced by that certificate;*  
*and*
- 8.6.1.4 *any restriction on the transfer of the Securities evidenced by that certificate;*
- 8.6.2 *must be signed by 2 (two) persons authorised by the Board, which signatures may be affixed or placed on the certificate by autographic, mechanical or electronic means;*
- 8.6.3 *is proof that the named Security holder owns the Securities, in the absence of evidence to the contrary.*
- 8.7 *A certificate remains valid despite the subsequent departure from office of any person who signed it.*
- 8.8 *If, as contemplated in clause 8.3, all of the Shares rank equally for all purposes, and are therefore not distinguished by a numbering system –*
- 8.8.1 *each certificate issued in respect of those Shares must be distinguished by a numbering system; and*
- 8.8.2 *if the Share has been transferred, the certificate must be endorsed with a reference number or similar device that will enable each preceding holder of the Share in succession to be identified, provided that the failure of any Share certificate to satisfy the provisions of clauses 8.4 to 8.6 is not a contravention of the Act and does not invalidate that certificate.*
- 8.9 *For purposes of implementing the BEE Listing and to enable the YeboYethu Ordinary Shares to be traded on the JSE (for the purposes of this clause 8.7, Dematerialised Shares and Certificated Shares shall refer to YeboYethu Ordinary Shares only, the Bulk Dematerialisation shall not apply to N Shares) –*
- 8.9.1 *the Company shall be entitled, at its cost, to implement the Bulk Dematerialisation in accordance with the provisions of this clause 8.7;*
- 8.9.2 *the Certificated Shares held by the Bulk Dematerialised Shareholders shall accordingly be converted into Uncertificated Shares prior to the BEE Listing, and shall be transferred into the name of a Nominee appointed by the Company to act as the registered holder, holding such Uncertificated Shares for and on behalf of each Bulk Dematerialised Shareholder who will continue to be the beneficial owner thereof. Each Bulk Dematerialised shareholder shall be bound by the provisions of the Strate Rules and Directives in respect of his Bulk Dematerialisation Shares;*
- 8.9.3 *any Shareholder who does not wish his Certificated Shares to be dematerialised pursuant to the Bulk Dematerialisation may at any time, but no later than 5 (five) business days prior to the date of the BEE Listing, notify the Company in writing that it elects to continue holding its Shares in certificated form whereupon his Shares will not be subject to the Bulk Dematerialisation and will continue to be held in certificated form;*
- 8.9.4 *notwithstanding the implementation of the Bulk Dematerialisation, a Bulk Dematerialised Shareholder will be entitled thereafter to rematerialise his Uncertificated Shares in accordance with section 49(6) read with section 54 of the Act, whereupon his YeboYethu Ordinary Shares will be held in certificated form;*

8.9.5 *in the absence of any notification by a YeboYethu Ordinary Shareholder as contemplated in clause 8.7.3, this clause 8.7 constitutes an irrevocable instruction by each of the Bulk Dematerialised Shareholders to the Company to convert his Certificated Shares into dematerialised form pursuant to the Bulk Dematerialisation; and*

8.9.6 *each of the Bulk Dematerialised Shareholders hereby irrevocably and unconditionally authorises –*

8.9.6.1 *the Nominee to release the certificates in respect of his Certificated Shares to give effect to the Bulk Dematerialisation; and*

8.9.6.2 *the Company (or its nominee, delegate or agent) as his duly authorised agent to sign any documents as may be necessary to give effect to the Bulk Dematerialisation.*

8.10 *Subject to clause 8.7, during the BEE Listing Period, the Shares may be held as Certificated Shares or Uncertificated Shares, provided that during the Lock-in Period (as defined in clause 10.1.17), –*

8.10.1 *all Share certificates will be deposited with the Transfer Secretaries (through the custody and administration service provider of the Transfer Secretaries) in safe custody; and*

8.10.2 *if a Share is held as an Uncertificated Share –*

8.10.2.1 *the relevant Shareholder's mandate agreement with the person providing custody and administration services in respect of such Uncertificated Share (including any nominee or intermediary of such service provider) shall be required to recognise the restrictions imposed upon the holding and/or transfer of such Share as contained in this Memorandum of Incorporation and/or the Relationship Agreement; and*

8.10.2.2 *the relevant Shareholder shall not give any instruction to its broker or Central Securities Depository (or any nominee or intermediary thereof) which would constitute or result in a contravention of the provisions of this Memorandum of Incorporation and/or the Relationship Agreement.*

## 9. *Transfer of securities*

9.1 *The instrument of transfer of any Certificated Security shall be signed by both the transferor and the transferee and the transferor shall be deemed to remain the holder of such Certificated Security until the name of the transferee is entered in the Securities Register. The Directors may, however, in their discretion dispense with the signature of the transferee in such cases as they deem fit.*

9.2 *Securities transfer tax and other legal costs payable in respect of any transfer of Securities pursuant to this Memorandum of Incorporation will be paid by the Company to the extent that the Company is liable therefor in law, but shall, to that extent, be recoverable from the person acquiring such Securities.*

9.3 *Subject to such restrictions as may be applicable (whether by virtue of the preferences, rights, limitations or other terms associated with the Securities in question), and particularly to the provisions of clause 8, this clause 9 and clauses 10 and 11, any Shareholder or holder of other Certificated Securities may transfer all or any of its Shares or other Certificated Securities by way of an instrument of transfer in any usual or common form or any other form which the Directors may approve.*

9.4 *Every instrument of transfer shall be delivered to the Company in a manner permitted by the Act, as determined as determined by the Company from time to time, and accompanied by such evidence as the Company may require to prove the title of the transferor, or his right to transfer the Securities.*

9.5 *All authorities to sign instruments of transfer granted by holders of securities for the purpose of transferring Certificated Securities which may be delivered to the Company in such manner as the Company may prescribe from time to time shall, as between the Company and the grantor of such authorities, be taken and deemed to continue and remain in full force and effect, and the Company may allow the same to be acted upon until such time as express notice in writing of the revocation of same shall have been duly delivered to the Company. Even after the delivery of such notice of revocation, the Company shall be entitled to give effect to any instruments of transfer signed under the authority to sign and certified by any officer if the Company as being in order before the delivery of such notice.*



- 9.6 All instruments of transfer, when registered, shall either be retained by the Company or disposed of in such manner as the Directors shall from time to time decide. Any instrument of transfer which the Directors may decline to register shall (unless the Directors shall resolve otherwise) be returned on demand to the person who delivered it.
- 9.7 The transfer of Uncertificated Securities may be effected only –
- 9.7.1 by a Participant or Central Securities Depository;
- 9.7.2 on receipt of an instruction to transfer sent and properly authenticated in terms of the rules of a Central Securities Depository or an order of a Court; and
- 9.7.3 in accordance with section 53 and the rules of the Central Securities Depository.
- 9.8 Transfer of ownership in any Uncertificated Securities must be effected by debiting the account in the Uncertificated Securities Register from which the transfer is effected and crediting the account in the Uncertificated Securities Register to which the transfer is effected, in accordance with the rules of the Central Securities Depository.
10. Restrictions on the sale, encumbrance and transmission of Shares
- 10.1 In this clause 10, the following terms shall bear the following meanings –
- 10.1.1 **“Associates”** means –
- 10.1.1.1 in relation to any individual –
- 10.1.1.1.1 that individual's Immediate Family; and/or
- 10.1.1.1.2 the trustees, acting as such, of any trust of which the individual or any of the individual's Immediate Family is a beneficiary (whether vested or discretionary); and/or
- 10.1.1.1.3 any company in whose equity securities the individual or any person or trust as contemplated in clauses 10.1.1.1.1 and 10.1.1.1.2, taken together, are directly or indirectly beneficially interested, or have a conditional, contingent or future entitlement to become beneficially interested, or have a conditional, contingent or future entitlement to become beneficially interested, and that the individual or person or trust as contemplated in clauses 10.1.1.1.1 and 10.1.1.1.2 are, or would on the fulfilment of the condition or the occurrence of the contingency be able to –
- 10.1.1.1.3.1 exercise or control the exercise of 20% (twenty percent) or more of all the votes exercisable at general meetings on all, or substantially all, matters; or
- 10.1.1.1.3.2 appoint or remove directors holding a majority of voting rights at board meetings on all, or substantially all, matters; and/or
- 10.1.1.1.4 any close corporation in which the individual and/or any member/s of the individual's Immediate Family, taken together, are beneficially interested in 20% (twenty percent) or more of the Shareholders' interest and/or are able to exercise or control the exercise of 20% (twenty percent) or more of all the votes excisable at Shareholders' meetings on all, or substantially all, matters;

- 10.1.1.2 *in relation to any company –*
- 10.1.1.2.1 *any other company that is its subsidiary, holding company or subsidiary of its holding company; and/or*
  - 10.1.1.2.2 *any company whose directors are accustomed to act in accordance with the company's directions or instructions; and/or*
  - 10.1.1.2.3 *any company in the capital of which such company, and any other company as contemplated in articles 10.1.1.2.1 and 10.1.1.2.2 under this component in relation to companies, taken together, is or would on the fulfilment of a condition or the occurrence of a contingency be, interested in the manner described above;*
- 10.1.2 **"BBBEE Act"** *means the Broad-Based Black Economic Empowerment Act, No. 53 of 2003, as amended or substituted from time to time, and any regulations promulgated thereunder;*
- 10.1.3 **"BEE"** *means black economic empowerment as contemplated in the BBBEE Act and the Codes;*
- 10.1.4 **"Codes"** *means the Department of Trade and Industry's Broad-Based BEE Codes of Good Practice issued in terms of the BBBEE Act;*
- 10.1.5 **"BEE Controlled Company"** *has the meaning assigned to the term "B-BBEE-controlled company" in the BEE Codes;*
- 10.1.6 **"BEE Owned Company"** *has the meaning assigned the term "B-BBEE-owned company" in the BEE Codes;*
- 10.1.7 **"BEE Status"** *means in relation to a Black Group, a Black Company or Black Entity's percentage of Black ownership or Black membership or Black beneficiaries, as the case may be;*
- 10.1.8 **"Black Business Partners"** *means creditworthy Black Companies or Black Entities that form part of VSA's distribution network and that have a longstanding relationship with VSA and who have been invited by VSA, in terms of the BEE Transaction, to participate in the offer for shares in the Company pursuant to the Prospectus, with special preference given to Black Groups who do business exclusively with VSA;*
- 10.1.9 **"Black Company"** *means a BEE Owned Company and a BEE Controlled Company;*
- 10.1.10 **"Black Entities"** *means a vesting trust which qualifies for recognition under the Codes, Broad-Based ownership scheme (as contemplated in the Codes), a close corporation, or an unincorporated entity or association, including a partnership, joint venture, syndicate or "Stokvel" as may be determined by VSA in its sole discretion as an entity or association which may enable VSA to claim BEE scorecard points pursuant to the Codes;*
- 10.1.11 **"Black Groups"** *means Black Companies, Black Entities and Black Business Partners;*
- 10.1.12 **"Black People"** *or "Black Person" have the meaning ascribed to it under the Codes, being Africans, Coloureds and Indians who are natural persons and who are South African citizens by -*
- 10.1.12.1 *birth or descent, or*
  - 10.1.12.2 *naturalisation occurring –*
    - 10.1.12.2.1 *prior to 27 April 1994, being the commencement date of the Constitution of the Republic of 1993; or*
    - 10.1.12.2.2 *after that date but who would have qualified for naturalisation prior to that date if it were not for the apartheid policies in place in the Republic,*
    - 10.1.12.2.3 *and "Black" shall be construed accordingly;*

- 10.1.13 **"Black Public"** individually and collectively (as the context may dictate), Black People and Black Groups;
- 10.1.14 **"Dispose"** means sell, dispose of, alienate, cede, transfer, part with deal with, lend, or grant any option or present or future right to acquire or otherwise alienate or dispose of or enter into any agreement, arrangement or commitment to achieve any of the aforesaid and **"Disposal"** shall have a corresponding meaning;
- 10.1.15 **"Encumbrance"** means any mortgage, charge, pledge, hypothecation, lien, cession or assignment by way of security, option, right to acquire, right of pre-emption, preferential right or arrangement, right of retention or agreement to confer security or any restriction or other arrangement whatsoever which has the same or a similar effect to the granting of security and **"Encumber"** shall be construed accordingly;
- 10.1.16 **"First Five Years"** means a period commencing on the Implementation Date, and expiring at the earlier of the fifth anniversary of the Implementation Date, or the expiry of the Lock-in Period;
- 10.1.17 **"Lock-in Period"** means the "Lock-in Period" as defined in the Relationship Agreement;
- 10.1.18 **"Immediate Family"** means an individual's spouse and children;
- 10.1.19 **"RBH-Co"** means Lisinfo 209 Investments (Proprietary) Limited;
- 10.1.20 **"Second Five Years"** means if the Lock-in Period has not yet expired, a period commencing on expiry of the First Five Years and expiring on expiry of the Lock-in Period; and
- 10.1.21 **"Thebe-Co"** means Thebe Investment Corporation (Proprietary) Limited.
- 10.2 Subject to clauses 10.3, 10.4 and 11 but notwithstanding any other contrary provisions contained in this Memorandum of Incorporation, all the Shares will be subject to the restrictions that during the Lock-In Period -
- 10.2.1 only the Black Public shall be eligible to be holders thereof;
- 10.2.2 Black Groups must maintain the same or a higher BEE Status than they had at the time of their application for Shares in terms of the Prospectus;
- 10.2.3 no YeboYethu Ordinary Shares shall be Disposed of during the First Five Years, and no N Shares shall be Disposed of during the Facilitation Period (as defined in clause 1.4 of Schedule 1);
- 10.2.4 no YeboYethu Ordinary Shares shall be Encumbered during the Lock-in Period, and no N Shares shall be Encumbered during the Facilitation Period (as defined in clause 1.4 of Schedule 1);
- 10.2.5 during the Second Five Years, YeboYethu Ordinary Shares may only be disposed of to Black People or Black Groups. Any disposal by a Shareholder of his/her/its/their YeboYethu Ordinary Shares shall, save where such disposal takes place on the JSE, be subject to the prior written approval of VSA, this Memorandum of Incorporation and the Relationship Agreement.
- 10.3 Notwithstanding any contrary provision contained in this Memorandum of Incorporation, in the event of –
- 10.3.1 the death of a shareholder who is a natural person during the Lock-in Period, the executor of the deceased Shareholder's estate shall only be entitled to Dispose of the deceased Shareholder's YeboYethu Ordinary Shares to such Shareholder's heir or legatee provided that the heir or legatee is a Black Person or Black Group;
- 10.3.2 the involuntary sequestration (whether provisional or final) of a Shareholder who is a natural person during the Lock-in Period, the trustee of the shareholder's insolvent estate shall only be entitled to Dispose of the YeboYethu Ordinary Shares to a Black Person or Black Group;
- 10.3.3 the death of a Shareholder, member, participant or beneficiary of a Black Group during the Lock-in Period, and such death results in the Black Group having a lower BEE Status, the Black Group shall be entitled to rectify such lower BEE Status to the same or a higher BEE Status than the Black Group had prior to the death of the shareholder, member, participant or beneficiary concerned; and

10.3.4 the liquidation of a Black Group, other than a voluntary liquidation, in terms of section 79(1)(a) of the Act, during the Lock-in Period, the YeboYethu Ordinary shares may be Disposed of to a Black Person or Black Group.

10.4 The executor, trustee, or liquidator referred to in clauses 10.3.1, 10.3.2 or 10.3.4, as the case may be, shall be entitled to Dispose of the YeboYethu Ordinary shares in accordance with the provisions of clause 10.3, and the Black Group referred to in clause 10.3.3 shall be entitled to rectify its BEE Status, within 6 (six) months after the death, sequestration or liquidation order, as the case may be, failing which the YeboYethu Ordinary shares shall be deemed to have been offered to the Company in accordance with the provisions of clause 11. Should the Company not accept the Offer (as defined in clause 11.1.5) within the Offer Period (as defined in clause 11.1.8) in terms of clause 11, the executor, trustee, or liquidator, as the case may be, shall again be entitled to Dispose of the YeboYethu Ordinary Shares in accordance with the provisions of clause 10.3.

## 11. Deemed offer

11.1 In this clause 11, unless inconsistent with or otherwise indicated by the context, the following terms shall bear the following meanings –

11.1.1 “**BEE Principles**” means the “BEE Principles” applicable to the Company, as defined and set out in the Relationship Agreement;

11.1.2 “**Death Event**” means the occurrence of an event set out in clause 10.3.1 or 10.3.3, being the death of a Shareholder who is a natural person or the death of a Shareholder, member, participant or beneficiary of a Black Group;

11.1.3 “**Insolvency Event**” means the occurrence of an event set out in clause 10.3.2 or 10.3.4, being the involuntary sequestration of a Shareholder who is a natural person, or the involuntary liquidation of a Black Group;

11.1.4 “**Interim Market Value**” means the valuation per YeboYethu Ordinary share as determined annually by an accounting firm or merchant bank appointed by VSA;

11.1.5 “**Offer**” means the deemed offer of the Offer Shares by the Offeror to the Company in terms of clause 11.2;

11.1.6 “**Offer Date**” means the day on which the relevant event contemplated in clauses 11.2.1 to 11.2.5 occurs;

11.1.7 “**Offer Shares**” means, in relation to an event contemplated in clauses 11.2.1 to 11.2.5, all the YeboYethu Ordinary Shares of the Offeror;

11.1.8 “**Offer Period**” means the period commencing on the Offer Date and lapsing 60 (sixty) days after the Company becomes aware that an event contemplated in clauses 11.2.1 to 11.2.5 has occurred; and

11.1.9 “**Offeror**” means the relevant shareholder (or his estate) in respect of which an event contemplated in clauses 11.2.1 to 11.2.5 has occurred.

## 11.2 If –

11.2.1 a Death Event occurs, and the executor of the deceased estate fails to dispose of the Offer Shares, or the Black Group fails to rectify its lower BEE Status to the same or higher BEE Status than it had prior to the Death Event concerned, within 6 (six) months after the occurrence of such Death Event in accordance with the applicable provisions of clause 10.3;

11.2.2 an Insolvency Event occurs, and the trustee of the insolvent estate or liquidator of the company in liquidation fails to dispose of the Offer Shares within 6 (six) months after the occurrence of such Insolvency Event in accordance with the applicable provisions of clause 10.3;

- 11.2.3 *during the Lock-in-Period, a Shareholder is in breach of a BEE Principle;*
- 11.2.4 *a shareholder fails to comply within this Memorandum of Incorporation; or*
- 11.2.5 *a shareholder makes a false declaration in respect of his/her/its BEE Status in the application for Shares in terms of the Prospectus, then the Offeror shall be deemed to have made an offer in respect of the Offer Shares on the day immediately preceding the Offer Date, based on the terms and conditions recorded in this clause 11.*
- 11.3 *If any shareholder becomes aware of the fact that an event contemplated in clause 11.2 has occurred in respect of another Shareholder, such shareholder shall be obliged to bring that fact to the attention of the Company.*
- 11.4 *The Offer shall be open for acceptance by the Company for the duration of the Offer Period, and may be accepted by written notice to that effect to the Offeror. In this regard, the Company may accept the Offer for itself, or on behalf of its nominee.*
- 11.5 *In the event of the Company accepting the offer within the Offer Period, a share purchase agreement shall be deemed to have been concluded, in terms of which the Company (or its nominee, as applicable) purchases or repurchases from the Offeror the offer shares, on the following terms and conditions –*
  - 11.5.1 *the Offer shares shall be acquired with effect from the Offer Date;*
  - 11.5.2 *if an Offer arises –*
    - 11.5.2.1 *in terms of clause 11.2.1, the purchase price per Offer Share shall be equal to 90% (ninety percent) of the Interim Market Value thereof;*
    - 11.5.2.2 *in terms of clause 11.2.2, the purchase price per Offer Share shall be equal to the Interim Market Value thereof;*
    - 11.5.2.3 *in terms of clauses 11.2.3 to 11.2.5 (both inclusive), the purchase price per Offer Share shall be equal to 60% (sixty percent) of the Interim Market Value thereof;*
  - 11.5.3 *the purchase price shall be payable against delivery of the relevant documents of title of the Offer Shares to the Company;*
  - 11.5.4 *the Offeror shall be deemed to irrevocably authorise the Company to give such instructions to the Transfer Secretaries, the Nominee, the Central Securities Depository and/or the Participant as are required to give effect to the sale or repurchase pursuant to the Offer; and*
  - 11.5.5 *the Offeror shall be deemed to warrant that it –*
    - 11.5.5.1 *is the lawful owner and holder of the Offer Shares; and*
    - 11.5.5.2 *has not Encumbered, sold, transferred or granted any right to a third party in respect of the Offer Shares.*

12. *Transmission of securities*

- 12.1 *Subject to the provisions of this Memorandum of Incorporation dealing with restrictions on the transfer of Securities, the executor of the estate of a deceased sole holder of a Security shall be the only person recognised by the Company as having any title to the Security. In the case of a Security registered in the names of 2 (two) or more holders, the survivor or survivors, or the executor of any deceased Shareholder shall be the only person recognised by the Company as having any title to the Security. Any person who submits proof of his appointment as the executor, administrator, trustee, curator, or guardian in respect of the estate of a deceased Shareholder or holder of other Securities ("Security Holder") of the Company, or of a Security Holder whose estate has been sequestrated or of a Security Holder who is otherwise under a disability or as the liquidator of any body corporate which is a Security Holder of the Company, shall be entered in the Securities Register of the Company nomine officii, and shall thereafter, for all purposes, be deemed to be a Security Holder of the Company.*
- 12.2 *Subject to the provisions of clause 12.1, any person becoming entitled to any Security by virtue of the death of a Security Holder shall, upon producing such evidence that he has such title or rights as the Directors think sufficient, have the right either to have such Security transferred to himself or to make such other transfer of the Security as such Security Holder could have made: provided that in respect of a transfer other than to himself –*
- 12.2.1 *the Directors shall have the same right to refuse or suspend registration as they would have had in the case of a proposed transfer of such Security by such Security Holder before his death; and*
- 12.2.2 *a person becoming entitled to any Security shall not, unless and until he is himself registered as a Security Holder in respect of such Security, be entitled to exercise any voting or other right attaching to such Security or any other right relating to meetings of the Company.*

*"Schedule 1: N SHARE TERMS*

1. *In this schedule, unless inconsistent with or otherwise indicated by the context, the following terms shall bear the following meanings –*
- 1.1 *"ESOP A Shares" means 75,000,000 (seventy five million) VSA A Shares;*
- 1.2 *"ESOP Call Option" means the call option available to VSA to purchase or repurchase a formula determined number of ESOP A Shares at par value at the end of the Facilitation Period, as provided for in the memorandum of incorporation of VSA;*
- 1.3 *"ESOP Conversion Date" means the earlier of the date upon which the Notional Outstandings in respect of the ESOP A Shares equal nil and the date upon which VSA has exercised the ESOP Call Option;*
- 1.4 *"Facilitation Period" means a period of 10 (ten) years from the date of issue of the ESOP A Shares to the Company; and*
- 1.5 *"Notional Outstandings" means the notional outstanding in respect of the VSA A Shares, as defined and envisaged in the memorandum of incorporation of VSA.*
2. *Notwithstanding any contrary provisions contained in the Memorandum of Incorporation or this Schedule 1, the following rights shall apply to the N Shares –*
- 2.1 *the N shares shall not entitle ESOP to any dividends declared by the Company before the ESOP Conversion Date;*
- 2.2 *until the ESOP Conversion Date, the voting rights attaching to each N share shall rank pari passu with each YebuYethu Ordinary Share;*

2.3 on the ESOP Conversion Date –

2.3.1 each N share shall automatically convert into one YeboYethu Ordinary Share; and

2.3.2 simultaneous with the conversion of each N Share into one YeboYethu Ordinary Share, the Company shall repurchase at par value such number of YeboYethu Ordinary Shares from ESOP as is calculated in terms of the following formula (each variable below, unless expressly stated to the contrary, being as at the ESOP Conversion Date) –

$$R = \frac{12,000,000 - EA \times VSA \text{ SP}}{YY \text{ NAVPS}}$$

where –

*R* = the number of YeboYethu Ordinary Shares to be repurchased by the Company, rounded to the nearest integer;

*EA* = the number of ESOP A Shares retained by the Company after the transfer of the ESOP A Shares to VSA pursuant to the exercise of the ESOP Call Option by VSA;

*VSA SP* = the market value of VSA (as determined by an accounting firm or merchant bank appointed by VSA for this purpose) divided by the total number of VSA shares in issue (not limited only to the VSA A Shares); and

*YY NAVPS* = the value of each YeboYethu Ordinary Share, represented as a price per YeboYethu Ordinary Share, determined by: (i) multiplying the aggregate number of "public A shares" and "public ordinary shares" retained by the Company after the exercise of the "public call option" (as each of such terms are defined in VSA's memorandum of incorporation) by the *VSA SP*; and (ii) dividing the result by the number of YeboYethu Ordinary Shares in issue immediately prior to the ESOP Conversion Date.

The initial subscribers for YeboYethu Ordinary Shares (i.e. the shareholders on the date of incorporation of the Company) passed a special resolution on 25 August 2008 authorising the repurchase of the YeboYethu Ordinary Shares in terms of this clause 2.3.2, provided that (a) the repurchase of the YeboYethu Ordinary Shares are subject to the provisions of the Act, and (b) failing the passing, registration or implementation of such special resolution as contemplated above (for any reason whatsoever) or, if required in terms of the Act, the shareholder's shall, in anticipation of the ESOP Conversion Date, vote in favour of a special resolution on the terms set out in this clause 2.3.2;

2.4 after and subject to the conversion of the N Shares and the repurchase of the YeboYethu Ordinary Shares by the Company (as contemplated in clause 2.3.1 and 2.3.2), ESOP shall distribute its remaining YeboYethu Ordinary Shares to the ESOP Participants in their respective participation ratios as at the ESOP Conversion Date, whereafter ESOP shall be terminated and the ESOP Participants shall hold the relevant YeboYethu Ordinary Shares directly.

3. Save as set out in this schedule, the N Shares and the YeboYethu Ordinary Shares shall rank parri passu in all respects."



## Vodacom SA risk factors

RISK				
	Regulatory decisions and changes in regulation	Increased competition	Unpredictable political, economic and legal risks	Major network and billing infrastructure failures
<b>Context</b>	Vodacom SA complies with a wide range of requirements that regulate the licensing, construction and operation of its networks. The decisions of regulators, for example, to the granting of spectrum licences, subscriber registration requirements, BEE compliance and wholesale and retail tariffs, may impact the Vodacom SA business model.	Vodacom SA is facing increased competition in markets, including from some non-traditional sources. Its ability to compete effectively depends on the quality, capacity and coverage of its network, the quality of its customer services, and the pricing and nature of its services and devices. Ensuring that Vodacom SA proactively anticipates, and where necessary responds to, changing market conditions is essential to maintaining revenue growth.	The value of Vodacom SA's investments in its market may be affected by political, economic, tax and legal developments beyond its control including developments due to public sector corruption. In particular, the mobile communications industry can often be subject to unpredictable, higher direct and indirect taxes.	Vodacom SA operates complex mobile networks that rely on third parties to provide power or transmission. Network and billing infrastructure may also be damaged by natural disasters or a deliberate malicious attack. In particular, network outages may negatively impact customer usage, revenue and reputation.
<b>Mitigating factors</b>	<ul style="list-style-type: none"> <li>• Vodacom SA has specialist regulatory and government relations teams.</li> <li>• Vodacom SA participates actively through written submissions and formal hearings on legislative and regulatory changes.</li> <li>• Vodacom SA has access to best practice and international debate through Vodafone.</li> <li>• Vodacom SA conducts detailed scenario planning on an ongoing basis.</li> </ul>	<ul style="list-style-type: none"> <li>• Vodacom SA ensures competitor differentiation by investing significantly in network infrastructure to ensure leadership in coverage, call quality and data speed.</li> <li>• Vodacom SA strives to deliver a differentiated customer experience by constantly reviewing the pricing and nature of its products, services and devices, and the quality of customer care.</li> <li>• Vodacom SA invests in new technologies and the reach and quality of its sales and distribution channels, seeking to improve the customer experience across all touch-points.</li> </ul>	<ul style="list-style-type: none"> <li>• Vodacom SA has a comprehensive stakeholder relations strategy in place.</li> <li>• Vodacom SA has implemented an anti-corruption, anti-money laundering and anti-terrorist financing programme to prevent the giving and receiving of bribes and other corrupt acts.</li> <li>• Vodacom SA has a specialised tax management capability and seek expert tax advice as needed.</li> <li>• Vodacom SA will consider litigation to enforce compliance with legislation among competitors.</li> <li>• Vodacom SA adjusts its products and services to continue to serve customer needs, especially in the tough economic climate.</li> </ul>	<ul style="list-style-type: none"> <li>• Vodacom SA has comprehensive business continuity and disaster recovery plans in place.</li> <li>• Vodacom SA invests in maintaining and upgrading its networks on an ongoing basis.</li> <li>• Vodacom SA is self-providing transmission links on critical routes in its networks to reduce reliance on external parties.</li> <li>• Vodacom SA is making investments to ensure adequate redundancy capabilities where feasible.</li> <li>• Vodacom SA has comprehensive insurance in place.</li> <li>• Vodacom SA continues to consider dual generator and alternative energy supply solutions where feasible.</li> </ul>



RISK			
	Complying with competition legislation	Customer privacy	Cyber security
<b>Context</b>	<p>The South African competition authorities have been actively targeting different industry sectors, with the Competition Commission launching full-scale enquiries into non-competitive practices. Vodacom SA may face penalties, reputational damage, or lose stakeholder and shareholder confidence if it does not comply with the requirements of the South African Competition Act.</p>	<p>Vodacom SA's ability to protect sensitive customer information is material to building trust with its customers and to its reputation. Vodacom SA follows best practice to ensure that it limits data leakages and breach of its information.</p>	<p>Vodacom SA ensures that it has a superior security program in place to protect, monitor and react to malicious cyber-attacks. Vodacom SA provides due care to ensure that its network and customers' information are protected.</p>
<b>Mitigating factors</b>	<ul style="list-style-type: none"> <li>• All new products and services are reviewed for compliance with all applicable laws, including the Competition Act, before being approved for launch.</li> <li>• Detailed evaluations of the impact of new products and services, promotions, campaigns and tariff enhancements are done in terms of the Electronic Communications Act.</li> <li>• All distribution channel agreements have been updated to comply with legislative changes.</li> </ul>	<ul style="list-style-type: none"> <li>• Vodacom SA has implemented the Vodafone Global Privacy Framework and toolkit.</li> <li>• Vodacom SA are responding to privacy requirements through an enterprise project across all areas of business. Awareness and training form part of the project.</li> <li>• Legal and Regulatory Affairs continues to engage with key stakeholders as Vodacom SA implements the necessary processes to ensure that its information is protected.</li> <li>• Protection of Personal Information (PoPI) compliance.</li> </ul>	<ul style="list-style-type: none"> <li>• Vodacom SA has world class monitoring centres to identify attacks timely.</li> <li>• Vodacom SA conducts detailed scenario planning on an ongoing basis.</li> <li>• Vodacom SA ensures that its networks and infrastructure are built with security in mind.</li> <li>• Vodacom SA implements controls based on world class industry standards.</li> </ul>

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