



**MTN Group Limited**  
(Incorporated in the Republic of South Africa)  
(Registration number: 1994/009584/06)  
Share code: MTN  
ISIN: ZAE000042164  
("MTN")



**MTN Zakhele Futhi (RF) Limited**  
(Incorporated in the Republic of South Africa)  
(Registration number: 2016/268837/06)  
Share code: MTNZF  
ISIN: ZAE000279402  
LEI: 378900429C4F73B1BE74  
("MTNZF")

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**PROPOSED EXTENSION OF THE 2016 MTN BROAD-BASED BLACK ECONOMIC EMPOWERMENT ("BEE") SCHEME OPERATED THROUGH MTNZF ("SCHEME") AND APPROVAL OF FUTURE SPECIFIC REPURCHASES BY MTN OF MTN SHARES FROM MTNZF ON AN UNWIND OF THE EXTENDED SCHEME**

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## HIGHLIGHTS

- The proposed extension of the scheduled maturity date of the Scheme by three years from 23 November 2024 to 23 November 2027 increases the overall term of the Scheme to 11 years (from its inception in 2016).
- The proposed extension of the Scheme has merit for MTNZF ordinary shareholders, rather than unwinding the Scheme on the presently scheduled maturity date.
- During the extension period, the MTNZF board of directors has the discretion to realise or lock in value by partially or fully unwinding the Scheme and/or by entering into derivative transactions in respect of the MTN shares held by MTNZF, subject to applicable consents.
- MTN may assist in expediting any unwind of the Scheme during the extension period through a specific repurchase(s) of the MTN shares held by MTNZF, approval for which will be sought from MTN shareholders at this time as part of the approvals for the proposed extension of the Scheme.
- In addition to its own costs, MTN will bear the approved costs incurred by MTNZF in relation to the extension of the Scheme.

## 1. INTRODUCTION

- 1.1 In November 2016, MTN implemented a BEE transaction in line with its commitment to driving transformation and contributing to the development of South Africa for the future benefit of all South Africans. This gave rise to MTNZF, a ring-fenced, special purpose vehicle ("**SPV**"), that enabled qualifying black investors to invest in and hold shares in MTN through MTNZF ("**2016 MTN BEE Transaction**" or "**Scheme**").
- 1.2 The Scheme was funded by a combination of (i) vendor facilitation, notional vendor finance ("**NVF**") and a transaction discount (all provided by MTN); (ii) equity funding from qualifying black investors who subscribed for ordinary shares in MTNZF ("**MTNZF Shares**"); and (iii) third-party finance raised through the issue of preference shares in MTNZF ("**MTNZF Pref Shares**") to Jabisan 04 (RF) Proprietary Limited (an SPV set up to facilitate the third-party preference share funding to MTNZF) ("**BFC2**") and the back-to-back issue of

preference shares in BFC2 ("**BFC2 Pref Shares**") to a consortium of participating institutions ("**BFC2 Pref Holders**").

- 1.3 MTNZF applied these proceeds to subscribe for new shares in MTN ("**MTN Shares**"), in aggregate comprising c. 4% of MTN's issued share capital, at an effective 20% discount to MTN's share price as at the Scheme's implementation date in November 2016. The agreed transaction price per MTN Share was R128.50, with an effective entry price of R102.80 per MTN Share after application of the c. 20% discount.
- 1.4 The Scheme was structured to last for a period of eight years, commencing on 23 November 2016 and maturing on 23 November 2024 ("**Scheduled Maturity Date**"). On the Scheduled Maturity Date, MTNZF will, amongst other things, and unless agreed otherwise with BFC2, the BFC2 Pref Holders and MTN, be required to settle in full: (i) the preference share funding provided by BFC2; and (ii) the NVF (together, the "**Funding Obligations**").
- 1.5 Considering the following:
  - 1.5.1 the impact of the significant devaluation of the Naira over the last 14 months on reported earnings and valuation of the MTN group;
  - 1.5.2 the MTN Share price (as at close of business on 14 August 2024, being the last practicable date prior to the finalisation of this announcement) is R84.97 per MTN Share;
  - 1.5.3 the MTN Shares are MTNZF's only material asset and the underlying asset that informs the value of the MTNZF Shares;
  - 1.5.4 the Scheme is projected to owe approximately R620 million to the preference share funders and R6.1 billion to MTN (being the NVF plus accrued notional interest thereon) as at the present Scheduled Maturity Date, which will only be capable of full settlement should the MTN Share price reach approximately R88.00 per MTN Share,

the board of directors of MTNZF ("**MTNZF Board**") and the board of directors of MTN ("**MTN Board**") believe it is merited, for holders of MTNZF Shares ("**MTNZF Ordinary Shareholders**") and, together with BFC2, the "**MTNZF Shareholders**", to extend the Scheduled Maturity Date and have engaged BFC2 and the BFC2 Pref Holders and proposed that the term of the Scheme (i.e., the Scheduled Maturity Date) be extended for a further period of three years, from 23 November 2024 to 23 November 2027 ("**Proposed Scheme Extension**"), together with related extensions to the scheduled repayment dates of the NVF and preference share funding, MTNZF's continued listing on the BEE segment of the exchange operated by the JSE Limited ("**JSE**"), and related amendments to certain transaction agreements and documents. The MTN Board is fully supportive of the extension.

- 1.6 MTN, MTNZF and Mobile Telephone Networks Holdings Limited ("**MTN Holdings**") have accordingly entered into an agreement ("**Extension and Amendment Agreement**"), which sets out the terms and conditions of the Proposed Scheme Extension, proposed amendments to certain Relevant Transaction Documents (as defined in paragraph 5.2 below) and matters ancillary thereto.

## 2. **RATIONALE FOR THE PROPOSED SCHEME EXTENSION**

Transformation is integral to the ethos of MTN and MTN believes that broad-based BEE participation is important to the future success of the MTN group. The Proposed Scheme Extension gives effect to the terms and spirit of the BEE codes and relevant industry transformation charters and their requirements for the broad-based empowerment of the MTN group's South African businesses.

### 3. OVERVIEW OF THE PROPOSED SCHEME EXTENSION

#### 3.1 EXTENSION

3.1.1 The Proposed Scheme Extension is intended to extend the Scheduled Maturity Date of the Scheme by three years to 23 November 2027. The Scheme (as well as MTNZF's Funding Obligations and its BEE Listing (as defined in paragraph 5.2 below)) is currently scheduled to mature and/or come to an end on the Scheduled Maturity Date.

3.1.2 To extend the Scheduled Maturity Date, the Relevant Transaction Documents entered into at the inception of the Scheme, recording the terms of the Scheme (as well as all other Scheme-related documents where reference is made to the Scheduled Maturity Date) need to be amended to reflect and give effect to the Proposed Scheme Extension.

3.1.3 The details of the amendments required to be made to the Relevant Transaction Documents, and the approvals that will be sought from MTNZF Shareholders and from shareholders of MTN ("**MTN Shareholders**"), as relevant, in connection with the Proposed Scheme Extension are set out below.

#### 3.2 ABILITY TO UNWIND THE SCHEME DURING THE SCHEME EXTENSION PERIOD

The MTNZF Board has a discretion to realise or lock in value during the proposed three-year extension period ("**Scheme Extension Period**") by either partially or fully unwinding the Scheme and/or settling its Funding Obligations (together, "**Unwind**") and/or by entering into derivative transactions in respect of the MTN Shares held by MTNZF. While the Funding Obligations remain outstanding, MTNZF will require the consent of the relevant funders, including MTN, to implement an Unwind or any derivative transaction.

#### 3.3 NVF REPURCHASES

3.3.1 The NVF funding is settled through the exercise by MTN of a call option in respect of the MTN Shares held by MTNZF ("**NVF Call Option**").

3.3.2 The NVF Call Option is effected through repurchases of MTN Shares from MTNZF at R0.0001 per MTN Share up to a number of MTN Shares (fractions rounded down) equal to the NVF Balance (as defined below) as at the day immediately preceding the reference date divided by the market value (as defined) of the MTN Shares as at the reference date ("**Maximum NVF Call Option Shares**") ("**NVF Repurchases**"). On each NVF Repurchase, the (notional) balance outstanding on the NVF ("**NVF Balance**") is correspondingly reduced or settled by the market value (as defined) of the MTN Shares repurchased under that NVF Repurchase.

3.3.3 NVF Repurchases were approved by MTN Shareholders prior to the implementation of the Scheme in 2016. MTN Shareholders will be asked to confirm this approval, including in respect of NVF Repurchases implemented during and after the Scheme Extension Period.

#### 3.4 UNWIND REPURCHASES

3.4.1 An Unwind which is implemented by MTN repurchasing all or some of the remaining MTN Shares held by MTNZF (i.e. excluding the MTN Shares repurchased pursuant to an exercise of the NVF Call Option) ("**Unwind Repurchases**") may be advantageous to MTNZF and MTN, *inter alia*, as it could expedite the implementation of the Unwind and is non-dilutive to MTN Shareholders.

3.4.2 MTN Shareholders' approval will therefore be sought, together with the approvals for the Proposed Scheme Extension, to authorise the MTN Board to implement an Unwind Repurchase, should it be advantageous to do so at the time.

- 3.4.3 Such approval will be via a special resolution excluding the votes of MTNZF and its associates as defined in the Listings Requirements of the JSE ("**Listings Requirements**")
- 3.4.4 The authority sought from MTN Shareholders will be for such Unwind Repurchases to be implemented at a price per MTN Share equal to or less than the five-trading-day volume weighted average price immediately preceding the calculation date, being the date of signature of the agreement for the repurchase of MTN Shares, or a later date as specified in that agreement.
- 3.4.5 Unwind Repurchases will be limited to 76,835,378 MTN Shares, less any MTN Shares repurchased under the NVF Repurchases, and are subject to the relevant provisions of the Companies Act, 2008 ("**Companies Act**") and the Listings Requirements.
- 3.4.6 The Unwind Repurchases will be for cash only, funded exclusively from MTN's existing cash resources, and will have the following effect on MTN's financial information:
- 3.4.6.1 a reduction of MTN's cash resources and shareholders' equity by the value of the consideration paid in respect of the Unwind Repurchases;
- 3.4.6.2 a reduction in post-tax interest income that would have been earned on the cash paid in respect of the Unwind Repurchases; and
- 3.4.6.3 a decrease in the number of MTN Shares in issue by up to a maximum of 76,835,378 MTN Shares.
- 3.4.7 As in the case of NVF Repurchases, an announcement will be released on the Stock Exchange News Service of the JSE ("**SENS**") in the event that an Unwind Repurchase takes place, complying with paragraph 11.25 of the Listings Requirements.
- 3.4.8 The MTN Shares acquired under an NVF Repurchase and/or Unwind Repurchase will either be cancelled (if acquired by MTN) or held as treasury shares (if acquired by a subsidiary of MTN).

#### 4. **ESTIMATED COSTS RELATED TO THE PROPOSED SCHEME EXTENSION**

The costs, accounting treatment and IFRS-based costs (if any) to MTN and MTNZF will be addressed in the MTN Circular (as defined in paragraph 9.1 below).

#### 5. **IMPLEMENTATION OF THE PROPOSED SCHEME EXTENSION**

- 5.1 The Proposed Scheme Extension contemplates the extension of three key milestone dates that have significance to the overall Scheme and the relevant parties, funders and/or participants to whom those milestone dates apply. These dates are:
- 5.1.1 the date until when the MTNZF Ordinary Shareholders are required to meet the BEE eligibility criteria of the Scheme in order to acquire, and to continue to hold, MTNZF Shares;
- 5.1.2 the date on, and from which, MTN has the right to exercise the NVF Call Option (in whole or in part) and to thus effect a corresponding settlement of the NVF Balance; and
- 5.1.3 the last date by which the preference share funding must be settled by MTNZF and BFC2.
- 5.2 To implement the Proposed Scheme Extension, certain amendments are required to be made to some of the transaction documents entered into at the inception of the Scheme,

as well as other documents which govern the terms of trading in MTNZF Shares and the continued listing of the MTNZF Shares as "asset backed securities" on the "BEE Segment" (both as defined in the Listings Requirements) of the main board of the exchange operated by the JSE ("**BEE Listing**"). These amendments include, but are not limited to, amendments to:

- 5.2.1 the memorandum of incorporation of MTNZF ("**MTNZF MOI**") (including the terms applicable to the MTNZF Pref Shares) which, subject to MTNZF obtaining the requisite consents from BFC2, the BFC2 Pref Holders and MTN, can be implemented pursuant to a special resolution of the MTNZF Shareholders;
- 5.2.2 the memorandum of incorporation of BFC2 ("**BFC2 MOI**") (including the terms applicable to the BFC2 Pref Shares) which, subject to BFC2 obtaining the requisite consents from the BFC2 Pref Holders, can be implemented pursuant to a special resolution of the BCF2 shareholders;
- 5.2.3 the relationship agreement entered into between MTNZF and MTN on or about 9 August 2016 (as amended), and to which MTNZF Ordinary Shareholders are bound, which regulates, amongst other matters, the rights and obligations of these parties in relation to the holding of MTN Shares by MTNZF and the holding of MTNZF Shares by MTNZF Ordinary Shareholders ("**Relationship Agreement**"), which, subject to the requisite approval of MTNZF Ordinary Shareholders and the consent of BFC2 and the BFC2 Pref Holders, may be effected by a written agreement between MTN and MTNZF; and
- 5.2.4 the subscription and call option agreement entered into between MTN and MTNZF on or about 21 August 2016 (as amended) pursuant to which, amongst others things, MTN provided the NVF to MTNZF and MTNZF granted MTN the NVF Call Option ("**MTN 2016 Tranche 1 Subscription and Call Option Agreement**"), which, subject to the consent of BFC2 and the BFC2 Pref Holders, may be effected by a written agreement between MTN and MTNZF,

(the MTNZF MOI, the BFC2 MOI, the Relationship Agreement and the MTN 2016 Tranche 1 Subscription and Call Option Agreement are collectively referred to in this announcement as the "**Relevant Transaction Documents**").

- 5.3 In order to ensure continued compliance by MTNZF with the Listings Requirements and to maintain the BEE Listing (including for purposes of maintaining the trading systems and platforms required to facilitate the trading of MTNZF Shares on the exchange operated by the JSE) during the Scheme Extension Period, MTNZF needs to make corresponding amendments to certain documents and/or agreements concluded in order to facilitate the holding and trading of MTNZF Shares on the exchange operated by the JSE. These documents and/or agreements include, amongst others:
  - 5.3.1 the BEE contract entered into between MTN, MTN Holdings, each applicable MTNZF Ordinary Shareholder and each relevant market participant in connection with the holding and trading of MTNZF Shares through the "**MTNZF Independent Trading Process**" (being the process for purchasing, holding and/or transferring MTNZF Shares from time to time, other than through the "**MTNZF Facilitated Trading Process**", being the process for purchasing, holding and/or transferring MTNZF Shares through an entity designated by MTNZF to provide custody and trading services to MTNZF Ordinary Shareholders);
  - 5.3.2 the verification terms and conditions applicable to the MTNZF Independent Trading Process;
  - 5.3.3 the verification terms and conditions applicable to the MTNZF Facilitated Trading Process; and

5.3.4 certain service provider agreements, being those concluded with Nedbank Limited (acting through its Share Scheme Administration Division) ("**Share Scheme Administration Services Agreement**") and with Singular Systems Proprietary Limited ("**Singular Services Agreement**").

5.4 Furthermore, to give effect to a request made by the JSE to align the Relationship Agreement with the Listings Requirements, the amendments to the Relationship Agreement include an amendment that raises the threshold stipulated in the Relationship Agreement in respect of changes to the Relationship Agreement from a 65% majority approval of MTNZF Ordinary Shareholders to a 66.67% majority approval of MTNZF Ordinary Shareholders.

## 6. CONDITIONS PRECEDENT TO THE PROPOSED SCHEME EXTENSION

6.1 In terms of the Extension and Amendment Agreement (referred to in paragraph 1.6 above), the implementation of the Proposed Scheme Extension is subject to the fulfilment (or deemed fulfilment) or waiver (where required, with the prior consent of BFC2 and the BFC2 Pref Holders) of the following conditions precedent ("**Scheme Extension Conditions**") on or before 12 November 2024 or such later date(s) as MTN and MTNZF may agree in writing from time to time ("**Longstop Date**"):

6.1.1 the entry into and implementation by MTNZF of the Extension and Amendment Agreement (including the amendments to the MTNZF MOI and the BFC2 MOI (together, the "**MOI Amendments**")) having been approved in agreed form by or on behalf of BFC2 and the BFC2 Pref Holders and, to the extent that such approval is subject to any conditions, BFC2 and the BFC2 Pref Holders having confirmed in writing to MTN and MTNZF the fulfilment or waiver by BFC2 and the BFC2 Pref Holders, as the case may be, of such conditions applicable to such approval;

6.1.2 the amendment to each of the Share Scheme Administration Services Agreement and the Singular Services Agreement to extend the services provided thereunder for an additional three years having been executed in the agreed form by the parties to each of those agreements;

6.1.3 the resolutions to be tabled to MTN Shareholders to approve the implementation of the Extension and Amendment Agreement, and matters related thereto, as identified by MTN in writing, having been approved by MTN Shareholders at an extraordinary general meeting of MTN Shareholders to be convened for these purposes ("**MTN EGM**") in accordance with the approval thresholds set out in the relevant notice of meeting;

6.1.4 the amendments to the Relationship Agreement as contemplated in the Extension and Amendment Agreement having been approved by the requisite majority of MTNZF Ordinary Shareholders at an extraordinary general meeting of MTNZF Shareholders to be convened for these purposes ("**MTNZF EGM**");

6.1.5 the MOI Amendments:

6.1.5.1 in relation to MTNZF having been approved and adopted by the requisite majority of MTNZF Shareholders at the MTNZF EGM (including, as applicable, pursuant to any resolution required to be passed separately by the holders of any class of shares in MTNZF) ("**MTNZF MOI Resolution**"), and MTNZF having filed a "Notice of Amendment of Memorandum of Incorporation" in Form CoR15.2 (together with the prescribed fee and a copy of the amended MTNZF MOI) with the Companies and Intellectual Property Commission ("**CIPC**"); and

6.1.5.2 in relation to BFC2 having been approved and adopted by the requisite majority of BFC2's shareholders, and BFC2 having filed a "Notice of

Amendment of Memorandum of Incorporation" in Form CoR15.2 (together with the prescribed fee and a copy of the amended BFC2 MOI) with the CIPC;

6.1.6 the MOI Amendments having become effective in accordance with the Companies Act; and

6.1.7 either:

6.1.7.1 no MTNZF Ordinary Shareholder having exercised its Appraisal Rights by: (i) delivering a written notice objecting to the MTNZF MOI Resolution to MTNZF as contemplated in section 164(3) of the Companies Act; (ii) voting against the MTNZF MOI Resolution; and (iii) delivering a valid demand, as contemplated in sections 164(5) to 164(8) of the Companies Act, within the time periods prescribed in section 164(3) and (7) of the Companies Act; or

6.1.7.2 if Appraisal Rights are validly exercised as aforesaid, they are not exercised in respect of more than 10% of the MTNZF Shares,

provided that if at any time there exist matters, facts, events or circumstances which, but for this proviso, would have caused a Scheme Extension Condition to fail, such Scheme Extension Condition will fail only if, and then when, either (i) MTN or MTNZF gives written notice to the other that it will not waive the Scheme Extension Condition; or (ii) the matters, facts, events or circumstances remain in existence as at the Longstop Date and the Scheme Extension Condition (or relevant part thereof) has not been waived or otherwise ceases to apply.

6.2 For the purposes of paragraph 6.1.7 above, "**Appraisal Rights**" means, to the extent that such rights arise pursuant to the approvals referred to in paragraph 6.1.5.1 above, the appraisal rights afforded to MTNZF Ordinary Shareholders in terms of section 164(2)(a) of the Companies Act.

6.3 MTN and MTNZF will release an announcement on SENS as soon as possible after: (i) the fulfilment, or waiver, as the case may be, of all of the Scheme Extension Conditions; or (ii) the non-fulfilment of any Scheme Extension Condition that results in the Proposed Scheme Extension not being implemented.

## 7. CONSEQUENCES IF THE PROPOSED SCHEME EXTENSION IS NOT IMPLEMENTED

7.1 If the Proposed Scheme Extension is not approved or is otherwise not implemented for whatever reason, MTNZF will – unless otherwise agreed with MTN and BFC2 at the time – be required and obliged to unwind and settle the Funding Obligations in full, in accordance with the terms of the existing transaction documents, on and with effect from the Scheduled Maturity Date.

7.2 Subject to the consent of BFC2 and the BFC2 Pref Holders, this may require the liquidation in the open market, in one or more tranches, of some or all of the MTN Shares held by MTNZF in order to realise sufficient cash to settle the third-party preference share funding and related obligations and to pay or provide for related taxes and costs. MTNZF will also then need to engage with the JSE in respect of its BEE Listing given that the BEE eligibility criteria would cease to apply to the MTNZF Ordinary Shareholders. Depending on that engagement with the JSE, MTNZF's BEE Listing may be suspended or terminated – either temporarily or indefinitely.

7.3 Should the Proposed Scheme Extension not be implemented, MTNZF will provide further details to MTNZF Shareholders by way of a SENS announcement regarding MTNZF's intention in respect of the continuation or termination and unwind of the Scheme, as the case may be.

## 8. MTNZF CIRCULAR, NOTICE OF MTNZF EGM AND MTNZF WEBSITE NOTIFICATIONS

- 8.1 A circular containing full details of the Proposed Scheme Extension and required amendments to the Relevant Transaction Documents and incorporating a notice to convene the MTNZF EGM to consider and, if deemed fit, pass the necessary resolutions to implement the Proposed Scheme Extension and amendments to the Relevant Transaction Documents ("**MTNZF Circular**") will be posted to MTNZF Shareholders, in due course, subject to the approval of the JSE.
- 8.2 The MTNZF EGM is currently anticipated to be held on or about Monday, 21 October 2024. The salient dates and times relating to the MTNZF EGM will be included in the MTNZF Circular and announced to MTNZF Shareholders on SENS when the MTNZF Circular is published.
- 8.3 This announcement is available on MTNZF's website and additional SENS announcements will be released confirming when further information regarding the Proposed Scheme Extension is available on MTNZF's website.

## 9. MTN CIRCULAR AND NOTICE OF MTN EGM

- 9.1 A circular containing full details of the Proposed Scheme Extension, required amendments to the Relevant Transaction Documents and Unwind Repurchases and incorporating a notice to convene the MTN EGM to consider and, if deemed fit, pass the necessary resolutions to implement the Proposed Scheme Extension, amendments to the Relevant Transaction Documents and Unwind Repurchases ("**MTN Circular**") will be posted to MTN Shareholders, in due course, subject to the approval of the JSE.
- 9.2 The MTN EGM is currently anticipated to be held on or about Monday, 14 October 2024. The salient dates and times relating to the MTN EGM will be included in the MTN Circular and announced to MTN Shareholders on SENS when the MTN Circular is published.

**Sandton**  
**Monday, 19 August 2024**

**Legal and tax advisor to MTNZF**

**WEBBER WENTZEL**  
in alliance with > **Linklaters**

**Legal and tax advisor to MTN**

**WEBBER WENTZEL**  
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**Financial advisor and sponsor to MTNZF**



**Financial advisor to MTN**



**Transaction and lead sponsor to MTN**



**Joint sponsor to MTN**

**J.P.Morgan**