

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The definitions and interpretations commencing on page 5 of this circular apply, *mutatis mutandis*, to this whole circular.

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

Action required:

In respect of the general meeting:

1. If you have disposed of all your shares, this circular should be handed to the purchaser of such shares or to the CSDP, broker, banker or other agent through whom such disposal was effected.
2. The general meeting will be convened at Vodacom World, 082 Vodacom Boulevard, Midrand at 09:00 on Tuesday 18 January 2022 in order for shareholders to vote on the resolutions.
3. Shareholders or their proxies may participate in the general meeting by way of electronic means. Such shareholder (or proxy) will need to contact Mr Lebogang Ngcobo at Vodacom Group on +27 11 653 5922 by no later than 09:00 on Friday 14 January 2022 so that Vodacom Group can provide for a teleconference dial-in-facility. Shareholders are advised that, when such shareholder intends to participate via teleconference, we recommend that the forms of proxies are sent through to the transfer secretaries by no later 09:00 on Monday 17 January 2022. Participants must dial the following number, five minutes prior to start of the general meeting: +27 11 535 3600.
4. If you are a dematerialised shareholder other than with own-name registration, then your CSDP or broker, as the case may be, should contact you to ascertain how you wish to cast your vote at the general meeting, and thereafter cast your vote in accordance with your instructions. This should be done in terms of the agreement entered into between you, as a dematerialised shareholder, and the CSDP or broker. If you wish to attend the general meeting in person, via electronic participation or wish to be represented thereat, you should inform your CSDP or broker, as the case may be, of your intention to attend and vote at the general meeting or to be represented by proxy thereat in order for your CSDP or broker to issue you with the necessary letter of representation to do so. If you, as a dematerialised shareholder, have not been contacted by your CSDP or broker, it would be advisable for you to contact your CSDP or broker, as the case may be, as soon as possible and furnish them with your instructions in the manner and by the cut-off time stipulated in the aforesaid agreement between you and the CSDP or broker.
5. The health and wellbeing of Vodacom Group staff and shareholders are paramount. In the event that South Africa enters into a higher level lockdown in January 2022 and restrictions are put in place around social gatherings, the general meeting will continue at the scheduled date and time, Tuesday 18 January 2022 at 09:00, but in person attendance and registration of the general meeting will not be permitted. Instead the general meeting will be held in fully electronic format in accordance with Section 62(2)(a) of the Companies Act 71 of 2008, as amended and the company's memorandum of incorporation. In such a case, Vodacom will make an announcement on SENS and its website prior to the general meeting giving details of the electronic format and how shareholders can register for such a virtual meeting.



VODACOM GROUP LIMITED

(Incorporated in the Republic of South Africa)
(Registration number 1993/005461/06)
(ISIN: ZAE000132577 Share code: VOD)
(ISIN: 0592858D2009 ADR code: VDMCY)
("Vodacom Group" or "the company")

CIRCULAR TO SHAREHOLDERS

regarding

- **the proposed related party acquisition by Vodacom Group (or a wholly-owned subsidiary to be incorporated in Mauritius) of a 55% interest in Vodafone Egypt from VIH and Vodafone Europe (i.e. the sellers) for the purchase consideration;**
- **the issue of new Vodacom Group shares to the sellers for the consideration shares;**
- **the issue of new Vodacom Group shares to the sellers for the consideration shares in terms of section 41(1)(b) of the Act; and**
- **the approval of the issue of the consideration shares in terms of clause 5.7.2 of the MOI;**

and incorporating

- **a notice of the general meeting; and**
- **a form of proxy (to be completed by certificated shareholders and own-name dematerialised shareholders only).**

Financial advisor & lead
transaction sponsor



Joint transaction sponsor



Legal advisor



Independent expert



Independent reporting accountant and
independent auditor



Transfer secretaries



Date of issue: Friday 10 December 2021

The financial and transaction advisor, transaction sponsor, transaction joint sponsor, independent expert, independent reporting accountant and independent auditor, transfer secretaries and legal advisor are acting exclusively for Vodacom Group, and no one else in connection with the proposed transaction and will not be responsible to anyone, other than Vodacom Group, for providing the protections afforded to clients of the financial and transaction advisor, transaction sponsor, independent expert, transfer secretaries and legal advisor, respectively, nor for providing advice in relation to the proposed transaction.

This circular is available in English only and copies thereof may be obtained from Friday 10 December 2021 to Friday 14 January 2022 from the registered office of Vodacom Group and the transaction sponsor at the addresses set out in the 'Corporate information' section of this circular.

CORPORATE INFORMATION

Company secretary and registered office**Sandi Linford**

Vodacom Group Limited
Vodacom Corporate Park
082 Vodacom Boulevard Midrand 1685
(Private Bag X9904, Sandton 2146)

Date of incorporation: 20 September 1993

Financial advisor and lead transaction sponsor

UBS South Africa (Proprietary) Limited
144 Oxford Road
8th Floor South Wing
Melrose, Johannesburg 2196
(PO Box 522194, Saxonwold Rosebank 2196)

Legal advisor

Edward Nathan Sonnenbergs Incorporated
The Marc | Tower 1
129 Rivonia Road
Sandton, Johannesburg
2196
(PO Box 783347, Sandton 2146)

Joint transaction sponsor

Vunani Sponsors Proprietary Limited
Vunani House, Vunani Office Park
151 Katherine Street
Sandown
Sandton
2196
(PO BOX 652419, Benmore 2010)

Transfer secretaries

Computershare Investor Services Proprietary Limited
Rosebank Towers
15 Biermann Avenue Rosebank
2196
(Private Bag X9000, Saxonwold 2132)

Independent reporting accountant and independent auditor

Ernst & Young Inc.
102 Rivonia Road
Sandton, Johannesburg 2196
(Private Bag X14, Sandton 2146)

Independent expert

PricewaterhouseCoopers Corporate Finance
Proprietary Limited
4 Lisbon Lane
Waterfall City
Jukskei View
2090
(Private Bag X36, Sunninghill 2157)

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INFORMATION REGARDING FORWARD-LOOKING STATEMENTS

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

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

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

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

Any forward-looking statements included in this circular have not been reviewed nor reported on by the independent reporting accountant or independent auditor.

IMPORTANT DATES AND TIMES

The definitions and interpretations commencing on page 05 of this circular apply, *mutatis mutandis*, to this section.

Announcement regarding the proposed transaction published on SENS	Wednesday 10 November 2021
Announcement regarding the proposed transaction published in the South African press	Thursday 11 November 2021
Record date for posting the circular	Friday 3 December 2021
Circular incorporating notice of general meeting posted to shareholders	Friday 10 December 2021
Last day to trade in order to be eligible to attend and vote at the general meeting	Tuesday 4 January 2022
Record date for attending and voting at the general meeting	Friday 7 January 2022
Recommended day to lodge forms of proxy in respect of the general meeting by 09:00	Monday 17 January 2022
General meeting of shareholders to be held at 09:00 at Vodacom World, 082 Vodacom Boulevard, Midrand for the purpose of considering and, if deemed fit, approving, with or without modification, the resolutions proposed thereat	Tuesday 18 January 2022
Results of general meeting released on SENS	Tuesday 18 January 2022

Notes:

1. The dates and times indicated in the table above are subject to change. Any such changes will be released on SENS and published in the South African press.
2. All times referred to in this circular are references to South African standard time.

ACTION TO BE TAKEN BY SHAREHOLDERS

The definitions and interpretations commencing on page 5 of this circular apply, *mutatis mutandis*, to this section.

This circular is important and requires your immediate attention. Please take careful note of the following provisions regarding the action required by shareholders. If you are in any doubt as to what actions to take, please consult your broker, CSDP, banker, attorney, accountant or other professional adviser immediately.

A form of proxy is attached for the convenience of certificated shareholders and own-name dematerialised shareholders who are unable to attend the general meeting, but who wish to be represented thereat. In order to ensure validity, it is recommended that duly completed forms of proxy should be returned to the transfer secretaries, so as to reach them by no later than the relevant time.

If the shareholder is a dematerialised shareholder other than with own-name registration, then the CSDP or broker, as the case may be, should contact the dematerialised shareholder to ascertain how they wish to cast their vote at the general meeting, and thereafter cast the vote in accordance with the instructions. This should be done in terms of the agreement entered into between the dematerialised shareholder and the CSDP or broker. If the dematerialised shareholder wishes to attend the general meeting in person, via electronic participation or wishes to be represented thereat, they should inform their CSDP or broker, as the case may be, of their intention to attend and vote at the general meeting or to be represented by proxy thereat in order for their CSDP or broker to issue them with the necessary letter of representation to do so. If a dematerialised shareholder has not been contacted by their CSDP or broker, it would be advisable for them to contact their CSDP or broker, as the case may be, as soon as possible and furnish them with their instructions in the manner and by the cut-off time stipulated in the aforesaid agreement between the dematerialised shareholder and the CSDP or broker.

If the shareholder is a certificated shareholder or an own-name dematerialised shareholder, you may attend the general meeting in person and may vote at the general meeting. Alternatively you may appoint a proxy to represent you at the general meeting by completing the attached form of proxy and returning to the transfer secretaries so as to reach them by no later than the recommended time.

Shareholders or their proxies may participate in the general meeting by way of electronic means. Note that shareholders or their proxies will be able to participate in the general meeting, but not vote on the resolutions, via electronic communication. Such shareholder (or proxy) will need to contact Mr Lebogang Ngcobo at Vodacom Group on +27 11 653 5922 by no later than 09:00 on Friday 14 January 2022 so that Vodacom Group can provide for a teleconference dial-in-facility. When such shareholder intends to participate via teleconference, it is recommended the voting proxies are sent through to the transfer secretaries by no later than 09:00 on Monday 17 January 2022. Participants must dial the following number, five minutes prior to start of the general meeting: +27 11 535 3600.

DEFINITIONS AND INTERPRETATIONS

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

“Act”	means the Companies Act 71 of 2008 of South Africa, as amended;
“agreement”	means the sale of shares agreement entered into between Vodafone Plc, Vodacom Group and Vodafone Egypt on the signature date, which sets out the terms of the proposed transaction, the salient terms of which are set out in paragraph 4 of this circular;
“associates”	shall bear the meaning ascribed thereto in the JSE Listings Requirements;
“Board” or “directors”	means the Board of directors of Vodacom Group, as set out on page 9 of this circular;
“broker”	means any person registered as a “broker member equities” in terms of the rules of the JSE in accordance with the provisions of the Financial Markets Act;
“CAGR”	means compound annual growth rate;
“cash consideration”	means a cash amount equal to the purchase consideration less the aggregate issue price of the consideration shares being US\$548 million (R8 212 million) which is subject to closing adjustments;
“certificated share”	means a share represented by a share certificate or other physical documents of title, which has not been surrendered for dematerialisation in terms of the requirements of Strate and which may not be traded on the JSE;
“certificated shareholder”	means a shareholder who holds certificated shares;
“circular”	means this circular, dated Friday 10 December 2021 including the annexures, notice of general meeting and the form of proxy attached hereto;
“closing date”	means the date on which the broker executes and registers the sale and transfer of the sale shares to the purchaser;
“consideration shares”	means 241 976 243 new Vodacom Group shares, as will after their issue represent 13.1% of Vodacom Group shares in issue, issued at R135.75 per share, being the 30-day value weighted average price of Vodacom Group on 8 November 2021, being the last trading day prior to the signature date of the agreement, of R139.95, less the interim dividend of R4.20, with aggregate value of R32 849 million, being the equity portion of the purchase consideration;
“company secretary”	means the company secretary of Vodacom Group or her successor in title, as more fully detailed in the “Corporate Information” section of this circular;
“CSDP”	means a central securities depository participant as defined in the Financial Markets Act;
“dematerialise”	means the process whereby physical share certificates are replaced with electronic records evidencing ownership of shares for the purpose of Strate, as contemplated in the Financial Markets Act;
“dematerialised shares”	means shares that have been dematerialised in accordance with the rules of Strate, evidencing ownership of shareholding in electronic format, which shares may be traded on the JSE;
“dematerialised shareholder”	means a shareholder who holds dematerialised shares;
“EBITDA”	means earnings before interest, taxation, depreciation and amortisation, impairment losses, profit/loss on disposal of investments, property, plant and equipment and intangible assets, profit/loss from associate and joint venture, restructuring costs and BEE income/charge;
“Egypt”	means Arab Republic of Egypt;

“EGP”	means Egyptian pound;
“financial advisor” or “UBS”	means UBS, registration number 1995/011140/07, a private unlimited company duly incorporated in accordance with the laws of South Africa;
“Financial Markets Act”	means the Financial Markets Act, 19 of 2012 of South Africa, as amended;
“fulfilment date”	means the date on which the last of the suspensive conditions is fulfilled or waived as the case may be;
“free cash flow”	means EBITDA, adjusted for working capital movements, less additions to property, plant and equipment and intangible assets, proceeds on disposal of property, plant and equipment and intangible assets, tax paid, net finance charges paid and net dividends received/paid;
“general meeting”	means the general meeting of shareholders to be held at Vodacom World, 082 Vodacom Boulevard, Midrand at 09:00 on Tuesday 18 January 2022, for the purpose of considering and if deemed fit, passing the resolutions;
“GEPF”	means Government Employees Pension Fund;
“IFRS”	means the International Financial Reporting Standards as issued by the International Accounting Standards Board, or its successor body;
“independent expert” or “PWC”	means PricewaterhouseCoopers Inc. registration number 1998/012055/21, a personal liability company duly incorporated in accordance with the laws of South Africa;
“independent reporting accountant” or “independent auditor” or “EY”	means Ernst & Young Incorporated., registration number 2005/002308/21, a personal liability company duly incorporated in accordance with the laws of South Africa;
“joint transaction sponsor” or “Vunani”	means Vunani Sponsors, registration number 2008/005096/07, a private unlimited company duly incorporated in accordance with the laws of South Africa;
“JSE”	means, as the context requires, (i) JSE Limited, registration number 2005/022939/06, a public company duly incorporated in accordance with the laws of South Africa, licensed as an exchange under the Financial Markets Act and (ii) the securities exchange operated by the aforementioned company;
“JSE Listings Requirements”	means the JSE Listings Requirements, as amended from time to time by the JSE, whether by way of practice note or otherwise;
“KPI”	means key performance indicator;
“last practicable date”	means the last practicable date prior to the finalisation of this circular, being Thursday 2 December 2021;
“legal advisor” or “ENS”	Edward Nathan Sonnenbergs Incorporated, registration number 2006/018200/21, a company duly incorporated in accordance with the laws of South Africa;
“MOI”	means the memorandum of incorporation of Vodacom Group;
“new Vodacom Group shares”	means ordinary Vodacom Group shares to be issued by Vodacom Group to Vodafone as summarised in paragraph 4 of this circular;
“operating free cash flow”	means EBITDA, adjusted for working capital movements less additions to property, plant and equipment and intangible assets other than licence and spectrum payments and purchases of customer bases, net of proceeds on disposal of property, plant and equipment and intangible assets, other than license and spectrum payments and disposals of customer bases;
“own-name dematerialised shareholders”	means dematerialised shareholders who have instructed their CSDP to hold their dematerialised shares in their own-name on the sub-register maintained by the CSDP and forming part of the register;
“PIC”	means the Public Investment Corporation SOC Limited, registration number 2005/009094/30, a state-owned company duly incorporated in accordance with the laws of South Africa;

“proposed transaction”	means the acquisition of the sale shares as summarised in paragraph 4 of this circular;
“purchase consideration”	means the total consideration payable by Vodacom Group to the sellers’ <i>pro rata</i> to their holdings in terms of the agreement unless instructed otherwise, for the sale and purchase of the sale shares, being an amount equal to the rand equivalent of US\$2 738 million (two billion seven hundred and thirty-eight million United States dollars), which amount has been adjusted in accordance with the principles set out in the agreement, which include, <i>inter alia</i> , net debt and working capital. Vodacom Group shall settle (i) 80% of such consideration by issuing the consideration shares to the sellers’ <i>pro rata</i> to their holdings in terms of the agreement unless instructed otherwise, and (ii) the remaining 20% of such consideration by paying the cash consideration to the sellers’ <i>pro rata</i> to their holdings in terms of the agreement unless instructed otherwise;
“record date”	means the date established in terms of section 59 of the Act on which a company determines the identity of its shareholders and their shareholdings for the purposes of the Act;
“recused directors”	means Messrs P Klotz, JWL Otty and S Sood and Mesdames AM O’Leary and LS Wood having declared their personal financial interest pursuant to section 75(5) of the Act and having recused themselves from participating in the evaluation and decision making of the proposed transaction;
“register”	means the register of certificated shareholders maintained by the transfer secretaries on behalf of Vodacom Group and the sub-registers of dematerialised shareholders maintained by the relevant CSDPs;
“related party”	shall bear the meaning ascribed thereto in the JSE Listings Requirements;
“relevant time”	means 09:00 on Monday 17 January 2022 or 24 hours prior to the recommencement of the relevant shareholders’ meeting (in case of a postponement or an adjournment); and
“resolutions”	means the special resolution and ordinary resolutions set out in the notice of general meeting attached to and forming part of this circular;
“sale shares”	means 132 005 593 fully paid ordinary shares of EGP 5 each, comprising 55% of the issued shares of Vodafone Egypt;
“sellers”	mean VIH and Vodafone Europe collectively;
“SENS”	means the Stock Exchange News Service of the JSE;
“shareholder(s)”	means a registered holder of Vodacom Group shares;
“signature date”	means 9 November 2021, being the date on which the agreement was signed by the parties thereto;
“South Africa”	means the Republic of South Africa;
“Strate”	means Strate Proprietary Limited, registration number 1998/022242/07, a private company duly incorporated under the laws of South Africa and a registered central securities depository in accordance with the Financial Markets Act;
“suspensive conditions”	means the suspensive conditions set out in paragraph 5.1 of this circular;
“tax”	means the income tax, capital gains tax, secondary tax on companies, dividend withholding tax, value-added tax payable in any country, stamp duty, securities transfer tax, uncertificated securities tax, PAYE, levies payable to any government authorities (such as UIF and employees tax), any taxation arising from new assessments of taxation and/or the reopening of any income tax assessments of Vodafone Egypt for any relevant period, donations tax, customs duty, transfer duties, imposts, deductions, charges and withholdings whatsoever in terms of any tax legislation, and all other forms of taxation, other than deferred tax benefits, and includes all penalties and interest payable as a consequence of any failure or delay in paying any taxes;
“transfer secretaries” or “Computershare”	means Computershare Investor Services Proprietary Limited, registration number 2004/003647/07, a private company duly incorporated in accordance with the laws of South Africa;

“US\$”	means United States dollar, being the lawful currency of the United States of America;
“VAT”	means South African value-added tax, as per the Value-Added Tax Act, 89 of 1991, as amended;
“VIH”	means Vodafone International Holdings B.V., registration number 24235177, a private company duly incorporated in accordance with the laws of the Netherlands, which is a wholly-owned subsidiary of Vodafone Plc and owns 20.11% of Vodafone Egypt and 143,459,781 Vodacom Group shares or 7.81% of Vodacom Group shares in issue;
“Vodacom Group” or “the company”	means Vodacom Group Limited, registration number 1993/005461/06, a public company duly incorporated on 20 September 1993 at Pretoria in accordance with the laws of South Africa;
“Vodafone Egypt”	means Vodafone Egypt Telecommunications S.A.E., an Egyptian joint stock company incorporated by virtue of Law No 8 of 1997, registration number 12089;
“Vodacom Group share”	means an ordinary share of no par value in the issued share capital of Vodacom Group listed on the JSE;
“Vodafone Europe”	means Vodafone Europe B.V., registration number 27166573, a private company duly incorporated in accordance with the laws of the Netherlands which is a wholly-owned subsidiary of Vodafone Plc and owns 34.89% of Vodafone Egypt;
“Vodafone Investments SA”	means Vodafone Investments (SA) Proprietary Limited, registration number 1948/031037/07, a private company duly incorporated in accordance with the laws of South Africa which is a wholly-owned subsidiary of Vodafone Plc and owns 967 170 100 Vodacom Group shares or 52.68% of Vodacom Group shares in issue;
“Vodafone Plc”	means Vodafone Group Plc, registration number 1833679, a public company duly incorporated in accordance with the laws of England; and
“ZAR”, “R” or “rand”	means South African rand, the lawful currency of South Africa.



VODACOM GROUP LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 1993/005461/06)

(ISIN: ZAE000132577 Share code: VOD)

(ISIN: 0592858D2009 ADR code: VDMCY)

("Vodacom Group" or "the company")

Directors

Independent non-executive

SJ Macozoma (Chairman), DH Brown, P Mahanyele-Dabengwa (Alternate NC Nqweni), KL Shuenyane, CB Thomson

Non-executive

P Klotz, AM O'Leary, JWL Otty, S Sood, LS Wood (Alternate F Bianco)

Executive

MS Aziz Joosub (Chief Executive Officer), RK Morathi (Chief Financial Officer)

CIRCULAR TO SHAREHOLDERS

1. INTRODUCTION

1.1 Background

Shareholders are referred to the announcement released on SENS on Wednesday 10 November 2021 and published in the South African press on Thursday 11 November 2021 detailing the proposed transaction between Vodacom Group, the sellers and Vodafone Egypt.

In terms of the proposed transaction, Vodacom Group will acquire a 55% shareholding in Vodafone Egypt from the sellers for an amount equal to the purchase consideration (as adjusted).

The purchase consideration (as adjusted) is comprised of the sum of an amount equal to:

- (i) the consideration shares; and
- (ii) the cash consideration.

The proposed transaction is classified as a Category 2 transaction in terms of paragraph 9.5(a) of the JSE Listings Requirements, as well as a related party transaction in terms of paragraph 10.1(b)(i) of the JSE Listings Requirements. The related party relationship between Vodacom Group, Vodafone Plc and Vodafone Egypt is more fully described in paragraph 5 of this circular. As a related party transaction, the proposed transaction requires:

- the approval by ordinary resolution of the shareholders prior to the completion of the proposed transaction at the general meeting. Vodafone Plc and its associates will be taken into account in determining a quorum at the general meeting but the votes of Vodafone Plc and its associates will not be taken into account in determining the results of the voting in relation to ordinary resolution number 1; and
- a fairness opinion, which has been provided by the independent expert and is set out in Annexure 1 to this circular.

1.2 Purpose of this circular

The purpose of this circular is to:

- provide shareholders with background information in relation to Vodafone Egypt, to describe the rationale for and benefits of the proposed transaction and provide general information on the proposed transaction;
- provide shareholders with the independent expert report in respect of the proposed transaction;
- advise shareholders of the Board's recommendation regarding the proposed transaction (as supported by the independent expert report); and
- convene the general meeting in terms of the notice of general meeting forming part of this circular, to consider and, if deemed fit, to approve the resolutions proposed thereat.

2. RATIONALE FOR THE PROPOSED TRANSACTION

The proposed transaction presents a unique opportunity to advance Vodacom Group's strategic connectivity and financial services ambitions in Africa by acquiring a controlling interest in Vodafone Egypt, one of Africa's premier telecom operators. Vodafone Egypt is a clear market leader, strategically positioned to capture growth in a fast-growing Egyptian ICT market. It is expected to diversify and accelerate Vodacom Group's medium-term operating profit growth potential into double digits. We intend to provide an update on our medium-term targets at our full year results ending 31 March 2022, which will be reported in May 2022.

Vodafone Egypt is a high-quality asset, with 43% mobile revenue market share and a clear network leadership position supported by a comprehensive spectrum portfolio, the highest density network and a scalable IT platform. Vodafone Egypt has a proven track record of consistently delivering strong revenue growth, evidenced by a 14% revenue CAGR during the FY17-21 years, while its future growth potential is underpinned by a broad range of fundamental sector and company specific drivers. In addition to a track record of revenue growth, Vodafone Egypt generates attractive margins and strong free cash flow. Despite COVID-19 related subdued economic demand, Vodafone Egypt delivered 8% revenue growth for the financial year ended 31 March 2021, and EBITDA and operating free cash flow margins of 42% and 26%, respectively. For the six-month period ended 30 September 2021, revenue and EBITDA growth accelerated to 17% and 29%, respectively.

Vodafone Egypt's financial profile and prospects provide a compelling opportunity for Vodacom Group to diversify and accelerate its growth in a single transaction. Its interest in Vodafone Egypt would have contributed approximately 15% of its earnings based on Vodacom Group's attributable earnings to equity shareholders as reported in its audited consolidated annual financial results for the year ended 31 March 2021. Additionally, with Vodafone Egypt in the portfolio, Vodacom Group's network reach would span across 37 000 network sites, making it one of Africa's largest tower owners.

Following the proposed transaction, Vodacom Group will cover a population of more than 500 million and more than 40% of Africa's GDP, across the Democratic Republic of Congo, Egypt, Ethiopia, Kenya, Lesotho, Mozambique, South Africa and Tanzania. Significantly, Vodacom Group is the market leader across all the markets in which it operates, supporting attractive Return on Capital Employed ("ROCE"). Notably, Vodafone Egypt generated a ROCE in excess of 30% for the financial year ended 31 March 2021.

In addition to being an attractive asset on a standalone basis, Vodacom Group sees scope to create significant value by scaling Vodacom Group's multi-product strategy, which Vodacom refer to as the System of Advantage into Egypt. A key element of the System of Advantage is financial services. With more than 80% of Egypt's 100 million population unbanked, Vodacom Group sees a compelling addressable market opportunity for Vodafone Egypt and scope to leverage Vodacom Group's financial services platforms (*inter alia*, M-Pesa, VodaPay and VodaSure products), global partnerships and best practices.

In addition to financial services, Vodacom Group sees attractive synergy potential from combining Vodafone Egypt's software factory with Vodacom Group's existing big data capabilities, closer cooperation in scaling pan-African enterprise and Internet of Things (IoT) solutions, enabling the proliferation of digital services through a platform approach, and also talent sharing. As Vodacom Group evolves from a telco to a techco, access to skilled talent is critical with Vodafone Egypt being an excellent source.

Vodacom Group has no intention of expanding its geographic footprint post the proposed transaction.

3. NATURE OF BUSINESS OF VODAFONE EGYPT

A clear market leader

Vodafone Egypt launched services in 1998 and is now the largest mobile network operator in Egypt in terms of revenue and customers with mobile market shares of 43% and 40%, respectively. Vodafone Egypt provides a range of integrated telecommunication services, including mobile and fixed voice, SMS, data and mobile money, to 43 million customers, serving both consumer and enterprise customers. For the year ended 31 March 2021, Vodafone Egypt's key growth driver was mobile data revenue which comprised 46% of revenue. The remaining sources of revenue comprises of voice, services, financial services, content, other service revenue, fixed line and non-service revenue.

Egypt's mobile market comprises of four players, with Vodafone Egypt as the clear market leader competing with Etisalat, Orange and Telecom Egypt S.A.E. ("Telecom Egypt") which is branded WE. Egypt's mobile market is predominantly prepaid, with Vodafone Egypt's customer base comprising 38 million prepaid customers and 5 million post-paid customers.

Vodafone Egypt pioneered product segmentation in 2014. The company has three headline mobile tariffs: (i) Red – addressing the high value customers, (ii) Flex – aimed at the aspiring segment, and (iii) Fakka – targeting the mass market. A combination of innovative tariffs, a strong brand and network leadership has enabled Vodafone Egypt to secure and sustain a leading market position.

Following Egypt's 2.6GHz spectrum auction in November 2020, Vodafone Egypt has the leading spectrum position in the market. The company's spectrum portfolio comprises of: 2x12.5MHz of 900MHz, 2x10MHz of 1800MHz, 2x20MHz of 2100MHz and 1x40MHz of 2600MHz. This spectrum portfolio and Vodafone Egypt's extensive 4G rollout provides it with a clear network advantage, compared to its peers.

Vodafone Egypt's digital capabilities are supported by self-developed platforms and largely in-sourced IT skills. The company's IT function is supported by several hundred software engineers, which have developed multiple platforms including the Digital eXperience Layer ("DXL"). DXL is a middleware technology that accelerates the deployment of new digital capabilities, de-coupling these from the longer and financially costly upgrade cycles for legacy billing and other systems.

Vodafone Egypt is also the country's largest mobile wallet provider through Vodafone Cash. According to the national telecom regulatory authority Vodafone cash had almost 90% market share of mobile wallet transactions as at August 2021.

Attractive growth outlook

Egypt's appeal as an investment destination is supported by its economic growth outlook, large, young and growing population and structural reform agenda. Despite the impact of the COVID-19 pandemic, Egypt delivered real GDP growth of 3.6 % in 2020, and is forecast to deliver real GDP growth of approximately 5% per annum until 2025. Furthermore, the meaningful reduction of Egypt's current account and fiscal account deficits in recent years has improved the country's foreign exchange reserves, better positioning the country to absorb potential global macro volatility. This has supported a stable Egyptian pound against the United States dollar.

The Ministry of Communications and Information Technology's ("MCIT") Digital Egypt agenda has supported strong ICT sector growth with the sector's contribution to Egypt's GDP increasing from 3.2% to 4.4% between 2018 and 2020. Looking ahead, constructive regulation and structural growth drivers such as data demand support a robust growth outlook of 14% CAGR over the next three years for the overall telecom sector, including fixed and mobile, from a base of EGP77 billion in 2021. The mobile segment, serving 100 million customers, accounts for over 80% of the combined mobile and fixed revenues. The mobile market is expected to grow at a 13% CAGR over 2021-24, supported by increased mobile data penetration of approximately 60% and growth in average usage per customer from 2.8 GB per month, highlighting growth opportunities.

Vodafone Egypt's market leadership, supported by its strong brand, spectrum portfolio, network and advanced segmentation positions it well to capture the expected double digit mobile market growth opportunity. Furthermore, the company is well positioned to benefit from incremental growth drivers such as IoT, fixed and financial services. Vodafone Egypt's strong revenue outlook combined with further operational efficiencies, is expected to support EBITDA margin expansion from the 43% achieved for the financial year ended 31 March 2021. As a result, it is expected that Vodafone Egypt will generate strong free cash flow growth into the medium term.

Vodafone Egypt's ownership and dividend policy

Vodafone Plc currently holds a 55% controlling stake in Vodafone Egypt. Vodafone Egypt benefits from a long standing and strategic shareholder in Telecom Egypt, the fixed line incumbent, which holds c.45% of its issued shares.

Vodacom Group, has committed to Vodafone Plc that it will sign a deed of adherence to the shareholders' agreement with Telecom Egypt ("shareholders agreement"). Vodacom Group will have the ability to determine the dividend policy of Vodafone Egypt subject to a minimum payout ratio of 60% of Vodafone Egypt's free cash flow.

This financial information included in paragraph 2 and 3 of this circular has been sourced from Vodafone Egypt management accounts which has not been reviewed nor reported on by Vodacom Group's external auditors.

4. STRUCTURE AND PURCHASE CONSIDERATION

Vodacom Group (or a wholly-owned subsidiary to be incorporated in Mauritius) will acquire a 55% shareholding in Vodafone Egypt from the sellers for an equity purchase consideration of US\$2 738 million. Based on Vodacom Group's effective share of the net debt (excluding lease liabilities) and working capital adjustments of Vodafone Egypt of US\$412 million as at 30 September 2021, this implies a value of US\$3 150 million on a debt, cash free basis ("enterprise value").

The offer consideration implies an enterprise value/EBITDA multiple for the twelve months ended 30 September 2021 of 6.8x. For illustrative purposes only, by doubling the EBITDA for the six months ended 30 September 2021, the purchase consideration would imply an enterprise value/EBITDA multiple of 6.5x. Given Vodafone Egypt's strong market position, growth, EBITDA margins and cash generation, Vodacom Group believes that these multiples are attractive relative to Vodafone Egypt's peers.

80% of the purchase consideration will be settled by the issue of the consideration shares at an issue price of R135.75 to the sellers in accordance with the provisions of the agreement. As a result of the consideration shares to Vodafone, the interest held by Vodafone Plc in Vodacom Group will increase from 60.5% to 65.1%. The JSE has taken note that Vodacom Group's JSE defined free float will be below 20% as a result of Vodafone Plc's increased ownership and has indicated that it has no objection to the reduced free float given the adequacy of Vodacom Group's current liquidity on the JSE. However, whilst the JSE notes that there will be reduction in spread, Vodacom Group is still required to comply and accordingly will use their best endeavours

to ensure that the minimum percentage of shares are held by the public in the foreseeable future. Vodafone Plc confirms that it has no current intention to dispose of any of its shares in Vodacom Group in the market to increase Vodacom Group's free float. Furthermore, should Vodafone Plc form a firm intention to undertake an on-market disposal prior to the 1st anniversary of the closing date, then Vodafone Plc has agreed that it will consult with Vodacom Group regarding the potential disposal as regards process and timing thereof. In addition, Vodafone Plc will consult and collaborate with Vodacom Group on the allocation methodology and principles applicable thereto. The decision to undertake and implement a disposal will remain in the sole discretion of Vodafone Plc.

The remaining US\$548 million will be settled in cash in Euros (being the cash consideration).

Any move in the net debt and agreed working capital of Vodafone Egypt between signing and closing will be adjusted in accordance with the principles set out in the agreement. These adjustments will impact the cash consideration and not the number of shares to be issued.

Vodafone Plc will be entitled to the cash generated by Vodafone Egypt between signing and closing. Vodafone Plc will not be entitled to receive the interim dividend for the consideration share but will be entitled to the *pro rata* share of Vodacom Group's final dividend, if and when declared, for the financial year ending 31 March 2022 with regard to the consideration shares that it will receive for the period between closing and the ex date of the dividend.

The cash consideration will be settled via the draw -down of a bridge facility which will be put in place ahead of closing. Vodacom Group is currently evaluating an appropriate hedging strategy together with various debt funding options including bank debt and potentially, ZAR denominated bonds to refinance the bridge facility.

As contemplated in the shareholder's agreement with Telecom Egypt, the sellers have a right to transfer their shareholding in Vodafone Egypt within the broader Vodafone Group without triggering a right of first refusal or tag along rights in favour of Telecom Egypt. There are minority shareholders holding in aggregate c.0.05% of Vodafone Egypt's issued shares, who shall be entitled to participate in a mandatory tender offer if Vodacom Group does not obtain an exemption from Financial Regulatory Authority in Egypt ("FRA") to make the mandatory offer. If a mandatory tender offer is required, the maximum additional shares which Vodacom Group can acquire over and above the sale shares is c.0.05% which is not considered material and will be settled in cash.

4.1 Summary of Vodafone Egypt's historical financials and key performance indicators

Revenue analysis, March year end	2017	2018	2019	2020	2021	4 year CAGR%	6 months to 30 Sep 2021
Revenue (EGP million)	16 652	20 025	22 891	26 333	28 341	14.2%	16 093
– Of which data	3 497	4 806	6 638	8 953	10 770	32.5%	7 416
KPIs							
Mobile customers (million) ¹	40.9	42.3	39.1	40.2	41.7	0.5%	43.0
– Prepaid (million) ¹	37.9	38.9	35.2	35.8	36.9	(0.7%)	38.0
– Contract (million) ¹	3.0	3.4	3.9	4.2	4.8	12.9%	5.0
Mobile ARPU (EGP)	31.5	34.9	41.9	48.7	50.5	12.5%	55.2
– Prepaid ARPU (EGP)	27.0	30.2	36.4	42.8	44.3	13.2%	47.9
– Contract ARPU (EGP)	94.1	95.6	99.3	99.6	100.7	1.7%	112.1
Mobile ARPU (US\$) ²	2.0	2.2	2.7	3.1	3.2	12.5%	3.5
Data active users (million)	12.9	15.0	16.4	18.8	20.6	12.4%	22.2
Data usage/active user (GB per month)	1.0	1.3	1.6	2.2	2.8	30.3%	3.4
Fixed customers (million)	0.3	0.4	0.5	0.7	0.9	31.6%	0.9

¹ Based on total closing customers

² Based on average EGP/US\$ exchange rate from 1 April 2020 to 31 March 2021 of EGP15.80 per US\$

EGP million, March year end	2019	2020	2021	2 year CAGR³ %	6 months to 30 Sep 2021
Revenue	22 891	26 333	28 341	11%	16 093
<i>% Growth</i>	14%	15%	8%	nm	17%
EBITDA ¹	9 975	11 929	11 922	9%	7 027
<i>% Margin</i>	44%	45%	42%	nm	44%
Net profit	5 579	5 818	5 335	(2%) ²	3 292
Capital expenditure	(3 963)	(4 437)	(4 789)	10%	(2 522)
<i>% of Revenue</i>	17%	17%	17%	nm	16%
Operating free cash flow	6 206	7 136	7 434	9%	3 693
<i>% Margin</i>	27%	27%	26%	nm	23%
<i>% Cash flow conversion</i>	62%	60%	62%	nm	53%
Net cash/(debt) (excl. leases)	(1 279)	2 086	(4 766)	nm	(11 748)
Net debt (excl. leases)/EBITDA	0.1x	(0.2x)	0.4x	nm	0.8x

¹ 2019 prepared on an IAS 17 basis. 2020, 2021 and 1H2022 prepared on an IFRS 16 basis in respect of lease accounting

² Impacted by a once off gain in 2020 and COVID impact in 2021

³ nm denotes not meaningful

4.2 Comparison of Vodacom Group and Vodafone Egypt's headline financials

	Vodafone Egypt (EGPm) (100% basis)	Vodafone Egypt (Rm) (100% basis)	Vodafone Egypt (Rm) (55% basis)	Vodacom Group (Rm)
Revenue	28 341	29 218	16 070	98 302
EBITDA	11 922	12 290	6 760	39 299

The tables above translate Vodafone Egypt's revenue and EBITDA for the financial years ended 31 March 2021 from Egyptian pound into rand at the 12-month average rate of ZAR/EGP of 0.97 for the year ended 31 March 2021.

The net asset value attributable to Vodafone Egypt as at 31 March 2021 was EGP16 690 million and a profit after tax of EGP5 335 million (R5 494 billion). This information has been extracted from the unpublished management accounts.

The management accounts have been prepared in accordance with IFRS principles.

This financial information has neither been reviewed nor reported on by Vodacom Group's external auditors.

5. DETAILS OF THE PROPOSED TRANSACTION

The proposed transaction is a related party transaction in terms of the JSE Listings Requirements given Vodafone is a material shareholder of Vodacom Group.

The Vodacom Group Board has appointed an independent committee consisting of its independent directors, excluding the chairman ("independent committee"), who have unanimously approved the proposed transaction.

The independent committee has appointed an independent expert, PricewaterhouseCoopers Corporate Finance Proprietary Limited ("PwC"), to provide a fairness opinion on the proposed transaction. PwC has confirmed that the proposed transaction is fair to the minority shareholders. Their opinion is included in Annexure 1 of this circular.

The proposed transaction is also classified as a Category 2 transaction in terms of the JSE Listings Requirements.

5.1 Suspensive conditions

The closing is conditional on, the fulfilment or waiver of a number of suspensive conditions, including but not limited to:

- 5.1.1 Vodacom Group shareholders, other than Vodafone Plc and its associates (VIH and Vodafone Investments SA), as defined in the JSE Listings Requirements approving the proposed transaction by means of an ordinary resolution as a related party transaction as contemplated in section 10 of the JSE Listings Requirements;
- 5.1.2 Vodacom Group shareholders approving:
 - 5.1.2.1 the issue of the consideration shares by means of a special resolution as contemplated in section 41(1)(b) of the Act; and
 - 5.1.2.2 the issue of the consideration shares by means of an ordinary resolution as contemplated in clause 5.7.2 of the MOI;

- 5.1.3 the receipt of the approval of the proposed transaction in writing from the Financial Surveillance Department of the South African Reserve Bank;
- 5.1.4 the JSE having approved a listing of the consideration shares on the JSE with effect from the effective date;
- 5.1.5 Vodacom Group procuring approval of the National Telecom Regulatory Authority of Egypt (“NTRA”) for the transfer of the sale shares (i) from the sellers to Vodacom Group and (to the extent required by the NTRA) any other shares pursuant to the mandatory tender offer; and
- 5.1.6 Vodacom Group obtaining
 - 5.1.6.1 an exemption from the FRA from the applicability of a mandatory offer; or
 - 5.1.6.2 in case a mandatory offer is required to be made, the preliminary approval by the FRA in relation to the mandatory offer

No competition approval is required in Egypt or South Africa with only a post-closing notification required in Egypt.

The proposed transaction is expected to close before 31 March 2022.

5.2 Warranties and indemnities

As required by JSE Listings Requirements, Vodacom Group confirms that warranties and indemnities applicable to the proposed transaction are normal for transactions of this nature.

5.3 Change in Vodacom Group’s dividend policy

Vodacom Group’s current dividend policy is to pay at least 90% of adjusted headline earnings, which excluded the contribution of the attributable net profit or loss from Safaricom PLC and any associated intangible amortisation. In addition, Vodacom Group distributes any dividend it receives from Safaricom PLC, up to a maximum amount of the dividend received, net of withholding tax. It is expected that this dividend policy will be maintained for the remainder of the current financial year.

Looking ahead, the acquisition of Vodafone Egypt and as announced by Vodacom Group on SENS on 10 November 2021, the acquisition of up to 40% stake in Community Investment Ventures Holdings (Pty) Limited’s (“CIVH”) fibre assets as detailed in paragraph 11 of this circular, provides a compelling opportunity to accelerate the System of Advantage and Vodacom Group’s growth profile. Mindful that these deals will utilise debt capacity and while also wanting to retain headroom to invest into growth areas, the Board considered it appropriate to review the current dividend policy.

On completion of the Vodafone Egypt acquisition, Vodacom Group intends to amend and simplify its dividend policy and institute a policy to at least 75% of Vodacom Group headline earnings. The simplified policy and proposed acquisitions combine to provide a high pay-out on enhanced growth prospects. Notwithstanding the change in dividend policy, Vodacom Group will still have one of the highest dividend pay-out policies on the JSE. Additionally, the policy provides scope for Vodacom Group to invest within its 13.0%-14.5% capital intensity target, de-lever and accommodate the upstreaming and dividend pay-out profiles of Safaricom PLC and Vodafone Egypt.

5.4 Articles of association of Vodafone Egypt

Vodacom Group confirms that the provisions of the articles of association of Vodafone Egypt will neither frustrate nor relieve Vodacom Group’s compliance with the JSE Listings Requirements.

6. REGULATORY REQUIREMENTS IN RESPECT OF THE PROPOSED TRANSACTION

The proposed transaction is a ‘related party transaction’ in terms of the JSE Listings Requirements as Vodacom Group will be transacting with a related party, being Vodafone Plc and its associates. Vodafone Plc is a material shareholder by virtue of being an indirect 60.5% shareholder in Vodacom Group. The proposed transaction is further classified as a Category 2 transaction in terms of the JSE Listings Requirements as the purchase consideration, being the issue of the consideration shares and the cash consideration, is 5% or more, but less than 30% of Vodacom Group’s issued share capital and market capitalisation, respectively, as at the signature date.

In terms of the JSE Listings Requirements, the proposed transaction therefore requires, amongst other things:

- the approval of the shareholders by ordinary resolution at a general meeting prior to the completion of the proposed transaction, provided that Vodafone Plc and its associates will be taken into account in determining a quorum at the general meeting but the votes of Vodafone Plc and its associates will not be taken into account in determining the results of the voting in relation to such ordinary resolution;
- the Board has also obtained an opinion from an independent professional expert acceptable to the JSE to the effect that the proposed transaction is fair insofar as the shareholders are concerned; and
- the Board confirming that the transaction is fair insofar as the shareholders are concerned.

Further, in terms of section 41(1) of the Act, the issue of the consideration shares to the sellers by Vodacom Group, being a person related to the Vodacom Group, requires shareholder approval by special resolution, and in terms of clause 5.7.2 of the MOI, the issue of the consideration shares requires shareholder approval by ordinary resolution.

7. PRO FORMA FINANCIAL EFFECTS OF THE PROPOSED TRANSACTION

The table below sets out the *pro forma* financial effects of the proposed transaction on the reviewed condensed consolidated interim financial statements of Vodacom Group for the six-month period ended 30 September 2021. The full *pro forma* financial effects of the proposed transaction are presented in annexure 3 and should be read in conjunction with the independent reporting accountant's assurance report thereon, as set out in annexure 2. The *pro forma* financial information been prepared for illustrative purposes only and because of its nature, it may not fairly present Vodacom Group's financial position, and results of operations.

The *pro forma* financial information has been prepared using accounting policies that comply with IFRS and that are consistent with those applied in the audited consolidated financial statements of Vodacom Group for the year ended 31 March 2021. The *pro forma* financial information is presented in accordance with the JSE Listings Requirements and the Guide on *Pro Forma* Financial Information issued by the South African Institute of Chartered Accountants.

The directors of Vodacom Group are responsible for the compilation, contents and preparation of the *pro forma* financial information.

	Before the proposed transaction (cents) (A)	After the proposed transaction (cents) (B)	Percentage change (%) (B/A)
Based on 30 September 2021			
Basic earnings per share	504	506	0.4
Diluted earnings per share	491	494	0.6
Headline earnings per share	505	506	0.2
Diluted headline earnings per share	492	494	0.4
Net asset value per share	4 451	3 822	(14.1)
Net tangible asset value per share	3 708	2 491	(32.8)
Weighted average number of Vodacom Group shares in issue (millions)	1 694	1 936	
Weighted average diluted number of Vodacom Group shares in issue (millions)	1 739	1 981	
Number of Vodacom Group shares in issue (millions)	1 836	2 078	

Notes and assumptions:

- The Vodacom Group information reflected in the "Before the proposed transaction" column has been extracted, without adjustment, from the reviewed condensed consolidated interim financial statements of Vodacom Group for the six-month period ended 30 September 2021.
- The effects on basic earnings, diluted earnings, headline earnings and diluted headline earnings per share are calculated on the basis that the proposed transaction was effective 1 April 2021, while the effects on the net asset value and net tangible asset value per share are calculated on the basis that the proposed transaction was effective 30 September 2021.
- Management has determined that Vodacom Group (or a wholly-owned subsidiary to be incorporated in Mauritius) will exercise control over Vodafone Egypt and therefore the 55% equity interest is recognised per IFRS 3: Business Combinations and treated as an investment in a subsidiary at cost in terms of IAS 27: Separate Financial Statements and consolidated in terms of IFRS 10: Consolidated Financial Statements. The acquisition of Vodafone Egypt is a business combination under common control and the accounting is consistent with the Group's policy of accounting for business combinations under common control using the pooling of interest method. In the Vodacom Group consolidated results the 55% investment in subsidiary is recognised at the carrying value of the assets acquired and liabilities assumed. The difference between the consideration transferred and the acquired net assets is reflected within equity.

The current non-controlling interest parties will retain their 45% non-controlling interest in Vodafone Egypt and is recognised at the non-controlling interests' proportionate share of the Vodafone Egypt's net assets.

Acquisition related costs are recognised in profit or loss.

- d) The financial information for Vodafone Egypt has been extracted, without adjustment, from the reviewed consolidated interim special purpose financial statements ("special purpose financial statements") of Vodafone Egypt for the six-month period ended 30 September 2021. Vodacom Group management converted the consolidated management accounts, which were prepared using IFRS principles, of Vodafone Egypt for the six-month period ended 30 September 2021 to prepare the special purpose financial statements. EY has issued a reporting accountant's review report on the special purpose financial statements of Vodafone Egypt which is available for inspection at the Vodacom Group's registered office.

The basis for preparing these special purpose financial statements is derived from IFRS in the determination of items and amounts presented in these financial statements; however, these financial statements exclude the note disclosures for each line item presented and no comparative information is included, therefore these financial statements do not comply with IFRS. The special purpose financial statements are prepared on a going concern basis, the functional currency of Vodafone Egypt Telecommunications Company S.A.E. is the Egyptian pound; however, these financial statements have been presented in the South African rand to satisfy the financial information needs of Vodacom Group.

- e) For accounting purposes the assumed purchase consideration is determined as follows:

Consideration shares:

241 976 243 new Vodacom Group shares (being the consideration shares) at an assumed share price of R135.75 per consideration share, being the 30-day value weighted average price of Vodacom Group on 8 November 2021, less the interim dividend of R4.20.

The *pro forma* financial information has been prepared on the assumption that the number of consideration shares reflect fair value of the purchase consideration and equity interest in Vodafone Egypt on the assumed effective dates of the proposed transaction, which is 1 April 2021 for purposes of calculating the effect on basic earnings, diluted earnings, headline earnings and diluted headline earnings per share, and 30 September 2021 for purposes of calculating the effect on net asset value and tangible net asset value per share. The *pro forma* financial information does not reflect any adjustments that may result from movements in the fair value of Vodacom Group, Vodafone Egypt, or the exchange rates between the date of signing the agreements and the effective date of the proposed transaction.

Cash consideration:

We have assumed a cash consideration of R8 212 million for the equity interest in Vodafone Egypt, being US\$548 million converted at R15.00, the closing ZAR/US\$ exchange rate at signing. (The assumed cash consideration will be determined on the effective date of the proposed transaction and may differ from the assumptions underlying these *pro forma* financial information).

- f) Assumed directly attributable transaction costs (non-recurring) to the value of R212 million (including VAT) being expensed. This consists of stamp duty of 0.3% of the assumed purchase consideration (for accounting purposes) amounting to R123 million, payable in Egypt, as well as professional fees and other transaction costs as disclosed in paragraph 14 of this circular, not linked to the issue of the consideration shares, and inclusive of VAT.
- g) All effects are of a recurring nature except where otherwise noted.
- h) Net tangible asset value is calculated as net asset value attributable to the owner of the parent, less the value of goodwill, other intangible assets and deferred tax assets attributable to the owner of the parent.
- i) On 10 November 2021, Vodacom Group also announced on SENS an investment into a joint venture that will house the material fibre network assets of both Vodacom Group and CIVH. The financial effects of the transaction are not included in the *pro forma* financial information as the transaction is independent of Vodacom's (or a wholly-owned subsidiary to be incorporated in Mauritius) acquisition of Vodafone Egypt and is subject to material conditions precedent that Vodacom Group does not have certainty on.
- j) The detailed notes and assumptions to the *pro forma* financial information are presented in Annexure 3 to this circular and the *pro forma* financial information should be read in conjunction with the *pro forma* condensed consolidated interim income statement and the *pro forma* condensed consolidated interim statement of financial position contained therein. The independent reporting accountant's assurance report on the *pro forma* financial information is contained in Annexure 2 to this circular.

8. LITIGATION STATEMENT

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

9. MAJOR SHAREHOLDERS

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

Shareholder	Direct beneficial shareholding	Indirect beneficial shareholding	Total percentage of share*
Vodafone Plc through (Vodafone Investments SA and VIH)	–	1 110 629 881	60.5
YeboYethu Investment Company (RF) (Pty) Limited (“YeboYethu”)	114 451 180	–	6.2
Government Employees Pension Fund (“GEPF”)	261 639 052	–	14.3

* The above table is based on 1 835 864 961 shares in issue as at the last practicable date.

Vodafone Plc is currently Vodacom Group’s largest beneficial and controlling indirect shareholder. There is no history of any change in controlling shareholder(s) and trading objects of Vodacom Group and its subsidiaries during the previous five years.

10. IRREVOCABLE AND LETTER OF SUPPORT

Vodacom Group has received an irrevocable undertaking to vote in favour of the transaction from YeboYethu who owns 6.2% of the total Vodacom Group shares in issue and 15.8% of the Vodacom Group shares in issue excluding those held by Vodafone and its associates. Vodacom Group has also received an in-principle letter of support to vote in favour of the proposed transaction from the PIC, which invests funds on behalf of GEPF, who owns 14.3% of the total Vodacom Group shares in issue and 36.1% of the Vodacom Group shares in issue excluding those held by Vodafone as at the date of their letter. The PIC’s in-principle support is subject to it conducting an assessment and evaluation process upon receipt of this circular.

Shareholder	Direct beneficial shareholding	Total percentage of shares*
YeboYethu	114 451 180	6.2
PIC (GEPF)	261 639 052	14.3
Total	376 090 232	20.5

11. MATERIAL CHANGES

Save for the agreement, there have been no material changes in the financial or trading position of Vodacom Group and its subsidiaries since the end of the last financial period 30 September 2021 for which reviewed financial statements have been published.

On 10 November 2021, Vodacom Group announced on SENS an investment into a joint venture that will house the material fibre network assets of both Vodacom Group and CIVH. The material operating companies of CIVH are Dark Fibre Africa (Pty) Limited and Vumatel (Pty) Limited. This transaction is subject to the fulfilment of certain conditions precedent, including obtaining the necessary regulatory approvals from the South African competition authorities and ICASA. The investment will be equity accounted as a joint venture. The consideration payable for this transaction will be made up of an initial cash consideration of R6 billion, as well as an asset for share swap where Vodacom Group will contribute its fibre-to-the-home, fibre-to-the-business and business-to-business transmission access fibre network infrastructure to the joint venture, at a valuation of R4.2 billion. Vodacom Group will acquire further (secondary) shares for cash from CIVH sufficient to increase its shareholding to at least 30% shareholding in the joint venture. The value of this cash consideration is a function of the valuation of the joint venture and cannot be precalculated with certainty. Based on Vodacom Group’s current expectations, including the time of closing and the joint venture valuation, the secondary purchase consideration is estimated to be approximately R3 billion.

12. MATERIAL CONTRACTS

There have been no material contracts, other than in the ordinary course of business, within the two years preceding the last practicable date, or concluded at any time, and which contain an obligation or settlement that is material to Vodacom Group or any of its subsidiaries as at the date of this circular.

13. DIRECTORS' INFORMATION

13.1 Directors' shareholding in Vodacom Group

Insofar as is known to Vodacom Group, the following directors, including a director who has resigned in the last 18 months, beneficially held the following Vodacom Group shares, directly or indirectly, on the last practicable date:

Name of director	Direct	Indirect	Total ¹
MS Aziz Joosub	1 805 705	–	1 805 705
RK Morathi	164 442	–	164 442
PJ Moleketi ²	643	15 480	16 123
KL Shuenyane	1 977	–	1 977

¹ Percent interest is less than 0.01%

² Resigned 21 July 2020

S Mdlalose was appointed as acting chief financial officer of Vodacom Group Limited for a period of 4 months from 1 July 2020 until 31 October 2020. During this period, he did not receive any additional benefit for his role as acting chief financial officer and also continued in office as the finance director of Vodacom (Pty) Limited, a position which he held until 31 October 2021.

13.2 Directors' shareholding in Vodafone Plc

Insofar as is known to Vodacom Group, the following directors, including a director who has resigned in the last 18 months, beneficially held the following number of Vodafone Plc shares, directly or indirectly, on the last practicable date:

Name of director	Direct	Indirect	Total ¹
MS Aziz Joosub	2 360 419	–	2 360 419
RK Morathi	90 787	–	90 787
F Bianco	719 483	–	719 483
P Klotz	2 560 400	–	2 560 400
AM O'Leary	1 074 596	–	1 074 596
JWL Otty	800 137	–	800 137
S Sood	2 107 263	–	2 107 263
LS Wood	4 496 272	–	4 496 272

¹ Percent interest is less than 0.01%

13.3 Directors' interests in transactions

PJ Moleketi, the former Chairman of Vodacom Group is a director of Remgro Limited and chairman of Harith General Partners (Pty) Limited. Remgro Limited owns a majority stake in CIVH. As noted in paragraph 11 of this circular, on 10 November 2021, Vodacom Group announced a transaction to acquire a co-controlling interest in all of the material assets currently owned by CIVH. Mr Moleketi resigned from the board of Vodacom Group on 21 July 2020. During his tenure at Vodacom, Mr Moleketi was recused from all meetings related to this transaction.

Aside from the interest of Mr Moleketi set out above, there are no material beneficial interests, whether direct or indirect, of directors including a director who has resigned in the last 18 months, in transactions that were effected by Vodacom Group during the current or immediately preceding year or during an earlier financial year and which remain in any respect outstanding or unperformed.

13.4 Directors' and managerial remuneration

Remuneration and benefits paid or accrued as payable, directly or indirectly, to directors or proposed directors, by the company, or group of which the company is a member, in their capacity as directors or in any other capacity, is disclosed in the company's annual financial statements for the year ended 31 March 2021.

A brief summary of existing contracts or proposed contracts, either written or oral, relating to the directors' and managerial remuneration, secretarial and technical fees and restraint payments payable by Vodacom Group and any of its major subsidiaries, is available for inspection as set out in paragraph 20 below.

It is the intention to reflect management's proportionate responsibility for Vodafone Egypt going forward in management's remuneration targets. The details of this will need to be discussed and agreed by the Vodacom Group Remuneration Committee.

14. EXPENSES

There were no preliminary expenses or issue expenses incurred by Vodacom Group within the three years preceding the last practicable date.

The expenses of the proposed transaction are anticipated to be approximately R215.6 million (R204.2 million excluding VAT), of which R3.2 million is expensed. All expenses will be for the account of Vodacom Group. These expenses include the following:

Expenses	Payable to	R000 (excluding VAT)
Egyptian stamp duty	Egyptian government	123 182
Tax advice	KPMG Services Proprietary Limited	1 695
General meeting cost	Vodacom World	45
Independent expert	PwC	3 110
Legal fees	ENS and Dreny & Partners	5 680
Financial advisor and lead transaction sponsor*	UBS	51 000
JSE documentation and ruling fees	JSE	50
JSE listing fee	JSE	2 273
Due diligence	KPMG Services Proprietary Limited	4 380
Joint transaction sponsor	Vunani Capital	100
Independent reporting accountant and independent auditor	EY	7 000
Printing, publication, distribution and advertising expenses	Bastion Graphics Proprietary Limited	481
Joint broker	EFG Hermes	5 133
Company secretarial (Mauritius)	DTOS Ltd	97
Total		204 227
Value added tax (VAT) on the above		11 372
		215 599

* The fee has not been separated as it is charged in terms of a single mandate

The Egyptian stamp duty is based on a one step transaction, which is pending regulatory approval. Should this approval not be obtained, Vodacom Group would have to acquire the shares and then, as a second transaction, transfer the shares to the Mauritian holding company. This second transfer will attract additional stamp duty of R246.4 million payable by Vodacom Group in addition to the R123.2 million payable by the Mauritian holding company.

15. OPINIONS AND RECOMMENDATIONS

15.1 Opinion of the independent expert

As required in terms of section 10.4(f) of the JSE Listings Requirements, the Board is required to obtain an opinion from an independent expert acceptable to the JSE regarding the fairness of the proposed transaction to the shareholders. The Board has appointed the independent expert to provide an opinion as to whether the terms and conditions of the proposed transaction are fair to the shareholders. Subject to the conditions set out in the opinion letter that is included as part of Annexure 1 to the circular, the independent expert has provided an opinion that the terms and conditions of the proposed transaction are fair to the shareholders.

15.2 Statement of the Board

A Vodacom Group Board committee comprising only of the independent non-executive directors excluding the Chairman was set up to evaluate and approve the proposed transaction. The recused directors have recused themselves from participating in any discussions or evaluation of the proposed transaction from such Vodacom Group Board committee.

The Board has considered the terms and conditions of the proposed transaction and the independent expert's opinion. The Board (excluding the recused directors) is of the opinion that the proposed transaction is fair insofar as shareholders are concerned and should be supported. Accordingly, the Board (excluding the recused directors) unanimously recommends that shareholders vote in favour of the resolutions, at the general meeting.

Each of the directors who hold shares and is permitted to vote intends to vote his Vodacom Group shares in favour of the resolutions.

16. DIRECTORS' RESPONSIBILITY STATEMENT

The directors, whose names are set out page 9 of this circular, individually and collectively, accept full responsibility for the accuracy of the information provided in relation to Vodacom Group in this circular and certify that, to the best of their knowledge and belief, no facts have been omitted that would make any statement in this circular false or misleading and have made all reasonable enquiries to ascertain such facts and that this circular contains all information required by law and the JSE Listings Requirements.

17. CONSENTS

UBS, EY, ENS, PWC, Vunani, Computershare and the Company Secretary have consented in writing to act in their respective capacities and to their names being stated in this circular and in the case of the independent reporting accountant and the independent expert, the inclusion of their reports in the form and context in which they appear, and none of the aforementioned parties have withdrawn their consent prior to the publication of this circular.

18. SPONSOR INDEPENDENCE

UBS is acting in the capacities of Financial Advisor and lead transaction sponsor. As required in terms of the JSE Listings Requirements, it is confirmed that in order to manage any potential or perceived conflict of interest that might arise as a result of UBS in these roles, UBS has in place appropriate checks and balances and divisions of responsibility amongst the persons involved in fulfilling these various functions.

19. NOTICE OF GENERAL MEETING

The general meeting will be held at Vodacom World, 082 Vodacom Boulevard, Midrand, at 09:00 on Tuesday 18 January 2022 for the purposes of considering and, if deemed fit, passing with or without modification, the resolutions proposed thereat.

20. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents, or copies thereof, will be available for inspection at the registered office of the company during normal business hours at Vodacom World, 082 Vodacom Boulevard, Midrand, (alternatively, electronic copies are available on written request to the company secretary, at companysecretary@vodacom.co.za), from Friday 10 December 2021 to Friday 14 January 2022:

- a signed copy of this circular (available in English only);
- the agreement;
- the MOI and the memorandum of incorporation of the company's major subsidiary, Vodacom (Pty) Limited;
- the audited consolidated annual financial results statements of Vodacom Group for the three years ended 31 March 2019, 2020 and 2021;
- the reviewed condensed consolidated interim financial results statements of Vodacom Group for the six-month period ended 30 September 2021;
- the unpublished special purpose financial statements of Vodafone Egypt for the six-month period ended 30 September 2021 and a review report thereon by the independent reporting accountant;
- the independent expert report as reproduced in Annexure 1 to this circular;
- the independent reporting accountant's assurance report on the compilation of the *pro forma* financial information of Vodacom Group, as reproduced in Annexure 2 to this circular;
- the letters of support referred to in paragraph 10 of this circular; and
- the letters of consent referred to in paragraph 17 of this circular.

For and on behalf of Vodacom Group Limited

This circular was signed in Midrand on behalf of all the Vodacom Group directors in terms of powers of attorney granted on or about Thursday 25 November 2021.

By order of the Board

Vodacom Group Limited



Sandi Linford
Company Secretary

Signed at Midrand on 10 December 2021

Registered office of Vodacom Group

Vodacom Corporate Park
082 Vodacom Boulevard
Midrand
1685
(Private Bag X9904, Sandton 2146)

INDEPENDENT EXPERT REPORT

Private and Confidential

The Directors
Vodacom Group Limited
Vodacom Corporate Park
082 Vodacom Boulevard
Midrand
1685

2 December 2021

Dear Directors

Fairness opinion in connection with the Proposed Transaction relating to the acquisition by Vodacom Group Limited (or a wholly-owned subsidiary to be incorporated in Mauritius) of 55% of the issued share capital in Vodafone Egypt Telecommunications S.A.E. from Vodafone International Holdings B.V. and Vodafone Europe B.V.

Introduction

We understand that Vodacom Group Limited ("Vodacom Group") is considering the potential acquisition by Vodacom Group (or a wholly-owned subsidiary to be incorporated in Mauritius) of a 55% interest in the ordinary shares of Vodafone Egypt Telecommunications S.A.E ("Vodafone Egypt") from Vodafone International Holdings B.V. ("VIH") and Vodafone Europe B.V ("Vodafone Europe") for a total purchase consideration of US\$2 738 million, which amount has been adjusted in accordance with the principles set out in the Sale and Purchase Agreement ("the agreement"), which include, *inter alia*, net debt and working capital. 80% of the purchase consideration will be settled by the issue of new Vodacom Group shares with the balance being settled in cash (collectively, the "Purchase Consideration"). The transaction, being the acquisition of a 55% interest in the ordinary shares of Vodafone Egypt in exchange for cash and new Vodacom Group shares, is hereinafter referred to as the "Proposed Transaction".

Vodacom Group shall settle (i) 80% of such the Purchase Consideration by issuing the consideration shares to VIH, based on an issue price of R135.75, calculated as the 30-day Volume Weighted Average Price ("VWAP") of Vodacom Group on 8 November 2021 of R139.95, less the interim dividend of R4.20, and (ii) the remaining 20% of such consideration by paying the cash consideration to Vodafone Europe.

On completion of the Proposed Transaction, Vodacom Group will directly own 55% of the issued share capital in Vodafone Egypt. Further, Vodafone Group Plc. ("Vodafone Plc") will indirectly own approximately 65.1% of the total issued share capital in Vodacom Group.

Vodafone Plc is a material shareholder by virtue of being an indirect 60.5% shareholder in Vodacom Group. Vodafone Plc and its associates are therefore a related party in relation to Vodacom Group in terms of section 10.1 (b) (i) of the JSE Limited ("JSE") Listings Requirements and as such, the provisions of section 10.4 of the JSE Listings Requirements apply.

Section 10.4 (f) requires the issuer to "*include a statement by the board of directors confirming whether the transaction is fair insofar as the shareholders of the issuer are concerned and that the board of directors has been so advised by an independent expert acceptable to the JSE. The board of directors must obtain a fairness opinion (which must be included in the circular) prepared in accordance with Schedule 5, before making this statement*".

The board of directors of Vodacom Group ("the Board") has therefore requested PricewaterhouseCoopers Corporate Finance Proprietary Limited ("PwC") to act as independent professional expert in terms of the JSE Listings Requirements.

Definition of Fairness

The JSE requires an opinion on fairness which, in the case of the Proposed Transaction where the issuer is the acquirer, would be considered Fair if the Market Value of the interest in the business acquired in terms of the Proposed Transaction is greater than or equal to the consideration paid by the acquirer.

Market Value is defined as the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

The Proposed Transaction would therefore be Fair if the Market Value of a 55% interest in Vodafone Egypt is greater than or equal to the Purchase Consideration. Therefore, as part of the process in determining whether the Proposed Transaction will be Fair, PwC estimated the Market Value of a 55% interest in Vodafone Egypt on a non-marketable, controlling basis, and compared this to the Purchase Consideration.

As the Purchase Consideration to be paid will include the issue of Vodacom Group shares to the sellers, we were also required to determine the Market Value of the ordinary shares of Vodacom Group that form part of the Purchase Consideration to determine if the issue price of R135.75 fairly reflects the Market Value of an ordinary share of Vodacom Group.

Fairness is primarily based on quantitative issues but certain qualitative issues surrounding the particular transaction may also need to be considered in arriving at our conclusion on the reasonability of the transaction.

This Fairness opinion does not purport to cater for individual shareholders' positions but rather the general body of shareholders. Should a shareholder be in doubt, he or she should consult an independent adviser.

Valuation approach

We have considered the following approaches when estimating the Market Value of the ordinary shares of Vodafone Egypt and Vodacom Group: The Income Approach, the Market Approach and the Net Assets Approach.

- The Income Approach indicates the Market Value of the ordinary shares of a business based on the value of the cash flows that the company to be valued can be expected to generate in the future.
- The Market Approach indicates the Market Value of the ordinary shares of a business based on a comparison of the company to be valued with comparable publicly traded companies and transactions in its industry as well as prior transactions involving stakes in comparable companies.
- The Net Assets Approach indicates the Market Value of the ordinary shares of a business by adjusting the asset and liability balances on the balance sheet of the company to be valued to their Market Value equivalents. The approach is based on the summation of the individual piecemeal Market Values of the underlying assets less the Market Value of the liabilities.

In respect of Vodafone Egypt, we have applied the Income Approach as our primary approach, supported by a Market Approach analysis. The Income Approach includes an analysis of the key value drivers and assumptions underlying the forecasts provided to us by Vodafone Egypt management. The Market Approach has been applied as a secondary approach. The Net Assets Approach has not been used, as it does not capture the going concern value of a business.

The key valuation assumptions considered in our Income Approach for Vodafone Egypt included the forecast assumptions in respect of revenue growth, cost growth and profit margins, taxation, capital expenditure, working capital requirements, terminal growth rate and the weighted average cost of capital ("WACC") calculated for Vodafone Egypt. The financial forecasts were discounted at a WACC of between 14.8% and 15.3%, and we applied a terminal growth rate of 4.9%, in line with our consensus view on long-term real Gross Domestic Product ("GDP") in Egypt.

The valuation of Vodafone Egypt is driven by the following key internal factors:

1. Customer assumptions, including SIM penetration rates;
2. Forecast active penetration rates and active customer base, including voice, data and mobile money active customer bases;
3. Annual forecast average revenue per user ("ARPU") for the period 1 April 2021 to 31 March 2026;
4. Fixed and variable cost assumptions;
5. Earnings before Interest, Taxation, Depreciation and Amortisation ("EBITDA") margins and Earnings before Interest, Taxation, Depreciation and Amortisation adjusted for Leases ("EBITDAaL") margins;
6. Taxation assumptions, including the effective tax rate of Vodafone Egypt;
7. Forecast capital expenditure; and
8. Forecast net working capital movements and balances.

The valuation of Vodafone Egypt is driven by the following key external factors:

1. Population growth assumptions in Egypt;
2. Vodafone Egypt's forecast market share assumptions;
3. Assumptions on the impact of COVID-19 on the industry and the timing of the recovery of the industry after lockdown restrictions are lifted;
4. Assumptions on forecast real GDP growth and inflation in Egypt, with long-term consensus forecast real GDP growth of 4.9%, and long-term consensus forecast inflation of 6.5%;
5. Prevailing long-term interest rates in Egypt which drive the cost of debt assumption used in our WACC calculation;
6. Market, industry and regulatory conditions specific to the telecommunications industry in Egypt; and
7. EGP to US\$ exchange rate, as at 25 August 2021 and 8 November 2021 of 1 US\$: 15.71 EGP and 1 US\$: 15.73 EGP, respectively, which was used to convert the Market Value of Vodafone Egypt from EGP to US\$, as the Offer Consideration is denominated in US\$.

In respect of Vodacom Group, given the liquidity of Vodacom Group's ordinary shares, we have applied the Market Approach as our primary approach, supported by a high-level Income Approach analysis. The Market Approach included a detailed analysis of Vodacom Group's trading history, an analysis of comparable listed company and transaction multiples, as well as considering analyst reports in respect of Vodacom Group. In our application of the Market Approach we considered the liquidity of each of the peer companies and also considered adjustments for size, diversification, geography and other factors. These adjusted multiples were

analysed on a marketable, minority basis. The valuation of Vodacom Group was performed on a minority basis, as the percentage new shares issued by Vodacom Group as part of the Purchase Consideration is below 50% of the total issued share capital of Vodacom Group. Given the liquidity of Vodacom Group's listed ordinary shares, no marketability discount was applied in respect of the valuation of the ordinary shares of Vodacom Group.

A high-level consolidated Income Approach has been applied as a secondary approach. As part of the valuation of Vodacom Group, we also considered the Market Value of the investment in associate held in Safaricom PLC ("Safaricom"), which is listed on the Nairobi Securities Exchange, through a share price analysis and a high-level Income Approach. The key valuation assumptions considered in our Income Approach for Vodacom Group included the forecast assumptions on revenue growth, cost growth and profit margins, taxation, capital expenditure, working capital requirements, terminal growth rate and the weighted average cost of capital ("WACC") calculated for Vodacom. The financial forecasts were discounted at a WACC of between 11.8% and 12.6%.

The Net Assets Approach has not been used, as it does not capture the going concern value of a business.

The valuation of Vodacom Group is driven by the following key internal factors:

1. Revenue growth assumptions;
2. Fixed and variable cost assumptions;
3. Earnings before Interest, Taxation, Depreciation and Amortisation ("EBITDA") margins and Earnings before Interest, Taxation, Depreciation and Amortisation adjusted for Leases ("EBITDAaL") margins;
4. Forecast capital expenditure; and
5. Forecast net working capital movements and balances.

The valuation of Vodacom Group is driven by the following key external factors:

1. Assumptions in respect of the forecast Consumer Price Index ("CPI") in South Africa for the calendar years 2021 to 2026, with long-term consensus forecast CPI of 4.75%;
2. Prevailing long-term interest rates in South Africa which drive the cost of debt assumption used in our WACC calculation; and
3. Market, industry and regulatory conditions specific to the telecommunications industry in South Africa.

We tested the sensitivity of the valuation of Vodafone Egypt and Vodacom Group to changes in the WACC and the key internal and external economic factors outlined above. The valuation of Vodafone Egypt is most sensitive to changes in forecast SIM penetration rates, forecast data penetration rates, forecast mobile money penetration rates, forecast data usage per user, the WACC and the terminal growth rate applied. The valuation of Vodacom is most sensitive to changes in forecast revenue growth rates, long-term forecast EBITDA margins and the terminal growth rate.

In respect of the valuation of Vodafone Egypt, we found that a variance of 1% in the WACC resulted in a variation of 9.0% in the Vodafone Egypt base value, and a variation of 1% in the terminal growth rate resulted in a variation of 5.7% in the Vodafone Egypt base value. In respect of the valuation of Vodacom Group, we found that a variance of 1% in the WACC resulted in a variation of 11.3% in the Vodacom Group base value, and a variation of 1% in the terminal growth rate resulted in a variation of 12.4% in the Vodacom Group base value.

In respect of the valuations of Vodafone Egypt and Vodacom Group, a number of scenarios were considered in respect of the above key internal and external economic factors. These scenarios were used to determine the concluded value ranges in respect of Vodafone Egypt and Vodacom Group that formed the basis of our Fairness opinion.

Procedures

To determine the Market Values of Vodafone Egypt and Vodacom Group, the procedures that we performed included the following:

- Analysis of the terms and conditions of the Proposed Transaction.
- Consideration of conditions in, and the economic outlook for, the telecommunications industry, based on our own independent research and as represented by management of Vodafone Egypt and Vodacom Group.
- Consideration of general market data including economic, governmental and environmental forces that may affect the value of the underlying interests in the businesses within Vodafone Egypt and Vodacom Group.
- Discussions concerning the historical and future operations of the businesses within Vodafone Egypt and Vodacom Group with management of Vodafone Egypt and Vodacom Group.
- Discussions with Vodafone Egypt and Vodacom Group's management to obtain an explanation and clarification of data provided.
- Consideration of the operating and financial results of the businesses within Vodafone Egypt and Vodacom Group (including financial statements covering three years up to the date of valuation).
- Analysis of financial and operating projections including revenues, operating margins (e.g., earnings before interest and taxes), working capital investments and capital expenditures based on the historical operating results of the businesses within Vodafone Egypt and Vodacom Group, industry results and expectations and management representations. Such projections formed the basis for the discounted cash flow analysis.

- Gathering and analysis of financial data for publicly traded or private companies engaged in the same or similar lines of business in order to develop appropriate valuation multiples and operating comparisons that were applied to Vodafone Egypt and Vodacom Group as part of the Market Approach.
- Gathering and analysis of recent transactions involving publicly traded companies engaged in the same or similar lines of business in order to develop appropriate transaction multiples that were applied to Vodafone Egypt as part of the Market Approach.
- Analysis of the share price, VWAP and trading history of Vodacom Group for consideration in the Market Approach.
- Estimation of appropriate valuation discounts or premiums (e.g., marketability and controlling or minority interest) to apply to the results of our valuation analysis.
- Analysis of other facts and data considered pertinent to this valuation to arrive at a conclusion of value.

Sources of information

In the course of our valuation analysis, we relied upon financial and other information, including prospective financial information, obtained from Vodacom Group and Vodafone Egypt management and from various public, financial, and industry sources. Our conclusion is dependent on such information being complete and accurate in all material respects.

The principal sources of information used in performing our valuation include:

- Audited statutory accounts of Vodafone Egypt and Vodacom Group for the years ended 31 March 2019, 31 March 2020 and 31 March 2021;
- Vodafone Egypt and Vodacom Group's management accounts for the years ended 31 March 2019, 2020 and 2021 and the year-to-date management accounts as at 30 June 2021;
- KPMG financial due diligence report dated 16 October 2021 containing KPMG's due diligence findings in respect of Vodafone Egypt;
- Vodafone Egypt and Vodacom Group's management financial projections for 31 March 2022 to 31 March 2026 prepared as at June 2021;
- Vodacom Group's financial projections for 31 March 2022 to 31 March 2031 and Vodacom Group's financial projections in respect of Vodafone Egypt prepared as at June 2021;
- Discussions with the management of Vodafone Egypt, Vodacom Group and UBS South Africa Proprietary Limited;
- Vodacom Group share price and volume trading information from S&P CapitalIQ up to and including 4 November 2021;
- Board presentations and other presentations relating to the transaction and forecast assumptions obtained from Vodafone Egypt and Vodacom Group management;
- The Non-binding Offer letter dated 20 September 2021 ("Initial NBO letter"), the Update to the Non-binding Offer letter dated 23 September 2021 ("Update to the NBO letter") and the signed Sale of Shares Agreement between Vodafone Europe, VIH and Vodacom Group dated 9 November 2021;
- Analyst reports and market studies, including industry studies relating to our macroeconomic research;
- Bloomberg's on-line database covering financial markets, commodities and news;
- CapitalIQ for financial data on comparable companies and market data for listed investments;
- PwC Valuation Methodology Survey, 9th Edition and other market studies; and
- PwC Valuation Methodology Survey, 2016/2017 Edition.

Where practicable, we have corroborated the reasonableness of the information provided to us for the purpose of supporting our opinion, whether in writing or obtained through discussions with Vodafone Egypt and/or Vodacom Group management.

Our procedures and enquiries did not constitute an audit in terms of the International Standards on Auditing. Accordingly, we cannot express any opinion on the financial data or other information used in arriving at our opinion.

Assumptions

Our opinion is based on the following key assumptions:

- Current economic, regulatory and market conditions in Egypt and South Africa will not change materially;
- Vodafone Egypt and Vodacom Group are not involved in any other material legal proceedings other than those conducted in the ordinary course of business;
- Vodafone Egypt and Vodacom Group have no material outstanding disputes with the Egyptian and South African Tax Authorities, respectively;
- There are no additional, undisclosed contingencies that could affect the values of Vodafone Egypt and Vodacom Group;

- The Proposed Transaction will not give rise to any undisclosed tax liabilities that Vodafone Egypt or Vodacom Group will be required to settle;
- For the purposes of this engagement, we assumed Vodafone Egypt's and Vodacom Group's existing businesses to be ongoing under current business plans and management; and
- Representations made by Vodafone Egypt and Vodacom Group's management during the course of forming this opinion.

Opinion

Our opinion is based on the current economic, market, regulatory and other conditions and the information made available to us by Vodafone Egypt and Vodacom Group management up to 12 October 2021. Accordingly, subsequent developments may affect this opinion, which we are under no obligation to update, revise or reaffirm.

Based upon our analysis, subject to the foregoing and after taking into account all financial and non-financial considerations, we are of the opinion that the terms and conditions of the Proposed Transaction are Fair to the ordinary shareholders of Vodacom Group.

Independence

We confirm that PwC holds no shares in Vodafone Egypt or Vodacom Group, directly or indirectly. We have no interest, direct or indirect, beneficial or non-beneficial, in Vodafone Egypt or Vodacom Group or in the outcome of the Proposed Transaction.

We confirm that neither PwC nor any person related to PwC (as contemplated in the JSE Listings Requirements), have any existing or continuing relationship with Vodacom Group or with any party involved in the Proposed Transaction as contemplated in paragraph 5.12 of Schedule 5 to the JSE Listings Requirements and have not had such relationship within the immediately preceding 18 months.

Furthermore, we confirm that our professional fees, payable in cash, are not contingent on the outcome of the Proposed Transaction.

We also confirm that we have the necessary qualifications and competence to provide the Fairness Opinion.

Limiting conditions

This letter and opinion are provided in terms of section 10.4 of the JSE Listings Requirements. It does not constitute a recommendation to any Vodacom Group shareholder on any matter relating to the Proposed Transaction, nor as to the acceptance of the Proposed Transaction. Therefore, it should not be relied upon for any other purpose. We assume no responsibility to anyone if this letter and opinion are used or relied upon for anything other than its intended purpose.

Budgets/projections/forecasts relate to future events and are based on assumptions, which may not remain valid for the whole of the relevant period. Consequently, this information cannot be relied upon to the same extent as that derived from audited financial statements for completed accounting periods. We express no opinion as to how closely actual results will correspond to those projected/forecast by Vodafone Egypt and Vodacom Group management.

While our work has involved an analysis of financial information and the preparation of financial models, our engagement does not include an audit in accordance with International Standards on Auditing of the business records and financial data of Vodafone Egypt or Vodacom Group. Accordingly, we cannot express any opinion on the financial data or other information used in arriving at our opinion.

The valuation of companies and businesses is not a precise science, and conclusions arrived at in many cases will necessarily be subjective and dependent on the exercise of individual judgement. Further, whilst we consider our opinion to be defensible based on the information available to us others may have a different view and arrive at a different conclusion.

Consent

We hereby consent to the inclusion of our independent expert's report in any required regulatory announcement or documentation.

Yours sincerely

Matthew Human

Director

PricewaterhouseCoopers Corporate Finance Proprietary Limited
4 Lisbon Lane, Waterfall City
Jukskei View
2090
South Africa

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Directors: J P Bennett*, J Chetty-Feinberg, C Du Plessis, J M Groenewald, JFW Grosskopf*, M D G Human, M G Jones, M A O'Flaherty, F Rajah, J P G Schutte,
C T van Dijk, S L Venables

* *Non-executive*

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF *PRO FORMA* FINANCIAL INFORMATION OF VODACOM GROUP

Independent Reporting Accountant's Assurance Report on the Compilation of *Pro Forma* Financial Information Included in a Circular

To the directors of Vodacom Group

We have completed our assurance engagement to report on the compilation of *pro forma* financial information of Vodacom Group Limited and its subsidiaries (collectively, the "**Vodacom Group**"), by the directors.

The *pro forma* financial information, as set out in Annexure 3 on pages 27 to 33 of the circular, consists of the *pro forma* statement of financial position as at 30 September 2021 and the *pro forma* statement of profit or loss for the six-month period ended 30 September 2021 and related notes (collectively the "**Pro forma Financial Information**"). The applicable criteria on the basis of which the directors have compiled the *Pro forma* Financial Information are specified in the JSE Limited ("**JSE**") Listings Requirements and described in Annexure 3 on pages 28 of the circular.

The *Pro forma* Financial Information has been compiled by the directors to illustrate the impact of the corporate action or event, described in paragraph 5 on page 13 and 14 of the circular, on the Vodacom Group's financial position as at 30 September 2021, and the Group's financial performance for the six-month period then ended, as if the corporate action or event had taken place at 30 September 2021 and for the six-month period then ended. As part of this process, information about the Vodacom Group's financial position and financial performance has been extracted by the directors from the Group's financial statements for the six-month period ended 30 September 2021, on which an auditor's report was issued on 12 November 2021.

Directors' Responsibility for the *Pro forma* Financial Information

The directors are responsible for compiling the *Pro forma* Financial Information on the basis of the applicable criteria specified in the JSE Listings Requirements and described in Annexure 3 on pages 27 of the circular.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the *Code of Professional Conduct for Registered Auditors issued by the Independent Regulatory Board for Auditors (IRBA Code)*, which is founded on fundamental principles of integrity, objectivity, professional competence, and due care, confidentiality, and professional behaviour. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*.

The firm applies International Standard on Quality Control 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements* and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

Reporting Accountant's Responsibility

Our responsibility is to express an opinion about whether the *Pro forma* Financial Information has been compiled, in all material respects, by the directors on the basis specified in the JSE Listings Requirements and described in Annexure 3 on pages 28 of the circular based on our procedures performed.

We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro forma Financial Information Included in a Prospectus*, which is applicable to an engagement of this nature, issued by the International Auditing and Assurance Standards Board. This standard requires that we plan and perform procedures to obtain reasonable assurance about whether the *Pro forma* Financial Information has been compiled, in all material respects, on the basis specified in the JSE Listings Requirements.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the *Pro forma* Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the *Pro forma* Financial Information.

The purpose of *Pro forma* Financial Information included in a circular is solely to illustrate the impact of a significant corporate action or event on unadjusted financial information of the Group as if the corporate action or event had occurred or had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the corporate action or event at 30 September 2021 would have been as presented.

A reasonable assurance engagement to report on whether the *Pro forma* Financial Information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the *Pro forma* Financial Information provides a reasonable basis for presenting the significant effects directly attributable to the corporate action or event, and to obtain sufficient appropriate evidence about whether:

- The related *pro forma* adjustments give appropriate effect to those criteria; and
- The *Pro forma* Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

Our procedures selected depend on our judgment, having regard to our understanding of the nature of the Vodacom Group, the corporate action or event in respect of which the *Pro forma* Financial Information has been compiled, and other relevant engagement circumstances.

Our engagement also involves evaluating the overall presentation of the *Pro forma* Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the *Pro forma* Financial Information has been compiled, in all material respects, on the basis of the applicable criteria specified in the JSE Listings Requirements and described in Annexure 3 on pages 28 of the circular.

Ernst & Young Inc.

Director: Vinodhan Pillay CA(SA)

Registered Auditor

Reporting Accountant

Johannesburg

2 December 2021

PRO FORMA FINANCIAL INFORMATION OF VODACOM GROUP

The tables below sets out the *pro forma* financial information of the proposed transaction on the reviewed condensed consolidated interim financial statements of Vodacom Group for the six-month period ended 30 September 2021. The *pro forma* financial information has been prepared for illustrative purposes only and because of their nature, may not fairly present Vodacom Group's financial position and results of operations after the proposed transaction.

The purpose of the *pro forma* financial information is to illustrate the impact of the proposed transaction had it been effective 30 September 2021 for purposes of the *pro forma* consolidated statement of financial position and 1 April 2021 for purposes of the *pro forma* consolidated income statement. The *pro forma* financial information presented below does not purport to be indicative of the financial results and effects of the proposed transaction if it had been implemented on a different date.

The *pro forma* financial information has been prepared using accounting policies that comply with IFRS and that are consistent with those applied in the audited consolidated financial statements of Vodacom Group for the year ended 31 March 2021. The *pro forma* financial information is presented in accordance with the JSE Listings Requirements and the Guide on *Pro forma* Financial Information issued by the South African Institute of Chartered Accountants.

The directors are responsible for the compilation, contents and preparation of the *pro forma* financial information.

The *pro forma* financial information, should be read in conjunction with the independent reporting accountant's assurance report thereon contained in Annexure 2 to this circular.

Pro forma consolidated income statement
for the period ended 30 September 2021

	Pro forma adjustments				Pro forma
	Vodacom	Vodafone	Consolidation	Transaction	after the
	Group	Egypt²	adjustments⁴	costs⁴	proposed
Notes	Limited¹	Rm	Rm	Rm	transaction⁵
	Rm	Rm	Rm	Rm	Rm
Revenue	49 856	14 747	–	–	64 603
Direct expenses	(18 404)	(5 093)	–	–	(23 497)
Staff expenses	(3 649)	(559)	–	–	(4 208)
Publicity expenses	(759)	(374)	–	–	(1 133)
Net credit losses on financial assets	(345)	(64)	–	–	(409)
Other operating expenses	4.3 (6 628)	(2 197)	–	(212)	(9 037)
Depreciation and amortisation	(7 657)	(2 292)	–	–	(9 949)
Net profit from associate and joint venture	1 644	–	–	–	1 644
Operating profit	14 058	4 168	–	(212)	18 014
Finance income	314	265	–	–	579
Finance costs	4.2 (2 006)	(504)	(199)	–	(2 709)
Net profit on remeasurement and disposal of financial instruments	44	24	–	–	68
Profit before tax	12 410	3 953	(199)	(212)	15 952
Taxation	(3 537)	(937)	–	–	(4 474)
Net profit	8 873	3 016	(199)	(212)	11 478
Attributable to:					
Equity shareholders	8 545	3 016	(1 556)	(212)	9 793
Non-controlling interests	4.4 328	–	1 357	–	1 685
	8 873	3 016	(199)	(212)	11 478
Diluted earnings reconciliation					
Earnings, attributable to equity shareholders, for basic earnings per share	8 545	3 016	(1 556)	(212)	9 793
Dilutive effect of potential ordinary shares in subsidiary	–	–	–	–	–
Earnings for diluted earnings per share	8 545	3 016	(1 556)	(212)	9 793

	<i>Pro forma adjustments</i>				<i>Pro forma after the proposed transaction⁵</i>
	Vodacom Group Limited¹	Vodafone Egypt²	Consolidation adjustments⁴	Transaction costs⁴	
Notes	Rm	Rm	Rm	Rm	Rm
Headline earnings reconciliation					
Earnings, attributable to equity shareholders, for basic earnings per share	8 545	3 016	(1 556)	(212)	9 793
Adjusted for:					
Net loss/(profit) on disposal of property, plant and equipment and intangible assets	2	(1)	–	–	1
Net loss/(profit) on disposal of property, plant and equipment and intangible assets	3	(1)	–	–	2
Tax and non-controlling interest impact	(1)	–	–	–	(1)
Headline earnings for headline earnings per share	8 547	3 015	(1 556)	(212)	9 794
Dilutive effect of potential ordinary shares in subsidiary	–	–	–	–	–
Headline earnings for diluted headline earnings per share	8 547	3 015	(1 556)	(212)	9 794
Number of shares (millions)	6				
– for basic and headline earnings per share	1 694	–	242	–	1 936
– for diluted and diluted headline earnings per share	1 739	–	242	–	1 981
Earnings per share (cents)					
Basic earnings per share	504				506
Diluted earnings per share	491				494
Headline earnings per share	505				506
Diluted headline earnings per share	492				494

Notes and assumptions:

1. The Vodacom Group information reflected in the “Before the proposed transaction” column has been extracted, without adjustment, from the reviewed condensed consolidated interim financial statements of Vodacom Group for the half year period ended 30 September 2021. The reviewed condensed consolidated interim financial statements can be viewed in full on Vodacom Group’s website, SENS or at the registered office.
2. The acquisition by Vodacom Group (or a wholly-owned subsidiary to be incorporated in Mauritius) of 55% of the issued share capital of Vodafone Egypt is treated as an investment in a subsidiary in terms of IAS 27: Separate Financial Statements. The proposed transaction meets the definition of a business combination under IFRS 3: Business Combinations and is accounted for as an acquisition of a subsidiary under common control using the pooling of interests method, as per the Vodacom Group policy.

The financial information for Vodafone Egypt has been extracted, without adjustment, from the special purpose financial statements of Vodafone Egypt for the six-month period ended 30 September 2021. The basis for preparing these special purpose financial statements is derived from IFRS in the determination of items and amounts presented in these financial statements; however, these financial statements exclude the note disclosures for each line item presented and no comparative information is included, therefore these financial statements do not comply with IFRS. The special purpose financial statements are prepared on a going concern basis, the functional currency of Vodafone Egypt Telecommunications Company S.A.E. is the Egyptian pound; however, these financial statements have been presented in the South African rand to satisfy the financial information needs of Vodacom Group.

The special purpose financial statements for Vodafone Egypt has been reviewed by Ernst & Young Inc. and the independent reporting accountant’s review report thereon is available for inspection as stated in paragraph 20 of this circular.

The functional currency of Vodafone Egypt is the Egyptian pounds (EGP) and the results for the six-month period ended 30 September 2021 have been translated at the six-month average exchange rate to the South African rand of 0.92.

3. The financial information of Vodafone Egypt, which is consolidated into the Vodacom Group for the six-month period ended 30 September 2021 as follows:

	Rm
Total net profit after tax reported for the six months ended 30 September 2021. The functional currency of Vodafone Egypt is the Egyptian pound (EGP) and the results for the six months ended 30 September 2021 has been translated at the six-month average exchange rate to the South African rand of 0.92.	3 016
Vodacom Group's share of net profit after tax and consolidation adjustments, based on its equity share of 55%	1 659

4. The adjustments set out below, which form part of the *pro forma* adjustments, have been prepared using accounting policies in terms of IFRS and Vodacom Group's best estimates at time of presentation.

- 4.1 The adjustments include the following recurring adjustment based on Vodacom Group's equity interest in Vodafone Egypt of 55%:

	Rm
Non-controlling interest's share of net profit after tax	1 357

The difference between the purchase consideration and the net asset value of Vodafone Egypt is recognised in equity.

- 4.2 A recurring adjustment of R199 million, which is not tax deductible, has been processed against finance cost to reflect the interest charged at three-month Jibar plus 1.15% on the borrowings incurred by Vodacom Group to be able to settle the cash portion of the purchase consideration. It is assumed that the borrowings will be repaid on 31 March 2023.
- 4.3 Assumed a non-recurring adjustment for directly attributable transaction costs for all services rendered, including professional fees, printing and production cost as well as stamp duty taxes of R123 million have been taken into account in determining the *pro forma* financial effects and are assumed to be settled in cash. Transaction costs are expensed and are not tax deductible.
- 4.4 Non-controlling interests consist of the following:

	Rm
Non-controlling interest's share of 45% of the net profit after tax of Vodafone Egypt	1 357

5. The Vodacom Group information reflected in the "*Pro forma* after the proposed transaction" column has been calculated on the basis that the proposed transaction has been implemented.
6. The number of shares is increased as follows:

Consideration shares issued to Vodafone Europe and VIH by Vodacom Group as consideration for the Vodafone Egypt shares.	241 976 243
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Refer to note 3.2 to the *pro forma* consolidated statement of financial position for additional information and underlying assumptions to calculate the additional shares. There will not be a recurring impact on the number of shares.

7. On 10 November 2021, Vodacom Group also announced on SENS an investment into a joint venture that will house the material fibre network assets of both Vodacom Group and Community Investment Ventures Holdings (Pty) Limited ("CIVH"). The financial effects of the transaction are not included in the *pro forma* financial information as the transaction is independent of Vodacom Group's (or a wholly-owned subsidiary to be incorporated in Mauritius) acquisition of Vodafone Egypt and is subject to material conditions precedent that Vodacom Group does not have certainty on.

Pro forma consolidated statement of financial position

as at 30 September 2021

		Pro forma adjustments				
	Notes	Vodacom Group Limited¹ Rm	Vodafone Egypt² Rm	Consolidation adjustments³ Rm	Transaction costs Rm	Pro forma after the proposed transaction⁴ Rm
Assets						
Non-current assets						
		128 122	29 971	–	–	158 093
Property, plant and equipment		57 563	15 564	–	–	73 127
Intangible assets		13 773	14 007	–	–	27 780
Financial assets		636	–	–	–	636
Investment in associate and joint ventures		50 973	–	–	–	50 973
Trade and other receivables		2 260	400	–	–	2 660
Finance receivables		2 410	–	–	–	2 410
Tax receivable		471	–	–	–	471
Deferred tax		36	–	–	–	36
Current assets		43 945	7 674	–	(215)	51 404
Financial assets		7 021	–	–	–	7 021
Inventory		1 369	226	–	–	1 595
Trade and other receivables		21 941	5 216	–	–	27 157
Finance receivables		2 758	–	–	–	2 758
Tax receivable		155	–	–	–	155
Bank and cash balances		10 701	2 232	–	(215)	12 718
Total assets		172 067	37 645	–	(215)	209 497
Equity and liabilities						
Fully paid share capital	3.2	57 073	1 148	31 701	(3)	89 919
Treasury shares		(16 943)	–	–	–	(16 943)
Retained earnings	3.3	38 435	9 970	(9 970)	(212)	38 223
Other reserves		3 154	–	(34 947)	–	(31 793)
Equity attributable to owners of the parent						
		81 719	11 118	(13 216)	(215)	79 406
Non-controlling interests	3.4	6 226	–	5 005	–	11 231
Total equity		87 945	11 118	(8 211)	(215)	90 637
Non-current liabilities						
		42 176	3 225	8 211	–	53 612
Borrowings		37 408	2 363	8 211	–	47 982
Trade and other payables		279	–	–	–	279
Provisions		906	51	–	–	957
Deferred tax		3 583	811	–	–	4 394
Current liabilities		41 946	23 302	–	–	65 248
Borrowings		10 166	11 581	–	–	21 747
Trade and other payables		29 105	9 948	–	–	39 053
Provisions		355	655	–	–	1 010
Tax payable		1 223	1 118	–	–	2 341
Dividends payable		17	–	–	–	17
Bank overdrafts		1 080	–	–	–	1 080
Total equity and liabilities		172 067	37 645	–	(215)	209 497
Number of shares in issue (millions)						
	3.2	1 836	–	242	–	2 078
Net asset value per share (cents)						
		4 451				3 822
Tangible net asset value per share (cents)						
	5	3 708				2 491

Notes:

1. The Vodacom Group information has been extracted, without adjustment, from the reviewed condensed consolidated interim financial statements of Vodacom Group for the six-month period ended 30 September 2021. The reviewed condensed consolidated interim financial statements can be viewed in full on Vodacom Group's website, SENS or at the registered office.
2. The acquisition by Vodacom Group (or a wholly-owned subsidiary to be incorporated in Mauritius) of the Vodafone Egypt shares is treated as an investment in a subsidiary in terms of IAS 27: Separate Financial Statements. The proposed transaction meets the definition of a business combination under IFRS 3: Business Combinations and is accounted for using the pooling of interests method, which is consistent with Vodacom Group's accounting policies, as it is a transaction under common control of a subsidiary.

The financial information for Vodafone Egypt has been extracted, without adjustment, from the special purpose financial statements of Vodafone Egypt for the six-month period ended 30 September 2021. The basis for preparing these special purpose financial statements is derived from IFRS in the determination of items and amounts presented in these financial statements; however, these financial statements exclude the note disclosures for each line item presented and no comparative information is included, therefore these financial statements do not comply with IFRS. The special purpose financial statements are prepared on a going concern basis, the functional currency of Vodafone Egypt Telecommunications Company S.A.E. is the Egyptian pound; however, these financial statements have been presented in the South African rand to satisfy the financial information needs of Vodacom Group.

The special purpose financial statements for Vodafone Egypt has been reviewed by Ernst & Young Inc. and the independent reporting accountant's review report thereon is available for inspection as stated in paragraph 20 of this circular.

The functional currency of Vodafone Egypt is the Egyptian pound (EGP) and the IFRS converted statement of financial position as at 30 September 2021 has been translated at the closing exchange rate to the South African rand of 0.957.

3. The consolidation adjustments which form part of the *pro forma* adjustments have been prepared using accounting policies in terms of IFRS principles and Vodacom Group's best estimates at time of presentation.

- 3.1 The amounts recognised on 30 September 2021 were as follows:

	Rm
Book value of net assets acquired	11 118
Non-controlling interest	(5 003)
Equity	34 945
Purchase price	41 061

The excess of the purchase consideration above the net asset value of Vodafone Egypt is recognised within equity.

- 3.2 The proposed transaction involves the acquisition by Vodacom Group (or a wholly-owned subsidiary to be incorporated in Mauritius) of 55% of the issued share capital of Vodafone Egypt from Vodafone Europe BV and Vodafone International Holdings BV and the subscription by Vodafone of the consideration shares, and a cash amount of US\$548 million (R8 212 million) to be paid by Vodacom Group to Vodafone. Vodacom Group will directly own 55% of the total share capital in Vodafone Egypt. Vodacom Group will therefore have an effective shareholding of 55% in Vodafone Egypt.

Fully paid share capital is adjusted as follows:

	Rm
241 976 243 new Vodacom Group shares at an assumed ex dividend share price of R135.75 per new Vodacom Group share, being the 30-day value weighted average price of Vodacom Group on 8 November 2021 of R139.95, less the interim dividend of R4.20	32 849
Assumed transaction costs relating to the issue of the consideration shares.	(3)
Elimination of the share capital of Vodafone Egypt at 30 September 2021.	(1 148)
	31 698

The *pro forma* financial information has been prepared on the assumption that the fixed number of the consideration shares reflect fair value of the purchase consideration and equity interest in Vodafone Egypt on the assumed effective date of 30 September 2021 for purposes of presenting the *pro forma* financial information of the proposed transaction on the *pro forma* consolidated statement of financial position.

The *pro forma* financial information does not reflect any adjustment that may result from movements in the fair value of Vodacom Group, Vodafone Egypt, or the ZAR/US\$ and ZAR/EGP exchange rate between the date of signing the agreements and the effective date of the proposed transaction.

- 3.3 Elimination of the retained earnings of Vodafone Egypt at 30 September 2021.
- 3.4 The current non-controlling interest parties will retain their 45% non-controlling interest in Vodafone Egypt. On consolidation, 45% of the net assets and earnings are therefore allocated to non-controlling interests.
4. The Vodacom Group information reflected in the “*Pro forma* after the proposed transaction” column has been calculated on the basis that the proposed transaction has been implemented.
5. Net tangible asset value is calculated as net asset value attributable to the owner of the parent, less the value of goodwill, other intangible assets and deferred tax assets attributable to the owner of the parent.
6. On 10 November 2021, Vodacom Group also announced on SENS an investment into a joint venture that will house the material fibre network assets of both Vodacom Group and Community Investment Ventures Holdings (Pty) Limited (“CIVH”). The financial effects of the transaction are not included in the *pro forma* financial information as the transaction is independent of Vodacom Group’s (or a wholly-owned subsidiary to be incorporated in Mauritius) acquisition of Vodafone Egypt and is subject to material conditions precedent that Vodacom Group does not have certainty on.



VODACOM GROUP LIMITED

(Incorporated in the Republic of South Africa)
(Registration number 1993/005461/06)
(ISIN: ZAE000132577 Share code: VOD)
(ISIN: 0592858D2009 ADR code: VDMCY)
("Vodacom Group" or "the company")

NOTICE OF GENERAL MEETING

Notice is hereby given that a general meeting of the company will be held on Tuesday 18 January 2022, at Vodacom World, 082 Vodacom Boulevard, Midrand, Johannesburg, South Africa at 09:00, for purposes of considering and, if deemed fit, passing, with or without modification, the resolutions set out below.

The definitions and interpretations commencing on page 05 of the circular to which this notice of general meeting is attached apply, *mutatis mutandis*, to this notice of general meeting.

It should be noted that all of the ordinary resolutions and the special resolution below are inter-conditional.

1. Ordinary resolution number 1 – approval for the proposed transaction

"RESOLVED THAT the proposed transaction, being the proposed acquisition by Vodacom Group (or a wholly-owned subsidiary to be incorporated in Mauritius) of 55% of the entire issued share capital of Vodafone Egypt from the sellers, pursuant to the agreement entered into between the sellers, Vodafone Egypt and Vodacom Group on Tuesday 9 November 2021, on terms and conditions more fully set out in paragraph 5 of this circular, be and is hereby approved as a related party transaction in terms of section 10 of the JSE Listings Requirements."

2. Ordinary resolution number 2 – approval of the issue of the consideration shares

"RESOLVED THAT, subject to and conditional on the suspensive conditions, to which the agreement is subject, being fulfilled or waiver, as the case may be, and ordinary resolution number 1 and the special resolution being adopted by the shareholders, the issue of the consideration shares be and is hereby approved in terms of clause 5.7.2 of Vodacom Group's memorandum of incorporation and the directors be and are hereby authorised to issue the consideration shares to the sellers or to any one of them in accordance with the provisions of the agreement."

3. Special resolution – granting authority to issue consideration shares to the sellers

"RESOLVED THAT, subject to and conditional on the suspensive conditions, to which the agreement is subject, being fulfilled or waiver, as the case may be, and ordinary resolutions number 1 and 2 being adopted by the shareholders, the issue of the consideration shares is approved in terms of section 41(1)(b) of the Act, and the directors be and are hereby authorised to issue the consideration shares to the sellers or to any one of them in accordance with the provisions of the agreement, in partial settlement of the purchase consideration in terms of the agreement."

Reason for and effect of the special resolution:

The reason for the special resolution is for shareholders to give authority to the directors in terms of section 41(1)(b) of the Act to issue the consideration shares to the sellers or to any one of them in accordance with the provisions of the agreement, being a person/s related to Vodacom Group, in partial settlement of the purchase consideration for purposes of the acquisition of the sale shares. The effect of the special resolution is that the issued share capital of Vodacom Group will be increased by the number of the consideration shares to be issued to the sellers or to any one of them in accordance with the agreement.

Record date

The record date for shareholders to be registered in the books of the company for purposes of being entitled to attend, speak and vote at the general meeting is Friday 7 January 2022.

In accordance with the Act, shareholders attending the general meeting will need to present reasonable satisfactory identification such as an identity book, passport or driver's license to the chairman and the chairman must be reasonably satisfied that the right of any person to participate in and vote (whether as shareholder or as proxy for a shareholder) has been reasonably verified.

Participation by way of electronic means

Shareholders or their proxies may participate in the general meeting by way of electronic means, but will not be able to vote via electronic means on the resolutions. Such shareholder (or proxy) will need to contact Mr Lebogang Ngcobo at Vodacom Group on +27 11 653 5922 by no later than 09:00 on Friday 14 January 2022 so that Vodacom Group can provide for a teleconference. It is recommended that the forms of proxy are sent through to the transfer secretaries by no later than 09:00 on Monday 17 January 2022.

Participants must dial the following number, five minutes prior to start of the general meeting: +27 11 535 3600.

Voting and proxies

Shareholders are entitled to attend, speak and vote at the general meeting.

Shareholders may appoint a proxy to attend, speak and vote in their stead. A proxy need not be a shareholder of the company. In accordance with the company's memorandum of incorporation, voting shall be by ballot only.

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

In terms of the JSE Listings Requirements, the proposed transaction is a related party transaction as Vodafone Plc, by virtue of its shareholding in Vodacom Group, is a material shareholder (as defined in the JSE Listings Requirements) of Vodacom Group. Accordingly, Vodafone Plc and its associates will be taken into account in determining a quorum at the general meeting but the votes of Vodafone Plc and its associates will not be taken into account in determining the results of the voting in relation to ordinary resolution number 1.

The special resolution to be adopted at this general meeting requires approval of at least 75% of the shares represented in person or by proxy at this general meeting.

Certificated shareholders holding own-name shares that have been dematerialised in accordance with the rules of Strate, evidencing ownership of shareholding in electronic format, which shares may be traded on the JSE, but not in their own-name must furnish their CSDP or broker with their instructions for voting at the general meeting. If your CSDP or broker, as the case may be, does not obtain instructions from you, it will be obliged to act in accordance with your mandate furnished to it, or if the mandate is silent in this regard, complete the form of proxy enclosed.

Unless you advise your CSDP or broker, in terms of the agreement between you and your CSDP or broker by the cut off time stipulated therein, that you wish to attend the general meeting or send a proxy to represent you at this general meeting, your CSDP or broker will assume that you do not wish to attend the general meeting or send a proxy.

If you wish to attend the general meeting or send a proxy, you must request your CSDP or broker to issue the necessary letter of authority to you. Shareholders holding dematerialised shares, and who are unable to attend the general meeting and wish to be represented thereat, must complete the form of proxy enclosed in accordance with the instructions therein and lodge it with or mail it to the transfer secretaries.

It is recommended that forms of proxy (which form may be found enclosed) be forwarded to reach Computershare Investor Services Proprietary Limited (in its capacity as transfer secretaries), by no later than 09:00 on Monday 17 January 2022.

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

The health and wellbeing of Vodacom Group staff and shareholders are paramount. In the event that South Africa enters into a higher level lockdown in January 2022 and restrictions are put in place around social gatherings, the general meeting will continue at the scheduled date and time, Tuesday 18 January 2022 at 09:00, but in person attendance and registration of the general meeting will not be permitted. Instead the general meeting will be held in fully electronic format in accordance with Section 62(2)(a) of the Act , 2008, as amended and the company's memorandum of incorporation. In such a case, Vodacom Group will make an announcement on SENS and its website prior to the general meeting giving details of the electronic format and how shareholders can register for such a virtual meeting.

By order of the Board

Vodacom Group Limited



Sandi Linford

Company Secretary

10 December 2021

IMPORTANT NOTES ABOUT THE GENERAL MEETING

Date: Tuesday 18 January 2022

Venue: Vodacom World, 082 Vodacom Boulevard, Midrand.

Time: The general meeting will start promptly at 09:00. Shareholders wishing to attend are advised to be at Vodacom World no later than 08:45. Reception staff will direct shareholders to the general meeting venue.

Admission: Shareholders, representatives of shareholders and proxies attending the general meeting are requested to register at the registration desk in the auditorium reception area at the venue. Proof of identity may be required for registration purposes.

Other important notes**1. General**

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

2. Certificated shareholders and own-name dematerialised shareholders

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

3. Dematerialised shareholders

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

4. Proxies

Shareholders are advised that forms of proxy should reach the transfer secretaries as indicated in note 2 above by no later than the recommended time.

5. Enquiries

Any shareholder having difficulties or queries with regard to the general meeting or the above may contact Lebogang Ngcobo, on +27 11 653 5922.

6. Results of the general meeting

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

7. Higher lockdown level

The health and wellbeing of Vodacom Group staff and shareholders are paramount. In the event that South Africa enters into a higher level lockdown in January 2022 and restrictions are put in place around social gatherings, the general meeting will continue at the scheduled date and time, Tuesday 18 January 2022 at 09:00, but in person attendance and registration of the general meeting will not be permitted. Instead the general meeting will be held in fully electronic format in accordance with Section 62(2) (a) of the Act as amended and the company's memorandum of incorporation. In such a case, Vodacom Group will make an announcement on SENS and its website prior to the general meeting giving details of the electronic format and how shareholders can register for such a virtual meeting.



VODACOM GROUP LIMITED

(Incorporated in the Republic of South Africa)
(Registration number 1993/005461/06)
(ISIN: ZAE000132577 Share code: VOD)
(ISIN: 0592858D2009 ADR code: VDMCY)
("Vodacom Group" or "the company")

FORM OF PROXY

For use by certificated and own-name dematerialised shareholders at the general meeting to be held at 09:00 at Vodacom World, 082 Vodacom Boulevard, Midrand, Johannesburg, South Africa on Tuesday 18 January 2022.

I/We (Please print full names) of (address) _____

telephone number _____ cell phone number _____

e-mail address _____

being the holders of _____ shares in the company, hereby appoint (see Note 1)

1. _____ or failing him/her,

2. _____ or failing him/her,

the Chairman of the general meeting as my/our proxy to attend and speak and vote for me/us on my/our behalf at the general meeting which will be held for the purpose of considering and, if deemed fit, passing the ordinary and special resolutions to be proposed and at each adjournment of the meeting and to vote for or against the ordinary and special resolutions or to abstain from voting in respect of the shares in the issued capital of the company registered in my/our name/s, in accordance with the following instructions (see Note 2).

Insert an "X" or the number of shares (see Note 2)

		NUMBER OF ORDINARY SHARES		
		For	Against	Abstain
1.	Ordinary resolution number 1 Approval for the proposed transaction			
2.	Ordinary resolution number 2 Approval of the issue of the consideration shares			
3.	Special resolution Granting authority to issue the consideration shares to the sellers			

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

Signed at _____ on _____

Signature _____

Assisted by me (where applicable) _____

It is recommended that completed forms of proxy be lodged with the transfer secretaries by no later than 09:00 on Monday 17 January 2022. However, shareholders are entitled to deliver voting proxies to the chairman at any time prior to the vote.

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

NOTES TO THE FORM OF PROXY

1. A shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space/s provided, with or without deleting "the Chairman of the general meeting" but any such deletion must be initialled by the shareholder. The person whose name stands first on the form of proxy and who is present at the general meeting will be entitled to act as proxy to the exclusion of those whose names follow.
2. A shareholder may appoint two or more persons concurrently as proxies and may appoint more than one proxy to exercise voting rights attached to different securities held by such shareholder.
3. Please insert an "X" in the relevant space according to how you wish your votes to be cast. However, if you wish to cast your votes in respect of a lesser number of shares than you own in the company insert the number of shares held in respect of which you wish to vote. Failure to comply with the above will be deemed to authorise the proxy to vote or to abstain from voting at the general meeting as he/she deems fit in respect of all the shareholder's votes exercisable at the meeting. A shareholder or his/her proxy is not obliged to use all the votes exercisable by the shareholder or by his/her proxy, but the total of the votes cast and in respect of which abstention is recorded may not exceed the total of the votes exercisable by the shareholder or by his/her proxy.
4. It is recommended that forms of proxy be received by the transfer secretaries, Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank 2196 (Private Bag X9000, Saxonwold 2132), email proxy@computershare.co.za, by no later than 09:00 on Monday 17 January 2022.
5. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the general meeting and voting in person at the meeting to the exclusion of any proxy appointed in terms of this form of proxy.
6. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the transfer secretaries or waived by the Chairman of the general meeting.
7. Any alterations or corrections made to this form of proxy must be initialled by the signatory/ies.
8. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by Computershare Investor Services Proprietary Limited.
9. The Chairman of the general meeting may accept any form of proxy which is completed other than in accordance with these notes if he is satisfied as to the manner in which the shareholder wishes to vote.

Transfer secretaries:

Computershare Investor Services Proprietary Limited Rosebank Towers
15 Biermann Avenue
Rosebank 2196
Private Bag X9000, Saxonwold 2132
Telephone: 011 370 5000
Email: proxy@computershare.co.za

SUMMARY OF THE RIGHTS CONTAINED IN SECTION 58 OF THE ACT

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

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

