

THIS OFFER CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The definitions and interpretations commencing on page 14 of this Offer Circular apply throughout this Offer Circular, including this cover page (unless the context indicates otherwise).

Action required by PN Shareholders

This entire Offer Circular is important and should be read with particular attention to the section entitled "Action required by PN Shareholders in respect of the MCG Offer", which commences on page 5.

If you are in any doubt as to the action you should take arising from this Offer Circular, please consult Singular Services, your banker, accountant, legal advisor or other professional advisor immediately. If you have any questions regarding this Offer Circular or the MCG Offer, please contact the Call Centre on 0860 116 226 on weekdays (excluding public holidays) from 07:00 to 18:00.

MCG does not accept responsibility, and will not be held liable, for any action of, or omission by, Singular Services including, without limitation, any failure on the part of Singular Services, to notify any beneficial owner of PN Shares of the transactions set out in this Offer Circular or to take any action on behalf of such beneficial owner.

PRIOR TO ANY PN SHAREHOLDER TAKING ANY ACTION IN TERMS OF THIS OFFER CIRCULAR, PN SHAREHOLDERS ARE ADVISED TO CONSIDER THE OFFER CIRCULAR, PROSPECTUS, NOTICE CONVENING THE PN1 SHAREHOLDERS' MEETING (IN THE CASE OF PN1 SHAREHOLDERS) AND NOTICE CONVENING THE PN2 SHAREHOLDERS' MEETING CONTAINED IN THE SCHEME CIRCULAR (IN THE CASE OF PN2 SHAREHOLDERS) IN FULL AND TO ONLY TAKE ACTION AFTER HAVING CONSIDERED THE POTENTIAL EFFECTS OF THE CONTEMPLATED TRANSACTIONS IN EACH OF THE OFFER CIRCULAR AND THE SCHEME CIRCULAR.



MULTICHOICE

MultiChoice Group Limited
(Incorporated in the Republic of South Africa)
(Registration number 2018/473845/06)
JSE code: MCG ISIN: ZAE000265971

PHUTHUMA NATHI
SHARE THE FUTURE

Phuthuma Nathi Investment (RF) Limited
(Incorporated in the Republic of South Africa)
(Registration number 2006/015187/06)
Ordinary Short Code: EXPN1

PHUTHUMA NATHI 2
SHARE THE FUTURE

Phuthuma Nathi Investment 2 (RF) Limited
(Incorporated in the Republic of South Africa)
(Registration number 2006/036320/06)
Ordinary Short Code: EXPN2

OFFER CIRCULAR TO PN SHAREHOLDERS

regarding, amongst others, an offer by MCG to acquire up to 20% of the PN Shares held by each PN Shareholder in consideration for the issue of 0.97 MCG Shares for every PN Share Tendered. PN Shareholders will pay 1.1% transaction fees plus VAT on the transaction fees, which means that for every PN Share Tendered, a PN Shareholder will receive 0.957 MCG Shares;

and incorporating:

a Form of Acceptance and Transfer (pink) in respect of the MCG Offer.

Date of issue: **Monday, 16 September 2019**

Financial Advisor and JSE Sponsor to MCG



**Legal and Tax Advisor to
MCG and PN**

WEBBER WENTZEL

in alliance with > **Linklaters**

Transfer Secretaries



Independent Advisor and Financial Advisor to PN



Additional copies of this Offer Circular (and the accompanying Prospectus), in its printed format, may be obtained from MCG, PN, Singular Services and the Transfer Secretaries at their respective addresses set out in the section of this Offer Circular entitled "Corporate Information and Advisors", during normal business hours from Monday, 23 September 2019 up to and including Monday, 28 October 2019. This Offer Circular will also be available on the MCG website (www.multichoice.com) and the PN website (www.phuthumanathi.co.za) during the same period. Copies of this Offer Circular are available in the English language only.

CORPORATE INFORMATION AND ADVISORS

MCG CORPORATE INFORMATION AND ADVISORS

Registered Office

MultiChoice Group Limited
(Registration number 2018/473845/06)
MultiChoice City
144 Bram Fischer Drive
Ferndale
Randburg
South Africa, 2194
(PO Box 1502, Randburg, South Africa, 2125)

Date of incorporation as a private company:

4 September 2018

Date of conversion to a public company:

11 January 2019

Place of incorporation: South Africa

Company Secretary

Donna Dickson
MultiChoice City
144 Bram Fischer Drive
Ferndale
Randburg
South Africa, 2194

Legal and Tax Advisor to MCG

Webber Wentzel
90 Rivonia Road
Sandton
South Africa, 2196
(PO Box 61771, Marshalltown, Johannesburg
South Africa, 2107)

Financial Advisor and JSE Sponsor to MCG

Rand Merchant Bank (a division of FirstRand
Bank Limited)
(Registration number 1929/001225/06)
4 Merchant Place
1 Fredman Drive
Sandton
South Africa, 2196
(PO Box 786273, Sandton, South Africa, 2146)

Transfer Secretaries

Singular Systems Proprietary Limited
(Registration number 2002/001492/07)
25 Scott Street
Waverley
Johannesburg
South Africa, 2090
(PO Box 785261, Sandton, South Africa, 2146)

CORPORATE INFORMATION AND ADVISORS

PN CORPORATE INFORMATION AND ADVISORS

Registered Office

Phuthuma Nathi Investment (RF) Limited
(Registration number 2006/015187/06)
MultiChoice City
144 Bram Fischer Drive
Ferndale
Randburg
South Africa, 2194
(PO Box 1502, Randburg, South Africa, 2125)

Date of incorporation as a private company:

19 May 2006

Date of conversion to a public company:

16 August 2006

Place of incorporation: South Africa

Issuer Representative to PN1 and PN2

Carmen Miller

Independent Advisor and Financial Advisor to PN

Tamela Holdings Proprietary Limited
(Registration number 2008/011759/07)
Ground Floor, Golden Oaks House
Ballyoaks Office Park
35 Ballyclare Drive
Bryanston
Sandton, 2021
(PO Box 379, Morningside, 2057)

Registered Office

Phuthuma Nathi Investment 2 (RF) Limited
(Registration number 2006/036320/06)
MultiChoice City
144 Bram Fischer Drive
Ferndale
Randburg
South Africa, 2194
(PO Box 1502, Randburg, South Africa, 2125)

Date of incorporation as a private company:

21 November 2006

Date of conversion to a public company:

17 January 2007

Place of incorporation: South Africa

Legal and Tax Advisor to PN

Webber Wentzel
90 Rivonia Road
Sandton
South Africa, 2196
(PO Box 61771, Marshalltown, Johannesburg, South
Africa, 2107)

Transfer Secretaries to PN

Singular Systems Proprietary Limited
(Registration number 2002/001492/07)
25 Scott Street
Waverley
Johannesburg
South Africa, 2090
(PO Box 785261, Sandton, South Africa, 2146)

TABLE OF CONTENTS

	<i>Page</i>
CORPORATE INFORMATION AND ADVISORS	INSIDE FRONT COVER
IMPORTANT LEGAL NOTES	3
FORWARD-LOOKING STATEMENTS	4
ACTION REQUIRED BY PN SHAREHOLDERS IN RESPECT OF THE OFFER	5
IMPORTANT DATES AND TIMES	8
SUMMARY OVERVIEW OF THE MCG OFFER AND IMPLICATIONS	9
DEFINITIONS AND INTERPRETATION	14
SECTION A: INTRODUCTION AND RATIONALE	19
1. INTRODUCTION AND PURPOSE OF THIS OFFER CIRCULAR	19
2. RATIONALE FOR THE MCG OFFER	19
3. BACKGROUND INFORMATION ON MCG AND THE GROUP	20
SECTION B: THE MCG OFFER	21
4. THE MCG OFFER	21
5. TERMS OF THE MCG OFFER	22
6. THE MCG OFFER CONSIDERATION	23
7. THE MCG OFFER PERIOD	23
8. THE MCG OFFER CONDITIONS	24
9. PROCEDURE FOR ACCEPTANCE OF THE MCG OFFER	24
10. SETTLEMENT OF THE MCG OFFER CONSIDERATION	25
11. REGULATORY APPROVAL	25
12. MCG OFFER IMPLEMENTATION CONSIDERATIONS	26
SECTION C: GENERAL	27
13. TERMINATION OF THE MCG OFFER	27
14. NON-RESIDENT SHAREHOLDERS AND EXCHANGE CONTROL	27
15. TAXATION CONSIDERATIONS RELATING TO THE MCG OFFER	27
16. HISTORICAL FINANCIAL INFORMATION	27
17. OPINIONS	27
18. CONSENTS	27
19. GOVERNING LAW	28
20. MATERIAL CHANGES	28
21. DOCUMENTS AVAILABLE FOR INSPECTION	28
ANNEXE A INFORMATION FOR NON-RESIDENT SHAREHOLDERS AND FOR ALL PN SHAREHOLDERS IN RESPECT OF EXCHANGE CONTROL REGULATIONS	29
ANNEXE B TAXATION CONSIDERATIONS RELATING TO THE MCG OFFER	31
FORM OF ACCEPTANCE AND TRANSFER FOR THE MCG OFFER (PINK)	Attached

IMPORTANT LEGAL NOTES

This Offer Circular has been prepared in accordance with the laws of South Africa and the information disclosed may not be the same as that which would have been disclosed if this Offer Circular had been prepared in accordance with the laws and regulations of any jurisdiction outside of South Africa. The release, publication or distribution of this Offer Circular in jurisdictions other than South Africa may be restricted by law. Therefore, any persons who are subject to the laws of any jurisdiction other than South Africa should inform themselves about, and observe, any applicable requirements or restrictions. Any failure to comply with the applicable requirements or restrictions may constitute a violation of the securities laws of any such jurisdiction. This Offer Circular is not intended to, and does not constitute, or form part of, an offer to sell or an invitation to purchase or subscribe for any securities or a solicitation of any vote or approval, including in any jurisdiction where such offer, invitation or solicitation would be unlawful. PN Shareholders are advised to read this Offer Circular, which contains the terms and conditions of the MCG Offer, with care. Any decision to accept the MCG Offer and/or other response to the proposals contained herein should be made only on the basis of the information in this Offer Circular.

FORWARD-LOOKING STATEMENTS

This Offer Circular contains statements about MCG and PN that are, or may be, forward-looking statements. All statements (other than statements of historical fact) are, or may be deemed to be, forward-looking statements, 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, capital resources and expenditure and the outcome and consequences of any pending litigation proceedings. These forward-looking statements are not based on historical facts, but rather reflect current expectations concerning future results and events and generally may be identified by the use of forward-looking words or phrases such as “believe”, “aim”, “expect”, “anticipate”, “intend”, “foresee”, “forecast”, “likely”, “should”, “planned”, “may”, “estimated”, “potential” or similar words and phrases.

Examples of forward-looking statements include statements regarding a future financial position or future profits, cash flows, corporate strategy, anticipated levels of growth, estimates of capital expenditures, acquisition strategy, expansion prospects or future capital expenditure levels and other economic factors, such as, *inter alia*, interest rates.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Many of these risks and uncertainties relate to factors that are beyond MCG’s and PN’s ability to control or estimate precisely, such as changes in taxation, future market conditions, currency fluctuations, the actions of governmental regulators and other risk factors. MCG and PN caution that forward-looking statements are not guarantees of future performance. Actual results, financial and operating conditions, liquidity and the developments within the industry in which MCG and PN operate or may be exposed to may differ materially from those made in, or suggested by, the forward-looking statements contained in this Offer Circular.

All these forward-looking statements are based on estimates and assumptions, as regards MCG, made by MCG or, as regards the PN Entities, made by the PN Entities, as communicated in publicly available documents by the respective companies, all of which estimates and assumptions, although MCG and/or PN believe them to be reasonable, are inherently uncertain. Such estimates, assumptions or statements may not eventuate. Factors which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied in those statements or assumptions include other matters not yet known to MCG and/or PN or not currently considered material by MCG and/or PN.

PN Shareholders should keep in mind that any forward-looking statement made in this Offer Circular or elsewhere is applicable only at the date on which such forward-looking statement is made. New factors that could cause the business of either MCG and/or PN not to develop as expected may emerge from time to time and it is not possible to predict all of them. Further, the extent to which any factor or combination of factors may cause actual results to differ materially from those contained in any forward-looking statement is not known. MCG and/or PN have no duty to, and do not intend to, update or revise the forward-looking statements contained in this Offer Circular after the date of this Offer Circular, except as may be required by law.

No statement in this Offer Circular is intended as a profit forecast or a profit estimate and no statement in this Offer Circular should be interpreted to mean that earnings per MCG Share for the current or future financial years would necessarily match or exceed the historical published earnings per MCG Share. Prices and values of, and income from, shares may decrease as well as increase and an investor may not get back the amount invested. It should be noted that past performance is no guide to future performance. Persons needing advice should consult an independent financial advisor.

Any forward-looking statement has not been reviewed nor reported on by the external auditors.

ACTION REQUIRED BY PN SHAREHOLDERS IN RESPECT OF THE OFFER

The definitions and interpretations commencing on page 14 of this Offer Circular apply, *mutatis mutandis*, to this “Action required by PN Shareholders” section of the Offer Circular.

This document is important and requires your immediate attention. The action you need to take is set out below. If you are in any doubt as to what action you should take, please consult Singular Services, your banker, legal advisor or other professional advisor immediately. If you have any questions regarding this Circular, please contact the Call Centre on 0860 116 226 on weekdays from 07:00 to 18:00 (excluding public holidays).

You should carefully read through this Offer Circular and decide whether or not you wish to accept the MCG Offer. For the avoidance of doubt, PN Shareholders will be entitled to accept the MCG Offer from 09:00 on the MCG Offer Opening Date (expected to be Wednesday, 25 September 2019) until 14:00 on the MCG Offer Closing Date (expected to be Monday, 28 October 2019). Any PN Shares Tendered will not be acquired by MCG until such time as the MCG Offer is implemented.

PN Shareholders shall be entitled to either:

- accept the MCG Offer in respect of up to a maximum of 20% of the PN Shares held by a PN Shareholder on the MCG Offer Record Date. In this regard PN Shareholders are reminded that the PN MOIs require that a shareholder may not hold less than 20 PN Shares and therefore PN Shareholders should carefully consider the number of PN Shares Tendered if they wish to participate in the MCG Offer;
- or decline the MCG Offer.

PN Shareholders who wish to decline the MCG Offer do not need to take any further action and will continue to hold their PN Shares in the same manner as prior to the MCG Offer.

1. ACCEPTANCE OF THE MCG OFFER:

If you wish to accept the MCG Offer, you may:

- 1.1 contact the Call Centre on 0860 116 226 from 07:00 to 18:00 on weekdays (excluding public holidays) from 09:00 on Wednesday, 25 September 2019 to 14:00 on Monday, 28 October 2019 to advise whether you are accepting the MCG Offer and how many PN Shares you are Tendering (bearing in mind that you may not Tender more than 20% of all of your PN Shares) and thereafter Singular Services will notify MCG accordingly; or
- 1.2 make use of the online MCG Offer platform to indicate whether you wish to accept the MCG Offer and if so, how many PN Shares you are Tendering (bearing in mind that you may not Tender more than 20% of all of your PN Shares) and thereafter Singular Services will notify MCG accordingly. This online facility is free of charge and is available on the internet. To make use of the voting facility, PN Shareholders are required to register for the service via the EESE website on www.EESE.co.za. You will use your username and password to login to the platform and will be prompted on acceptance of the MCG Offer. PN Shareholders will also be able to view and download a user guide explaining how to use the online process on PN's and MCG's website as well as on the EESE website at www.EESE.co.za. The online platform will be available from 09:00 on Wednesday, 25 September 2019 until 14:00 on Monday, 28 October 2019; or
- 1.3 complete the attached Form of Acceptance and Transfer (*pink*) in order to accept the MCG Offer and send the complete Form of Acceptance and Transfer (*pink*) to Singular Services to be received by Singular Services by no later than 14:00 on Monday, 28 October 2019.

2. GENERAL

2.1 Certification of and trading in PN Shares

- 2.1.1 If you wish to convert your PN Shares into certificated format such that your PN Shares are held as certificates, please contact the Call Centre on 0860 116 226.
- 2.1.2 You should note that once you have accepted the MCG Offer, you will not be able to convert your PN Shares from certificated format to uncertificated format or convert your PN Shares from uncertificated format to certificated format.
- 2.1.3 Furthermore, you should note that, after acceptance of the MCG Offer you may not trade any of the PN Shares in respect of which the MCG Offer has been accepted.
- 2.1.4 In addition, no PN Shares may be converted to certificated format or to uncertificated format between Friday, 25 October 2019 and Tuesday, 29 October 2019.

2.2 **Trading in PN Shares after acceptance of the MCG Offer**

- 2.2.1 PN Shareholders should note that once they have Tendered PN Shares in terms of the MCG Offer, they will not be able to sell the PN Shares Tendered.
- 2.2.2 PN Shareholders will, however, be able to acquire PN Shares at any time during the MCG Offer Period, but should note that the number of PN Shares Tendered will not be increased if PN Shares are acquired after they have accepted the MCG Offer. PN Shareholders who would like to acquire additional PN Shares prior to the expiry of the MCG Offer Period, should acquire such PN Shares prior to Tendering any PN Shares in acceptance of the MCG Offer.
- 2.2.3 Should a PN Shareholder sell a portion of its PN Shares after acceptance of the MCG Offer and if following such sale the number of PN Shares Tendered is more than 20% of the PN Shares held by the relevant PN Shareholder, the number of PN Shares Tendered will automatically be adjusted to constitute 20% of their PN Shares at the date of such sale so that the number of PN Shares Tendered is in accordance with the terms and conditions of the MCG Offer.
- 2.2.4 PN Shareholders are reminded that, there is a requirement in the PN MOIs that a PN Shareholder holds at least 20 PN Shares. Accordingly, should a PN Shareholder sell PN Shares after having accepted the MCG Offer and its shareholding in PN would, after adjustment of the number of PN Shares Tendered after such sale fall below the minimum required 20 PN Shares, such PN Shareholder's Tender of PN Shares will be adjusted so as to ensure that they comply with the minimum holding of 20 PN Shares or cancelled in totality in order to ensure compliance with the PN MOIs.

2.3 **Taxation considerations relating to the MCG Offer**

The taxation implications of acquiring, holding and disposing of MCG Shares are set out in Annexe B.

2.4 **Non-resident Shareholders**

- 2.4.1 This Offer Circular and any accompanying documentation is not intended to, and does not constitute, or form part of, an offer to sell or an invitation to purchase or subscribe for any securities or a solicitation of any vote or approval in any jurisdiction in which it is illegal to make such an offer, invitation or solicitation, or such offer, invitation or solicitation would require PN1 and/or PN2 to comply with filing and/or other regulatory obligations. In those circumstances, this Offer Circular and any accompanying documentation are sent for information purposes only and should not be copied or redistributed.
- 2.4.2 Each PN Shareholder who has a registered address outside South Africa and/or who is a resident of a country other than South Africa must satisfy themselves as to the full observance of the laws of any applicable territory concerning the receipt of MCG Shares pursuant to acceptance of the MCG Offer, including obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any issue, transfer or other taxes due in such territory. None of MCG, PN1 or PN2 accepts any responsibility for the failure by a PN Shareholder to inform itself about, and/or to observe, any applicable legal requirements in any relevant jurisdiction. PN Shareholders who are in any doubt as to their position should consult their professional advisors.
- 2.4.3 This Offer Circular shall not constitute an offer to sell or the solicitation of an offer to buy securities in the United States of America ("**United States**"). Securities may not be offered or sold in the United States or to or for the account or benefit of a person located in the United States absent registration under the Securities Act of 1933, as amended ("**U.S. Securities Act**") or pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. The securities to which this Offer Circular relate have not been, and will not be, registered under the U.S. Securities Act, or the securities laws of any state of the United States or other jurisdiction. There will be no public offering of securities in the United States or any other jurisdiction.
- 2.4.4 This Offer Circular and any other material in relation to the securities described herein is only directed at, and any investment or investment activity to which this Offer Circular relate is available only to, and will be engaged in only with, persons (i) outside the United Kingdom; or (ii) having professional experience in matters relating to investments who fall within the definition of "investment professionals" in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 ("**Order**"); or (iii) who are high net worth entities falling within Articles 49(2)(a) to 49(2)(d) of the Order (all such persons together being referred to as "**Relevant Persons**"). Persons who are not Relevant Persons should not take any action on the basis of this Offer Circular and should not act or rely on it.

2.4.5 This Offer Circular does not constitute an offer of securities to any person with a registered address in, or who is resident in, Canada, Japan, Hong Kong, Singapore or Australia. No securities have or will be registered under the relevant laws of any state, province or territory of Canada, Japan, Hong Kong, Singapore or Australia. The distribution of this Offer Circular in certain jurisdictions may be restricted by applicable law and therefore persons in such jurisdictions into which this Offer Circular are released, published or distributed should inform themselves about and observe such restrictions.

2.5 **Posting Forms of Acceptance and Transfer**

Forms of Acceptance and Transfer (*pink*) that are sent by registered or other forms of post are sent at the risk of the PN Shareholder concerned. Accordingly, PN Shareholders should take note of postal delivery times so as to ensure that the Forms of Acceptance and Transfer (*pink*) are received by Singular Services timeously. No late postal deliveries of Forms of Acceptance and Transfer (*pink*) will be accepted.

2.6 **Other**

2.6.1 The contents of this Offer Circular do not purport to constitute personal legal or tax advice or to comprehensively deal with the legal, regulatory and tax implications of the MCG Offer or any other matter for each PN Shareholder. PN Shareholders are accordingly advised to consult their professional advisors about their personal legal, regulatory and tax positions regarding the MCG Offer or any other matter and in particular the receipt of the MCG Offer Consideration, as applicable.

2.6.2 None of MCG, the PN Entities and their respective boards of directors accept responsibility and will not be held liable for any act of, or omission by, Singular Services, including, without limitation, any failure on the part of Singular Services to notify any beneficial owner of PN Shares in respect of the MCG Offer or any other matter set out in this Offer Circular or to take any action on behalf of such beneficial owner.

IMPORTANT DATES AND TIMES

The definitions and interpretations commencing on page 14 of this Offer Circular apply, *mutatis mutandis*, to this section (unless the context indicates otherwise).

2019

Record date to determine which PN Shareholders are eligible to receive the Offer Circular	Friday, 13 September
Announcement regarding the publication on PN website and MCG website of the Offer Circular and Prospectus published on SENS by MCG and published on EESE-News by PN	Monday, 16 September
Offer Circular and Prospectus posted to PN Shareholders	Friday, 20 September
MCG Offer Opening Date at 09:00	Wednesday, 25 September
Record date to vote at PN1 Shareholders' Meeting	Monday, 14 October
Shareholders Meeting of PN1 Shareholders	Monday, 21 October
Last day to trade PN Shares in order to be recorded in the Register to participate in the MCG Offer, being the Offer LDT	Friday, 25 October
MCG Offer Record Date by 17:00	Friday, 25 October
Announcement by MCG regarding the conditionality of the MCG Offer by 17:00	Monday, 28 October
MCG Offer Closing Date at 14:00	Monday, 28 October
PN Shareholders' accounts to be credited with the MCG Offer Consideration and updated to reflect their MCG Shares	Tuesday, 29 October
Date of listing of additional MCG Shares and Implementation of the MCG Offer	Tuesday, 29 October

Notes:

1. The dates and times set out in this Offer Circular are subject to change. Furthermore, MCG reserves the right to extend the MCG Offer Period. Any change to the dates and times set out in this Offer Circular, or extension of the MCG Offer, will be announced by MCG on SENS and announced by PN on EESE-News.
2. All dates and times quoted in this document are South African dates and times.
3. PN Shareholders who have accepted the MCG Offer may not withdraw that acceptance.
4. No conversion of PN Shares from certificated format to uncertificated format or vice versa may take place after 12:00 on Friday, 25 October 2019 until Tuesday, 29 October 2019.

SUMMARY OVERVIEW OF THE MCG OFFER AND IMPLICATIONS

The definitions commencing on page 14 of this Offer Circular apply, *mutatis mutandis*, to this section (unless the context indicates otherwise).

PN owns a stake in the South African operations of MCG, being MCSA, through MultiChoice SA Holdings. MCG was separately listed on the JSE in February 2019 and was unbundled out of Naspers Limited in March 2019. As part of the listing and unbundling of MCG, PN received an additional 5% share in MCSA (through the issue of an additional 5% shares in MultiChoice SA Holdings). This means that PN now owns an indirect stake of 25% in MCSA.

At the time of Naspers listing and unbundling MCG, it was announced that an offer for PN Shareholders to exchange a portion of their stake in PN for shares in the JSE listed MCG would be made. The MCG Offer therefore fulfills this obligation and provides PN Shareholders with an opportunity to gain exposure to the rest of MCG's assets while providing additional liquidity through the listed MCG Shares. In addition to PN receiving the extra 5% shareholding in MCSA (through the increase of its shareholding in MultiChoice SA Holdings by 5%) at the time of the unbundling from Naspers Limited, PN Shareholders now have an opportunity to exchange a portion of their PN Shares for shares in MCG. If PN Shareholders decide to accept the MCG Offer and keep the MCG Shares going forward, they will receive dividends from both PN and MCG in the event that PN and/or MCG resolve to declare and pay any dividend for that year. As MCG Shares are listed on the JSE, they can be sold to any investor, whereas PN Shares can only be sold to qualifying black South African investors in terms of the PN MOIs.

The MCG Offer will be open to all PN Shareholders and is expected to open on 25 September 2019 and is expected to close on 28 October 2019. The MCG Offer will be subject to the fulfilment of certain conditions which will include an amendment to the PN MOIs to allow for the MCG Offer to be implemented. All PN Shareholders will receive a notice of a shareholders' meeting, together with this Offer Circular, which will set out the resolutions on which the PN Shareholders are required to vote.

Participation in the MCG Offer is completely voluntary and PN Shareholders are not obliged to participate in the MCG Offer.

If you decide to take up the MCG Offer, this is what you need to do:

1. read this Offer Circular in order to gain a full understanding of the MCG Offer; and
2. contact the Call Centre on 0860 116 226 during weekdays (excluding public holidays) from 07:00 to 18:00 from 09:00 on Wednesday, 25 September 2019 to 14:00 on Monday, 28 October 2019 to advise whether you are accepting the MCG Offer and how many PN Shares you are Tendering (bearing in mind that you may not Tender more than 20% of all of your PN Shares) and thereafter Singular Services will notify MCG accordingly; or
3. make use of the online MCG Offer platform to indicate whether you wish to accept the MCG Offer and if so, how many PN Shares you are Tendering (bearing in mind that you may not Tender more than 20% of all of your PN Shares) and thereafter Singular Services will notify MCG accordingly. This online facility is free of charge and is available on the internet. To make use of the online voting platform, PN Shareholders are required to register for the service via the ESSE website on www.EESE.co.za. You will use your username and password to login to the platform. PN Shareholders will also be able to view and download a user guide explaining how to use the online process on PN's and MCG's website as well as at www.EESE.co.za. The voting platform will be available from 09:00 on Wednesday, 25 September 2019 until 14:00 on Monday, 28 October 2019; or
4. complete the attached Form of Acceptance and Transfer (*pink*) in order to accept the MCG Offer and send the complete Form of Acceptance and Transfer (*pink*) to Singular Services to be received by Singular Services by no later than 14:00 on Monday, 28 October 2019.

If you require assistance with accepting the MCG Offer or are unsure on what action to take, please contact the Call Centre at 0860 116 226 or send an email to Singular Services at phuthumanathi@singularservices.co.za.

PN Shareholders are reminded that the PN MOIs require that no PN Shareholder may hold less than 20 PN Shares. Accordingly, PN Shareholders must carefully consider the number of PN Shares Tendered if they wish to participate in the MCG Offer.

We set out below responses to frequently asked questions which may assist you with your decision on whether or not to accept the MCG Offer:

1. **Who qualifies for the share exchange?**

All PN Shareholders who hold more than 20 PN Shares as at Friday, 25 October 2019 are entitled to participate in the MCG Offer to exchange up to 20% of their PN Shares for MCG Shares.

2. **How do PN Shareholders participate in the MCG Offer?**

All PN Shareholders will receive this Offer Circular together with a Prospectus as well as the Notice convening the PN1 Shareholders' Meeting (in the case of PN1 Shareholders) or the Scheme Circular (in the case of PN2 Shareholders) which will include resolutions on which the PN Shareholders are required to vote.

These documents are expected to be released and sent directly to PN Shareholders on Monday, 16 September 2019 and will also be available on www.phuthumanathi.co.za, www.multichoice.com and www.EESE.co.za. Hard copies of these documents are expected to be posted to PN Shareholders on Friday, 20 September 2019.

The MCG Offer is expected to open on Wednesday, 25 September 2019 and expected to close on Monday, 28 October 2019.

3. **What are the choices for PN Shareholders?**

Participation in the MCG Offer is completely voluntary. The decision to participate in the MCG Offer is up to the relevant PN Shareholder. Should a PN Shareholder not wish to participate in the MCG Offer, that PN Shareholder need not take any further action.

A PN Shareholder can take one of the following actions:

A) **ACCEPT** the MCG Offer and exchange up to 20% of its PN Shares for MCG Shares

OR

B) **IGNORE** the MCG Offer and continue to hold only its PN Shares. The Shareholder does not need to do anything.

4. **How do PN Shareholders accept the MCG Offer?**

If a PN Shareholder decides to accept the MCG Offer, that PN Shareholder must carefully read the Offer Circular to fully understand the MCG Offer.

PN Shareholders can accept the MCG Offer in one of the following ways;

- Contact the **Phuthuma Nathi** call centre on 0860 116 226 during weekdays (excluding public holidays) from 07:00 to 18:00 during the MCG Offer Period commencing at 09:00 on Wednesday, 25 September 2019 until 14:00 on Monday, 28 October 2019 to advise that you are accepting the MCG Offer and how many PN Shares you are Tendering.

OR

- Use the **online offer platform** to indicate that you are accepting the MCG Offer and how many PN Shares you are Tendering. To make use of this platform, PN Shareholders are required to register for the service, at www.EESE.co.za. You will use your username and password to login to the platform. A user guide explaining how to use the online process will be available on the Phuthuma Nathi and MultiChoice Group websites. This platform will be available from 09:00 on Wednesday, 25 September 2019 until 14:00 on Monday, 28 October 2019.

OR

- Complete the Acceptance and Transfer Form (pink) attached to the Offer Circular to accept the MCG Offer. The completed form must be posted to be received before 14:00 on Monday, 28 October 2019 as no late deliveries will be accepted to the following address:

Singular Systems
PO Box 785261
Sandton
2146

5. **Where do PN Shareholders get assistance if needed?**

PN Shareholders can call the Phuthuma Nathi call centre from 07:00 to 18:00 on weekdays (excluding public holidays) on 0860 116 226 for assistance with:

- completion of the Acceptance and Transfer Form or accepting the MCG Offer in another way; or
- any questions in relation to the MCG Offer.

6. **Can I decide to exchange a lower percentage than the 20%?**

Yes, you can choose to exchange less than 20% of your PN Shares.

7. **Can I decide to exchange a higher percentage than the 20%?**

No, you may not exchange more than 20% of your PN Shares. If you submit more than 20% of your PN Shares for the exchange, the amount of shares that exceed the 20% limit will not be accepted and will remain yours.

8. **Will I be able to trade PN Shares after accepting the MCG Offer but before receiving the MCG Shares?**

Yes, you will be able to trade your PN Shares. However, PN Shareholders should note that once they have Tendered PN Shares in terms of the MCG Offer, they will not be able to sell the PN Shares Tendered.

PN Shareholders will, however, be able to acquire PN Shares at any time during the MCG Offer Period, but should note that the number of PN Shares Tendered will not be increased if PN Shares are acquired after they have accepted the MCG Offer. PN Shareholders who would like to acquire additional PN Shares prior to the expiry of the MCG Offer Period, should acquire such PN Shares prior to Tendering any PN Shares in acceptance of the MCG Offer.

Should a PN Shareholder sell a portion of its PN Shares after acceptance of the MCG Offer and if following such sale the number of PN Shares Tendered is more than 20% of the PN Shares held by the relevant PN Shareholder, the number of PN Shares Tendered will automatically be adjusted to constitute 20% of their PN Shares at the date of such sale so that the number of PN Shares Tendered is in accordance with the terms and conditions of the MCG Offer.

PN Shareholders are reminded that there is a requirement that a PN Shareholder holds at least 20 PN Shares. Accordingly, should a PN Shareholder sell PN Shares after having accepted the MCG Offer and its shareholding in PN would, after adjustment of the number of PN Shares Tendered after such sale fall below the minimum required 20 PN Shares, such PN Shareholder's Tender of PN Shares will be adjusted so as to ensure that they comply with the minimum holding of 20 PN Shares or cancelled in totality in order to ensure compliance with the PN MOIs.

9. **Will I be able to trade my MCG Shares on the JSE?**

Yes. MCG was listed on the JSE in February 2019 and is now freely traded on the JSE. If you exchange a portion of your PN Shares for MCG Shares, you will be able to sell your MCG Shares on the JSE using the EESE trading platform you currently use to trade your PN Shares or calling the Call Centre.

10. **When should I expect the payment of dividends for the MCG Shares?**

MCG's financial year end is 31 March. The first MCG dividend is expected to be declared in June 2020 and paid in September 2020.

11. **How many MCG Shares will I receive when I exchange my PN Shares?**

PN Shareholders are offered 0.97 MCG Shares for every PN Share. You will then pay 1.1% transaction fees plus VAT on the transaction fees, which means that for every PN Share exchanged, you will receive 0.957 MCG Shares in your Singular Services broker account.

Should you decide to sell MCG Shares in the future, you will pay 1.5% transaction fees on such sale of MCG Shares. Therefore, if you sell one MCG Share at a share price of, for example, R130 per MCG Share, you will receive R128.05 per MCG Share in cash.

12. **How was the PN Share to MCG Share ratio determined?**

The overall principle in determining the exchange ratio was to ensure that the MCG Offer is fair and reasonable to both MCG shareholders and PN Shareholders.

The exchange ratio was based on the listed market value to listed market value approach, being MCG's traded market value versus PN1's and PN2's traded market value as a proxy for MCSA's market value. The share price behaviour of MCG and PN was considered over a 90-day period and a volume-weighted average price was used as a basis in determining the ratio, taking into account that PN Shares were trading cum-dividend at that time.

13. What are the tax implications for PN Shareholders when they accept the MCG Offer?

The acceptance of the MCG Offer should not result in any South African tax payable for PN Shareholders, with the exception being possible tax costs arising in respect rounding down of the amount of MCG shares received to cater for transaction costs and fractional entitlement (if any). As a general rule, the PN Shareholders will be deemed to have acquired the MCG Shares on the same date, and for the same cost, as what they originally acquired the PN Shares for. In other words, the MCG Offer will generally be "tax neutral" except to the extent of the rounding implications described above.

Where, however, the PN Shareholders acquired the PN Shares (i) for an amount in excess of the listed PN Share price, (ii) is not South African tax resident or (iii) is otherwise exempt from South African tax, the above deeming position relating to cost and date of acquisition of MCG Shares will not apply to them. Where the PN Shareholder acquired the PN Shares for an amount in excess of the market value of the MCG Offer Consideration, that PN Shareholder may realise a tax loss, in which case, that PN Shareholder should consult a tax advisor to advise them on how that tax loss should be accounted for in their hands. Where the PN Shareholders acquired the PN Shares for an amount that is less than the market value of the MCG Offer Consideration, that PN Shareholder may realise a taxable gain. PN Shareholders that are not South African tax resident or that are otherwise exempt from South African tax, should fall outside the scope of South African tax and should thus not incur any South African tax by accepting the offer.

Future dividends paid in respect of MCG Shares should be taxed similarly to that of historic PN dividends.

PN Shareholders that are not South African tax resident are advised to consult their own professional tax advisors regarding the tax treatment of the offer in their respective jurisdictions, having regard to the tax laws in their jurisdiction and any applicable tax treaties between South Africa and their country of residence.

14. How am I affected if I choose not to exchange my PN Shares for MCG Shares?

If you chose not to participate in the MCG Offer, you will retain your existing shares in PN. You will continue to receive dividends from, and be able to trade, your PN Shares on the EESE where the PN Shares are currently listed.

15. What is the difference between MCSA and MCG?

MCSA represents the South African operations of MCG. MCG includes MCSA, MultiChoice Africa, Connected Video and Irdeto.

16. How will participating in the MCG Offer affect my PN shareholding?

If you participate in the MCG Offer, you will have less PN Shares than you initially held. Your shareholding in PN will be reduced but you will receive 0.97 MCG Shares (excluding the impact of transaction costs and any taxes levied).

17. Will I get less PN dividend payout when I exchange my PN Shares for MCG Shares?

We cannot predict future dividend payments. If you participate in the MCG Offer, you will have less PN Shares than you initially held and you will receive dividends dependent on the number of PN Shares you now hold. As you will now also be an MCG shareholder, you would be entitled to dividends on those new shares in MCG, subject to dividends being declared.

18. Why can't I exchange all my PN Shares for MCG Shares?

The Group considers socio-economic transformation and economic inclusivity to be a fundamental priority for the long-term development of South Africa. It is committed to implement a long-term and sustainable B-BBEE program.

MCSA is, therefore, required, at all times, to have no less than 30% ownership by black people. In order to achieve this, MCSA implemented a B-BBEE scheme through PN. Allowing more PN Shares to be exchanged would result in MCSA having less than the required ownership by black people. If you wish to hold more MCG Shares, you can buy them directly on the JSE.

19. Why can't I exchange my PN Shares for shares in Naspers Limited?

Naspers Limited listed the ordinary shares of MCG on the JSE whereafter it unbundled the shares in MCG to its shareholders in March 2019. MCG is therefore a stand-alone group separate from Naspers Limited. The MCG Offer is being made by MCG to PN Shareholders in relation to MCG Shares. If you wish to acquire Naspers Limited shares, you can do so on the JSE.

20. Is the MCG Offer a once off event or ongoing?

The MCG Offer is a once off event.

21. For how long can I keep the MCG Shares after the exchange?

You can keep your MCG Shares for as long as you wish. They are freely tradeable.

22. Why not list the entire PN on the JSE?

We thoroughly evaluated the listing of PN on the JSE and concluded that ESE was the most optimal trading platform for the PN Entities.

23. Why was the additional 5% stake in MCSA allocated to the PN Entities and not distributed directly to PN Shareholders?

PN shareholders indirectly own MCSA through the PN Entities. The additional 5% was allocated to the PN Entities. The PN shareholders indirect ownership of MCSA via the PN Entities has increased from 20% to 25%. The dividends from MCSA to PN now include this additional 5% and these dividends flow through to PN Shareholders.

24. Have the PN Shareholders been consulted on this MCG Offer?

Naspers, MCG and PN have made numerous announcements about the MCG Offer in the media. MCG will embark on a roadshow which is expected to take place in September 2019 to meet with PN Shareholders to explain how the MCG Offer works.

DEFINITIONS AND INTERPRETATION

In this Offer Circular, the Annexes hereto and the Form of Acceptance and Transfer (*pink*), unless the context otherwise indicates, references to the singular include the plural and *vice versa*, words denoting one gender include the others, expressions denoting natural persons include juristic persons and associations of persons and *vice versa*, and the words in the first column hereunder have the meaning stated opposite them in the second column, as follows:

“Authorised Dealer”	a person authorised to deal in foreign exchange as contemplated in the Exchange Control Regulations;
“B-BBEE”	broad-based black economic empowerment;
“B-BBEE Act”	the Broad-based Black Economic Empowerment Act, 53 of 2003 and any regulations and codes of good practice published thereunder (including the Codes), as amended;
“B-BBEE Codes”	the Codes of Good Practice on Broad-based Black Economic Empowerment issued by the Minister of Trade and Industry in terms of the B-BBEE Act and any regulations published under the B-BBEE Act, as amended from time to time;
“Black Participant”	individually and collectively (as the context may dictate) black people, black companies and black entities (as such terms are defined in the PN MOIs having reference to the B-BBEE Act and the B-BBEE Codes) who are entitled to subscribe for and directly and beneficially own PN Shares, or are permitted to so own PN Shares under the PN MOIs;
“Board” or “Directors”	the board of directors of the Company and “Director” means any member of the Board, as the context so requires;
“Business Day”	any day other than a Saturday, Sunday or gazetted national public holiday in South Africa;
“Call Centre”	the Singular Services Call Centre that can be contacted at 0860 116 226 and which operates from 07:00 to 18:00 on weekdays (excluding public holidays);
“CGT”	tax on capital gains as levied in accordance with the South African Income Tax Act;
“CIPC”	the Companies and Intellectual Property Commission;
“Common Monetary Area”	South Africa, the Republic of Namibia and the Kingdoms of Lesotho and eSwatini;
“Companies Act”	the Companies Act, 71 of 2008, as amended;
“Companies Regulations”	the Companies Regulations 2011, published in terms of the Companies Act;
“Company” or “MCG”	MultiChoice Group Limited, registration number 2018/473845/06, a public company with limited liability incorporated under law the laws of South Africa and listed on the JSE;
“EASE”	the Equity Express Securities Exchange Proprietary Limited, registration number 2015/197820/07, a private company with limited liability incorporated under the laws of South Africa, and licensed as an exchange under the FMA;
“EASE-News”	the news service of EASE;
“Exchange Control Regulations”	the Exchange Control Regulations, 1961 as promulgated by Government Notice R.1111 of 1 December 1961 and amended up to Government Notice R.445 of 8 June 2012, in terms of section 9 of the South African Currency and Exchanges Act, 9 of 1933, as amended;
“Financial Advisor”	Rand Merchant Bank (a division of FirstRand Bank Limited), registration number 1929/001225/06, a public company with limited liability incorporated under the laws of South Africa;
“Financial Markets Act” or “FMA”	the Financial Markets Act, 19 of 2012, as amended;
“Form of Acceptance and Transfer”	for purposes of accepting the MCG Offer, the form of acceptance, surrender and transfer (<i>pink</i>) attached to and forming part of this Offer Circular;

“Group”	MCG and its subsidiaries, associates and affiliates from time to time;
“Income Tax Act”	the South African Income Tax Act, 58 of 1962 (as amended);
“Independent Advisor and Financial Advisor to PN”	Tamela Holdings Proprietary Limited, registration number 2008/011759/07, a private company with limited liability incorporated in accordance with the laws of South Africa;
“JSE”	JSE Limited registration number 2005/022939/06, a public company with limited liability incorporated under the laws of South Africa, licensed as an exchange under the FMA;
“JSE Sponsor”	Rand Merchant Bank, an accredited JSE sponsor;
“Last Practicable Date”	13 September 2019, being the last practicable date prior to the finalisation of this Offer Circular;
“MCG Board” or “Directors”	the board of directors of the Company, whose details and further information are set out on page 18 of this Offer Circular;
“MCG Offer”	the offer by MCG to acquire up to 20% of the aggregate PN Shares held by each PN Shareholder in exchange for the issue of 0.97 MCG Shares for every PN Share Tendered (which will constitute no more than 3% of the issued share capital of MCG after implementation of the MCG Offer), subject to the MCG Offer Conditions (and further subject to any modification or amendment made thereto);
“MCG Offer Closing Date”	the last date on which PN Shareholders will be entitled to accept the MCG Offer, which date is expected to be at 14:00 on Monday, 28 October 2019;
“MCG Offer Conditions”	the conditions to the implementation of the MCG Offer set out in paragraph 8 of this Offer Circular;
“MCG Offer Consideration”	the issue by MCG of 0.97 MCG Shares for every PN Share Tendered by a Participating Shareholder;
“MCG Offer LDT”	the last day to trade in PN Shares in order to be recorded in the Register, which date is expected to be 17:00 on Friday, 25 October 2019;
“MCG Offer Opening Date”	the first date on which PN Shareholders may accept the MCG Offer, which date is expected to be Wednesday, 25 September 2019;
“MCG Offer Period”	the period beginning at 09:00 on the MCG Offer Opening Date and ending at 14:00 on the MCG Offer Closing Date, during which period the PN Shareholders are entitled to accept the MCG Offer;
“MCG Offer Record Date”	the record date to be eligible to participate in the MCG Offer, which date is expected to be Friday, 25 October 2019;
“MCG Shares”	the ordinary no par value shares in the Company to be issued to the Participating PN Shareholders as the MCG Offer Consideration, in terms of this Offer Circular constituting no more than 3% of the issued share capital of MCG;
“MCSA”	MultiChoice South Africa Proprietary Limited, registration number 2007/029660/07, a private company with limited liability incorporated under the laws of South Africa;
“MIHH”	MIH Holdings Proprietary Limited, registration number 1993/005613/07, a private company with limited liability incorporated under the laws of South Africa;
“MultiChoice SA Holdings”	MultiChoice South Africa Holdings Proprietary Limited, registration number 2006/015293/07, private company with limited liability incorporated under the laws of South Africa;
“Non-resident”	a person who is not considered to be an ordinary resident in South Africa in terms of the Exchange Control Regulations or other applicable legislation, including in terms of the Income Tax Act;
“Non-resident Shareholder”	a PN Shareholder that is a Non-resident;
“Notice convening the PN1 Shareholders’ Meeting”	the notice convening a meeting of PN1 Shareholders in order to consider various amendments proposed to the PN1 MOI and posted to PN1 Shareholders on Monday, 16 September 2019;

“Offer Circular”	this bound document dated 16 September 2019, including the Annexes hereto;
“Participating PN Shareholders”	PN Shareholders to whom the MCG Offer is made and who lawfully and validly accept the MCG Offer by 14:00 on the MCG Offer Closing Date and who are entitled, subject to the MCG Offer being implemented, to receive the MCG Offer Consideration;
“PN” or “PN Entities”	collectively PN1 and PN2, as described in this Offer Circular;
“PN Board” or “PN1 Board” or “PN2 Board”	the board of directors of each of the PN Entities as at the Last Practicable Date, whose details and further information are set out on page 18 of this Offer Circular;
“PN MOIs”	collectively, the PN1 MOI and the PN2 MOI, and a reference to “PN MOI” shall be reference to either one of them as the context may require;
“PN Shareholders”	collectively, the holders of PN1 Shares and PN2 Shares, and a reference to “PN Shareholder” shall be a reference to either one of them as the context may require;
“PN Shares”	collectively, PN1 Shares and PN2 Shares;
“PN1”	Phuthuma Nathi Investments (RF) Limited, registration number 2006/015187/06, a ring-fenced, public company incorporated under the laws of South Africa;
“PN1 MOI”	the memorandum of incorporation of PN1, as amended from time to time;
“PN1 Shareholder”	a holder of PN1 Shares;
“PN1 Shares”	fully paid, ordinary shares with a par value of R0.0000001 each in the authorised share capital of PN1;
“PN2”	Phuthuma Nathi Investments 2 (RF) Limited, registration number 2006/036320/06, a ring-fenced, public company incorporated under the laws of South Africa;
“PN2 MOI”	the memorandum of incorporation of PN2, as amended from time to time;
“PN2 Shareholder”	a holder of PN2 Shares;
“PN2 Shares”	fully paid, ordinary shares with a par value of R0.0000001 each in the authorised share capital of PN2;
“Prospectus”	the prospectus in respect of MCG in relation to the MCG Offer published on Monday, 16 September 2019 and prepared in accordance with section 100 of the Companies Act and Regulations 51 to 80, and all the annexures thereto, which accompanies this Offer Circular;
“Rand” or “R”	South African Rand, the official currency of South Africa;
“Register”	together (i) the register of certificated PN Shareholders maintained by the Transfer Secretaries; and (ii) the uncertificated securities register administered and maintained by Singular Services which reflect the record of dematerialised PN Shares and the underlying beneficial interest of PN Shareholders in PN Shares;
“Scheme”	the scheme of arrangement proposed by the PN2 Board in terms of which PN1 will acquire the entire issued share capital of PN2 for the issue of PN1 Shares to PN2 Shareholders and the subsequent delisting of PN2 as more fully described in the Scheme Circular;
“Scheme Circular”	the bound document, dated 16 September 2019, including the annexures thereto, which sets out the terms and conditions of the Scheme;
“SENS”	the Stock Exchange News Service operated by the JSE;
“Singular Services”	Singular Services, a division of Singular Systems Proprietary Limited, registration number 2002/001492/07, being the designated Authorised User (as such term is defined in section 1 of the FMA), as appointed by PN Shareholders to provide brokerage services;
“South Africa”	the Republic of South Africa;

“Strate”	an electronic settlement environment for transactions to be settled and transfer of ownership to be recorded electronically, operated by Strate Proprietary Limited, registration number 1998/022242/07, a private company with limited liability incorporated under the laws of South Africa, and a registered central securities depository in terms of the Financial Markets Act and responsible for the electronic custody and settlement system used by the JSE;
“STT”	securities transfer tax imposed in terms of the STT Act;
“STT Act”	the Securities Transfer Tax Act, 25 of 2007, as amended;
“Takeover Regulations”	the regulations published in terms of section 120 of the Companies Act and set out in Chapter 5 of the Companies Regulations;
“Tender” or “Tendered”	the tender by PN Shareholders of those PN Shares held by them for disposal in terms of the MCG Offer;
“Transfer Secretaries”	Singular Systems, the transfer secretaries of MCG as at the Offer Closing Date; and
“VAT”	value added tax levied in terms of the Value Added Tax Act 89 of 1991, as amended.



MULTICHOICE

MultiChoice Group Limited

(Incorporated in the Republic of South Africa)

(Registration number 2018/473845/06)

JSE code: MCG ISIN: ZAE000265971

PHUTHUMA NATHI

SHARE THE FUTURE

Phuthuma Nathi Investment (RF) Limited

(Incorporated in the Republic of South Africa)

(Registration number 2006/015187/06)

Ordinary Short Code: EXPN1

PHUTHUMA NATHI 2

SHARE THE FUTURE

Phuthuma Nathi Investment 2 (RF) Limited

(Incorporated in the Republic of South Africa)

(Registration number 2006/036320/06)

Ordinary Short Code: EXPN2

OFFER CIRCULAR TO PN SHAREHOLDERS

MCG DIRECTORS

Executive directors

Mohamed Imtiaz Ahmed Patel (*Chairperson*)

Calvo Phedi Mawela (*CEO*)

Timothy Neil Jacobs (*CFO*)

Independent non-executive directors

Stephan Joseph Zbigniew Pacak (*Lead Independent Director*)

Donald Gordon Eriksson

Jabulane Albert Mabuza

Kgomotso Ditsebe Moroka

Christine Mideva Sabwa

Fatai Adegboyega Sanusi

Louisa Stephens

Non-executive Directors

Francis Lehlohonolo Napo Letele

Elias Masilela

John James Volkwyn

Company secretary

Donna Maree Dickson

PN1 DIRECTORS

Independent non-executive Directors

Mandla Langa

Clarissa Mack

Non-executive Director

Calvo Phedi Mawela

Company secretary

Donna Maree Dickson

PN2 DIRECTORS

Independent non-executive Directors

Mandla Langa

Herman Wessels

Yolisa Phahle

Company secretary

Donna Maree Dickson

SECTION A: INTRODUCTION AND RATIONALE

1. INTRODUCTION AND PURPOSE OF THIS OFFER CIRCULAR

- 1.1 PN Shareholders are referred to the announcement by MCG as published on SENS and on EESE-News on Friday, 30 August 2019, in which MCG announced its intention of making an offer to acquire, subject to certain conditions, up to a maximum of 20% of the PN Shares held by PN1 Shareholders and PN2 Shareholders in exchange for MCG Shares.
- 1.2 The purpose of the MCG Offer is to provide for the B-BBEE shareholders (being PN1 and PN2) by way of MCG making an offer to the PN Shareholders to exchange a portion of their shares in PN for shares in MCG. The MCG Offer will be open for acceptance by the PN Shareholders at their discretion and will be capped at an aggregate of 20% of the issued PN Shares held by each PN Shareholder, with each PN Shareholder only being entitled to Tender up to 20% of the PN Shares held by it.
- 1.3 In terms of the MCG Offer, should PN Shareholders agree to participate in the MCG Offer (in respect of all or part of 20% of their shareholdings in PN1 or PN2, as applicable), then the MCG Shares received by such PN Shareholders will be freely tradeable on the JSE, thereby unlocking incremental value through unlocking liquidity for a portion of the PN Shareholders' shares.
- 1.4 The PN1 Board and PN2 Board are in unanimous support of the MCG Offer.
- 1.5 The purpose of this Offer Circular is to:
 - 1.5.1 provide PN Shareholders with the relevant information regarding the terms and conditions of the MCG Offer and how to participate in the MCG Offer;
 - 1.5.2 advise PN Shareholders of the opinion of the PN Boards in order to enable the PN Shareholders to make an informed decision on whether they wish to accept the MCG Offer; and
 - 1.5.3 provide PN Shareholders with further information regarding MCG.
- 1.6 For further details regarding the MCG Offer and the settlement of the MCG Shares to PN Shareholders who wish to participate in the MCG Offer (including the transfer of their shares in PN to MCG), PN Shareholders are referred to the section entitled "Section B: The MCG Offer", which commences on page 21 of this Offer Circular. For further information in relation to MCG, PN Shareholders are referred to the Prospectus which accompanies this Offer Circular.
- 1.7 To obtain a full understanding of the terms and conditions of the MCG Offer, this MCG Offer Circular should be read in its entirety and should be read together with the Prospectus, the Notice Convening the PN1 Shareholders' meeting (in the case of PN1 Shareholders) and the notice convening the PN2 Shareholders' meeting (in the case of PN2 Shareholders) contained in the Scheme Circular.

2. RATIONALE FOR THE MCG OFFER

The purpose of the MCG Offer is to:

- 2.1 provide PN Shareholders with an opportunity to gain exposure to the rest of MCG's assets while providing additional liquidity through the listed MCG Shares; and
- 2.2 reinforce MCG's commitment to broad, socio-economic transformation in South Africa by providing opportunities to historically disadvantaged groups and PN Shareholders to participate in potential future value creation.

3. BACKGROUND INFORMATION ON MCG AND THE GROUP

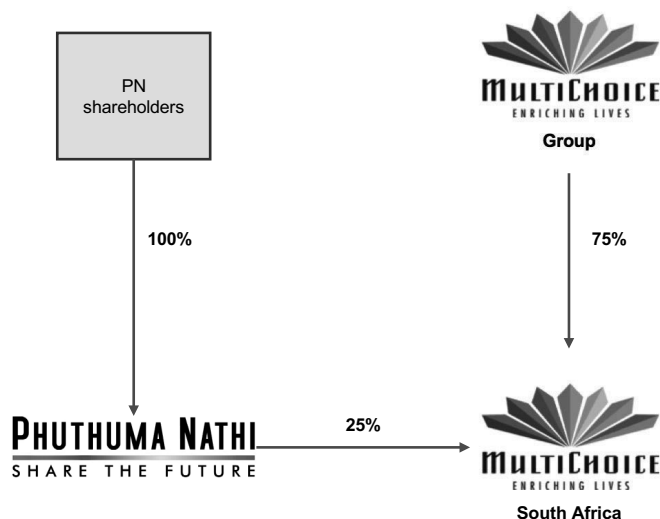
- 3.1 The Group is a video entertainment operator offering direct-to-home digital satellite television, digital terrestrial television and “over-the-top” online video entertainment services in South Africa and sub-Saharan Africa (50 countries in total). The Group provides packages of video and audio programming to consumers, typically for a monthly charge. The video entertainment business model generates revenue primarily through subscription fees and, to a lesser extent, through advertising revenue. The main distribution channel in South Africa is digital satellite television. In sub-Saharan Africa, the Group operates both digital satellite television and digital terrestrial television. In addition, the Group has launched its subscription over-the-top services which are available in South Africa and a number of countries across the continent.
- 3.2 Since launching the first pay-TV operation outside the US in 1986, the Group has grown into the leading video entertainment operator on the African continent. For over 30 years, the Group has been telling stories that are as rich and diverse as Africa itself. Today, the Group is one of the fastest growing pay-TV broadcast providers globally, entertaining 15.1 million households (18.6 million households on a 90-day active basis) in 50 countries across Africa, on multiple platforms as at 31 March 2019.
- 3.3 The Group is structured around the following three business segments:
 - 3.3.1 South Africa, the Group’s division that offers digital satellite television and subscription video on demand services to 7.4 million subscribers in South Africa as at 31 March 2019. Connected Video, which forms part of the South Africa segment from a financial reporting standpoint, delivers online video entertainment services to subscribers in South Africa;
 - 3.3.2 Rest of Africa, the Group’s division which offers digital satellite, online and digital terrestrial television services to 7.7 million subscribers across Africa as at 31 March 2019; and
 - 3.3.3 Technology, which includes the Group’s leading digital platform and application security division, Irdeto Holdings B.V. and Irdeto South Africa Proprietary Limited.
- 3.4 MCG, the Group’s holding company, was incorporated on 4 September 2018 and listed on the JSE on 27 February 2019.
- 3.5 For further details on MCG and the Group, PN Shareholders are referred to the Prospectus which accompanies this Offer Circular.

SECTION B: THE MCG OFFER

4. THE MCG OFFER

- 4.1 Currently, the PN Shareholders hold shares in the PN Entities and the PN Entities in turn hold shares in MultiChoice SA Holdings. The purpose of the PN Entities, as set out in the PN MOIs, is to hold shares in MultiChoice SA Holdings and to receive and distribute dividends to the PN Shareholders. MultiChoice SA Holdings, in turn, holds the entire issued share capital of MCSA. The PN Entities are restricted by the PN MOIs from engaging in any other business.

Pre-implementation structure



- 4.2 The terms and conditions of the MCG Offer are set out in paragraph 5 of Section B of this Offer Circular.
- 4.3 Subject to the MCG Offer Conditions, MCG hereby makes the MCG Offer to the PN Shareholders which entails an offer by MCG to acquire up to 20% of the issued PN Shares held by each of the PN Shareholders. Each PN Shareholder will be entitled to elect whether or not to accept the MCG Offer in exchange for the MCG Offer Consideration. It must be noted that the MCG Offer is to PN1 Shareholders and PN2 Shareholders collectively and that MCG will, in total, acquire up to 20% of the total issued shares of PN1 and PN2, collectively, with each Participating PN Shareholder being entitled to Tender up to 20% of the PN Shares held by it. In Tendering its PN Shares, a PN Shareholder must bear in mind the restrictions placed on the holding of PN Shares in the PN MOIs which provides that a PN Shareholder may not hold less than 20 PN Shares. Accordingly, PN Shareholders that wish to participate in the MCG Offer must bear this limitation in mind when Tendering PN Shares so that they do not hold less than 20 PN Shares after accepting the MCG Offer.
- 4.4 PN Shareholders that wish to accept the MCG Offer, and therefore will be Participating PN Shareholders, will, upon implementation of the MCG Offer, transfer their relevant PN Shares held by each of them at the MCG Offer Record Date and Tendered in terms of the MCG Offer to MCG in consideration for the MCG Offer Consideration, being the issue of 0.97 MCG Shares for every PN Share Tendered. This ratio was determined based on the volume weighted average share price of PN Shares and MCG for the 90 days immediately prior to 21 August 2019 and excluding any increase in the price of PN Shares as a result of the declaration and payment of a dividend to PN Shareholders, declared on 19 June 2019. PN Shareholders must, however, note that the ratio of 0.97 MCG Shares for every PN Share Tendered is prior to taking into account the impact of transaction fees. As PN Shares are, for purposes of the listings requirements of ESE, deemed to be sold in exchange for MCG Shares, transaction fees will be payable on the acceptance of the MCG Offer at 1.1% of the value of the trade plus VAT on such fees. This means that, after the deduction of these fees and the VAT on the fees, for every PN Share Tendered, PN Shareholders will receive 0.957 MCG Shares in their Singular Services broker accounts on Tuesday, 29 October 2019.

- 4.5 Where PN Shareholders' entitlement to MCG Shares issued pursuant to the Tender of PN Shares under the MCG Offer gives rise to a fraction of a MCG Share, such entitlement to MCG Shares will be rounded down to the nearest whole number and the excess fractions of the MCG Shares to which such PN Shareholder will be entitled will not be delivered to them but will instead be sold on behalf of such PN Shareholder in the market as soon as practicable after implementation of the MCG Offer and the cash value of such fractional entitlements will be paid to the relevant PN Shareholder by Singular Services.
- 4.6 The MCG Offer proposes that MCG will issue up to 13 095 000 MCG Shares in total to Participating PN Shareholders, which will constitute not more than 3% of the issued share capital of MCG upon implementation.

5. TERMS OF THE MCG OFFER

- 5.1 Participating PN Shareholders will be entitled to accept the MCG Offer in respect of up to 20% of the PN Shares held by them as at the MCG Offer Record Date in consideration for the MCG Offer Consideration (as detailed in paragraph 6 of this Offer Circular). PN Shareholders may not Tender more than 20% of the PN Shares held by them on the MCG Offer Record Date. In this regard, PN Shareholders are reminded that no PN Shareholders may hold less than 20 PN1 or PN2 Shares as the case may be. Accordingly, PN Shareholders must bear these thresholds in mind when accepting the MCG Offer and in the number of PN Shares Tendered in respect of the MCG Offer.
- 5.2 The MCG Offer Consideration shall be settled, in full, in accordance with the terms of the MCG Offer without regard to any lien, right of set-off, counterclaim or other analogous right to which MCG or PN may otherwise be, or claim to be, entitled against a Participating PN Shareholder.
- 5.3 No part of the MCG Offer Consideration will bear interest.
- 5.4 The MCG Offer will be subject to the fulfilment or waiver of the MCG Offer Conditions, as contained in paragraph 8 of Section B of this Offer Circular.
- 5.5 The effect of the MCG Offer will be that, with effect from the implementation of the MCG Offer (expected to be Tuesday, 29 October 2019), MCG will acquire and own all of the PN Shares Tendered and previously held by the PN Shareholders who accepted the MCG Offer and the PN Shareholders who accepted the MCG Offer will subscribe for and own the MCG Shares which constitute the MCG Offer Consideration. Following the implementation of the MCG Offer, MCG will have a direct interest in PN of up to 20% of the issued PN Shares.
- 5.6 PN Shareholders who have not accepted the MCG Offer will remain shareholders in PN. Participating PN Shareholders will also remain PN Shareholders, however, their shareholding in PN will have been decreased by the number of PN Shares Tendered under the MCG Offer.
- 5.7 PN Shareholders shall be entitled to Tender not more than 20% of their PN Shares under the MCG Offer and shall be required, in such circumstances, to indicate the number of PN Shares Tendered. PN Shareholders that wish to accept the MCG Offer, may do so by:
- 5.7.1 contacting the Call Centre during weekdays from 07:00 to 18:00 (excluding public holidays) from 09:00 on Wednesday, 25 September 2019 to 14:00 on Monday, 28 October 2019 on 0860 116 226 to advise whether you are accepting the MCG Offer and how many PN Shares you are Tendering (bearing in mind that you may not Tender more than 20% of all of your PN Shares) and thereafter Singular Services will notify MCG accordingly; or
- 5.7.2 making use of the online MCG Offer platform to indicate whether you wish to accept the MCG Offer and if so, how many PN Shares you are Tendering (bearing in mind that you may not Tender more than 20% of all of your PN Shares) and thereafter Singular Services will notify MCG accordingly. This online facility is free of charge and is available on the internet. To make use of the voting platform, PN Shareholders are required to register for the service, via the EESE website at www.EESE.co.za. You will use your username and password to login to the platform. PN Shareholders will also be able to view and download a user guide explaining how to use the online process on PN's and MCG's website. The online voting platform will be available from 09:00 on Wednesday, 25 September 2019 until 14:00 on Monday, 28 October 2019; or
- 5.7.3 completing the attached Form of Acceptance and Transfer (*pink*) in order to accept the MCG Offer and send the complete Form of Acceptance and Transfer (*pink*) to Singular Services to be received by Singular Services by no later than 14:00 on Monday, 28 October 2019.

- 5.8 PN Shareholders should note that once they have Tendered PN Shares in terms of the MCG Offer, they will not be able to sell the PN Shares Tendered.
- 5.9 PN Shareholders will, however, be able to acquire PN Shares at any time during the MCG Offer Period, but should note that the number of PN Shares Tendered will not be increased if PN Shares are acquired after they have accepted the MCG Offer. PN Shareholders who would like to acquire additional PN Shares prior to the expiry of the MCG Offer Period, should acquire such PN Shares prior to Tendering any PN Shares in acceptance of the MCG Offer.
- 5.10 Should a PN Shareholder sell a portion of its PN Shares after acceptance of the MCG Offer and if following such sale the number of PN Shares Tendered is more than 20% of the PN Shares held by the relevant PN Shareholder, the number of PN Shares Tendered will automatically be adjusted to constitute 20% of their PN Shares at the date of such sale so that the number of PN Shares Tendered is in accordance with the terms and conditions of the MCG Offer.
- 5.11 PN Shareholders are reminded that there is a requirement that a PN Shareholder holds at least 20 PN Shares. Accordingly, should a PN Shareholder sell PN Shares after having accepted the MCG Offer and its shareholding in PN would, after adjustment of the number of PN Shares Tendered after such sale fall below the minimum required 20 PN Shares, such PN Shareholder's Tender of PN Shares will be adjusted so as to ensure that they comply with the minimum holding of 20 PN Shares or cancelled in totality in order to ensure compliance with the PN MOIs.

6. THE MCG OFFER CONSIDERATION

- 6.1 Upon implementation of the MCG Offer, PN Shareholders who have accepted the MCG Offer will receive 0.97 MCG Shares for every PN Share Tendered, subject to the deduction of the 1.1% transaction fee and VAT thereon. The ratio of 0.97 MCG Shares for every PN Share Tendered was determined based on the volume weighted average share price of PN and MCG for the 90 days immediately prior to 21 August 2019 and excluding any increase in the price of PN Shares as a result of the declaration and payment of a dividend to PN Shareholders. PN Shareholders must, however, note that the ratio of 0.97 MCG Shares for every PN Share Tendered is prior to taking into account the impact of transaction fees. After these deductions, and although 0.97 MCG Shares for every PN share Tendered accrues PN Shareholders, they will only receive 0.957 MCG Shares for every PN Share Tendered in their Singular Services broker accounts after settlement of the MCG Offer on Tuesday, 29 October 2019. The MCG Shares issued as the MCG Offer Consideration will be issued in dematerialised form and will be listed on the JSE. PN Shareholders will receive their MCG Shares through Singular Services and will be able to trade these MCG Shares through the platforms that they use to trade their PN Shares. Should PN Shareholders wish to move their MCG Shares to a JSE authorised broker account, the PN Shareholders will be required to notify Singular Services by calling the Call Centre on 0860 116 226 on weekdays (excluding public holidays) from 07:00 to 18:00 or emailing phuthumanathi@singularservices.co.za. Such PN Shareholders may be required to verify themselves by using Singular Services' standard identification methods and will also be required to provide the details of their JSE authorised broker's account.
- 6.2 Where PN Shareholders' entitlement to MCG Shares issued pursuant to the Tender of PN Shares under the MCG Offer gives rise to a fraction of a MCG Share, such entitlement to MCG Shares will be rounded down to the nearest whole number and the excess fractions of the MCG Shares to which such PN Shareholder will be entitled will not be delivered to them but will instead be sold on behalf of such PN Shareholders in the market as soon as practicable after implementation of the MCG Offer and the cash value of such fractional entitlements will be paid to the relevant PN Shareholder by Singular Services.
- 6.3 The tax implications of the MCG Offer are dependent upon the individual circumstances of the PN Shareholder concerned. Certain tax matters that may be relevant to PN Shareholders are set out in Annexe B. It is recommended that the PN Shareholders seek appropriate professional advice in this regard.

7. THE MCG OFFER PERIOD

- 7.1 The MCG Offer is irrevocable and will be open for acceptance from 09:00 on the MCG Offer Opening Date, which is expected to be Wednesday, 25 September 2019 and is expected to close at 14:00 on the MCG Offer Closing Date, which is expected to be Monday, 28 October 2019.
- 7.2 Accordingly, the MCG Offer will remain open for acceptance by those PN Shareholders that are recorded in the Register at any time during the MCG Offer Period; provided that should a PN Shareholder have accepted the MCG Offer, it shall not be able to trade the PN Shares Tendered on ESE and all trades effected by the PN Shareholder will be private, off-market sales of the relevant PN Shares subject to the acceptance of the MCG Offer.

7.3 MCG may, in its absolute and sole discretion, extend the MCG Offer Period. PN Shareholders will be notified of any such extension on SENS, EESE-News and in the South African press.

8. THE MCG OFFER CONDITIONS

8.1 Implementation of the MCG Offer will be subject to the fulfilment or waiver of, *inter alia*, the following conditions that by no later than 17:00 (South African time) on Friday, 25 October 2019, or such later date as MCG may determine in its sole discretion:

8.1.1 the PN1 Shareholders having adopted by special resolution the proposed amendments to the PN1 MOI, which amendments propose to, *inter alia*, amend the restriction on who may hold PN1 Shares to allow MCG to acquire the PN1 Shares, at a meeting of the PN Shareholders, by a majority representing not less than 75% of the votes exercised by PN1 Shareholders present and entitled to vote, either in person or by proxy;

8.1.2 the PN2 Shareholders having adopted by special resolution the proposed amendments to the PN2 MOI, which amendments propose to, *inter alia*, amend the restriction on who may hold PN2 Shares to allow MCG to acquire the PN2 Shares, at a meeting of the PN Shareholders, by a majority representing not less than 75% of the votes exercised by PN2 Shareholders present and entitled to vote, either in person or by proxy; and

8.1.3 application having been made and granted for the listing of an additional 13 095 000 MCG Shares on the JSE, being the maximum number of MCG Shares that will be issued as the MCG Offer Consideration.

8.2 Within one Business Day of the fulfilment or waiver, to the extent permitted, of all of the MCG Offer Conditions, MCG shall make an announcement to that effect to be released on SENS and to be replicated by PN and released on EESE-News. Upon the publication of the aforementioned announcement, all of the MCG Offer Conditions shall be deemed to have been fulfilled or waived, to the extent permitted, notwithstanding that MCG may subsequently discover that any MCG Offer Conditions may not have been fulfilled or waived (as applicable).

8.3 Waiver and extension of MCG Offer Conditions

8.3.1 The MCG Offer Conditions set out in this paragraph 8 are for the benefit of MCG and can be waived by MCG (to the extent that such conditions are legally capable of being waived) and the time and/or date for fulfilment or waiver of such Offer Conditions may be extended by MCG in its sole discretion.

8.3.2 An announcement will be released on SENS and on EESE-News as soon as practicable after all the MCG Offer Conditions have been fulfilled or waived, if the MCG Offer Conditions are not fulfilled or waived timeously, or if the time and/or date for fulfilment or waiver of the MCG Offer Conditions is extended.

9. PROCEDURE FOR ACCEPTANCE OF THE MCG OFFER

9.1 If a PN Shareholder does not wish to accept the MCG Offer in respect of any of the PN Shares held by them they do not need to take any further action and in the event that the MCG Offer is implemented they will remain PN Shareholders.

9.2 For the avoidance of doubt, PN Shareholders will be entitled to accept the MCG Offer from 09h00 on the MCG Offer Opening Date (expected to be Wednesday, 25 September 2019) until 14:00 on the MCG Offer Closing Date (expected to be Monday, 28 October 2019), however, any PN Shares Tendered will not be acquired by MCG until such time as the MCG Offer is implemented.

9.3 If PN Shareholders wish to accept the MCG Offer, they may either:

9.3.1 contact the Call Centre on 0860 116 226 during weekdays (excluding public holidays) from 07:00 to 18:00 from 09:00 on Wednesday, 25 September 2019 to 14:00 on Monday, 28 October 2019 to advise whether they are accepting the MCG Offer and how many PN Shares they are Tendering (bearing in mind that (i) PN Shareholders may not Tender more than 20% of all of the PN Shares held by them; and (ii) PN Shareholders are required to hold at least 20 PN Shares at all times in accordance with the terms of the PN MOIs) and thereafter Singular Services will notify MCG accordingly; or

- 9.3.2 make use of the online MCG Offer platform to indicate whether they wish to accept the MCG Offer and if so, how many PN Shares they are Tendering (bearing in mind that (i) PN Shareholders may not Tender more than 20% of all of the PN Shares held by them; and (ii) PN Shareholders are required to hold at least 20 PN Shares at all time in accordance with the terms of the PN MOIs) and thereafter Singular Services will notify MCG accordingly. This online facility is free of charge and is available on the internet. To make use of this platform, PN Shareholders are required to register for the service, on www.EESE.co.za. You will use your username and password to login to the platform. PN Shareholders will also be able to view and download a user guide explaining how to use the online process on PN's and MCG's website as well as at www.EESE.co.za. This platform will be available from 09:00 on Wednesday, 25 September 2019 until 14:00 on Monday, 28 October 2019; or
- 9.3.3 complete the attached Form of Acceptance and Transfer (*pink*) in order to accept the MCG Offer and send the complete Form of Acceptance and Transfer (*pink*) to Singular Services to be received by Singular Services by no later than 14:00 on Monday, 28 October 2019.

10. SETTLEMENT OF THE MCG OFFER CONSIDERATION

- 10.1 In the event that the MCG Offer is implemented and becomes wholly unconditional, Participating PN Shareholders will be entitled to receive the MCG Offer Consideration in respect of the PN Shares Tendered by them in terms of the MCG Offer.
- 10.2 Settlement of the MCG Offer Consideration will be administered and effected by MCG or the Transfer Secretaries, on behalf of MCG.
- 10.3 MCG's obligation to effect transfer of the MCG Offer Consideration to the Participating PN Shareholders will be fully and finally discharged upon MCG issuing the MCG Offer Consideration to the Participating PN Shareholders.
- 10.4 Any fractions of MCG Shares to which a Participating PN Shareholder will be entitled as a result of the MCG Offer, will be sold on their behalf and the proceeds transferred to them in accordance with the provisions of paragraph 6.3 above.
- 10.5 If the MCG Offer is implemented and becomes wholly unconditional, Participating PN Shareholders will receive their MCG Offer Consideration (i.e. MCG Shares) through Singular Services. These MCG Shares will be available to PN Shareholders through Singular Services on Tuesday, 29 October 2019. PN Shareholders must, however, note that the ratio of 0.97 MCG Shares for every PN Share Tendered is prior to taking into account the impact of the transaction fees together with the VAT on such fees. As PN Shares are, for purposes of the listings requirements of EESE, deemed to be sold in exchange for MCG Shares, transaction fees of 1.1% on the value of transaction together with VAT on the fees will be payable on acceptance of the MCG Offer so that for every PN Share Tendered, PN Shareholders will receive 0.957 MCG Shares in their brokerage account with Singular Services.
- 10.6 If the MCG Offer is not implemented, PN Shareholders that have Tendered their PN Shares will continue to hold their PN Shares in the same manner as prior to the acceptance of the MCG Offer.
- 10.7 **Confirmation of sufficient securities to settle the MCG Offer Consideration**
- 10.7.1 The total number of MCG Shares to be issued to the Participating PN Shareholders in settlement of the MCG Offer Consideration, pursuant to the MCG Offer being implemented is dependent upon the number of Participating PN Shareholders and the number of PN Shares Tendered.
- 10.7.2 The maximum aggregate number of MCG Shares to be issued to the Participating PN Shareholders is 13 095 000 MCG Shares. MCG confirms that it has sufficient authorised and unissued MCG Shares to issue the maximum number of MCG Shares which may be required to satisfy the MCG Offer Consideration fully and that it has the necessary authority to issue such MCG Shares. PN Shareholders are referred to the Prospectus for further details of the authorised share capital of MCG.

11. REGULATORY APPROVAL

There are no regulatory approvals required to be obtained in respect of the MCG Offer.

12. **MCG OFFER IMPLEMENTATION CONSIDERATIONS**

12.1 **Amendments to the PN MOIs**

In order to implement the MCG Offer, certain amendments are required to be made to the PN MOIs. These amendments will require at least 75% of the voting rights entitled to be exercised at a PN Shareholders' meeting to vote in favour of the proposed amendments to the PN MOIs. Should the proposed amendments to the PN MOIs not be approved, the MCG Offer will not be able to be implemented and the MCG Offer will, as a result, be terminated.

12.2 **Prospectus**

By making the MCG Offer, MCG is making an offer to the public as contemplated in the Companies Act. To this end, MCG has prepared and published the Prospectus, which has been approved and registered with the CIPC and accompanies this Offer Circular.

SECTION C: GENERAL

13. TERMINATION OF THE MCG OFFER

- 13.1 The MCG Offer will terminate with immediate effect upon the occurrence of the following events:
- 13.1.1 if any or all of the MCG Offer Conditions have not been fulfilled (or waived, to the extent possible) on or before the relevant date/s for fulfilment (or waiver, to the extent possible);
 - 13.1.2 upon written notice by MCG of the withdrawal of the MCG Offer (prior to the MCG Offer Closing Date, being Monday, 28 October 2019); or
 - 13.1.3 upon written notice by MCG if the opinions of the respective PN Boards set out in paragraphs 17.1 and 17.2 of this Offer Circular are withdrawn or adversely amended, modified or qualified.

14. NON-RESIDENT SHAREHOLDERS AND EXCHANGE CONTROL

- 14.1 The issue of MCG Shares to Non-resident Shareholders in terms of the MCG Offer may be affected by the laws of such Non-resident Shareholders' relevant jurisdiction. In addition, PN Shareholders whose registered address is outside the Common Monetary Area will need to comply with the Exchange Control Regulations set out in Annexe A to this Offer Circular.
- 14.2 Non-resident Shareholders are referred to Annexe A to this Offer Circular for further information on the restrictions applicable to Non-resident Shareholders. Annexe A also contains an overview of the Exchange Control Regulations.
- 14.3 Non-resident Shareholders should consult their professional advisors as to whether they require any governmental or other consent or need to observe any other formalities to enable them to realise their entitlement in terms of the Scheme.

15. TAXATION CONSIDERATIONS RELATING TO THE MCG OFFER

The taxation implications of holding and disposing of MCG Shares are set out in Annexe B.

16. HISTORICAL FINANCIAL INFORMATION

For details regarding the historical financial information of MCG, PN Shareholders are referred to the Prospectus for more information.

17. OPINIONS

17.1 PN1 Board's opinion

The PN1 Board has considered the terms and conditions of the MCG Offer and the opinion of the Independent Advisor and Financial Advisor to PN and is unanimously of the opinion that the terms and conditions of the MCG Offer are fair and reasonable to PN1 Shareholders.

17.2 PN2 Board's opinion

The PN2 Board has considered the terms and conditions of the MCG Offer and the opinion of the Independent Advisor and Financial Advisor to PN and is unanimously of the opinion that the terms and conditions of the MCG Offer are fair and reasonable to PN2 Shareholders.

18. CONSENTS

Each of the advisors to MCG and the PN Entities listed in the section entitled "*Corporate Information and Advisors*", being the JSE Sponsor, Financial Advisor to MCG, Transfer Secretaries, Independent Advisor and Financial Advisor to PN and Legal and Tax Advisor have consented in writing to act in the capacities stated and to the inclusion of their names in the form and context in which they appear in this Offer Circular, and have not withdrawn their consents prior to the Last Practicable Date.

19. GOVERNING LAW

This Offer Circular and the MCG Offer will be governed by, and construed in accordance with, the laws of South Africa, and will be subject to the exclusive jurisdiction of the South African courts.

20. MATERIAL CHANGES

There have been no material changes in the financial position of MCG since the publication of its financial results for the year ended 31 March 2019 announced by MCG on 18 June 2019. The full audited consolidated financial statements of MCG are available on MCG's website (www.multichoice.com).

21. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the registered offices of the Company, PN1 or PN2 (as applicable), whose registered office details can be found in the "Corporate Information and Advisors" section of this Offer Circular, during normal business hours and on Business Days, from the date of issue of this Offer Circular up to and including the MCG Offer Closing Date:

- the PN MOIs (current as at the Last Practicable Date);
- a signed copy of this Offer Circular; and
- written consents of professional advisors and the Transfer Secretaries to MCG and PN.

Signed on behalf of the MCG Board

Timothy Neil Jacobs
16 September 2019

Signed on behalf of the PN1 Board

Clarissa Mack
16 September 2019

Signed on behalf of the PN2 Board

Herman Wessels
16 September 2019

INFORMATION FOR NON-RESIDENT SHAREHOLDERS AND FOR ALL PN SHAREHOLDERS IN RESPECT OF EXCHANGE CONTROL REGULATIONS

1. DELIVERY OF MCG SHARES TO NON-RESIDENT SHAREHOLDERS

The following summary describes the restrictions applicable to Non-resident Shareholders in terms of the MCG Offer that have registered addresses outside South Africa or who are persons (including, without limitation, custodians, nominees and trustees) who have a contractual or legal obligation to forward this Offer Circular to a jurisdiction outside South Africa, or who hold PN Shares for the account or benefit of any such Non-resident Shareholder and will therefore hold MCG Shares in a similar manner.

The issue of MCG Shares to Non-resident Shareholders, in terms of the Offer Circular, may be affected by the laws of such Non-resident Shareholders' relevant jurisdiction. Those Non-resident Shareholders should consult their professional advisors as to whether they require any governmental or other consent or need to observe any other laws, requirements or formalities to enable them to receive this Offer Circular and/or take up their entitlements and/or have MCG Shares issued to them in terms of the MCG Offer.

It is the responsibility of any Non-resident Shareholder (including, without limitation, any nominees, agents and trustees for such persons) wishing to receive this Offer Circular and/or take up their entitlement to MCG Shares and/or have MCG Shares issued to them in terms of the MCG Offer to satisfy themselves as to full observance of the applicable laws of any relevant territory, including obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any issue, transfer or other taxes due in such territories.

Accordingly, persons (including, without limitation, any nominees, agents and trustees) receiving this Offer Circular should not distribute or send the same to any person in, or citizen or resident of, or otherwise into any jurisdiction where to do so would or might contravene local securities laws or regulations. Any person who does distribute this Offer Circular into any such territory (whether under a contractual or legal obligation or otherwise) should draw the recipient's attention to the contents of this Annexe A.

MCG reserves the right, in its sole discretion, but shall not be obliged, to treat as invalid any issue (or proposed issue) of MCG Shares, in terms of the MCG Offer, which appears to MCG or its agents to have been executed, effected or dispatched in a manner which may involve a breach of the securities laws or regulations of any jurisdiction; or if MCG believes (in its discretion) or its agents believe that the same may violate applicable legal or regulatory requirements; or if MCG believes (in its discretion) that it is prohibited or unduly onerous or impractical to issue the MCG Shares to such Non-resident Shareholder in terms of the MCG Offer. If a Non-resident Shareholder is of the view that the issue of MCG Shares in terms of the MCG Offer to such Non-resident Shareholder may involve a breach of the securities laws or regulations or violate applicable legal or regulatory requirements, such Non-resident Shareholder must as soon as reasonably practicable notify MCG, PN1 or PN2 of such fact or circumstance and withdraw its acceptance of the MCG Offer.

Any Non-resident Shareholders that wish to participate in the MCG Offer and will Tender PN Shares in exchange for MCG Shares must bear in mind the variable voting rights applicable to MCG Shareholders that are not resident in South Africa as set out in the MCG memorandum of incorporation. For further information in this regard, please refer to the MCG memorandum of incorporation which can be accessed at www.multichoice.com.

2. EXCHANGE CONTROL

The PN Shares are not freely transferable from the Common Monetary Area and must be dealt with in terms of the Exchange Control Regulations. The following is a summary of the Exchange Control Regulations, is not comprehensive and is intended as a guide only. In the event that PN Shareholders have any doubts in respect of their obligations in terms of the Exchange Control Regulations, they should consult their professional advisors.

2.1 Overview of the exchange control regulations

The following summary is provided for information purposes only. It is therefore not comprehensive and should not be construed as advice.

In terms of the Exchange Control Regulations, persons who are not resident in the Common Monetary Area (non-residents) may acquire or dispose of shares in companies that are resident in the Common Monetary Area (residents), provided that:

- any shares so acquired must be endorsed as “*non-resident*” by an Authorised Dealer (in the case of certificated shares) or flagged as “*non-resident*” by a central securities depository participant or a settlement agent (in the case of uncertificated shares); and
- the endorsement or non-resident flagging of shares (as the case may be) of any shares so disposed of must be cancelled.

It is further noted that, in terms of the Exchange Control Regulations:

- a former resident of the Common Monetary Area who has emigrated, may use funds in the emigrant capital account to subscribe for MCG Shares;
- all payments in respect of subscriptions for MCG Shares by an emigrant, using funds from an emigrant’s capital account, must be made through the Authorised Dealer controlling their remaining assets;
- any MCG Shares issued pursuant to the use of funds from an emigrant’s capital account, will be credited to their share accounts at Singular Services, as applicable;
- MCG Shares subsequently re-materialised and issued in certificated form, will be endorsed “non-resident” and will be forwarded to the Authorised Dealer controlling the emigrant’s remaining assets;
- if applicable, refund monies payable in respect of unsuccessful applications or partly successful applications, as the case may be, for shares in terms of this Offer Circular, emanating from emigrant capital accounts, will be returned to the Authorised Dealer through whom the payments were made, for credit to such emigrants’ capital accounts; and
- applicant’s resident outside the Common Monetary Area should note that, where shares are subsequently re-materialised and issued in certificated form, such share certificates will be endorsed “non-resident” in terms of the Exchange Control Regulations.

2.2 **Emigrants from the Common Monetary Area**

The MCG Shares received by Participating PN Shareholders who are emigrants from the Common Monetary Area and whose registered address is outside the Common Monetary Area will be credited to their remaining share accounts at Singular Services, as applicable.

Singular Services, as applicable will ensure that all requirements of the Exchange Control Regulations are adhered to in respect of all the PN Shareholders falling into this category of investor of shares.

Any fractional entitlement payment pursuant to the MCG Offer will be credited to the banking account of the relevant PN Shareholders provided to Singular Services.

2.3 **All other Non-residents of the Common Monetary Area**

The MCG Shares received by Participating PN Shareholders who are Non-residents of the Common Monetary Area and who have never resided in the Common Monetary Area and whose registered address is outside the Common Monetary Area will receive their MCG Shares in their share accounts held by Singular Nominees and/or Singular Services, as applicable.

Singular Services, as applicable will ensure that all requirements of the Exchange Control Regulations are adhered to in respect of all the PN Shareholders falling into this category of investor of shares.

Any fractional entitlements payment pursuant to the MCG Offer will be regarded as freely transferable and be credited to the banking account of the relevant PN Shareholders provided to Singular Services, as applicable.

TAXATION CONSIDERATIONS RELATING TO THE MCG OFFER

The following is a summary of the South African tax considerations which are relevant for PN Shareholders which are to acquire, hold and dispose of MCG Shares. This summary is based on the Company's understanding of the applicable laws, regulations, treaties and regulatory interpretations in effect in South Africa on the date of this Offer Circular, all of which are subject to change, including changes that could have a retrospective effect.

The summary below is a general guide and is not intended to constitute a complete analysis of the taxation consequences of the MCG Offer provisions in terms of South African taxation law. It is not intended to be, nor should it be considered as legal or taxation advice. This summary is therefore intended solely to draw the PN Shareholders' attention to certain key aspects (in the Company's view) of the tax legislation that may be relevant to them pursuant to the MCG Offer.

MCG and its advisors cannot be held responsible for the taxation consequences that the MCG Offer may have on individual PN Shareholders and therefore PN Shareholders are advised to consult their own tax advisors if they are in any doubt about their tax position. They should also confirm how the general comments below apply to their specific personal circumstances and, in particular, ascertain whether there are any additional or exceptional tax consequences which could apply to them.

ACQUISITION OF MCG SHARES

The effect of the MCG Offer may be tax neutral for the PN Shareholders, to the extent that the PN Shareholders received whole MCG Shares (after taking into account adjustments to account for transactional fees and fractional share rounding), through the application of the tax concessions provided for in section 42 of the Income Tax Act if:

- the market value of the PN Shares disposed of is at least equal to the CGT base cost (or tax cost, as the case may be) of the PN Shares on the date of disposal;
- at the close of the day on which the PN Shares are disposed of, the PN Shareholders hold a "qualifying interest" in MCG (i.e. one listed share); and
- the disposal would be taken into account for purposes of determining the taxable income or assessed loss of the relevant PN Shareholder.

The concessions provided for in section 42 of the Income Tax Act are outlined below:

PN Shares held as capital assets

Where the market value of the PN Shares is equal to or exceeds their CGT base costs, on the basis that PN Shareholders hold the PN Shares as capital assets, the MCG Offer should not attract CGT to the extent that the PN Shareholder received whole MCG shares. PN Shareholders will be deemed to have disposed of a proportionate amount of their PN Shares for an amount equal to their proportionate CGT base cost, which CGT base cost will be attributed to the those whole MCG Shares acquired and will be deemed to be expenditure actually incurred and paid by that shareholder in respect of their MCG Shares. PN Shareholders will be deemed to have acquired those whole MCG Shares on the date on which the PN Shares were originally acquired.

The proportionate amount of PN Shares and CGT base cost referred to above is determined by multiplying the PN Shares / CGT base cost with the same ratio as the whole number of MCG shares allocated to the PN Shareholder (after taking into account adjustments to account for transactional fees and fractional share rounding) bears to the MCG Offer Consideration.

PN Shares held as trading stock

Where the market value of the PN Shares is equal to or exceeds the amount taken into account under sections 11(a) or 22(1) or (2) of the Income Tax Act, on the basis that PN Shareholders hold the PN Shares as trading stock, the exchange should not attract income tax to the extent that the PN Shareholder received whole MCG shares. PN Shareholders will be deemed to have disposed of the proportionate amount of their PN Shares for an amount equal to the proportionate amount taken into account in terms of sections 11(a) or 22(1) or (2), which proportionate amount of the original cost will be attributed to the whole MCG Shares acquired and will be deemed to be the cost or expenditure actually incurred and paid by that shareholder in respect of their MCG Shares. PN Shareholders will be deemed to have acquired those whole MCG Shares on the date on which the PN Shares were originally acquired.

The proportionate amount of PN Shares and amount taken into account in terms of sections 11(a) or 22(1) or (2) referred to above is determined by multiplying the PN Shares / tax cost with the same ratio as whole number of MCG

shares allocated to the PN Shareholders (after taking into account adjustments to account for transactional fees and fractional share rounding) bears to the MCG Offer Consideration.

Transactional fees and Fractional entitlements

The MCG Offer may result in a tax cost arising for PN Shareholders liable to South African tax to the extent that the MCG Offer Consideration allocated to a PN Shareholder exceeds the amount of whole MCG Shares acquired by PN Shareholder (after taking into account adjustments to account for transactional fees and fractional share rounding).

Taxable gains (if any) will be calculated by deducting the proportionate amount of the tax cost of the PN Shares disposed of to MCG from the sum of the transactional fees for which the PN Shareholders will become liable and the fractional entitlement cash value to be paid to PN Shareholders.

The proportionate amount of PN Shares and tax cost referred to above is determined by multiplying the PN Shares/CGT base cost with the same ratio as the fractions of MCG shares allocated (representing the adjustments to account for transactional fees and fractional share rounding) bears to the MCG Offer Consideration.

PN Shareholders holding their PN Shares as capital assets that are liable to South African capital gains tax will be taxed on the gain at an effective rate of a maximum of 18% for individuals and special trusts, 22.4% for companies and 36% for trusts. Where a PN Shareholder is a natural person or special trust, the taxation of any capital gain in their hands will be subject to the annual exclusion from capital gains tax, which is currently R40 000.

Similarly, PN Shareholders holding PN Shares on revenue account that are liable to South African income tax will be liable to normal tax on the gain at the applicable marginal rate for individuals and trusts (on a scale from 18% to 45%) and a rate of 28% or corporate entities on disposal of their fractional entitlement. Where a PN Shareholder is a natural person, the taxation of any revenue gain in their hands will be subject to the annual exclusion from normal tax, which is currently R79 000 for persons younger than 65 years old, R122 300 for persons older than 65 and R136 750 for persons older than 75 years old.

STT

The exchange of the PN Shares for MCG Shares will be exempt from the payment of any STT, provided that the public officers of PN has made a sworn affidavit/solemn declaration that the MCG Offer complies with the requirements stipulated in section 8(1)(a) of the STT Act.

The tax concessions provided for in section 42 of the Income Tax Act will not apply in instances where the market value of the PN Shares disposed of is less than the CGT base cost of those shares, or in instances where the disposal would not be taken into account for purposes of determining the taxable income or assessed loss of the relevant PN Shareholder.

In the case where the market value of the PN Shares is less than the CGT base cost of those shares (but the disposal would be taken into account for purposes of determining the taxable income or assessed loss of the relevant PN Shareholder), the tax implications pertaining to such an “asset-for-share transaction” falling outside of the tax concessions provided for in section 42 are summarised below:

PN Shares held as capital assets

These PN Shareholders will be regarded as having disposed of the PN shares for an amount equal to the market value of the MCG Shares comprising the MCG Offer Consideration. Where the market value of the MCG Shares acquired is less than the CGT base cost of the PN Shares disposed of, the relevant PN Shareholder will realise a capital loss. Where the market value of the MCG Shares is more than the CGT base cost of the PN Shares disposed of, the relevant PN Shareholder will realise a capital gain.

In turn the relevant PN Shareholders will establish CGT base cost in the MCG Shares acquired, equal to the market value of the PN Shares disposed of to MCG. Any disposal of MCG Share fractions on behalf of the PN Shareholder (to settle transaction costs and / or as a result of fractional rounding) is a taxable event, with the gain or loss determined by deducting from the sales proceeds, the proportionate amount of the MCG Share base cost in the hands of the PN Shareholder.

Gains (if any) may be taxed at an effective rate of maximum 18% for individuals and special trusts, 22.4% for companies and 36% for trusts. Where a PN Shareholder is a natural person or special trust, the taxation of any capital gain in their hands will be subject to the annual exclusion from capital gains tax, which is currently R40 000.

PN Shares held as trading stock

These PN Shareholders will be regarded as having disposed of the PN shares for an amount equal to the market value of the MCG Shares comprising the MCG Offer Consideration. Where the market value of the MCG Shares acquired is less than the amount of expenditure for purposes of sections 11(a) or 22(1) or (2) in respect of the PN Shares disposed of, the relevant PN Shareholder will realise a revenue loss. Where the market value of the MCG Shares acquired is more than the tax cost of the PN Shares disposed of, the relevant PN Shareholder will realise a revenue gain.

In turn, the relevant PN Shareholders will be deemed to have actually incurred an amount of expenditure for purposes of sections 11(a) or 22(1) or (2) in respect of the MCG Shares acquired, equal to the market value of the PN Shares disposed of to MCG. Any disposal of MCG share fractions on behalf of the PN Shareholder (to settle transaction costs and / or as a result of fractional rounding) is a taxable event, with the gain or loss determined by deducting from the sales proceeds, the proportionate amount of the MCG tax cost in the hands of the PN shareholder.

Gains (if any) may effectively be taxed at the applicable marginal rate for individuals and trusts (on a scale from 18% to 45%) and a rate of 28% or corporate entities on disposal of their fractional entitlement. Where a PN Shareholder is a natural person, the taxation of any revenue gain in their hands will be subject to the annual exclusion from normal tax, which is currently R79 000 for persons younger than 65 years old, R122 300 for persons older than 65 and R136 750 for persons older than 75 years old.

STT

Notwithstanding the fact that the tax concessions contained in section 42 will not apply to these transactions, the exchange of PN Shares for MCG Shares will nevertheless be exempt from STT if a public officer of PN has made a sworn affidavits/solemn declaration that the MCG Offer complies with the requirements stipulated in section 8(1)(a) of the STT Act.

HOLDING MCG SHARES – SOUTH AFRICAN DIVIDEND TAX

South Africa imposes a 20% withholding tax on dividends (“**Dividends Tax**”) paid in respect of shares in South African tax resident companies (other than a headquarter company). All dividends declared to shareholders of MCG Ordinary Shares will accordingly be subject to South African Dividends Tax, unless the recipient of the dividend qualifies for an exemption or reduction. An exemption or reduction from South African Dividends Tax will apply if the beneficial owner of the MCG dividend is, among others, a company which is a South African tax resident, a public benefit organisation, a pension fund, a pension preservation fund, a provident fund, a provident preservation fund, a retirement annuity fund, a benefit fund and a collective investment scheme in securities. Natural persons who are South African tax resident do not qualify for an exemption from South African Dividends Tax unless that dividend is paid in respect of a tax free investment as contemplated in terms of section 12T(1) of the Income Tax Act. Non-South African resident shareholders may be eligible for relief from Dividend Tax provided in terms of an applicable agreement for the avoidance of double taxation (if any).

Dividends Tax must be withheld by the appropriate broker or transfer secretary unless the recipient of the dividend (i.e. the beneficial owner) qualifies for an exemption. Certain prescribed legal formalities must be adhered to by the beneficial owner of the dividend in order for the Dividends Tax exemption to be relied upon. Essentially, the beneficial owners will be required to submit a declaration that the dividend is exempt from Dividends Tax and a written undertaking to inform the appropriate broker or transfer secretary should the beneficial owner’s circumstances change or if the beneficial owner ceases to be the beneficial owner. This declaration and written undertaking (if applicable) should be provided to the appropriate broker or transfer secretary by a date that they have determined or, if no date has been determined, by the date of payment of the dividend.

DISPOSAL OF MCG SHARES

Persons who are tax resident in South Africa may be subject to capital gains tax upon the future disposal of MCG Shares, if they hold the MCG Shares as capital assets. The disposal of the MCG Shares held as revenue assets will be subject to ordinary income tax.

Tax on capital gains

Upon a future disposal of MCG Shares, a South African shareholder may realise a capital gain or capital loss for South African tax purposes, depending on whether the proceeds from the disposal exceed the shareholder’s CGT base cost in the MCG Shares. In general, the CGT base cost of an asset will be the acquisition cost of the asset in question (i.e. the subscription price in the event that a person subscribed for shares or the case where the PN - MCG “share-for-share” transaction qualified for the concessions provided in terms of section 42 of the Income Tax Act, the historic PN share CGT base cost “rolled-over” to the MCG Shares acquired).

A prescribed portion (ranging from 40% (in the case of a natural person) to 80% (in the case of a company or a trust)) of a net capital gain realised by a South African tax resident investor will be included in normal taxable income and subject to tax at the applicable rates. The maximum effective tax rates applicable are 18% in the case of a natural person, 22.4% in the case of a company, 36% in the case of a trust and 18% in the case of a special trust.

Capital losses may only be set off against other capital gains realised in the same or any subsequent tax year. In the case of South African tax resident shareholders who are natural persons, an annual exclusion amount of R40 000 is deducted from any capital gain realised in any tax year.

Non-South African tax resident shareholders, whose shares are not attributable to a permanent establishment in South Africa, should fall outside the scope of South African CGT in so far as it relates to the disposal of shares in MCG – as MCG is not a so-called “land rich” company i.e. MCG Shares should not constitute an “interest in immovable property situated in the Republic” for South African CGT purposes.

Income Tax

South African tax residents will be subject to income tax on the proceeds arising upon the disposal of MCG Shares, if the MCG Shares are held for speculative purposes (i.e. as trading stock as opposed to capital assets) and disposed of pursuant to a scheme of profit making. Gains (if any) may effectively be taxed at the applicable marginal rate for individuals and trusts (on a scale from 18% to 45%) and a rate of 28% for corporate entities on disposal of their fractional entitlement. Where a PN Shareholder is a natural person, the taxation of any revenue gain in their hands will be subject to the annual exclusion from normal tax, which is currently R79 000 for persons younger than 65 years old, R122 300 for persons older than 65 and R136 750 for persons older than 75 years old.

Non-South African tax resident shareholders, whose shares are not attributable to a permanent establishment in South Africa, should fall outside the scope of South African income tax in so far as it relates to the disposal of shares in MCG – as MCG is not a so-called “land rich” company i.e. MCG Shares should not constitute an “interest in immovable property situated in the Republic” for South African CGT purposes.

Securities Transfer Tax

STT at a rate of 0.25% of the taxable amount (which is, generally, the consideration for which a security is transferred) is a tax levied on, *inter alia*, a transfer of beneficial ownership of a security issued by a South African tax resident company.

STT will accordingly be payable upon a transfer of beneficial ownership of MCG Shares. In the context of listed shares, STT is normally payable by the brokers and transfer secretaries and recoverable from the transferee.

NON-RESIDENT SHAREHOLDERS

PN Shareholders who are Non-resident for tax purposes in South Africa are advised to consult their own professional tax advisors regarding the tax treatment of the MCG Offer in their respective jurisdictions, having regard to the tax laws in their jurisdiction and any applicable tax treaties between South Africa and their country of residence.



MultiChoice Group Limited
(Incorporated in the Republic of South Africa)
(Registration number 2018/473845/06)
JSE code: MCG ISIN: ZAE000265971
("MCG" or the "Company")

FORM OF ACCEPTANCE AND TRANSFER FOR THE MCG OFFER ("FORM OF ACCEPTANCE AND TRANSFER")

Where appropriate and applicable the terms defined in the Offer Circular to Shareholders of PN, dated 16 September 2019 ("**Offer Circular**") to which this Form of Acceptance and Transfer is incorporated, shall bear the same meaning in this Form of Acceptance and Transfer, unless a word or term is otherwise defined herein.

This Form should be read in conjunction with the Offer Circular.

- This Form of Acceptance and Transfer is only for use in respect of the MCG Offer proposed by MCG.
- Full details of the MCG Offer are contained in the Offer Circular to which this Form of Acceptance and Transfer is attached and forms part.

INSTRUCTIONS:

1. A separate Form of Acceptance and Transfer is required to be completed by PN Shareholders for shareholdings in each of PN1 and PN2.
2. The completed Form of Acceptance and Transfer in respect of the PN Shares Tendered must be returned to the Transfer Secretaries, Singular Services, a division of Singular Systems South Africa Proprietary Limited, 25 Scott Street, Waverly, Johannesburg, South Africa, 2090 (PO Box 785261, Sandton, South Africa, 2146) so as to be received by not later than 14:00 on the MCG Offer Closing Date. PN Shareholders should take note of postal delivery times so as to ensure that the Forms of Acceptance and Transfer are received by Singular Services timeously. No late postal deliveries of Forms of Acceptance and Transfer will be accepted.
3. Once this Form of Acceptance and Transfer is received by the Transfer Secretaries, your acceptance of the MCG Offer will be final and you may not withdraw your acceptance unless expressly permitted by the Companies Regulations.
4. If you do not validly accept the MCG Offer by 14:00 on the MCG Offer Closing Date, you will be deemed to have declined the MCG Offer. Persons who have acquired PN Shares after the date of the issue of the Offer Circular to which this Form of Acceptance and Transfer is attached, may obtain copies of the Form of Acceptance and Transfer and the Offer Circular from the Transfer Secretaries, Singular Services, a division of Singular Systems South Africa Proprietary Limited, 25 Scott Street, Waverley, Johannesburg, South Africa, 2090 (PO Box 785261, Sandton, South Africa, 2146). Forms of Acceptance and Transfer (pink) that are sent by registered post are sent at the risk of the PN Shareholder concerned. Accordingly, PN Shareholders should take note of postal delivery times so as to ensure that the Forms of Acceptance and Transfer are received by or Singular Services timeously. No late postal deliveries of Forms of Acceptance and Transfer will be accepted.

To: The Transfer Secretaries,

Hand deliveries to:

Singular Systems Proprietary Limited
25 Scott Street,
Waverley

Postal deliveries to:

Singular Systems Proprietary Limited,
PO Box 785261,
Sandton, South Africa, 2146

Dear Sirs

PART A: TO BE COMPLETED IN FULL

I/We, the undersigned Participating PN Shareholder, hereby surrender the PN Shares indicated below, registered in the name of the person mentioned below and authorise the Transfer Secretaries, conditional upon the MCG Offer becoming wholly unconditional, to register the transfer of these PN Shares into the name of MultiChoice Group Limited or its nominee(s) as follows:

Name of Shareholder	Acceptance of the MCG Offer	
	Full acceptance (please indicate number of PN Shares Tendered in blocks below) (a maximum of 20% of your PN1 Shares and/or PN2 Shares)	Partial (please indicated number of PN Shares Tendered in the blocks below)

Note:

Signature of Participating PN Shareholder	Stamp and address of agent lodging this Form (if any)
Assisted by (if applicable)	
(State full name and capacity)	
Date	
Telephone number (Home) ()	
Telephone number (Work) ()	
Cellphone number	

In order to comply with the Financial Intelligence Centre Act, 2001 (Act 38 of 2001) ("FICA"), the Transfer Secretaries will be unable to record any change of address unless the following documentation is received:

- an original certified copy of your identity document (not older than three months);
- an original certified copy of a document issued by the South African Revenue Services to verify your tax number. If you do not have one, please submit this in writing and have the letter signed by a Commissioner of Oaths; and
- an original or certified copy of a service bill to verify your residential address.

Bank details for payment of any fractional entitlements:

Account holder
Bank
Branch code
Account number

PART B: TO BE COMPLETED BY PN SHAREHOLDERS WHO COMPLETED PART A AND WHO IS AN EMIGRANT FROM, OR NON-RESIDENT OF THE COMMON MONETARY AREA. (see notes 3 and 4 below).

In the case of PN Shareholders who are emigrants: The MCG Offer Consideration will be transferred (at the risk of the PN Shareholders) to the Authorised Dealer nominated by the PN Shareholders below for its control and credited to the emigrant's blocked account. Accordingly, non-residents who are emigrants must provide the following information: **NB PART A must also be completed**

Name of authorised dealer:	Stamp and address of agent lodging this Form (if any)
Account number:	
Address:	
Signature of authorised dealer:	

If emigrants make no nomination above, the Transfer Secretaries will hold the consideration in trust for the benefit of the emigrants concerned until lawfully claimed by such Participating PN Shareholder for a maximum period of five years, after which such funds shall be made over to the Guardian's Fund.

In the case of all other PN Shareholders: The MCG Offer Consideration will be transferred to Singular Services, unless written instructions to the contrary are received and a substitute address is provided below (in each case at the risk of the PN Shareholder):

Substitute address	Stamp and address of agent lodging this Form (if any)
Signature of Shareholder	
Name of authorised dealer	
Signature of authorised dealer	

Notes and instructions:

1. Applications under this Form of Acceptance and Transfer are irrevocable and may not be withdrawn once submitted
2. Participating PN Shareholders should consult their professional advisors in case of doubt as to the correct completion of this Form of Acceptance and Tender.
3. Emigrants of the Common Monetary Area must, in addition to Part A, also complete Part B. If Part B is not properly completed, the MCG Offer Consideration will be held in trust by MCG or the Transfer Secretaries for a maximum period of five years until claimed by the Participating PN Shareholder, after which period such funds shall be made over to the Guardians Fund of the court.
4. All other non-residents of the Common Monetary Area must also complete Part B if they wish the MCG Offer Consideration to be transferred to an Authorised Dealer in South Africa.
5. Persons who are emigrants from the Common Monetary Area should nominate the Authorised Dealer in foreign exchange in South Africa which has control of their blocked assets in this Form of Acceptance and Transfer. Failing such nomination, the MCG Offer Consideration due to such Participating PN Shareholders in accordance with the provisions of the MCG Offer will be held by MCG or the Transfer Secretaries, pending instructions from the Participating PN Shareholders concerned.
6. If this Form of Acceptance and Transfer is not signed by the Participating PN Shareholder, the Participating PN Shareholder will be deemed to have irrevocably appointed the Transfer Secretaries to implement that Participating PN Shareholder's obligations under the MCG Offer, as the case may be, on his/her behalf.
7. Any alteration to this Form of Acceptance and Transfer must be signed in full and should not be merely initialled.
8. If this Form of Acceptance and Transfer is signed under a power of attorney, then such power of attorney, or a notarially certified copy hereof, must be sent with this Form for noting (unless it has already been noted by PN or the Transfer Secretaries).
9. Where the PN Shareholder is a company or a close corporation, unless it has already been registered with PN or the Transfer Secretaries, a certified copy of the directors' or members' resolution authorising the signing of this Form of Acceptance and Transfer must be submitted if so requested by PN.
10. A minor must be assisted by his parent or guardian, unless the relevant documents establishing his legal capacity are produced or have been registered by PN or the Transfer Secretaries.
11. Where PN Shares are held jointly, only the holder whose name stands first in the Register must sign this Form of Acceptance and Transfer.

