MPACT LIMITED
(Incorporated in the Republic of South Africa)
(Registration number: 2004/025229/06)
JSE code: MPT ISIN: ZAE000156501
("Mpact" or "the Company" or "the Group")

MPACT CONCLUDES BROAD-BASED BLACK ECONOMIC EMPOWERMENT ("B-BBEE") TRANSACTION

1. Introduction

1.1 Shareholders are referred to the announcement on the Stock Exchange News Service of the JSE Limited ("**SENS**") on 4 March 2015 ("**First Announcement**"). Unless indicated otherwise below, the defined terms in the First Announcement shall bear the same meaning in this announcement.

1.2 In terms of the First Announcement, shareholders were *inter alia* advised that:

1.2.1 the Board resolved to pursue a proposed B-BBEE ownership transaction through its wholly-owned subsidiary Mpact Operations ("**B-BBEE Transaction**") which holds the Group's South African businesses;

1.2.2 a broad-based trust to be known as the Mpact Foundation Trust will, through its wholly-owned subsidiary being Mpact Foundation (RF) Proprietary Limited, act as the B-BBEE partner to the B-BBEE Transaction and will subscribe for 10% of the ordinary issued shares in Mpact Operations ("**B-BBEE Shares**"); and

1.2.3 the B-BBEE Transaction is being pursued following the successful implementation of the Group Restructure on 1 January 2015.

2. Conclusion of subscription agreements and fulfilment of conditions precedent

2.1 Further to the above, the Board is pleased to advise that:

2.1.1 Mpact Limited acted as founder ("**Founder**") for the establishment of the Mpact Foundation Trust and that the Mpact Foundation Trust has been duly established at the Master's Office with registration number IT 000752/2015(G) ("**Mpact Foundation Trust**");

2.1.2 Mpact Foundation (RF) Proprietary Limited has been duly incorporated with the Companies and Intellectual Property Commission ("**CIPC**") with registration number 2015/108830/07 ("**Mpact Foundation (RF) Proprietary Limited**");

2.1.3 Confirmation was received from CIPC that Mpact Operations has adopted a new memorandum of incorporation which was required to facilitate the Preference Share Subscription and the B-BBEE Subscription as detailed below; and

2.1.4 the appropriate subscription agreements relating to the Preference Share Subscription and the B-BBEE Subscription were duly concluded and have become unconditional.

3. Objectives and rationale

3.1 Following the successful exit of Mpact Limited's previous B-BBEE partner, Shanduka Packaging Proprietary Limited, in 2012, the B-BBEE Transaction is the second empowerment transaction implemented by Mpact Limited and has been structured to meet the following objectives:

3.1.1 pursue true empowerment aimed at empowering previously disadvantaged stakeholders with a focus on broad-based groupings;

3.1.2 create a sustainable funding structure which is not reliant on external bank funding, share price appreciation or dividend payments;

3.1.3 materially improve Mpact Operations Group's B-BBEE ownership credentials;

3.1.4 complement existing B-BBEE initiatives; and

3.1.5 preserve existing value for current shareholders.

4. Identity of the B-BBEE partner and its beneficiaries

4.1 The Mpact Foundation Trust, through its wholly-owned subsidiary, Mpact Foundation (RF) Proprietary Limited, will act as the B-BBEE partner to the B-BBEE Transaction.

4.2 In terms of the trust deed of the Mpact Foundation Trust, the Founder is responsible for the appointment of the relevant trustees of which at least 50% are to be independent from the Mpact Foundation Trust, at least 50% are to be black people and at least 25% are to be black women.

4.3 The beneficiaries of the Mpact Foundation Trust include amongst other:

4.3.1 Mpact Operations Group employees and their families;

4.3.2 emerging entrepreneurs, suppliers and customers directly or indirectly involved in the packaging and/or recycling sectors;

4.3.3 primary, secondary and tertiary education initiatives;

4.3.4 other individual(s), group(s) of people or entity/ies that operate within the communities in which the Mpact Operations Group operates or are identified by the trustees from time to time.

4.4 In addition to the above and as required by the applicable B-BBEE legislation, at least 85% of distributions to further the

Mpact Foundation Trust’s objectives are to be used to benefit black people of which at least 40% shall be black women.

5. Salient features of the B-BBEE Transaction

5.1 In order to facilitate the B-BBEE Transaction and as part of the Group Restructure, Mpact Limited sold a number of its South African operating assets to Mpact Operations on 1 January 2015 at book value (**“Book Value Sale”**). The Book Value Sale was settled through the assumption of liabilities and the issuance of a loan by Mpact Limited to Mpact Operations (**“Mpact Limited Loan”**) which, together with existing debt owing to Mpact Limited, will attract interest at the Prime Rate (publicly quoted benchmark rate at which private banks lend out to corporate borrowers) plus 2%.

5.2 Subsequent to the Book Value Sale but prior to the B-BBEE Subscription:

5.2.1 Mpact Limited subscribed for 32 400 (thirty two thousand four hundred) cumulative redeemable non-participating preference shares (**“Preference Shares”**) in Mpact Operations for a subscription price of R100 000 (one hundred thousand rand) per Preference Share which attracts a dividend yield at the Prime Rate plus 2% (**“Preference Share Subscription”**);

5.2.2 the board of directors of Mpact Operations declared and paid a special distribution to Mpact of R3 520 253 647 (three billion five hundred and twenty million two hundred and fifty three thousand six hundred and forty seven rand) (**“Special Distribution”**) which comprised:

5.2.2.1 a cash dividend in the amount of R3 350 409 647 (three billion three hundred and fifty million four hundred and nine thousand six hundred and forty seven rand) declared by Mpact Operations to Mpact Limited; and

5.2.2.2 a distribution, being a return of capital, in the amount of R169 844 000 (one hundred and sixty nine million eight hundred and forty four thousand rand) made by Mpact Operations to Mpact Limited out of the “contributed tax capital” (as such term is defined in section 1 of the Income Tax Act, 58 of 1962) of Mpact Operations.

5.3 The Special Distribution amount effectively represents the equity market value of Mpact Operations as at 2 March 2015, net of the Mpact Limited Loan and other existing debt.

5.4 Both the Preference Share Subscription and the Special Distribution were implemented in order to:

5.4.1 retain existing value for Mpact Limited shareholders; and

5.4.2 enable Mpact Foundation (RF) Proprietary Limited (on behalf of the Mpact Foundation Trust) to subscribe for the B-BBEE Shares at a nominal value and without the need to raise its own acquisition funding.

5.5 Accordingly, subsequent to the Preference Share Subscription and the Special Distribution, Mpact Foundation (RF) Proprietary Limited (on behalf of the Mpact Foundation Trust) concluded a subscription agreement with Mpact Operations with effect from 31 March 2015 in terms of which it subscribed for the B-BBEE Shares for a nominal subscription amount of R2 000 (two thousand rand) (**"B-BBEE Subscription"**).

5.6 As the B-BBEE Subscription is not subject to the fulfilment of any conditions precedent, the B-BBEE Subscription is therefore fully effective and Mpact Foundation (RF) Proprietary Limited (on behalf of the Mpact Foundation Trust) holds an immediate, unencumbered 10% ownership in the issued ordinary share capital of Mpact Operations.

6. Financial effects of the B-BBEE Transaction

6.1 Mpact will consolidate the 10% ordinary shares indirectly held by the Mpact Foundation Trust given that, as the Founder, it has the responsibility to appoint the trustees.

6.2 Any distributions by the Mpact Foundation Trust to its beneficiaries shall be included in the consolidated earnings of Mpact for the purposes of calculating basic earnings per share (**"EPS"**) in terms of IAS 33 *Earnings Per Share*.

6.3 There will be no further impact on EPS in the consolidated financial statements of Mpact arising from the B-BBEE Transaction.

6.4 The Mpact Limited Loan, Preference Share Subscription and Special Distribution will eliminate on the consolidation of Mpact as these are inter-group transactions.

7. Conclusion

7.1 Following the successful implementation of the B-BBEE Transaction, Mr Bruce Strong, Chief Executive Officer of Mpact Limited, reiterated as follows:

"The successful conclusion of this B-BBEE Transaction confirms Mpact and its Board's commitment to broad-based empowerment in South Africa. We look forward to delivering the benefits that will flow to the communities within which Mpact operates and to the previously disadvantaged individuals with whom the Group interacts in the years to come. As mentioned before, we view this B-BBEE Transaction as a flagship empowerment initiative and look forward to not only continue with our existing B-BBEE projects, but also pursue new empowerment initiatives that have been identified to make a real difference in South Africa."

Melrose Arch
1 April 2015

B-BBEE Transaction Sponsor and Corporate Advisor: Bravura Capital Proprietary Limited

Sponsor: Rand Merchant Bank (A division of FirstRand Bank Limited)

Tax Advisors: KPMG Services Proprietary Limited