



MTN Zakhele Futhi (RF) Limited

***Summarised Annual Report and Notice to the AGM
for the 6 months ended 31 December 2016***



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Preparer

Latifa Ahmed CA(SA)

Senior Financial Manager: Central Finance – Nedbank Limited

Supervised by

Vanessa Van Der Westhuizen CA(SA)

Head of Finance: Central Finance – Nedbank Limited

BOARD OF DIRECTORS

Sindisiwe N Mabaso-Koyana (48)

CA(SA), B Comm (Natal), Post Graduate Diploma in Accounting (Natal)

Non-executive chairperson

Appointed: 6 June 2017

Directorships:

Sindisiwe is currently the non-executive chairperson of the African Women Chartered Accountants Investment Holding Company (AWCA), Chartered Accountancy Sector Charter, the Advisory Board of AWCA and the Advanced Group of Companies. Other board positions include Adcorp Holdings Ltd, MTN Zakhele (RF) Limited and Toyota SA.

Her previous corporate roles include being managing director of Viamax Logistics, Group CFO of Transnet and executive partner at Ernst & Young. She is a past board member of Transnet, SAA, South African Institute of Chartered Accountants (SAICA), MTN, SANRAL, Altron Group, Broadband SA and Armscor.

Sindisiwe is the founder member and former president of AWCA and fellow of the Aspen Global Leadership Network (African Chapter)

Skills, expertise and work experience:

Sindisiwe is a Chartered Account by profession with experience in financial management, auditing and governance in the public and private sector. She is a renowned leader and a champion in the growth and development of young women. She was named as one of the Top 20 most powerful women in South Africa and a finalist for the business woman award of South Africa in 2004. In 2013 she was nominated by The CEO Magazine as the most influential woman in business and the public sector. She is the past chairperson of the SAICA task team which launched the paper on meaningful reporting on Broad Based Black Economic Empowerment (BBBEE).

Sonja De Bruyn Sebotsa (45)

LLB (Hons), MA: Economic Policy Management SFA (UK), Harvard Executive Program

Non-executive director

Appointed: 6 June 2017

Directorships:

Sonja is a non-executive director of RMB/RMI Holdings, Discovery Holdings, MTN Zakhele (RF) Limited and Remgro. She is also the chairperson of the Ethos Mid-Market Fund.

Skills, expertise and work experience:

Sonja is the founder and principle partner of investment, advisory and financing firm Identity Partners. She commenced her career in investment banking working on mergers and acquisitions, privatisations, IPO's and financings and ultimately becoming vice-president of Deutsche Bank. She was previously appointed as executive director of the Women's Development Bank Investment Holdings (2002 – 2007) and was previously a trustee of the National Empowerment Fund and member of the Presidential Working Group on BEE.

Grant Gelink (67)

CA(SA), B Comm, B Compt (Hons)

Non-executive director, Chairman of the Audit, Risk and Compliance Committee

Appointed: 9 June 2017

Directorships:

Grant is a non-executive director of FirstRand, Grindrod, Santam, Altron and MTN Zakhele (RF) Limited.

Skills, expertise and work experience:

Grant was the chief executive officer of Deloitte & Touche from 2006 to 2012. His vast experience at Deloitte spans over 26 years and included being Lead Client Service Partner across a number of different industries servicing clients such as Barloworld, Imperial Holdings, Murray & Roberts, Nedbank Limited, Sappi, SAA and Transnet.

BOARD OF DIRECTORS (continued)

Shauket Fakie (63)

CA(SA)

Non-executive chairperson

Appointed: 21 June 2016

Resigned: 6 June 2017

Directorships:

Shauket holds director positions on various MTN subsidiaries, Allianz and BancABC.

Skills, expertise and work experience:

Shauket is the former Auditor General of South Africa and Business Risk Executive at MTN

Simphiwe Cele (48)

CA(SA), MBA (Wits Business School), Post Graduate Diploma in Accountancy (University of Natal), B Com (UCT), Diploma in Investment Management (Rand Afrikaans University)

Non-executive Director, Chairman of the Audit, Risk and Compliance Committee

Appointed: 21 June 2016

Resigned: 6 June 2017

Directorships:

Simphiwe does not currently hold any other director positions.

Skills, expertise and work experience:

Simphiwe is a Chartered Accountant with previous experience in the public and private sector in the areas of accounting, taxation, consulting and corporate finance. Prior to joining MTN Group he worked for Fisher Hoffman Stride, Nkonki Sizwe Ntsaluba, the Public Investments Commissioners, Telkom SA and the Auditor General of South Africa. He is also a previous board member of the Johannesburg Development Agency and Swazi MTN.

Sibongile Mtshali (58)

FCIS and Higher Diploma in Company Law

Non-executive Director

Appointed: 21 June 2016

Resigned: 6 June 2017

Directorships:

Sibongile is a director of ATC Tower Uganda, ATC Tower Ghana, Nigeria Tower Interco B.V., Mobile Telephone Network (Netherlands) and Cooperative U.A.

Skills, expertise and work experience:

Sibongile has over 30 years of experience in company law, secretariat and governance and is the current Company Secretary of MTN Group Limited. Prior to joining MTN, she worked at Uthingo Management (Pty) Ltd, Telkom Limited, Anglovaal Limited and Anglo American Limited (Gold division).

A STATEMENT FROM YOUR CHAIRPERSON

2016 will be remembered as the year in which MTN Group Limited ("**MTN**") implemented a new Broad Based Black Economic Empowerment ("**BBBEE**") transaction through the newly created special purpose vehicle, MTN Zakhele Futhi (RF) Limited ("**MTN Zakhele Futhi**"). The purpose of the MTN Zakhele Futhi (RF) Limited transaction was to provide members of the black public with an opportunity to participate and/or continue to participate in the indirect ownership of MTN.

Since its incorporation in South Africa in 1994, MTN has been at the forefront of empowerment and remains fully committed to the principles of BBBEE. MTN also embraces the principles of BBBEE enshrined in the BBBEE Codes and relevant industry transformation charters.

The MTN Zakhele Futhi BBBEE transaction is designed to provide the black public the opportunity for long-term and sustainable benefits during the scheme's eight-year period, and to give them exposure to MTN's geographically diversified operations, earnings and growth markets.

A key pillar of BBBEE is black equity ownership. In 2010, MTN implemented the MTN Zakhele BBBEE transaction in terms of which amongst other things, MTN Zakhele (i) raised equity funding by issuing MTN Zakhele shares to qualifying members of the black public; and (ii) acquired and/or subscribed for MTN Shares, up to a maximum of 4% of the then issued share capital of MTN (using a combination of equity funding, vendor facilitation through a donation from MTN, notional vendor finance from MTN and third-party preference share funding). This prior MTN Zakhele (2010) BBBEE transaction was unwound on 24 November 2016 by way of a scheme of arrangement under section 114 of the Companies Act, 71 of 2008 ("**Companies Act**"), as part of the implementation of the new MTN Zakhele Futhi BBBEE transaction. Certain shareholders in MTN Zakhele elected to continue to participate in the MTN Zakhele Futhi transaction in terms of the re-investment option made available to MTN Zakhele shareholders under the MTN Zakhele unwinding scheme (the "**MTN Zakhele Re-Investment Offer**"), pursuant to which MTN Zakhele shareholders could elect to re-invest all or part of the value of their shareholding in MTN Zakhele in MTN Zakhele Futhi.

The purpose of the MTN Zakhele Futhi transaction is to provide the members of the black public with the opportunity to participate in the indirect ownership of MTN, either through the "MTN Zakhele Futhi Public Offer" pursuant to which members of the black public could subscribe for shares and/or by continuing to participate therein through the MTN Zakhele Re-investment Offer.

MTN implemented the 2016 MTN BBBEE transaction, through MTN Zakhele Futhi, by means of the following core elements:

- the MTN Zakhele Futhi Public Offer;
- the MTN Zakhele Re-investment Offer;
- MTN Zakhele Futhi raising third-party finance through the MTN Zakhele Futhi preference shares;
- MTN providing MTN Zakhele Futhi with vendor facilitation through, amongst others, the Notional Vendor Finance and an effective 20% transaction discount provided by it; and
- the subscription by MTN Zakhele Futhi for approximately 4% of MTN's Shares (calculated on a fully diluted basis) using the funding raised through the above sources.

MTN Zakhele Futhi applied the money so raised through the issue of the MTN Zakhele Futhi preference shares, the money raised in the MTN Zakhele Futhi Public Offer from the black public, the re-investment value it received from MTN Zakhele pursuant to the MTN Zakhele Re-Investment Offer and the Notional Vendor Finance from MTN to subscribe for new MTN Shares so issued by MTN at an effective 20% discount to the transaction share price of R128,50.

Current year's activities

MTN Zakhele Futhi Ordinary Shares were allotted and issued to successful applicants on Wednesday, 23 November 2016 and Thursday, 24 November 2016. Information to this effect was communicated to all applicants prior to 23 December 2016 to inform them, *inter alia*, of the status of their applications, including, where applicable, the extent to which their applications were accepted and the number of MTN Zakhele Futhi Ordinary Shares that were allocated to them. A welcome pack containing, *inter alia*, a welcome letter, confirmation of share issuance, a token share certificate and important MTN Zakhele Futhi shareholder information was sent to all successful applicants prior to 23 December 2016. To the extent that applications were not accepted, refunds to unsuccessful applicants who have been identified were paid out. The processes to rectify various applications are underway including, firstly for applicants who deposited funds using a valid but incorrect reference number resulting in shares being allocated to the reference number provided and secondly, for MTN Zakhele shareholders who only partially completed the process of reinvestment into MTN Zakhele Futhi. A second offer for applicants who applied for MTN Zakhele Futhi shares but did not receive them due to various reasons (including due to unidentifiable deposit references) is presently being considered.

A STATEMENT FROM YOUR CHAIRPERSON (continued)

The MTN Zakhele Futhi Public Offer raised approximately R1.094 billion from more than 81 000 applicants from across South Africa. In addition, applications were received from 11 203 qualifying MTN Zakhele Shareholders holding in aggregate 13 479 330 MTN Zakhele Shares to re-invest the value of all or part of their MTN Zakhele shares into MTN Zakhele Futhi Ordinary Shares, equating to approximately R0.817 billion.

Applications (in aggregate) from the black public and qualifying MTN Zakhele Shareholders, although exceeding the Minimum Equity Raise (being an amount of R1.234 billion), were less than the Target Equity Raise (R2.468 billion). The cash raised by MTN Zakhele Futhi under the MTN Zakhele Futhi Public Offer exceeded the minimum amount of cash required for the 2016 MTN BBBEE Transaction to proceed (being an amount of R250 million). MTN thereafter exercised the option to subscribe for 27 848 672 MTN Zakhele Futhi Ordinary Shares (the **"MTN Zakhele Futhi Underwrite Shares"**) for an aggregate consideration of R557 million.

The total number of MTN Zakhele Futhi Ordinary Shares duly allotted and issued on 23 and 24 November 2016 were 123 416 818.

Dividends, items which will impact on the value of the MTN Zakhele Futhi shares, financing costs, Notional Vendor Finance, maturity profile of the debt and known declared risks:

MTN Zakhele Futhi's only material investment and asset consist of MTN Shares. Consequently, the value of an MTN Zakhele Futhi Share will depend primarily on the following key factors:

- the market price of the MTN Shares owned by MTN Zakhele Futhi;
- the amount and frequency of dividends received on the MTN Shares held by MTN Zakhele Futhi;
- the financing costs and related liabilities of MTN Zakhele Futhi in relation to the preference shares issued by MTN Zakhele Futhi and the Notional Vendor Finance;
- the ability to repay or refinance the initial MTN Zakhele Futhi preference shares at the end of their five year maturity, and the funding rate at which such refinancing occurs (or, failing such refinancing, the value of MTN Shares realised in order to raise the necessary funds to redeem all of the MTN Zakhele Futhi preference shares and pay all accrued dividends on account of the MTN Zakhele Futhi preference shares, in full, in accordance with the provisions of the MTN Zakhele Futhi preference share Terms);
- the total expenses and taxes incurred by MTN Zakhele Futhi in the day-to-day running and operation of MTN Zakhele Futhi; and
- the deferred tax liability or asset recognised within the entity related to the re-measurement of "available-for-sale" assets (i.e. MTN Shares).

Directorate, governance and management

The MTN Zakhele Futhi Board recognises that, as the core of MTN Zakhele Futhi's corporate governance system, it is ultimately accountable and responsible for the performance and affairs of MTN Zakhele Futhi and embraces the principles of good corporate governance as espoused in the guidelines of the Report on Corporate Governance for South Africa; as laid out in the King Code (**"King III"**) and is committed to business integrity, transparency and professionalism in all its activities to ensure that it acts ethically and responsibly to enhance the value of its business for the benefit of all stakeholders.

MTN Zakhele Futhi appointed Sibongile Mtshali, Shauket Allie Fakie and Simphiwe Cele as the initial MTN Zakhele Futhi Directors. They have since been replaced by the current directors, whose details appear on page two (2), on 6 June 2017 and on 9 June 2017, respectively. The new board ensured that a full hand over meeting and brief on all past events from inception of MTN Zakhele Futhi was provided from the past directors. The board has already implemented certain necessary governance structures, including the establishment of the Audit, Risk and Compliance committee.

MTN Zakhele Futhi has no staff and the administrative functions are outsourced to external service providers. Certain day-to-day administration services are performed by a third party that is procured to perform these services for MTN Zakhele Futhi, the details of which are as follows:

Nedbank, acting through its Share Scheme Administration division, has been tasked to assist with the administration services including providing a contact center, reporting services, query handling, bank account and share account management, shareholder register, deceased estates changes, financial accounting services and transfer secretary services.

Nedbank, acting through its Company Secretarial division, provides customary company secretarial services.

A STATEMENT FROM YOUR CHAIRPERSON (continued)

Shareholder Support

Effective and efficient shareholder communication is essential. The Directors will maintain communication via SMS to shareholders as their main means of communication, apart from notices for Annual General Meetings (which will be sent by post). We request that in order to enable MTN Zakhele Futhi to effectively communicate with shareholders and maintain up to date records, shareholders notify the MTN Zakhele Futhi Administrator of all changes to their SMS contact details, postal address, status and banking details by calling the designated Call Centre on 083 900 6863 between 8h00 and 16h30 Mondays to Fridays. Agents will log their call and take them through the process and documentation needed to effect such changes. MTN Zakhele Futhi has also set up a designated Webpage for Shareholders to access particulars of their shareholdings. Shareholders are encouraged to familiarise themselves with the site by visiting www.mtnzakhelefuthi.co.za

Prospects

The company's prospects are aligned with the growth prospects of the MTN Group, due to the nature and purpose of the transaction. It is anticipated that due to sound operational performance of MTN Group, the company's future outlook is optimistic.

Sindisiwe N Mabaso-Koyana
Chairperson

Summarised statement of profit or loss
for the 6 months ended 31 December 2016
(As extracted from the audited financial statements)

	6 months ended 31 December 2016 R'000
Directors emoluments	(210)
Other operating expenses	(16 031)
Operating loss	(16 241)
Finance income	6 889
Finance costs incurred on financial liabilities measured at amortised cost	(16 424)
Gain on re-measurement of the derivative financial instrument	887 535
Profit before taxation	861 759
Income tax expense	(200 737)
Profit for the 6 month period	661 022

Summarised statement of comprehensive income
for the 6 months ended 31 December 2016
(As extracted from the audited financial statements)

	6 months ended 31 December 2016 R'000
Profit for the 6 month period	661 022
Other comprehensive income – items that will subsequently be reclassified to profit or loss:	1 439 924
Gain on re-measurement of the available-for-sale financial asset	1 855 572
Deferred tax on gain on re-measurement of the available-for-sale financial asset	(415 648)
Total comprehensive income for the 6 month period	2 100 946

Summarised statement of financial position
at 31 December 2016
(As extracted from the audited financial statements)

	Notes	31 December 2016 R'000
Assets		
Non-Current Assets		
Available-for-sale financial assets	5	6 449 080
Derivative financial assets	6	887 538
		7 336 618
Current Assets		
Cash and cash equivalents		28 015
Cash and cash equivalents – restricted funds		7 836
Other receivables		393
		36 244
Total Assets		7 372 862
Equity and Liabilities		
Equity		
Share capital		2 468 336
Reserves		2 128 651
Accumulated loss		(27 705)
		4 569 282
Liabilities		
Non-Current Liabilities		
Borrowings	7	2 147 702
Deferred tax		614 456
		2 762 158
Current Liabilities		
Borrowings	7	17 715
Current tax payable		300
Other liabilities		7 836
Other payables		15 571
		41 422
Total Liabilities		2 803 580
Total Equity and Liabilities		7 372 862

Summarised statement of changes in equity
for the 6 months ended 31 December 2016
(As extracted from the audited financial statements)

	Share capital R'000	Available- for- sale reserve R'000	Non- distributable Reserve R'000	Total reserves R'000	Accumulated loss R'000	Total equity R'000
Profit for the 6 month period	–	–	–	–	661 022	661 022
Other comprehensive income	–	1 439 924	–	1 439 924	–	1 439 924
Total comprehensive income for the 6 month period	–	1 439 924	–	1 439 924	661 022	2 100 946
Issue of shares	2 468 336	–	–	–	–	2 468 336
Transfer between reserves*	–	–	688 727	688 727	(688 727)	–
Total contributions by or distributions to owners of the company recognised directly in equity	2 468 336	–	688 727	688 727	(688 727)	2 468 336
Balance at 31 December 2016	2 468 336	1 439 924	688 727	2 218 651	(27 705)	4 569 282

**The transfer between reserves arises in respect of the gain on re-measurement of the derivative financial asset that was recorded in the profit and loss.
The amount transferred is net of the related deferred tax.*

This transfer of the net gain from retained earnings to the non-distributable reserve is effected as the gain is currently not distributable.

Summarised statement of cash flows
for the 6 months ended 31 December 2016
(As extracted from the audited financial statements)

	6 months ended 31 December 2016 R'000
Cash flows from operating activities	
Cash used in operations	(1 063)
Interest income	6 889
Finance costs incurred on financial liabilities measured at amortised cost	(16 424)
Tax paid	(1 629)
Net cash from operating activities	(12 227)
Cash flows from investing activities	
Purchase of available-for-sale financial assets	(3 776 400)
Purchase of derivative financial assets	(3)
Non-cash shareholders from MTN Zakhele reinvestment	(817 108)
Net cash from investing activities	(4 593 511)
Cash flows from financing activities	
Proceeds from the issuance of ordinary shares	2 468 336
Borrowings raised	2 165 417
Cash from unsuccessful participants	7 836
Net cash from financing activities	4 641 589
Total cash movement for the 6 month period	35 851
Total cash at the end of the 6 month period	35 851

Notes to the summarised financial statements
for the 6 months ended 31 December 2016
(As extracted from the audited financial statements)

1. General information

MTN Zakhele Futhi (RF) Limited was incorporated as a public company under the laws of the Republic of South Africa on 21 June 2016.

The company is incorporated as the special purpose investment vehicle to effect MTN Group Limited's 2016 Broad Based Black Economic Empowerment ("BBBEE") transaction.

2. Basis of preparation

The summarised financial information has been prepared in accordance with International Financial Reporting Standards ("IFRS"), the presentation and disclosure requirements of IAS 34, Interim Financial Reporting, and the interpretation of these standards as adopted by the Independent Accounting Standards Board, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the South African Companies Act, 71 of 2008 as amended.

3. Accounting policies

The accounting policies adopted are described in the financial statements. During the period under review, the Company adopted all the IFRS and interpretations that were effective and deemed applicable to the Company.

4. Contingent liabilities and commitments

There is no reimbursement to any third party for potential obligations of the company that have not been accrued for at year end. The company did not have any contingent liabilities at year end.

5. Available-for-sale financial assets

The investment consists of 51 114 213 MTN Group Limited shares. The total investment, including the derivative financial assets, comprises a total of 76 835 378 MTN Group Limited shares, representing approximately 4% of the MTN Group issued share capital.

The shares were acquired for a cash at a price of R4 593 511 342 on 23 November 2016. The difference in the amount paid and the fair value gain on initial recognition (R5 832 131 703) based on a share price of R114,10 on 23 November 2016 was recognised in other comprehensive income.

The fair value of the available-for-sale investment is based on a quoted market price of R126.17 per share as listed on the JSE Limited at 31 December 2016. The total gain recorded in other comprehensive income for the current financial year is R1 885 571 484.

	6 months ended 31 December 2016 R'000
Initial measurement for additions during the year paid in cash	5 832 131
Movements during the year	616 949
Balance at the end of the period	6 449 080

Notes to the summarised financial statements continued
for the 6 months ended 31 December 2016
(As extracted from the audited financial statements)

6. Derivative financial assets

As part of the implementation of the MTN Group BBBEE scheme, MTN Zakhele Futhi obtained Notional Vendor Finance ("NVF") to facilitate the purchase of MTN Group shares. MTN Group issued 25 721 165 NVF shares to MTN Zakhele Futhi at a total subscription price of R2 572. MTN Group has a call option against MTN Zakhele Futhi in respect of a variable number of shares.

The notional outstanding debt at a given point in time is dependent on the dividends generated by MTN Group during the life of the option. The structure therefore represents a path dependent option for MTN Zakhele Futhi. The Monte Carlo simulation was applied as the valuation technique which is in line with the standard market practice. The significant inputs into the model at initial recognition on 23 November 2016 were as follows:

- the market price of MTN Group shares of R114,10;
- the NVF balance of approximately R3 305 million;
- volatility of 33,05%;
- a dividend yield of 6,04%;
- an expected option life of 8 years; and
- an annual risk free rate of 8,42%.

The valuation was re-performed at 31 December 2016 indicating a value of R887 537 535. The significant inputs into the model at the end of the period were as follows:

- the market price of MTN Group shares of R126,17;
- the NVF balance of approximately R3 331 million
- volatility of 31,98%;
- a dividend yield of 5,42%;
- an expected option life of 8 years from inception; and
- an annual risk free rate of 8,19%.

	6 months ended 31 December 2016 R'000
Balance on initial recognition	766 433
Fair value adjustments recorded in profit or loss	121 105
Fair value at the end of the period	887 538

Notes to the summarised financial statements continued
for the 6 months ended 31 December 2016
(As extracted from the audited financial statements)

7. Borrowings

MTN Zakhele Futhi issued cumulative redeemable non-participating MTN Zakhele Futhi preference shares ("MTN Zakhele Futhi preference shares") to Jabisan 04 (RF) Proprietary Limited on 23 November 2016 at an issue price of R1 000 per MTN Zakhele Futhi preference share. The MTN Zakhele Futhi preference shares are redeemable after five years from the date of issue i.e. 23 November 2021.

The MTN Zakhele Futhi preference shares accrue preference share dividends at the MTN Zakhele Futhi Dividend Rate of 75% of the prime rate expressed as a simple rate of interest (compounded on each MTN Zakhele Futhi scheduled preference dividend date) with the preference shares dividends accrued (in arrears) being payable on 30 April and 30 September over the term of the MTN Zakhele Futhi preference shares, or such earlier date as may be agreed in writing by MTN Zakhele Futhi and the Preference Share Agent at least five business days prior to 30 September of any year during the term of the MTN Zakhele Futhi preference shares.

	6 months ended 31 December 2016 R'000
2 160 857 cumulative redeemable non-participating preference shares issued at par value of R1000	2 160 857
Accrued interest at the effective interest rate	16 424
Transaction costs capitalised	(11 863)
	2 165 418

8. Related parties

Relationships:

Jabisan 04 Holding Trust	BFC2 Ownership Trust
Preference shareholder	Jabisan 04 (RF) Proprietary Limited
Provider of Notional Vendor Finance; holding company*	MTN Group Limited
Members of key management	Shauket Allie Fakie ⁽¹⁾
	Simphiwe Cele ⁽¹⁾
	Sibongile Mtshali ⁽¹⁾
	Sindisiwe Mabaso-Koyana ⁽²⁾
	Sonja De Bruyn Sebotsa ⁽²⁾
	Grant Gelink ⁽³⁾
Administrator and Company Secretary	Nedbank Limited, whose wholly owned subsidiary, Depfin Investments Proprietary Limited, is a preference shareholder in Jabisan 04 (RF) Proprietary Limited

*MTN Zakhele Futhi (RF) Limited is a structured entity, consolidated into MTN Group Limited

(1) Appointed as a member of the board on 21 June 2016, resigned 6 June 2017.

(2) Appointed as a member of the board on 6 June 2017.

(3) Appointed as a member of the board on 9 June 2017.

Notes to the summarised financial statements continued
for the 6 months ended 31 December 2016
(As extracted from the audited financial statements)

8. Related parties (continued)

	6 months ended 31 December 2016 R'000
Related party balances:	
<i>Preference share liability</i>	
Jabisan 04 (RF) Proprietary Limited	2 178 573
<i>Amounts included in Other Payables regarding related parties</i>	
Shauket Allie Fakie, in respect of directors remuneration	210
MTN Group Limited	12 965
Nedbank Limited	2 054
<i>Ordinary share capital held by related party</i>	
MTN Group Limited	556 973
Related party transactions:	
<i>Interest to related parties</i>	
Jabisan 04 (RF) Proprietary Limited	17 716
<i>Participation fee to related parties</i>	
Jabisan 04 (RF) Proprietary Limited	11 863
<i>Administration fees to related parties</i>	
Nedbank Limited	1 577
<i>Expenses paid on behalf of related parties</i>	
Jabisan 04 (RF) Proprietary Limited	21
Remuneration of the board of directors – directors' fees	
<i>Short-term employee benefits</i>	210
Shauket Allie Fakie ⁽⁴⁾	210
Simphiwe Cele ⁽⁴⁾	—
Sibongile Mtshali ⁽⁴⁾	—
Sindisiwe Mabaso- Koyana ⁽⁵⁾	—
Sonja De Bruyn Sebotsa ⁽⁵⁾	—
Grant Gelink ⁽⁵⁾	—

(4) The only fees charged to the company is that of Shauket Allie Fakie. Simphiwe Cele and Sibongile Mtshali have waived their directors' fees for 2016.

(5) New directors did not receive any remuneration for the year ending 31 December 2016.

9. Events after the reporting period

MTN Group Limited declared a final dividend of 450 cents in March 2017.

The directors are aware of the following two material events which occurred after the reporting date and up to the date of this report:

- New directors of the company were appointed on the 6 and 9 June 2017. The initial directors were appointed for an interim period to conclude the initial implementation of the funding transaction of the MTN Zakhele Futhi BBBEE transaction, and have subsequently been replaced by the current directors. The current directors are appointed in terms of the Memorandum of Incorporation and the Companies Act, 71 of 2008, as amended.
- Nedbank Group, acting through its Group Secretariat was appointed as the Company Secretary on 15 February 2017. Maitland Group South Africa Limited resigned as the Company Secretary on 15 February 2017 as they were acting as company secretariat for the initial implementation of the MTN Zakhele Futhi BBBEE transaction.

10. Fair value measurement

In terms of IFRS 13, *Fair Value Measurements*, financial instruments that are measured in the statement of financial position at fair value require disclosure of the fair value measurements by level in terms of the following fair value measurement hierarchy:

- Level 1: Fair value is based on quoted prices (unadjusted) in active markets for identical assets and liabilities. These are readily available and obtainable from multiple sources;
- Level 2: Fair value is based on input other than quoted prices included within Level 1 that are observable from the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); or
- Level 3: Fair value is based on input for the asset or liability that is not based on observable market data (i.e. observable inputs)

The fair value of the available-for-sale financial assets is based on the MTN Group share price, as listed on the Johannesburg Stock Exchange ("JSE") Limited. The fair value of the derivative financial asset is based on a valuation model. The input to this model includes the MTN Group share price, which is an observable input in the market. Other inputs include interest rates on the borrowings, which inputs are not observable in the market.

The derivative financial asset is classified as Level 3. The fair value of the derivative financial asset is based on a valuation model. The inputs to this model includes the MTN Group share price, which is an observable input in the market. Other inputs include interest rates on the borrowings, annual risk-free rate, volatility and dividend yield rates, which inputs are not observable in the market.

The table below presents the Company's assets and liabilities that are measured at fair value.

	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
Recurring fair value measurement				
Available-for-sale financial asset	6 449 080	–	–	6 449 080
Derivative financial asset	–	–	887 538	887 538
Amortised cost measurement				
Other receivables	–	38	–	38
Cash and cash equivalents	–	35 851	–	35 851
Borrowings	–	(2 165 418)	–	(2 165 418)
Other payables	–	15 571	–	15 571
Other liability	–	(7 836)	–	(7 836)

There were no transfers between levels 1, 2 or 3 during the period.

Notes to the summarised financial statements continued
for the 6 months ended 31 December 2016
(As extracted from the audited financial statements)

11. Independent audit

These summarised financial results set out on pages 7 to 16 have been audited by the Company's independent auditors, SizweNtsalubaGobodo Inc., who have performed their audit in accordance with the International Standards on Auditing. A full copy of their unmodified audit report is available for inspection at the Company's registered office. The summarised financial statements have been derived from the Company's financial statements and are consistent in all material aspects.

12. Availability of full set of audited financial statements

The full set of audited financial statements

- can be accessed on the following website: www.mtnzakhelefuthi.co.za; or
- will be sent to you by ordinary post if you request this from Nedbank Limited, acting through its Share Scheme Administration division, whose details appear under the administration section on the inside back cover.



MTN ZAKHELE FUTHI (RF) LIMITED

(Incorporated in the Republic of South Africa)

(Registration number: 2016/268837/06)

("MTN Zakhele Futhi" or "the Company")

NOTICE OF THE INAUGURAL ANNUAL GENERAL MEETING for the 6 months ended 31 December 2016

This document is important and requires your immediate attention

If you are in any doubt about what action you should take, consult your legal adviser, banker, financial adviser, accountant or other professional adviser immediately.

Included in this document are:

- The notice of the annual general meeting ("**AGM**"), setting out the resolutions to be proposed at the meeting, together with explanatory notes. There are also guidance notes if you wish to attend the meeting (for which purpose the meeting location map is included) or to vote by proxy.
- A proxy form for use by shareholders.

A shareholder entitled to attend and vote at the meeting may appoint one or more individuals as proxies to attend, participate and vote in his/her stead. A proxy does not have to be a shareholder of the Company but must be an individual. The appointment of a proxy will not preclude the shareholder who appointed that proxy from attending the AGM and participating and voting in person thereat to the exclusion of any such proxy. A form of proxy for use at the meeting is attached.

Notice to shareholders: annual general meeting

Notice is hereby given to shareholders as at the record date of 20 September 2017 that the inaugural AGM of shareholders of MTN Zakhele Futhi will be held at the Sandton Convention Centre, 161 Maude Street, Sandton, Johannesburg, 2196 on Monday, 30 October 2017 at 11:00 (South African time), to (i) consider and, if deemed fit to pass, with or without modification, the following ordinary and special resolutions, in the manner required by the Companies Act 71 of 2008, as amended, and (ii) deal with such other business as may lawfully be dealt with at the meeting, which meeting is to be participated in and voted at by shareholders as at the record date of 23 October 2017 in terms of section 62(3)(a), read with section 59, of the Companies Act 71 of 2008, as amended.

Important: Section 63 (1) of the Companies Act 71 of 2008, as amended – Identification of meeting participants

Kindly note that meeting participants (including proxies) are required to provide reasonably satisfactory identification before being entitled to attend or participate in a shareholders' meeting. Forms of identification include valid identity documents/ cards, driver's licences and passports.

When reading the resolutions below, please refer to the explanatory notes for the AGM resolutions on page 22.

1. Presentation of annual financial statements

The audited annual financial statements of the Company (as approved by the board of directors of the Company), including the directors' report, the audit committee report and the external auditors' report for the 6 months ended 31 December 2016, have been distributed as required and are presented to shareholders at this AGM.

The complete annual financial statements are set out on pages 19 to 55 of the annual report.

2. Resolutions

ORDINARY RESOLUTIONS

2.1 Ordinary resolution number 1

Confirmation of re-election of Grant Gelink as a director

"Resolved that Grant Gelink, who retires by rotation and who is eligible and available for re-election, is re-elected as director of the Company."

He is a non-executive director and serves as the chairperson of the Company's audit committee.

The percentage of voting rights required for ordinary resolution number 1 to be adopted shall be more than 50% of the voting rights exercised on ordinary resolution number 1.

2.2 Ordinary resolution number 2

Election of the audit committee – Election of Sindisiwe Mabaso-Koyana

"Resolved that Sindisiwe Mabaso-Koyana be elected as a member of the audit committee, with effect from the end of this meeting in terms of section 94(2) of the Companies Act 71 of 2008, as amended, until the conclusion of the next AGM."

The percentage of voting rights required for ordinary resolution number 2 to be adopted shall be more than 50% of the voting rights exercised on ordinary resolution number 2.

2.3 Ordinary resolution number 3

Election of the audit committee – Election of Sonja De Bruyn Sebotsa

"Resolved that Sonja De Bruyn Sebotsa be elected as a member of the audit committee, with effect from the end of this meeting in terms of section 94(2) of the Companies Act 71 of 2008, as amended, until the conclusion of the next AGM."

The percentage of voting rights required for ordinary resolution number 3 to be adopted shall be more than 50% of the voting rights exercised on ordinary resolution number 3.

2.4 Ordinary resolution number 4

Election of the audit committee – Election of Grant Gelink

"Resolved that subject to the passing of ordinary resolution number 1, Grant Gelink be elected as a member of the audit committee, with effect from the end of this meeting in terms of section 94(2) of the Companies Act 71 of 2008, as amended, until the conclusion of the next AGM."

The percentage of voting rights required for ordinary resolution number 4 to be adopted shall be more than 50% of the voting rights exercised on ordinary resolution number 4.

2.5 Ordinary resolution number 5

Re-appointment of independent auditors

"Resolved that SizweNtsalubaGobodo Inc. be re-appointed as auditor of the Company (for the financial year ending 31 December 2017) until the conclusion of the next AGM."

The percentage of voting rights required for ordinary resolution number 5 to be adopted shall be more than 50% of the voting rights exercised on ordinary resolution number 5.

NOTICE OF THE INAUGURAL ANNUAL GENERAL MEETING (continued)
for the 6 months ended 31 December 2016

SPECIAL RESOLUTION

2.6 Special resolution number 1

Proposed remuneration payable to non-executive directors

"Resolved that (i) in terms of the Companies Act 71 of 2008, as amended and clause 26 of the memorandum of incorporation of the Company and subject to the terms thereof, that the directors' remuneration, with effect from the date of passing of this resolution, be as set out below:

MTN Zakhele Futhi (RF) Limited board

	Annual retainer fee (ZAR)		Attendance fee (ZAR) (per meeting)
	Proposed quarterly fee	Total annually	Proposed attendance fee (per meeting)
Chairperson	26 114	104 456	41 130
Member	11 418	45 671	22 834

*It is anticipated that the board of directors will meet quarterly.

MTN Zakhele Futhi (RF) Limited audit committee

	Annual retainer fee (ZAR)		Attendance fee (ZAR) (per meeting)
	Proposed quarterly fee	Total annually	Proposed attendance fee (per meeting)
Chairperson	N/A	N/A	17 993
Member	N/A	N/A	12 434

*It is anticipated that the audit committee will meet at least twice per year aligning with the interim and year-end results, and only attendance fees will be paid.

MTN Zakhele Futhi (RF) Limited – Special Assignment/Projects per day/Ad hoc work

Daily/hour rate (ZAR) unless otherwise	Proposed
Special assignment or projects per day	9 967
Ad hoc work on special projects per day including telecommunications (hourly rate)	1 245

- (i) In accordance with clause 26.2 of the memorandum of incorporation, the directors may be paid all reasonable expenses in travelling (including hotels) to and from meetings of the directors and shareholders, and the members of the board committees shall be entitled to all reasonable expenses in travelling (including hotels) to and from meetings of the members of the board committees."

The proposal set out in special resolution number 1, is in line with the remuneration paid to non-executive directors and other non-executive office bearers of other South African companies and this represents an increase of 5.8% in last year's fees. The board of the Company has sanctioned the proposal.

The proposed revised remuneration is considered to be fair and reasonable and in the best interests of the Company.

The percentage of voting rights required for special resolution number 1 to be adopted shall be at least 75% of the voting rights exercised on special resolution number 1.

NOTICE OF THE INAUGURAL ANNUAL GENERAL MEETING (continued) for the 6 months ended 31 December 2016

Voting procedures

All resolutions referred to in this notice are required to be voted on by way of a poll and will not be determined by a show of hands.

The Company has a large number of shareholders and it is not possible for all of them to attend the meeting referred to in this notice. In view of this, and because voting on resolutions at AGMs of the Company is regarded to be of high importance, putting all resolutions to a vote on a poll takes account of the wishes of those shareholders who are unable to attend the meeting in person, but who have completed a form of proxy. A vote on a poll also takes into account the number of shares held by each shareholder, which the board believes is a more democratic procedure. Accordingly, all resolutions referred to in this notice will be proposed to be put to vote on a poll.

Voting at the AGM will be undertaken electronically. An electronic voting handset will be distributed before the start of the meeting to all shareholders who attend in person and are eligible to vote. The registrars will identify each shareholder's individual shareholding so that the number of votes that each shareholder has at the meeting will be linked to the number of votes which each shareholder will be able to exercise via the electronic handset. Shareholders who have completed and returned forms of proxy will not need to vote using a handset at the meeting unless they wish to change their vote.

Proxies

A shareholder entitled to attend and vote at the meeting is entitled to appoint a proxy to attend, participate in and vote at the meeting in the place of the shareholder, or two or more proxies. A proxy need not also be a shareholder of the Company but must be an individual.

A form of proxy, in which is set out the relevant instructions for its completion, is attached for use by shareholders who wish to appoint a proxy. The duly completed instrument appointing a proxy and the authority, if any, under which it is signed must be lodged by shareholders with the Company's share administration agent at the address, fax number or e-mail address given below at any time prior to the meeting and shareholders are requested to lodge all such documents by not later than 08:00 (South African time) on 30 October 2017.

Electronic participation

Shareholders may participate (but not vote) electronically in the AGM, in accordance with the provisions of the Companies Act 71 of 2008, as amended. Shareholders wishing to participate electronically in the AGM are required to deliver written notice to the Company at the offices of the Company's share administration agent and shareholder communication agent, being Nedbank Limited, acting through its Share Scheme Administration business unit, at 135 Rivonia Road, Sandown, Johannesburg, 2193 (marked for the attention of Rosalind Friedericksen) by no later than 09:00 on Friday, 20 October 2017 that they wish to participate via electronic communication at the AGM (the "**electronic notice**"). Teleconference facilities will be made available to this purpose, and may be accessed at the shareholders' costs. In order for the electronic notice to be valid it must contain:

- (a) if the shareholder is an individual, a certified copy of his identity document and/or passport;
- (b) if the shareholder is not an individual, a certified copy of a resolution by the relevant entity and a certified copy of the identity documents and/or his passports of the persons who passed the relevant resolution, which resolution must set out who from the relevant entity is authorized to represent the relevant entity at the AGM via electronic communication; and
- (c) a valid email address and/or facsimile number (the contact address/number).

The Company shall use its reasonable endeavours on or before 09:00 on Friday, 27 October 2017, to notify the shareholder, who has delivered a valid electronic notice, at its contact address/number, of the relevant details through which the shareholder can participate via electronic communication.

NOTICE OF THE INAUGURAL ANNUAL GENERAL MEETING (continued)
for the 6 months ended 31 December 2016

By order of the board

Sindisiwe Mabaso-Koyana

Chairman: Board of directors

21 August 2017

Business address and registered office

135 Rivonia Road
Sandown
Johannesburg
2193

Share administration agent and shareholder communication

Nedbank Limited, acting through its Share Scheme
Administration business unit
(Registration number: 1951/000009/06)
135 Rivonia Road
Sandown
Johannesburg, 2193
Tel: +27 83 900 6863
E-mail: ssa-zakhelefuthi@Nedbank.co.za

EXPLANATORY NOTES TO RESOLUTIONS PROPOSED AT THE ANNUAL GENERAL MEETING OF THE COMPANY

for the 6 months ended 31 December 2016

For any assistance or information, please phone Nedbank Limited, acting through its Share Scheme Administration business unit on +27 83 900 6863.

Re-election of director retiring by rotation at the AGM – ordinary resolution number 1

The reason for the proposed ordinary resolution number 1 is to confirm, in accordance with clause 24 of the memorandum of incorporation of the Company the appointment of the director appointed by the board and which is not an MTN Appointed Director (as defined in clause 24.3 of the memorandum of incorporation of the Company) and to re-elect, in accordance with clause 24.8 of the memorandum of incorporation of the Company to fill a single vacancy, as required under section 68(2) of the Companies Act 71 of 2008, as amended Grant Gelink as director of the Company, Grant Gelink having retired by rotation in terms of the Company's memorandum of incorporation and he being eligible for election and re-election. Biographical details of the retiring director offering himself for re-election are set out on page 2.

It is noted that the MTN Appointed Directors are Sindisiwe Mabaso-Koyana (who is also the chairman of the board of directors) and Sonja De Bruyn Sebotsa.

Re-election of the audit committee – ordinary resolutions numbered 2 to 4

In terms of the Companies Act 71 of 2008, as amended, the audit committee is a committee elected by the shareholders at each AGM.

In terms of the Companies Regulations, at least one-third of the members of the Company's audit committee at any particular time must have academic qualifications, or experience, in economics, law, corporate governance, finance, accounting, commerce, industry, public affairs or human resource management.

The board has considered the qualifications and experience of the current members of the audit committee and is of the view that the current members of the audit committee should continue in such roles for the financial year ending 31 December 2017 and until the conclusion of the next AGM, subject to the elections being made by the shareholders, as proposed in ordinary resolutions numbered 2 to 4.

Approval of re-appointment of external auditors – ordinary resolution number 5

In compliance with section 90 of the Companies Act 71 of 2008, as amended, SizweNtsalubaGobodo Inc. is proposed to be re-appointed as auditors for the financial year ending 31 December 2017 and until the conclusion of the next AGM.

Remuneration payable to directors – special resolution number 1

In terms of sections 66(8) and (9) of the Companies Act 71 of 2008, as amended, remuneration may only be paid to directors for their service as directors in accordance with a special resolution approved by the shareholders within the previous two years and if not prohibited in terms of a company's memorandum of incorporation.

In terms of clause 26.1 of the memorandum of incorporation of the Company, the directors are entitled to such remuneration as the shareholders of the Company in general meeting may from time to time determine, but subject to the limits on administration costs applicable to the Company under clause 3 of Annexe A, and the Transaction Documents (as defined by the memorandum of incorporation of the Company).

In addition, in terms of clause 26.2 of the memorandum of incorporation of the Company, the directors shall be paid all reasonable expenses in travelling (including hotels) to and from meetings of the directors and shareholders, and the members of the board committees shall be entitled to all reasonable expenses in travelling (including hotels) to and from meetings of the members of the board committees.

Special resolution number 1 is proposed in order to comply with the requirements of the Companies Act 71 of 2008, as amended and the Company's memorandum of incorporation. The rates referred to in this special resolution number 1 have been selected to ensure that the remuneration of directors remains competitive in order to enable the Company to retain and attract persons of the calibre, appropriate capabilities, skills and experience required in order to make meaningful contributions to the Company.

EXPLANATORY NOTES TO RESOLUTIONS PROPOSED AT THE ANNUAL GENERAL MEETING OF THE COMPANY (continued)
for the 6 months ended 31 December 2016

Voting and proxies

Every holder of shares present in person or by proxy at the meeting, or, in the case of a body corporate represented at the meeting, shall be entitled to one vote on a show of hands and on a poll shall be entitled to one vote for every share held. Duly completed proxy forms or powers of attorney and the authority, if any, under which it is signed, must be lodged with the Company's share administration agent, Nedbank Limited, acting through its Share Scheme Administration business unit, Registration number: 1951/000009/06, at 135 Rivonia Road, Sandown, Johannesburg, 2193 or by email at email address: ssa-zakhelefuthi@Nedbank.co.za prior to the commencement of the meeting to be held at 11:00 (South African time) on Monday, 30 October 2017 and shareholders are requested to lodge all such documents by no later than 08:00 (South African time) on Monday, 30 October 2017. The name and address details of the South African share administration agent are given on the back of the proxy form.

A shareholder entitled to attend and vote at the meeting may appoint one or more proxies to attend, participate and vote in his/her/its stead. A proxy does not have to be a shareholder of the Company but must be an individual. The appointment of a proxy will not prevent the shareholder who appointed that proxy from attending the AGM and participating and voting in person thereat to the exclusion of any such proxy. A form of proxy for use at the meeting is attached.

The attention of shareholders is directed to the additional notes relating to the form of proxy attached, which notes are set out in the proxy form.

The attached form of proxy is provided to shareholders for their convenience. Shareholders are not obliged to use the attached form, and may appoint a proxy in writing under section 58 of the Companies Act 71 of 2008, as amended. A summary of the provisions of this section is included in the appendix to the notice of annual general meeting.

SUMMARY OF APPLICABLE RIGHTS ESTABLISHED IN SECTION 58 OF THE COMPANIES ACT NO 71 OF 2008, AS AMENDED

For purposes of this summary, the term "shareholder" shall have the meaning ascribed thereto in section 57(1) of the Companies Act 71 of 2008, as amended.

1. At any time, a shareholder of a company is entitled to appoint any individual, including an individual who is not a shareholder of that company, as a proxy to participate in, speak and vote at a shareholders meeting on behalf of the shareholder.
2. A proxy appointment must be in writing, dated and signed by the relevant shareholder.
3. Except to the extent that the memorandum of incorporation of a company provides otherwise –
 - 3.1 a shareholder of the relevant company may appoint two or more persons concurrently as proxies, and may appoint more than one proxy to exercise voting rights attached to different securities held by such shareholder; and
 - 3.2 a copy of the instrument appointing a proxy must be delivered to the relevant company, or to any other person on behalf of the relevant company, before the proxy exercises any rights of the shareholder at a shareholders meeting.
4. Irrespective of the form of instrument used to appoint a proxy –
 - 4.1 the appointment of the proxy is suspended at any time and to the extent that the shareholder who appointed that proxy chooses to act directly and in person in the exercise of any rights as a shareholder of the relevant company; and
 - 4.2 should the instrument used to appoint a proxy be revocable, a shareholder may revoke the proxy appointment by cancelling it in writing, or making a later inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and the relevant company.
5. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the relevant shareholder as of the later of the date –
 - 5.1 stated in the revocation instrument, if any; or
 - 5.2 upon which the revocation instrument is delivered to the proxy and the relevant company as required in section 58(4)(c)(ii) of the Companies Act 71 of 2008, as amended.
6. Should the instrument appointing a proxy or proxies have been delivered to the relevant company, as long as that appointment remains in effect, any notice that is required by the Companies Act 71 of 2008, as amended or the relevant company's memorandum of incorporation to be delivered by such company to the shareholder must be delivered by such company to –
 - 6.1 the shareholder, or
 - 6.2 the proxy or proxies if the shareholder has in writing directed the relevant company to do so and has paid any reasonable fee charged by the company for doing so.
7. A proxy is entitled to exercise, or abstain from exercising, any voting right of the relevant shareholder without direction, except to the extent that the memorandum of incorporation of the relevant company or the instrument appointing the proxy provide otherwise.
8. If a company issues an invitation to shareholders to appoint one or more persons named by such company as a proxy, or supplies a form of instrument for appointing a proxy –
 - 8.1 such invitation must be sent to every shareholder who is entitled to receive notice of the meeting at which the proxy is intended to be exercised;
 - 8.2 the company must not require that the proxy appointment be made irrevocable; and
 - 8.3 the proxy appointment remains valid only until the end of the relevant meeting at which it was intended to be used, unless revoked as contemplated in section 58(5) of the Companies Act 71 of 2008, as amended.

ADMINISTRATION

Company registration number

2016/268837/06

Postal address

PO Box 1144
Johannesburg
2000

Registered address

135 Rivonia Road
Sandown, 2196
Johannesburg

Board of directors

SN Mabaso-Koyana (*non-executive chairman*)
S De Bruyn Sebotsa (*non-executive*)
GG Gelink (*non-executive*)

Office of the share administration agent

Nedbank Limited, acting through its Share Scheme Administration business unit
(Registration number 1951/000009/06)
135 Rivonia Road
Sandton, 2196
Tel: +27 83 900 6863
E-mail: ssa-zakhelefuthi@Nedbank.co.za

Company secretary

Nedbank Limited, acting through its Group Secretariat
135 Rivonia Road
Sandown
Johannesburg, 2196

Auditors

SizweNtsalubaGobodo Inc.
20 Morris Street East
Woodmead, 2191
PO Box 2939, Saxonwold, 2132

Attorneys

Webber Wentzel
90 Rivonia Road, Sandton, Johannesburg, 2196
PO Box 61771, Marshalltown, 2107

www.mtnzakhelefuthi.co.za



MTN ZAKHELE FUTHI (RF) LIMITED

(Incorporated in the Republic of South Africa)

(Registration number: 2016/268837/06)

("MTN Zakhele Futhi" or "the Company")

FORM OF PROXY

To be completed by shareholders

For use at the annual general meeting to be held at 11:00 (South African time) on 30 October 2017, at Sandton Convention Centre, 161 Maude Street, Sandton, Johannesburg, 2196. For assistance in completing the proxy form, please contact Nedbank Limited, acting through its Share Scheme Administration business unit on +27 83 900 6863. A shareholder entitled to attend and vote at the annual general meeting may appoint one or more proxies to attend, vote and speak in his/her/its stead at the annual general meeting. A proxy need not be a shareholder of the Company but must be an individual.

I/We instruct the proxy to vote as follows:

Ordinary resolutions	For	Against	Abstain
Ordinary resolution number 1: Confirmation of re-election of Grant Gelink as a director			
Ordinary resolution number 2: Election of Sindisiwe Mabaso-Koyana as a member of the audit committee			
Ordinary resolution number 3: Election of Sonja De Bruyn Sebotsa as a member of the audit committee			
Ordinary resolution number 4: Election of Grant Gelink as a member and Chairperson of the audit committee			
Ordinary resolution number 5: Re-appointment of independent auditors			
Special resolutions			
Special resolution number 1: Approving the remuneration payable to directors			

****Mark with an X whichever is applicable. Unless otherwise directed, the proxy will vote or abstain as he/she thinks fit in respect of the shareholder's total holding. The proxy may also vote or abstain in respect of any other business proposed at the meeting as he/she thinks fit.**

Any shareholder entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend, speak and to vote in his/her stead. The proxy so appointed need not also be a shareholder but must be an individual.

Signed at _____ on _____ 2017

Full name(s) _____ (in block letters)

Signature(s) _____

Address _____

Assisted by (guardian) _____ date _____

If signing in a representative capacity, see notes to proxy on the reverse side hereof.

Please read the notes on the reverse side hereof.

Notes to proxy

1. Only shareholders who are registered in the register of the Company on the relevant record date for the meeting may complete a proxy form or alternatively attend the meeting.
2. A shareholder may insert the name of a proxy or the names of two alternative proxies of his/her/its choice in the space/s provided, with or without deleting "the chairman of the general meeting", but any such deletion or insertion must be initialled by the shareholder. Any insertion or deletion not complying with the foregoing will be declared not to have been validly effected. The person whose name stands first on the proxy form and who is present at the general meeting will be entitled to act as proxy to the exclusion of those whose names follow. In the event that no names are indicated, the proxy shall be exercised by the chairman of the general meeting.
3. A shareholder's instructions to the proxy must be indicated by the insertion of an "X" or the relevant number of votes exercisable by that shareholder in the appropriate box provided. An "X" in the appropriate box indicates the maximum number of votes exercisable by that shareholder. Failure to comply with the above will be deemed to authorise the proxy to vote or to abstain from voting at the annual general meeting as he/she/it deems fit in respect of the entire shareholder's votes exercisable thereat. A shareholder or his/her proxy is not obliged to use all the votes exercisable by the shareholder or by his/her/its proxy, but the total of the votes cast and in respect of which abstention is recorded, may not exceed the maximum number of votes exercisable by the shareholder or by his/her proxy. The proxy may also vote or abstain in respect of any other business proposed at the meeting as he/she/it thinks fit.
4. The proxy shall (unless this sentence is struck out and countersigned) have the authority to vote, as he/she deems fit, on any other resolution which may validly be proposed at the meeting, including in respect of any proposed amendment to the above resolutions. If the a foregoing sentence is struck out, the proxy shall be deemed to be instructed to vote against any such proposed additional resolution and/or proposed amendment to an existing resolution as proposed in the notice to which this form is attached.
5. To be effective, completed proxy forms and the authority, if any, under which it is signed must be lodged at the Company's South African share administration agent at the address, fax number or email address stipulated below prior to the time appointed for the holding of the meeting and shareholders are requested to lodge all such documents by no later than 08:00 on 30 October 2017.
6. The completion and lodging of this proxy form will not preclude the relevant shareholder from attending the annual general meeting and speaking and voting in person thereat instead of any proxy appointed in terms hereof.
7. The chairman of the general meeting may reject or accept any proxy form which is completed and/or received other than in compliance with these notes.
8. Any alteration to this proxy form, other than a deletion of alternatives, must be initialled by the signatory.
9. Documentary evidence establishing the authority of a person signing this proxy form in a representative or other legal capacity must be attached to this proxy form, unless previously recorded by the Company or waived by the chairperson of the annual general meeting.
10. Where there are joint holders of shares:
 - 10.1 any one holder may sign the proxy form; and
 - 10.2 the vote of the senior shareholder (for which purpose seniority will be determined by the order in which the names of the shareholders appear in the Company's register) who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the vote(s) of the other joint shareholders.
11. A minor must be assisted by his/her parent or legal guardian, unless the relevant documents establishing his/her legal capacity are produced or have been registered by the share administration agent.
12. A proxy may not delegate his/her authority to act on behalf of the shareholder, to another person.

Office of the share administration agent

Nedbank Limited, acting through its Share Scheme Administration business unit
Registration number 1951/000009/06)
135 Rivonia Road
Sandton, 2196
Tel: +27 83 900 6863
E-mail: ssa-zakhelefuthi@Nedbank.co.za