



MTN Zakhele Futhi (RF) Limited Frequently Asked Questions



1. WHO CAN APPLY FOR MTNZF SHARES?

- **Black People:** Black People (African, Coloured and Indian people) who are natural persons and citizens of South Africa by birth or descent; or who are citizens through naturalisation before 27 April 1994 or after that date, but who would have qualified for naturalisation before that date. Minors (i.e. a Black Person below 18 years of age) must be assisted by their parent or legal guardian.
- **Black Groups:** Black Companies and Black Entities, as defined in the *Master Definitions Schedule*. In summary terms, these are companies or entities incorporated or formed in South Africa and in which Black People own at least 51% of the equity, exercise at least 51% of the voting rights and participate in at least 51% of the economic interests therein, on a flow-through basis.

2. I WOULD LIKE TO BECOME AN MTNZF SHAREHOLDER – WHAT DOCUMENTS MUST I SUBMIT?

- **Black people** electing to use the **facilitated trading process** may complete their application form to become an MTNZF shareholder online or manually. The manual application form (*Application Form (Black People)*) is available on the MTNZF website under the “Documents” tab. The online application form can be accessed through the Nedbank Private Wealth website (<https://onlinesharetrading.nedbank.co.za/>) by clicking on the “apply” button.
- **Black people** electing to use the **independent trading process** must complete their application form to become an MTNZF shareholder manually. This form (*Application Form (Black People)*) is available on the MTNZF website under the “Documents” tab.
- **Black groups** electing to use either the **facilitated or independent trading processes** must complete their application forms manually. This form (*Application Form (Black Groups)*) is available on the MTNZF website under the “Documents” tab.
- Please refer to the *list of supporting documents*, available on the MTNZF website under the “Documents” tab, that are required to be submitted together with your application form to the BEE Verification Agent.
- The BEE Verification Agent is entitled to verify your detail (for BEE and other purposes) and you are obligated to assist in such verification promptly when requested to do so.
- If you are an MTN subscriber, the information provided by you as part of the application process will not result in an update to any of your existing RICA information stored by MTN.

3. WHEN APPLYING TO BECOME AN MTNZF SHAREHOLDER AM I REQUIRED TO SUBMIT A BEE CERTIFICATE?

- **Black people** (i.e. individuals) who are applying to become MTNZF shareholder do not need to submit a valid BEE Ownership Certificate.
- **Black Groups** applying to become MTNZF shareholders will need to submit a valid BEE Ownership Certificate from a valid BEE Verification Agency. If you are unable to submit a valid BEE Ownership Certificate you are required to submit the documents detailed in the *list of supporting documents*, available on the MTNZF website under the “Documents” tab.

4. HOW DO I CONTACT MTNZF SHAREHOLDER SERVICES?

MTNZF shareholders can contact MTNZF Shareholder Services through the following options:

Telephone: 083 900 6863 (toll free from an MTN cell phone)

Email: SSA-ZakheleFuti@Nedbank.co.za

Post: MTN Zakhele Futhi Share Scheme Administration
PO Box 1144
Johannesburg
2000

Physical Address: MTN Zakhele Futhi Share Scheme Administration
(For hand delivery of documents only) 5th Floor, Block D
135 Rivonia Road
Sandown, Sandton
2196

5. WHAT ARE THE OPERATING HOURS OF MTNZF SHAREHOLDER SERVICES?

The telephone line is open during office hours only from 08h00 to 17h00.

6. WHAT IS A DIVIDEND?

A dividend is a distribution of a portion of a company's asset or profits to its shareholders. The declaration of a dividends is managed and decided by the company's board of directors. The South African Companies Act only allows a dividend to be declared by a company if liquidity and solvency requirements are met, thereby considering the future cash requirements of the company. Shareholders do not have a right to receive a dividend.

7. AM I GUARANTEED TO RECEIVE A DIVIDEND?

No, you are not. The South African Companies Act only allows a dividend to be declared by a company if liquidity and solvency requirements are met. In addition, the company's board of directors are responsible for ensuring that any excess profits are used to the benefit of both the company and shareholders.

During the Minimum Investment Period (i.e. for the first three years), MTNZF Shareholders will generally not receive a dividend. During this time the dividend income earned on the MTN Shares held by MTNZF will in the ordinary course be used firstly to pay or provide for permitted operational fees, costs and expenses and tax liabilities of MTNZF and then a portion will be used to pay dividends and to provide a specified minimum amount per annum for settlement of the third-party funding of MTNZF. Any balance of such dividend income earned on the MTN Shares held by MTNZF will generally then be used next to offer to pay or provide for settlement of the third-party funding and/or be used to acquire additional MTN Shares and correspondingly reduce the Notional Vendor Finance.

From year four onwards, while the MTNZF Preference Shares remain outstanding, the dividend income earned on the MTN Shares held by MTNZF in the ordinary course will be used firstly to pay or provide for permitted operational fees, costs and expenses and tax liabilities of MTNZF and then a

portion will be used to pay dividends and to provide a specified minimum amount per annum for settlement of the third-party funding of MTNZF. If funds remain, the MTNZF Board has a discretion to pay up to 20% of the total dividend received from MTN (less the above amounts which have been paid or provided for operational fees, costs and expenses and tax liabilities) as a dividend to MTNZF Shareholders.

Any balance of such dividend income earned on the MTN Shares held by MTNZF will generally then be used next to further offer to pay or provide for settlement of the third-party funding and/or be used to acquire additional MTN Shares and correspondingly reduce the Notional Vendor Finance. In the event that there is no such settlement of the third-party funding and/or of the Notional Vendor Finance, the MTNZF Board has a discretion to pay further dividends to MTNZF Shareholders.

8. WHAT IS NOTIONAL VENDOR FINANCE (NVF)?

NVF involves the transfer of shares worth their market value to the BEE partner (here, MTNZF) by the company requiring empowerment credentials (here, MTN) for a small actual cash payment (e.g. R0.0001 per share), and with the great majority of the value for the shares being effectively provided on notional loan account (with an agreed "interest" rate) by the company requiring empowerment credentials (here, MTN).

During the funding period the transfer of shares is a legal transfer of ownership and in particular the BEE shareholder has the voting rights and the economic benefits (notably, dividends) of the shares acquired by it. Over time, the funding increases by the amount of accumulated "interest" and decreases with any payments made towards the notional loan. On termination, if the value of all of the shares in the structure is higher than the then outstanding funding, the BEE shareholder keeps its shares and pays off the outstanding funding or surrenders sufficient shares to pay off the funding. If lower, the BEE partner surrenders all its shares but walks away from the funding.

9. WHAT ARE THE TRADING RESTRICTIONS ON THE SHARES?

The Empowerment Period for MTNZF is eight years after the date on which the MTNZF Shares are issued to the Black Public, which was 23 and 24 November 2016.

You cannot sell or otherwise Dispose of your MTN Zakhele Futhi Shares during the first three years of the Empowerment Period (i.e. the Minimum Investment Period).

Restricted trading will be allowed during the fourth to eighth years, where you can only sell or Dispose of your MTNZF Shares to Eligible MTNZF Shareholders. All sales and Disposals during the fourth to eighth years are subject, amongst others, to approval and BEE verification processes.

You cannot Encumber (e.g. use for security) your MTNZF Shares during the Empowerment Period (i.e. eight years).

There will be no special restrictions on the Disposal or Encumbrance of MTN Zakhele Futhi Shares after the Empowerment Period.

During the Empowerment Period, you will be bound by the Relationship Agreement with MTN and MTNZF.

A breach of these restrictions or the terms of the Relationship Agreement could result in a Call Event and you will be obliged to sell your MTNZF shares at a discount.

10. HOW MANY SHARES DOES MTNZF HOLD IN MTN GROUP?

MTNZF currently holds 76 835 378 MTN Group shares.

11. ARE THERE LIMITATIONS ON HOW MANY MTNZF SHARES ONE CAN PURCHASE?

Yes. There is a 15% maximum ownership (directly or by persons in concert or connected) shareholding rule applicable per MTNZF shareholder (and its connected persons and concert parties). Accordingly, the BEE Verification Agent will notify the Empowerment Share Transfer Committee of any breach of the maximum ownership.

Any attempt to acquire or hold more than this percentage with the written permission of the ESTC is prohibited and may trigger variance adverse consequences for you.

12. WHAT MAY DISQUALIFY ME FROM BECOMING AN MTNZF SHAREHOLDER OR RESULT IN MY BEE VERIFICATION STATUS BEING REVOKED?

MTNZF reserves the right to accept or reject applications for MTNZF shares, in its sole discretion. Without limiting this discretion, the following will likely disqualify you or result in your BEE verification status being revoked:

- If you are a group, the expiry of your BEE Certificate and failing to submit an updated, valid BEE certificate to the BEE Verification Agent prior to its expiration.
- If you are a group who has not obtained a BEE Certificate, failing to submit the requested documentation as proof that there has been no change in your BEE status, when requested to do so by the BEE Verification Agent.
- If you are not a black person or black group as defined in the *Master Definitions Schedule*.
- If you make any fraudulent or untrue statements in your Application Form.

13. WHAT HAPPENS IF I AM DISQUALIFIED?

If an existing MTNZF shareholder is disqualified the BEE Verification Agent will revoke their BEE verification status and you will no longer be able to trade your MTNZF shares. In addition, you run the risk of a Call Event arising with the result that you may be forced to sell your MTNZF shares at a significant discount, depending on when the breach occurs and circumstances in which it arose.

As an applicant for MTNZF shares, any disqualification will result in you not being considered a verified MTNZF shares and you will not be able to purchase MTNZF shares.

14. WHAT HAPPENS IF I DIE OR BECOME INSOLVENT DURING THE EMPOWERMENT PERIOD?

From years 4 to 8, your estate or insolvency trustee will be permitted to do the following:

- Transfer your MTNZF shares to your heirs, provided that your heir is an Eligible MTNZF shareholder; or
- Dispose of your MTNZF shares on the open market with the proceeds of such disposal being paid into your estate's bank account.

The above instruction may only be given by the executor or insolvency trustee, unless a power of attorney has been delegated to a third person, in which case instructions will only be taken from this third person.

15. WHAT HAPPENS IF A MEMBER OF OUR BLACK GROUP DIES DURING THE EMPOWERMENT PERIOD, RESULTING IN THE BLACK GROUP CEASING TO MAINTAIN ITS BEE STATUS AND/OR QUALIFY AS A BLACK GROUP?

You will be permitted to rectify the breach or sell your MTNZF shares to an eligible MTNZF shareholder within 120 days, failing which you may be forced to sell your MTNZF shares to MTN at a 10% discount to the Call Reference Price.

16. WHAT HAPPENS IF A BLACK GROUP GETS INVOLUNTARILY LIQUIDATED DURING THE EMPOWERMENT PERIOD, RESULTING IN THE BLACK GROUP CEASING TO MAINTAIN ITS BEE STATUS AND/OR QUALIFY AS A BLACK GROUP?

You or the liquidator will be permitted to rectify the breach or sell your MTNZF share to an eligible MTNZF shareholder within 120 days, failing which you and/or the liquidator may be forced to sell your MTNZF shares to MTN at a 40% discount to the Call Reference Price.

17. CAN I USE MY MTNZF SHARES FOR SECURITY PURPOSES DURING THE EMPOWERMENT PERIOD?

No, you may not.

18. WILL I HAVE VOTING RIGHTS AS AN MTNZF SHAREHOLDER?

Yes, you will. You can vote at the general meetings of MTNZF. You are entitled to one vote for every MTNZF share held.

MTNZF directors will vote at the MTN general meetings on behalf of MTNZF but may in their discretion seek the approval of MTNZF shareholders when exercising this vote.

19. HOW DO I CHANGE MY PERSONAL DETAILS?

You are required to submit a change of details form, together with the required supporting documentation, to the MTNZF Administrator via email, post or hand delivery. The change of details form can be downloaded from the MTNZF website or obtained by contacting MTNZF Shareholder services.

20. CAN I VISIT A NEDBANK BRANCH FOR ASSISTANCE WITH MTNZF RELATED MATTERS, INCLUDING THE REGISTRATION OF MY NPW STOCK BROKING ACCOUNT?

No, the Nedbank Branch Network will not be able to assist.

MTNZF shareholders should either access the MTNZF website or contact MTNZF Shareholder Services for guidance and assistance with such matters.

21. WHEN IS MTNZF LISTING AND WHAT DOES THIS MEAN?

MTNZF is listing on the Johannesburg Stock Exchange (JSE) on 25 November 2019. This marks the end of the Minimum Investment Period and MTNZF shareholders can buy or sell MTNZF shares between eligible MTNZF shareholders from 09:00 on this date.

22. HOW CAN I TRACK THE SHARE PRICE OF MTNZF SHARES?

During the Minimum Investment Period, MTNZF shares will not be traded and will therefore not have a listed price.

Once listed on the Johannesburg Stock Exchange (JSE) on 25 November 2019, MTNZF will publish the most recent closing price for an MTNZF share, which will represent the free-market price that buyers and sellers transact at.

23. WHAT WILL THE VALUE OF MTNZF SHARE BE WHEN THEY START TRADING?

When trading commences on the JSE at 09:00 on 25 November 2019, the value of your MTNZF shares will be determined by the market.

24. WHAT IS THE DIFFERENCE BETWEEN THE FACILITATED AND INDEPENDENT TRADING PROCESSES?

Facilitated Trading Process	Independent Trading Process
The facilitated trading process allows MTNZF shareholders to use Nedbank Private Wealth (“NPW”), the appointed Trading and Custody Entity, to provide trading and custody services in respect of their MTNZF shares.	The independent trading process allows MTNZF shareholders to elect their own Trading and Custody Entity (broker), to provide trading and custody services in respect of their MTNZF shares.
The costs of this option to shareholders are partially subsidised by MTNZF. MTNZF will pay the monthly custody fees while the MTNZF shareholder is required to pay brokerage fees (at an agreed upon rate).	The costs of this option are not subsidised by MTNZF. The MTNZF shareholder will pay for the monthly custody and brokerage fees.
MTNZF has facilitated this relationship with NPW.	MTNZF has not and will not facilitate this relationship.

25. WHAT ARE THE COSTS OF USING THE FACILITATED TRADING PROCESS?

MTNZF shareholders electing to use the facilitated trading process will only incur brokerage costs, at a rate of 0.5%, together with the relevant taxes when buying or selling MTNZF shares.

MTNZF will pay the monthly custody fee charged by NPW.

If you would like to purchase 500 shares at R50 each, the following cash will be required:

Purchase of shares (500 shares @ R50 per share)	R25 000.00
Brokerage fees (0.5% of R25 000)	R125.00
VAT on the brokerage fee (R125 * 15%)	R18.75
Securities Transfer Tax (0.25% * R25 000)	R62.50
Total Costs	R25 206.25

If you would like to sell 500 shares at R50 each, the following cash will be required:

Sale of shares (500 shares @ R50 per share)	R25 000.00
Brokerage fees (0.5% of R25 000)	(R125.00)
VAT on the brokerage fee (R125 * 15%)	(R18.75)
Total Costs	R24 856.25

26. WHAT ARE THE COSTS OF USING THE INDEPENDENT TRADING PROCESS?

MTNZF shareholders electing to use the independent trading process will incur both custody fees and brokerage fees. These fees will be negotiated by the MTNZF shareholder with the Trading and Custody Entity elected by them.

MTNZF does not have any control over these costs and will not subsidise this option.

27. I ELECTED TO USE THE FACILITATED TRADING PROCESS – CAN I CHANGE THIS ELECTION AND USE THE INDEPENDENT PROCESS?

Yes, MTNZF shareholders can move from the facilitated trading process to the independent trading process at any time.

You are required to complete the following documents, available on the MTNZF website to affect this transfer:

- Share transfer form;
- Independent Trading Process Verification Terms Acceptance Form; and
- BEE Contract.

Only once the BEE Verification Agent has verified you in terms of the independent trading process will the transfer of your MTNZF shares be affected.

28. I ELECTED TO USE THE INDEPENDENT TRADING PROCESS – CAN I CHANGE THIS ELECTION AND USE THE FACILITATED PROCESS?

Yes, MTNZF shareholders can move from the independent trading process to the facilitated trading process at any time.

You are required to complete the following documents, available on the MTNZF website to affect this transfer:

- Facilitated Trading Process Verification Terms Acceptance Form; and
- Agreement of the NPW Trading and Custody Mandate.

You will also be required to follow the process of transferring shares as implemented by the delivering broker. Only once the BEE Verification Agent has verified you in terms of the facilitated trading process will the transfer of your MTNZF shares be affected.

29. HOW CAN I CONFIRM HOW MANY MTNZF SHARES I HOLD?

If you have elected to use the facilitated trading process and registered your account with NPW, you will be able to view the number of MTNZF shares held by you on their online share trading website. Alternatively, you can contact MTNZF Shareholder Services who will assist you with this information.

If you have elected to use the independent trading process you will be required to confirm this information with your elected trading and custody entity.

30. WHAT DOCUMENTS AM I REQUIRED TO ACCEPT OR COMPLETE AS PART OF THE REGISTRATION PROCESS?

Facilitated Trading Process:

Existing MTNZF shareholders electing to use the facilitated trading process are required to accept the following documents prior to being considered a verified shareholder:

- Facilitated Trading Process Verification Terms Acceptance Form; and
- Nedbank Private Wealth Trading & Custody Mandate.

These documents can either be completed manually (in the case of groups or individuals) or electronically on the NPW website (in the case of individuals). Manual documents are available on the MTNZF website.

New MTNZF shareholders electing to use the facilitated trading process are required to accept the following documents prior to be considered a verified shareholder:

- Application form;
- Facilitated Trading Process Verification Terms Acceptance Form; and
- Nedbank Private Wealth Trading & Custody Mandate.

These documents can either be completed manually (in the case of groups or individuals) or electronically on the NPW website (in the case of individuals). Manual documents are available on the MTNZF website.

Independent Trading Process:

Existing MTNZF shareholders electing to use the independent trading process are required to accept or complete the following documents prior to being considered a verified shareholder:

- Share transfer form;
- Independent Trading Process Verification Terms Acceptance Form; and
- BEE Contract.

These documents may only be completed manually and are available on the MTNZF website.

New MTNZF shareholders electing to use the independent trading process are required to accept the following documents prior to be considered a verified shareholder:

- Application form;
- Independent Trading Process Verification Terms Acceptance Form; and
- BEE Contract.

31. I AM AN EXISTING MTNZF SHAREHOLDER AND NEED ASSISTANCE WITH REGISTERING MY STOCK BROKING ACCOUNT WITH NPW

Step by step user guides on how to complete the online registration process on the NPW stock broking platform are available on the MTNZF website. Alternatively, you can contact MTNZF Shareholder Services for additional assistance.

The NPW stock broking platform can be accessed through either:

- Following the link available on the MTNZF website; or
- Inserting the following URL into your browser: <https://onlinsharetrading.nedbank.co.za/>

32. CAN I USE MY NPW STOCK BROKING ACCOUNT TO PURCHASE OTHER SHARES?

Yes, you can. The costs of holding these shares will however not be facilitated by MTNZF. As such the shareholder is responsible for the custody fees, as agreed between you and NPW, relating to holding these shares. The brokerage fees charged on the purchase and disposal of these shares may also differ to that applicable to your MTNZF shares.

MTNZF Shareholder Services will not be able to assist with questions relating to the holding, purchase or disposal of any shares other than MTNZF shares.

33. HOW LONG WILL IT TAKE TO TRANSFER MY MTNZF SHARES FROM NPW IF I ELECT TO USE THE INDEPENDENT TRADING PROCESS?

Once all supporting documentation is received by the BEE Verification Agent, and you have been confirmed as having been verified in terms of the Independent Trading Process, the instruction to transfer your MTNZF shares to your own Trading and Custody Entity will be processed.

34. I DO NOT UNDERSTAND THE CONTENT OF THE TERMS AND CONDITIONS OR MANDATES I AM BEING ASKED TO ACCEPT

MTNZF Shareholders Services is not able to provide you with any advice or guidance on the information included in relevant terms and conditions or mandates. MTNZF shareholders should consult their financial or legal advisors for guidance on these matters.

35. WHAT ARE THE CONSEQUENCES OF ME NOT REGISTERING MY STOCK BROKING ACCOUNT?

MTNZF shareholders will not be able to buy or sell MTNZF shares when the company is listed if they have not registered their stock broking accounts completed the BEE verification process.

The BEE verification process may take a few days, it is therefore recommended that you complete the process well ahead of the listing if you would like to buy or sell MTNZF shares.

36. HOW DO I KNOW IF I HAVE BEEN SUCCESSFULLY VERIFIED BY THE BEE VERIFICATION AGENT?

You will receive an SMS or email confirmation from the BEE Verification Agent once you have been successfully verified or to inform you that you are not considered eligible and therefore do not meet the verification criteria.

The BEE Verification Agent will also contact you if they require any further supporting documentation to complete this process.

37. HOW DO I FOLLOW UP ON MY BEE VERIFICATION STATUS?

You can contact MTNZF Shareholder Services to obtain any information on your BEE verification status.

38. I HAVE REGISTERED MY STOCK BROKING ACCOUNT. WHY CAN I NOT TRADE?

You will only be able to trade (buy or sell) your MTNZF shares once the shares are listed on the JSE on 25 November 2019.

39. I HAVE ELECTED TO USE THE FACILITATED TRADING PROCESS. HOW WILL I RECEIVE STATEMENTS?

All account statements will be loaded on your shareholder account and available when logging into your NPW stock broking account.