

# MTN Zakhele Futhi (RF) Limited



**Summarised Annual Report and Notice of the AGM  
for the year ended 31 December 2017**



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The reports and statements set out below comprise the annual report presented to the shareholders.

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### **Preparer**

Yousuf Kola CA(SA)  
Senior Financial Officer: Central Finance – Nedbank Limited

### **Supervised by**

Rosalind Friedericksen CA(SA)  
Manager Client Relationships: Share Scheme Administration – Nedbank Limited

Please visit [www.mtnzakhelefuthi.co.za](http://www.mtnzakhelefuthi.co.za) for the Zulu and Sotho version of this announcement.

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## BOARD OF DIRECTORS

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### **Sindisiwe N Mabaso-Koyana (49)**

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

Non-executive chairperson (Appointed: 6 June 2017)

Member of the Audit, Risk & Compliance Committee (Appointed: 6 June 2017)

#### **Directorships:**

Sindi is currently the Chairperson of African Women Chartered Accountants (AWCA) Investment Holding Company, the Chartered Accountancy Sector Charter, the Advisory Board of AWCA and the Chairperson of the Advanced Group of Companies. Her other board positions include that of a non-executive director for Adcorp Holdings Limited, MTN Zakhele (RF) Limited, Eskom Holdings SOC Ltd and Toyota South Africa Motors (Pty) Ltd.

#### **Skills, expertise and work experience:**

Sindi is a Chartered Accountant by profession with experience in financial management, auditing and governance in both the public and private sector. She is a renowned leader and champion in growth and development of young women. She has been named by The Financial Mail as one of the top 20 most powerful business women in South Africa and was a finalist for the Business Woman of the Year Award in 2004. In 2013 she was nominated by The CEO Magazine as the most Influential Women in Business and Public Sector. She is also the past chairperson of the task team of The South African Institute of Chartered Accountants which launched the paper on meaningful reporting on Broad Based Black Economic Empowerment (BBBEE).

### **Sonja De Bruyn Sebotsa (46)**

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

Non-executive director (Appointed: 6 June 2017)

Member of the Audit, Risk & Compliance Committee (Appointed: 6 June 2017)

#### **Directorships:**

Non-executive director of RMB/RMI Holdings, Discovery Holdings Limited, MTN Zakhele (RF) Limited and Remgro. Sonja is also the Chairperson of Ethos Mid-Market Fund I GP Proprietary Limited.

#### **Skills, expertise and work experience:**

Sonja is the founder and principle partner of investment, advisory and financing firm Identity Capital Partners. She commenced her career in investment banking in 1997, working on mergers and acquisitions, privatisations, IPO's and financings, ultimately becoming a vice president of Deutsche Bank. She was appointed as executive director of Women's Development Bank Investment Holdings from 2002 to 2007. She was previously a trustee of the National Empowerment Fund and member of the Presidential Working Group on BEE. Sonja has been awarded and recognised by the Black Management Forum and the Association of Black Securities and Investment Professionals. She is a Young Global Leader of the World Economic Forum.

### **Grant Gelink (68)**

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

Non-executive director (Appointed: 9 June 2017)

Chairman of the Audit, Risk and Compliance Committee (Appointed: 9 June 2017)

#### **Directorships:**

Non-executive director of FirstRand Limited, Grindrod Limited, Santam Limited, Allied Electronics Limited and MTN Zakhele (RF) Limited

#### **Skills, expertise and work experience:**

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

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## BOARD OF DIRECTORS (continued)

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### **Shauket Fakie (64)**

CA(SA)

Non-executive Chairperson (Appointed: 21 June 2016; Resigned: 6 June 2017)

Member of the Audit Committee (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 (49)**

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 (Appointed: 21 June 2016; Resigned: 6 June 2017)

Chairman of the Audit, Risk & Compliance Committee (Appointed: 21 June 2016; Resigned: 6 June 2017)

#### **Directorships:**

Simphiwe does not currently hold any other directorships.

#### **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 (59)**

FCIS and Higher Diploma in Company Law

Non-executive Director (Appointed: 21 June 2016; Resigned: 6 June 2017)

Member of the Audit, Risk & Compliance Committee (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).

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## A STATEMENT FROM YOUR CHAIRPERSON

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### Introduction

In 2016 MTN Group Limited set up MTN Zakhele Futhi (RF) Limited ("**MTN Zakhele Futhi**" or "**the Company**"), a vehicle for qualifying black South Africans to invest in MTN Group Limited ("**MTN Group**" or "**MTN**"), a leading emerging markets telecoms service provider.

MTN Zakhele Futhi has an approximate 4% shareholding in MTN Group. This investment is the Company's only asset. The Company also administers the associated funding of this investment – being the preference shares subscribed for by third party debt providers and a notional vendor finance facility obtained from MTN Group.

80.5% of the shareholders hold fewer than 500 ordinary shares showing the true broad-based nature of the scheme.

### Financial performance

The Company's financial performance is based entirely on the MTN Group share price and any dividend declared and received from MTN Group during the year.

At 31 December 2017, the Company recognised a profit after taxation of R367.0 million (2016: R661.0 million). The profit is almost entirely attributable to the receipt of dividends from MTN Group during the year.

At 31 December 2017 the MTN Group share price increased by R10.43 from the prior financial year to R136.60. This resulted in a fair value gain of R553.1 million (2016: R1 855.6 million) being recognised in the statement of comprehensive income.

### Repayment of MTN Zakhele Futhi's debt

During 2017, the Company received greater-than-expected dividends from MTN Group and was able to repay debt in excess of the budgeted repayment schedule. The Company received R537.8 million (2016: no dividends received) in dividend income from MTN Group. This income was used firstly to pay the Company's permitted operational costs and tax with the remainder of the dividend income being used to pay dividends owing to the preference shareholders and to reduce the capital portion of the debt owing to the preference shareholders.

R398.5 million of the dividend income was applied towards the early redemption of the preference shares during the 2017 financial year. This will ultimately result in a reduction of dividends payable on the preference shares over the life of these instruments.

### MTN Zakhele Futhi's underwrite shares

123 416 818 MTN Zakhele Futhi ordinary shares were allotted and issued to successful applicants on Wednesday 23 November 2016 and Thursday, 24 November 2016.

During 2016 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 13 479 220 MTN Zakhele shares to re-invest the value of all or part of their MTN Zakhele shares in 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). Although the cash raised by MTN Zakhele Futhi during the Public Offer exceeded the minimum amount of cash required for the Transaction to proceed (being an amount of R250 million), MTN exercised the option to subscribe for 27 848 672 MTN Zakhele Futhi Ordinary Shares (the "Underwrite Shares") for an aggregate consideration of R557 million.

During 2017 MTN sold 549 974 of these Underwrite Shares through a Secondary Offer targeted specifically at those applicants who had applied for MTN Zakhele Futhi shares during the initial offer period and were not successfully allocated to them due to a variety of reasons. In addition to the Secondary Offer, separate sale agreements were entered into by MTN with large institutional investors for the sale of an aggregate of 9 088 320 of the Underwrite Shares. This reduced MTN Group's holding of MTN Zakhele Futhi Ordinary Shares to 18 280 266 ordinary shares at 31 December 2017.

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## A STATEMENT FROM YOUR CHAIRPERSON (continued)

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### **Shareholder support**

Effective and efficient shareholder communication is essential. The Company will continue to use SMS communication as their main means of communication. Notices of the Annual General Meetings will be sent by email or post in accordance with the Memorandum of Incorporation. In order to enable MTN Zakhele Futhi to effectively communicate with shareholders and maintain up to date records, shareholders are requested to 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](http://www.mtnzakhelefuthi.co.za).

### **Prospects**

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

### **Sindisiwe Mabaso-Koyana**

*Chairperson*

18 June 2018

**Summarised statement of profit or loss**  
for the year ended 31 December 2017  
(As extracted from the audited financial statements)

		31 December 2017 R'000	6 months ended 31 December 2016 R'000
	Notes		
Dividend income	5	537 848	–
Directors' emoluments		(604)	(210)
Other operating expenses		(13 630)	(16 031)
<b>Operating profit/(loss)</b>		<b>523 614</b>	<b>(16 241)</b>
Finance income		3 461	6 889
Finance costs incurred on financial liabilities measured at amortised cost		(152 989)	(16 424)
(Loss)/gain on re-measurement of the derivative financial instrument		(7 922)	887 535
<b>Profit before taxation</b>		<b>366 164</b>	<b>861 759</b>
Income tax credit/(expense)		806	(200 737)
<b>Profit for the year</b>		<b>366 970</b>	<b>661 022</b>

**Summarised statement of comprehensive income**  
for the year ended 31 December 2017  
(As extracted from the audited financial statements)

		31 December 2017 R'000	6 months ended 31 December 2016 R'000
<b>Profit for the year</b>		<b>366 970</b>	<b>661 022</b>
<b>Other comprehensive income – items that will subsequently be reclassified to profit or loss:</b>		<b>413 702</b>	<b>1 439 924</b>
Gain on re-measurement of the available-for-sale financial asset		533 121	1 855 572
Deferred tax on gain on re-measurement of the available-for-sale financial asset		(119 419)	(415 648)
<b>Total comprehensive income for the year</b>		<b>780 672</b>	<b>2 100 946</b>

**Summarised statement of financial position**  
**at 31 December 2017**  
(As extracted from the audited financial statements)

	Notes	31 December 2017 R'000	31 December 2016 R'000
<b>Assets</b>			
<b>Non-current assets</b>			
Available-for-sale financial assets	6	6 982 201	6 449 080
Derivative financial assets	7	879 616	887 538
		<b>7 861 817</b>	<b>7 336 618</b>
<b>Current assets</b>			
Current tax receivable		3	–
Cash and cash equivalents		7 219	28 015
Cash and cash equivalents – restricted funds		4 193	7 836
Other receivables		603	393
		<b>12 018</b>	<b>36 244</b>
<b>Total assets</b>		<b>7 873 835</b>	<b>7 372 862</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital		2 468 336	2 468 336
Reserves		2 536 206	2 128 651
Accumulated profit/(loss)		345 412	(27 705)
		<b>5 349 954</b>	<b>4 569 282</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Borrowings	8	1 750 617	2 147 702
Deferred tax		732 100	614 456
		<b>2 482 717</b>	<b>2 762 158</b>
<b>Current liabilities</b>			
Borrowings	8	34 521	17 715
Current tax payable		–	300
Other liability		4 193	7 836
Trade and other payables		2 450	15 571
		<b>41 164</b>	<b>41 422</b>
<b>Total liabilities</b>		<b>2 523 881</b>	<b>2 803 580</b>
<b>Total equity and liabilities</b>		<b>7 873 835</b>	<b>7 372 862</b>



**Summarised statement of changes in equity**  
**for the year ended 31 December 2017**  
(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 profit/(loss) R'000	Total equity R'000
Profit for the 2016 period	–	–	–	–	661 022	661 022
Other comprehensive income for the 2016 period	–	1 439 924	–	1 439 924	–	1 439 924
<b>Total comprehensive income for the 2016 period</b>	<b>–</b>	<b>1 439 924</b>	<b>–</b>	<b>1 439 924</b>	<b>661 022</b>	<b>2 100 946</b>
Issue of shares	2 468 336	–	–	–	–	2 468 336
Transfer between reserves*	–	–	688 727	688 727	(688 727)	–
<b>Total contributions by or distributions to owners of the company recognised directly in equity</b>	<b>2 468 336</b>	<b>–</b>	<b>688 727</b>	<b>688 727</b>	<b>(688 727)</b>	<b>2 468 336</b>
<b>Balance at 1 January 2017</b>	<b>2 468 336</b>	<b>1 439 924</b>	<b>688 727</b>	<b>2 218 651</b>	<b>(27 705)</b>	<b>4 569 282</b>
Profit for the 2017 year	–	–	–	–	366 970	366 970
Other comprehensive income	–	413 702	–	413 702	–	413 702
<b>Total comprehensive income for the 2017 year</b>	<b>–</b>	<b>413 702</b>	<b>–</b>	<b>413 702</b>	<b>366 970</b>	<b>780 672</b>
Transfer between reserves*	–	–	(6 147)	(6 147)	6 147	–
<b>Total contributions by or distributions to owners of the company recognised directly in equity</b>	<b>–</b>	<b>–</b>	<b>(6 147)</b>	<b>(6 147)</b>	<b>6 147</b>	<b>–</b>
<b>Balance at 31 December 2017</b>	<b>2 467 336</b>	<b>1 853 626</b>	<b>682 580</b>	<b>2 536 206</b>	<b>345 412</b>	<b>5 349 954</b>

\*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 year ended 31 December 2017**  
(As extracted from the audited financial statements)

	<b>31 December 2017 R'000</b>	<b>6 months ended 31 December 2016 R'000</b>
<b>Cash flows from operating activities</b>		
Cash used in operations	510 285	(1 063)
Interest income received	3 461	6 889
Finance costs paid	(134 818)	(16 424)
Tax paid	(1 272)	(1 629)
<b>Net cash from operating activities</b>	<b>377 654</b>	<b>(12 227)</b>
<b>Cash flows from investing activities</b>		
Purchase of available-for-sale financial assets	–	(3 776 400)
Purchase of derivative financial assets	–	(3)
Cash received from MTN Zakhele reinvestment	–	(817 108)
<b>Net cash from investing activities</b>	<b>–</b>	<b>(4 593 511)</b>
<b>Cash flows from financing activities</b>		
Proceeds from the issuance of ordinary shares	–	2 468 336
Redemption of cumulative redeemable non-participating preference shares	(398 451)	–
Borrowings raised	–	2 165 417
Cash (refund to)/received from unsuccessful participants	(3 643)	7 836
<b>Net cash from financing activities</b>	<b>(402 093)</b>	<b>4 641 589</b>
<b>Total cash movement for the year</b>	<b>(24 439)</b>	<b>35 851</b>
<b>Total cash at the end of the year</b>	<b>11 412</b>	<b>35 851</b>

**Notes to the summarised annual financial statements**  
for the year ended 31 December 2017  
(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. The accounting policies are consistent with those of the prior financial period.

**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. Dividend income**

During the 2017 financial year MTN Zakhele Futhi received dividends from MTN Group Limited.

The total dividend income received by MTN Zakhele Futhi (RF) limited from MTN Group Limited during the financial period was R537 847 646 (2016: R0).

**6. Available-for-sale financial assets**

The investment consists of 51 114 213 (2016: 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 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 R136.60 (2016: R126.17) per share as listed on the JSE Limited at 31 December 2017. The total gain recorded in other comprehensive income for the current financial year is R533 121 241 (2016: R1 885 571 484).

	<b>31 December 2017 R'000</b>	<b>31 December 2016 R'000</b>
Balance at the beginning of the year	6 449 080	–
Initial measurement for additions during the year paid in cash	–	5 832 131
Gain on re-measurement of available-for-sale financial assets	533 121	616 949
<b>Balance at the end of the year</b>	<b>6 982 201</b>	<b>6 449 080</b>

**Notes to the summarised annual financial statements continued**  
**for the year ended 31 December 2017**  
(As extracted from the audited financial statements)

**7. 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.

**Initial recognition**

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%.

**Subsequent recognition**

The valuation was re-performed at 31 December 2017 indicating a value of R879 615 583 (2016: R887 537 535). The significant inputs into the model at the end of the year were as follows:

- the market price of MTN Group shares of R136.60 (2016: R126.17);
- the NVF balance of approximately R3 621 million (2016: R3 331 million);
- volatility of 31.24% (2016: 31.98%);
- a dividend yield of 4.66% (2016: 5.42%);
- an expected option life of 8 years from inception (2016: 8 years); and
- an annual risk-free rate of 7.60% (2016: 8.19%).

	<b>31 December 2017 R'000</b>	<b>31 December 2016 R'000</b>
Balance at the beginning of the year	887 538	–
Initial recognition of derivative asset	–	766 433
Fair value adjustments recorded in profit or loss	(7 922)	121 105
<b>Fair value at the end of the period</b>	<b>879 616</b>	<b>887 538</b>

**Notes to the summarised annual financial statements continued**  
**for the year ended 31 December 2017**  
(As extracted from the audited financial statements)

**8. 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.

	<b>31 December 2017 R'000</b>	<b>31 December 2016 R'000</b>
Balance at the beginning of the year	2 165 418	–
2 160 857 cumulative redeemable non-participating preference shares issued at par value of R1 000	–	2 160 857
Redemption of non-participating preference shares at a par value of R1 000	(398 451)	–
Interest paid on cumulative redeemable non-participating preference shares	(134 818)	–
Accrued interest at the effective interest rate	152 989	16 424
Transaction costs capitalised	–	(11 863)
	<b>1 785 138</b>	<b>2 165 418</b>

**Notes to the summarised annual financial statements continued**  
**for the year ended 31 December 2017**  
(As extracted from the audited financial statements)

**9. Related parties**

**Relationships:**

Preference shareholder:	Jabisan 04 (RF) Proprietary Limited
Shareholder of preference shareholder:	BFC2 Ownership Trust
Provider of Notional Vendor Finance:	MTN Group Limited
Non-executive directors:	Shauket Allie Fakie <sup>(1)</sup>
	Simphiwe Cele <sup>(1)</sup>
	Sibongile Mtshali <sup>(1)</sup>
	Sindisiwe Mabaso-Koyana <sup>(2)</sup>
	Sonja De Bruyn Sebotsa <sup>(2)</sup>
	Grant Gelink <sup>(3)</sup>

(1) Resigned from the board of directors on 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.

	<b>31 December 2017 R'000</b>	<b>31 December 2016 R'000</b>
<b>Related party balances:</b>		
<b>Preference share liability</b>		
Jabisan 04 (RF) Proprietary Limited	1 785 138	2 165 418
<b>Amounts included in Other Payables regarding related parties</b>		
Shauket Allie Fakie, in respect of directors' remuneration	59	210
MTN Group Limited	–	12 965
	<b>59</b>	<b>13 175</b>
<b>Ordinary share capital held by related party</b>		
MTN Group Limited	365 605	556 973

**Notes to the summarised annual financial statements continued**  
**for the year ended 31 December 2017**  
(As extracted from the audited financial statements)

	31 December 2017 R'000	6 months ended 31 December 2016 R'000
<b>9. Related parties (continued)</b>		
<b>Related party transactions:</b>		
<b>Dividends received from related parties</b>		
MTN Group Limited	(537 848)	–
<b>Interest to related parties</b>		
Jabisan 04 (RF) Proprietary Limited	134 818	17 716
<b>Participation fee to related parties</b>		
Jabisan 04 (RF) Proprietary Limited	–	11 863
<b>Expenses paid on behalf of related parties</b>	<b>1 434</b>	<b>21</b>
Jabisan 04 (RF) Proprietary Limited	1 434	21
BFC2 Ownership Trust	–	–
<b>Remuneration of the board of directors – directors' fees</b>	<b>604</b>	<b>210</b>
Shauket Allie Fakie <sup>(4)</sup>	166	210
Simphiwe Cele <sup>(5)</sup>	–	–
Sibongile Mtshali <sup>(5)</sup>	–	–
Sindisiwe Mabaso-Koyana <sup>(6)</sup>	207	–
Sonja De Bruyn Sebotsa <sup>(6)</sup>	107	–
Grant Gelink <sup>(6)</sup>	124	–

(4) Resigned from the board of directors on 6 June 2017.

(5) Simphiwe Cele and Sibongile Mtshali waived their directors' fees for 2016 and 2017. Both directors resigned on 6 June 2017.

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

The directors do not consider the key service providers to be "key management personnel" as defined in IAS 24, *Related Party Disclosure*.

**Notes to the summarised annual financial statements continued**  
**for the year ended 31 December 2017**  
(As extracted from the audited financial statements)

**10. Events after the reporting period**

MTN Group Limited declared a final dividend of 450 cents in March 2018.

The directors are not aware of any other matter or circumstance arising after the reporting date to the date of signing of this report that would require adjustment or disclosure.

**11. 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 table below presents the company's assets and liabilities that are measured at fair value.

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
<b>31 December 2017</b>				
<b>Recurring fair value measurement</b>				
Available-for-sale financial asset	6 982 201	–	–	6 982 201
Derivative financial asset	–	–	879 616	879 616
<b>Amortised cost measurement</b>				
Other receivables	–	603	–	603
Cash and cash equivalents	–	11 412	–	11 412
Borrowings	–	(1 832 352)	–	(1 832 352)
Other payables	–	(2 450)	–	(2 450)
Other liability	–	(4 193)	–	(4 193)



**Notes to the summarised annual financial statements** *continued*  
for the year ended 31 December 2017  
(As extracted from the audited financial statements)

**11. Fair value measurement (continued)**

	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
<b>31 December 2016</b>				
<b>Recurring fair value measurement</b>				
Available-for-sale financial asset	6 449 080	–	–	6 449 080
Derivative financial asset	–	–	887 538	887 538
<b>Amortised cost measurement</b>				
Other receivables	–	38	–	38
Cash and cash equivalents	–	35 851	–	35 851
Borrowings	–	(2 009 006)	–	(2 009 006)
Other payables	–	(15 571)	–	(15 571)
Other liability	–	(7 836)	–	(7 836)

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

**12. Independent audit**

These summarised financial results set out on pages 6 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.

**13. 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](http://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")

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### NOTICE OF THE ANNUAL GENERAL MEETING for the year ended 31 December 2017

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This document is also available in Zulu and Sotho in the financial information section of the Company's website – [www.mtnzakhelefuthi.co.za](http://www.mtnzakhelefuthi.co.za).

#### **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 27 July 2018 that the AGM of shareholders of MTN Zakhele Futhi will be held at the Gallagher Convention Centre, 19 Richards Drive, Midrand, Johannesburg, 1685 on Wednesday, 5 September 2018 at 11:30 (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 29 August 2018 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, guardians and group representatives) 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.***

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NOTICE OF THE ANNUAL GENERAL MEETING (continued)  
for the year ended 31 December 2017

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*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, risk and compliance committee report and the external auditors' report for the year ended 31 December 2017, have been distributed as required and are presented to shareholders at this AGM.

The complete annual financial statements are set out on pages 17 to 49 of the annual report.

**2. Resolutions**

**ORDINARY RESOLUTIONS**

**2.1 Ordinary resolution number 1**

*Confirmation of the 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.

NOTICE OF THE ANNUAL GENERAL MEETING (continued)  
for the year ended 31 December 2017

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 2018) 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.

**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	27 680	110 720	43 597
Member	12 103	48 412	24 204

*\*It is anticipated that the board will meet quarterly.*

**MTN Zakhele Futhi (RF) 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	19 072
Member	N/A	N/A	13 180

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

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

Daily/hourly rate (ZAR) unless otherwise stated	Proposed
Special assignment or project per day	10 552
Ad hoc work on special projects per day including telecom meetings (hourly rate)	1 319

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## NOTICE OF THE ANNUAL GENERAL MEETING (continued)

for the year ended 31 December 2017

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- (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 6.0% 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.

### 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. 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 transfer secretaries at the address, fax number or email 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 5 September 2018.

### 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 transfer secretaries 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 Monday, 27 August 2017 that they wish to participate via electronic communication at the AGM (the "**electronic notice**"). Teleconference facilities will be made available for this purpose, and may be accessed at the shareholders' costs. In order for the electronic notice to be valid it must contain:

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NOTICE OF THE ANNUAL GENERAL MEETING (continued)  
for the year ended 31 December 2017

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- (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 authorised 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 Monday, 3 September 2018, 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.

By order of the board

**Sindisiwe Mabaso-Koyana**  
*Chairman: Board of directors*

3 August 2018

**Business address and registered office**

135 Rivonia Road  
Sandown  
Johannesburg  
2193

**Transfer secretaries 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  
Email: ssa-zakhelefuthi@Nedbank.co.za

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

for the year ended 31 December 2017

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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 a 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 2018 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 2018 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.

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EXPLANATORY NOTES TO RESOLUTIONS PROPOSED AT THE ANNUAL GENERAL MEETING OF THE COMPANY (continued)  
for the year ended 31 December 2017

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**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 transfer secretaries, 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 11:30 (South African time) on Wednesday, 5 September 2018 and shareholders are requested to lodge all such documents by no later than 08:00 (South African time) on Wednesday, 5 September 2018. The name and address details of the South African transfer secretaries 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.



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## APPENDIX TO THE NOTICE OF ANNUAL GENERAL MEETING AND MAP

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### Important notes about the annual general meeting (AGM)

**Date** 5 September 2018, at 11:30 (South African time)  
**Venue** Gallagher Convention Centre, 19 Richards Drive, Midrand, Johannesburg, 1685  
**Time** The AGM will start promptly at 11:30 (South African time)

**A shareholder education session will be held in the auditorium prior to the commencement of the AGM. This session does not form part of the AGM and will start at 10:00 promptly. Shareholders wishing to attend this session are advised to be in the auditorium by no later than 09:45.**

The annual general meeting will commence with a short information session, informing shareholders of the electronic voting process to be utilised at the meeting. Staff will direct shareholders to the AGM. Refreshments will be served after the meeting.

### Admission

Shareholders attending the AGM are asked to register at the registration desk in the auditorium's reception area at the venue. **Shareholders and proxies will be required to provide proof of identity.**

### Security

Secured parking is provided at the venue at shareholders' own risk. Mobile phones should be switched off for the duration of the proceedings.

### Translation services

Kindly note that the meeting will be translated into Zulu and Sotho – translation receivers and headsets will be available to registered shareholders only. This document is also available in Zulu and Sotho in the financial information section on the Company's website – [www.mtnzakhelefuthi.co.za](http://www.mtnzakhelefuthi.co.za).

### Please note

#### 1. Enquiries

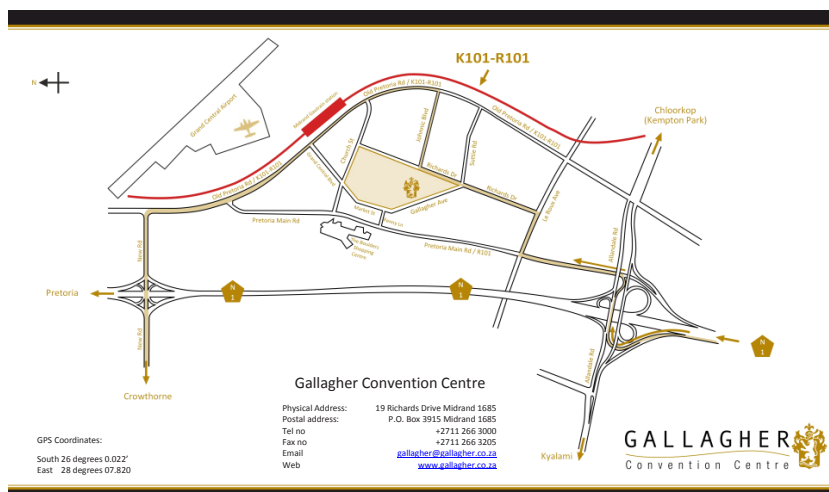
Any shareholders having difficulties or queries in regard to the AGM or the above are invited to contact Nedbank Limited, acting through its Share Scheme Administration business unit on +27 83 900 6863. Calls will be monitored for quality control purposes.

#### 2. Results of AGM

The results of the AGM will be communicated in relation to each resolution by the chairman of the AGM after voting is complete in relation to each such resolution.

#### 3. Refreshments

Light refreshments will be served after the meeting.



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

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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.

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## ADMINISTRATION

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**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 transfer secretaries**

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  
Email: 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](http://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 11:30 (South African time) on 5 September 2018, at Gallagher Convention Centre, 19 Richards Drive, Midrand, Johannesburg, 1685. 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

ID number/registration number of

Being a shareholder/shareholders of the abovementioned Company do hereby appoint

of or failing him/her,

of or failing him/her,

the chairperson of the Company or failing her the chairperson of the meeting as my/our proxy to vote for me/us and on my/our behalf at the annual general (or general or adjourned as the case may be) meeting of the Company to be held on 5 September 2018 at 11.30 and at any adjournment or postponement thereof.

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			
<b>Special resolutions</b>			
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.**

Please read the notes on the reverse side hereof.

Signed at on 2018

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.

**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 transfer secretaries 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 5 September 2018.
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 transfer secretaries.
12. A proxy may not delegate his/her authority to act on behalf of the shareholder, to another person.

**Office of the transfer secretaries**

Nedbank Limited, acting through its Share Scheme Administration business unit  
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Email: ssa-zakhelefuthi@Nedbank.co.za

