



# MTN Zakhele Futhi (RF) Limited

Summarised Annual Report and Notice to the AGM

for the year ended 31 December 2018



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

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Please visit <https://www.mtnzakhelefuthi.co.za/> for the Zulu and Sotho version of this document.



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## BOARD OF DIRECTORS

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### **Sindisiwe N Mabaso-Koyana (50)**

*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, 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 Woman 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 (47)**

*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 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 BBBEE. 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 (69)**

*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, Rain Group Holdings Proprietary Limited and Pralene Investments Proprietary 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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## 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 2018, the Company recognised a loss after taxation of R325,8 million (2017: R201,1 million restated profit). The loss is attributable to the re-measurement of the derivative financial instrument at year end as required by the International Financial Reporting Standards. The loss on the re-measurement of the derivative financial instrument is almost entirely due to the decline in the MTN Group share price from R136,60 at 31 December 2017 to R89,00 at 31 December 2018.

The decline in the MTN Group share price since the prior financial year also resulted in a fair value loss of R2 433,0 million (2017: 533,1 million profit) being recognised in the statement of comprehensive income.

### **Repayment of MTN Zakhele Futhi's debt**

During 2018, the Company received R480,2 million (2017: 537,8 million) in dividend income from MTN Group and was able to repay debt in excess of the budgeted repayment schedule. 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.

R313,0 million of the dividend income was applied towards the early redemption of the preference shares during the 2018 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**

During the 2016 offer period, applications 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). MTN therefore 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 but 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 during 2017 with large institutional investors for the sale of an aggregate of 9 088 320 of the Underwrite Shares.

A further 3 240 Underwrite Shares were sold by MTN to participants of the Secondary Offer during the first quarter of 2018 reducing MTN Group's holding of MTN Zakhele Futhi Ordinary Shares to 18 277 026 ordinary shares at 31 December 2018.

### **Proposed listing**

During the Minimum Investment Period, ie from 24 November 2016 to 24 November 2019, shareholders are not permitted to sell, transfer or otherwise dispose of their MTN Zakhele Futhi Ordinary Shares. On 25 November 2019 the Minimum Investment Period comes to an end and the Company has commenced steps to list the MTN Zakhele Futhi Ordinary Shares on the JSE in order to facilitate trading between qualifying black people and black groups during the remaining five years of the Empowerment Period. In anticipation of the proposed listing on the JSE, roadshows will be scheduled and communicated to shareholders well in advance of such proposed listing in order to provide shareholders with information in relation to the trading mechanisms and processes.

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## A STATEMENT FROM YOUR CHAIRPERSON (continued)

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### **Shareholder support**

Effective and efficient shareholder communication is essential to ensure that shareholders are kept up to date ahead of the listing planned for November 2019. 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. 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.

We would like to encourage shareholders to attend the Annual General Meeting currently scheduled for 17 May 2019 at Gallagher Convention Centre where further details of the public listing will be relayed to shareholders.

### **Sindisiwe Mabaso-Koyana**

*Chairperson*

15 March 2019

**Summarised statement of profit or loss**  
for the year ended 31 December 2018  
(As extracted from the audited financial statements)

	Notes	31 December 2018 R'000	Restated* 31 December 2017 R'000
Dividend Income	5	480 221	537 848
Directors emoluments		(695)	(604)
Other operating expenses		(13 554)	(13 630)
<b>Operating profit</b>		<b>465 972</b>	<b>523 614</b>
Finance income		2 970	3 461
Finance costs incurred on financial liabilities measured at amortised cost		(124 418)	(152 989)
Loss on re-measurement of the derivative financial instrument		(661 448)	(221 719)
<b>(Loss)/profit before taxation</b>		<b>(316 924)</b>	<b>152 367</b>
Income tax (expense)/credit		(8 923)	48 696
<b>(Loss)/profit for the year</b>		<b>(325 847)</b>	<b>201 063</b>

**Summarised statement of comprehensive income**  
for the year ended 31 December 2018  
(As extracted from the audited financial statements)

	31 December 2018 R'000	Restated* 31 December 2017 R'000
<b>(Loss)/profit for the year</b>	<b>(325 847)</b>	<b>201 063</b>
<b>Other comprehensive income – items that may subsequently be reclassified to profit or loss:</b>	<b>(1 897 969)</b>	<b>413 702</b>
(Loss)/gain on re-measurement of the financial asset	(2 433 036)	533 121
Deferred tax on loss/(gain) on re-measurement of the financial asset	535 067	(119 419)
<b>Total comprehensive (loss)/income for the year</b>	<b>(2 223 816)</b>	<b>614 765</b>

\*Restated as described in note 12

**Summarised statement of financial position**  
**at 31 December 2018**  
(As extracted from the audited financial statements)

	Notes	31 December 2018 R'000	Restated* 31 December 2017 R'000	Restated* 31 December 2016 R'000
<b>Assets</b>				
<b>Non-current assets</b>				
Investment in equities	6	4 549 165	6 982 201	6 449 080
Derivative financial instrument	7	–	–	185 602
		<b>4 549 165</b>	<b>6 982 201</b>	<b>6 634 682</b>
<b>Current assets</b>				
Current tax receivable		1	3	–
Cash and cash equivalents		36 184	7 219	28 015
Cash and cash equivalents – restricted funds		3 765	4 193	7 836
Other receivables		832	603	393
		<b>40 782</b>	<b>12 018</b>	<b>36 244</b>
<b>Total assets</b>		<b>4 589 947</b>	<b>6 994 219</b>	<b>6 670 926</b>
<b>Equity and liabilities</b>				
<b>Equity</b>				
Share capital		2 468 336	2 468 336	2 468 336
Reserves		(741 911)	1 825 597	1 583 949
Accumulated profit/(loss)		689 104	345 412	(27 705)
		<b>2 415 529</b>	<b>4 639 345</b>	<b>4 024 580</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Borrowings	8	1 442 079	1 750 617	2 147 702
Derivative financial instrument		697 565	36 117	–
Deferred tax		–	526 976	457 222
		<b>2 139 644</b>	<b>2 313 710</b>	<b>2 604 924</b>
<b>Current liabilities</b>				
Borrowings	8	28 277	34 521	17 715
Current tax payable		–	–	300
Other liability		3 765	4 193	7 836
Trade and other payables		2 732	2 450	15 571
		<b>34 774</b>	<b>41 164</b>	<b>41 422</b>
<b>Total liabilities</b>		<b>2 174 418</b>	<b>2 345 874</b>	<b>2 646 346</b>
<b>Total equity and liabilities</b>		<b>4 589 947</b>	<b>6 994 219</b>	<b>6 670 926</b>

\*Restated as described in note 12

**Summarised statement of changes in equity**  
for the year ended 31 December 2018  
(As extracted from the audited financial statements)

	Share capital R'000	Investment in equities reserve R'000	Other reserve R'000	Total reserves R'000	Accumulated profit/(loss) R'000	Total equity R'000
Restated balance at 1 January 2017	2 468 336	1 439 924	144 025	1 583 949	(27 705)	4 024 580
Balance at 1 January 2017 as previously stated	2 468 336	1 439 924	688 727	2 128 651	(27 705)	4 569 282
Restatement	–	–	(544 702)	(544 702)		(544 702)
Restated profit for the 2017 year	–	–	–	–	201 063	201 063
Profit for the 2017 year as previously stated	–	–	–	–	366 970	366 970
Restatement	–	–	–	–	(165 907)	(165 907)
Other comprehensive income for the 2017 period	–	413 702	–	413 702	–	413 702
<b>Total comprehensive income for the 2017 period</b>	<b>–</b>	<b>413 702</b>	<b>–</b>	<b>413 702</b>	<b>201 063</b>	<b>614 765</b>
Restated transfer between reserves*	–	–	(172 054)	(172 054)	172 054	–
Transfer between reserves as previously stated	–	–	(6 147)	(6 147)	6 147	–
Restatement	–	–	(165 907)	(165 907)	165 907	–
<b>Restated balance at 31 December 2017</b>	<b>2 468 336</b>	<b>1 853 626</b>	<b>(28 029)</b>	<b>1 825 597</b>	<b>345 412</b>	<b>4 639 345</b>
<b>Restated Balance at 1 January 2018</b>	<b>2 468 336</b>	<b>1 853 626</b>	<b>(28 029)</b>	<b>1 825 597</b>	<b>345 412</b>	<b>4 639 345</b>
Profit for the 2018 year	–	–	–	–	(325 847)	(325 847)
Other comprehensive income	–	(1 897 969)	–	(1 897 969)	–	(1 897 969)
<b>Total comprehensive income for the 2018 year</b>	<b>–</b>	<b>(1 897 969)</b>	<b>–</b>	<b>(1 897 969)</b>	<b>(325 847)</b>	<b>(2 223 816)</b>
Transfer between reserves*	–	–	(669 539)	(669 539)	669 539	–
<b>Balance at 31 December 2018</b>	<b>2 468 336</b>	<b>(44 343)</b>	<b>(697 568)</b>	<b>(741 911)</b>	<b>689 104</b>	<b>2 415 529</b>

Refer to note 12 for details of the restatement

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



**Summarised statement of cash flows**  
for the year ended 31 December 2018  
(As extracted from the audited financial statements)

	<b>31 December 2018 R'000</b>	<b>Restated* 31 December 2017 R'000</b>
<b>Cash flows from operating activities</b>		
Cash used in operations	(14 196)	(27 565)
Dividends received	480 221	537 848
Interest income received	2 970	3 461
Finance costs paid	(126 154)	(134 818)
Tax paid	(830)	(1 272)
<b>Net cash from operating activities</b>	<b>342 011</b>	<b>377 654</b>
<b>Cash flows from financing activities</b>		
Redemption of cumulative redeemable non-participating preference shares	(313 046)	(398 451)
Cash (refund to)/received from unsuccessful participants	(428)	(3 643)
<b>Net cash from financing activities</b>	<b>(313 474)</b>	<b>(402 093)</b>
<b>Total cash movement for the year</b>	<b>28 537</b>	<b>(24 439)</b>
<b>Total cash at the end of the year</b>	<b>39 949</b>	<b>11 412</b>

\*Restated as described in note 12

## **Notes to the summarised annual financial statements**

for the year ended 31 December 2018

(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") scheme.

### **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. IFRS 9, Financial Instruments, replaces IAS 39, Financial Instruments: Recognition and Measurement. The adoption of IFRS 9 had an impact on the classification of the Company's financial instruments. There has however been no change in the measurement of these financial instruments due to the adoption of the new Standard.

The remaining 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**

The total dividend income received by MTN Zakhele Futhi (RF) limited from MTN Group Limited during the financial period was R480 221 113 (2017: R537 847 646).

### **6. Investment in equities**

The investment consists of 51 114 213 (2017: 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 fair value of the investment is based on a quoted market price of R89.00 (2017: R136.60) per share as listed on the JSE Limited at 31 December 2018. The total loss recorded in other comprehensive income for the current financial year is R2 433 036 539 (2017: R533 121 241 gain).

	<b>31 December 2018 R'000</b>	<b>Restated 31 December 2017 R'000</b>
Balance at the beginning of the year	6 982 201	6 449 080
Balance at the end of the year	(2 433 036)	533 121
<b>Balance at the end of the year</b>	<b>4 549 165</b>	<b>6 982 201</b>

**Notes to the summarised annual financial statements continued**  
**for the year ended 31 December 2018**  
(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.

The valuation of the option at year end was a liability of R697 565 010 (2017: R36 117 052). The significant inputs into the model at the end of the year were as follows:

- the market price of MTN Group shares of R89.00 (2017: R136.60);
- the NVF balance of approximately R3 924 million (2017: R3 621 million);
- volatility of 35,16% (2017: 31,24%);
- a dividend yield of 6,79% (2017: 4,66%);
- an expected option life of 8 years from inception (2017: 8 years); and
- an annual risk free rate of 7,70% (2017: 7,60%).

A change was made to one of the assumptions applied in the valuation model during the current financial year. This change was retrospectively applied to the prior year financial statements. Refer to note 12 for more details on the change in assumption.

	<b>31 December 2018 R'000</b>	<b>Restated 31 December 2017 R'000</b>
Balance at the beginning of the year – (liability)/asset	(36 117)	185 602
Fair value adjustments recorded in profit or loss	(661 448)	(221 719)
<b>Fair value at the end of the year</b>	<b>(697 565)</b>	<b>(36 117)</b>

**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 5 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 or later date as may be agreed in writing by MTN Zakhele Futhi and the Preference Share Agent at least five business days prior to 30 April or 30 September of any year during the term of the MTN Zakhele Futhi preference shares.

	<b>31 December 2018 R'000</b>	<b>31 December 2017 R'000</b>
Balance at the beginning of the year	1 785 138	2 165 418
Redemption of non-participating preference shares at a par value of R1 000	(313 046)	(398 451)
Interest paid on cumulative redeemable non-participating preference shares	(126 154)	(134 818)
Accrued interest at the effective interest rate	124 418	152 989
	<b>1 470 356</b>	<b>1 785 138</b>

**Notes to the summarised annual financial statements continued**  
**for the year ended 31 December 2018**  
(As extracted from the audited financial statements)

**9. Related parties**

**Relationships:**

Preference shareholder:	Jabisan 04 (RF) Proprietary Limited
Shareholder of preference shareholder:	BFC2 Owner 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 <sup>(2)</sup>
	Grant Gelink <sup>(3)</sup>

<sup>(1)</sup> Resigned from the board of directors on 6 June 2017.

<sup>(2)</sup> Appointed as a member of the board on 6 June 2017.

<sup>(3)</sup> Appointed as a member of the board on 9 June 2017.

	<b>31 December 2018 R'000</b>	<b>31 December 2017 R'000</b>
<b>Related party balances:</b>		
<b>Preference share liability</b>		
Jabisan 04 (RF) Proprietary Limited	1 470 356	1 785 138
<b>Amounts included in Other Payables regarding related parties</b>		
Shauket Allie Fakie, in respect of directors' remuneration	–	59
	–	<b>59</b>
<b>Ordinary share capital held by related party</b>		
MTN Group Limited	365 540	365 605
<b>Related party transactions:</b>		
<b>Dividends received from related parties</b>		
MTN Group Limited	(480 221)	(537 848)
<b>Interest to related parties</b>		
Jabisan 04 (RF) Proprietary Limited	126 154	134 818
<b>Expenses paid on behalf of related parties</b>		
Jabisan 04 (RF) Proprietary Limited	1 034	1 434
BFC2 Owner Trust	–	–
<b>Remuneration of the board of directors – directors' fees</b>		
Shauket Allie Fakie <sup>(4)</sup>	–	166
Simphiwe Cele <sup>(5)</sup>	–	–
Sibongile Mtshali <sup>(5)</sup>	–	–
Sindisiwe Mabaso-Koyana <sup>(6)</sup>	325	207
Sonja De Bruyn <sup>(6)</sup>	179	107
Grant Gelink <sup>(6)</sup>	191	124

<sup>(4)</sup> Resigned from the board of directors on 6 June 2017.

<sup>(5)</sup> Simphiwe Cele and Sibongile Mtshali waived their director's fees for 2016 and 2017. Both directors resigned on 6 June 2017.

<sup>(6)</sup> 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 2018**  
(As extracted from the audited financial statements)

**10. Events after the reporting period**

MTN Group Limited declared a final dividend of 325 cents on 7 March 2019.

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. unobservable 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 2018</b>				
<b>Recurring fair value measurement</b>				
Investment in equities	4 549 165	–	–	4 549 165
Derivative financial instrument	–	–	(697 565)	(697 565)
<b>Amortised cost measurement</b>				
Other receivables	–	361	–	361
Cash and cash equivalents	–	39 949	–	39 949
Borrowings	–	(1 486 160)	–	(1 486 160)
Other payables	–	(2 732)	–	(2 732)
Other liability	–	(3 765)	–	(3 765)
<b>31 December 2017 (restated)</b>				
<b>Recurring fair value measurement</b>				
Investment in equities	6 982 201	–	–	6 982 201
Derivative financial instrument	–	–	(36 117)	(36 117)
<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)

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



**Notes to the summarised annual financial statements continued**  
**for the year ended 31 December 2018**  
(As extracted from the audited financial statements)

**12. Restatement**

During the current financial year an error in one of the assumptions previously applied in the derivative valuation model was identified. The model previously included a cap on the repayment of the notional vendor finance provide by MTN Group to the number of shares provided through this facility (i.e. the 25 721 165 NVF shares). Since the Transaction Documents require the NVF to be paid as a Rand equivalent it is possible, depending on the MTN Group share price, for more than the 25,7 million NVF shares to be used in the repayment of the NVF. This change in assumption has been retrospectively applied and has therefore resulted in a restatement of the fair value of the derivative financial instrument and related deferred tax recognised in previous years. The model now incorporates the calculation of an entity value to determine the underlying value of the derivative financial instrument.

The restatement has no cash impact on the company and is purely a fair value accounting adjustment required by International Financial Reporting Standards.

The impact on the restatement on the financial results are as follows:

	Previously reported R'000	Restatement R'000	Restated balance R'000
<b>31 December 2017</b>			
<b>Impact on statement of profit or loss</b>			
Operating profit	523 614	–	523 614
Finance income	3 461	–	3 461
Finance costs incurred on financial liabilities measured at amortised cost	(152 989)	–	(152 989)
Loss on remeasurement of derivative financial instrument	(7 922)	(213 797)	(221 719)
<b>Profit before taxation</b>	<b>366 164</b>	<b>(213 797)</b>	<b>152 367</b>
Income tax expense	806	47 890	48 696
<b>Profit for the year</b>	<b>366 970</b>	<b>(165 907)</b>	<b>201 063</b>
<b>Impact on statement of financial position</b>			
<b>Non-current assets</b>	<b>7 861 817</b>	<b>(879 616)</b>	<b>6 982 201</b>
Investment in equities	6 982 201	–	6 982 201
Derivative financial instrument	879 616	(879 616)	–
<b>Current assets</b>	<b>12 018</b>	<b>–</b>	<b>12 018</b>
<b>Total assets</b>	<b>7 873 835</b>	<b>(879 616)</b>	<b>6 994 219</b>
<b>Equity</b>			
Share capital	2 468 336	–	2 468 336
Reserves	2 536 206	(710 609)	1 825 597
Accumulated profit	345 412	–	345 412
	<b>5 349 954</b>	<b>(710 609)</b>	<b>4 639 345</b>

*Notes to the summarised annual financial statements continued*  
for the year ended 31 December 2018  
(As extracted from the audited financial statements)

12. **Restatement** (continued)

<b>31 December 2017</b>	<b>Previously reported R'000</b>	<b>Restatement R'000</b>	<b>Restated balance R'000</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>	<b>2 482 717</b>	<b>(169 007)</b>	<b>2 313 710</b>
Borrowings	1 750 617	–	1 750 617
Derivative financial instrument	–	36 117	36 117
Deferred tax	732 100	(205 124)	526 976
<b>Current liabilities</b>	<b>41 164</b>	<b>–</b>	<b>41 164</b>
<b>Total liabilities</b>	<b>2 523 881</b>	<b>(169 007)</b>	<b>2 354 874</b>
<b>Total equity and liabilities</b>	<b>7 873 835</b>	<b>(879 616)</b>	<b>6 994 219</b>
<b>Impact on statement of profit or loss</b>			
Operating loss	(16 241)	–	(16 241)
Finance income	6 889	–	6 889
Finance costs incurred on financial liabilities measured at amortised cost	(16 424)	–	(16 424)
Loss on remeasurement of derivative financial instrument	887 535	(701 936)	185 599
<b>Profit before taxation</b>	<b>861 759</b>	<b>(701 936)</b>	<b>159 823</b>
Income tax expense	(200 737)	157 234	(43 503)
<b>Profit for the year</b>	<b>661 022</b>	<b>(544 702)</b>	<b>116 320</b>
<b>Impact on statement of financial position</b>			
<b>Non-current assets</b>	<b>7 336 618</b>	<b>(701 936)</b>	<b>6 634 682</b>
Investment in equities	6 449 080	–	6 449 080
Derivative financial instrument	887 538	(701 936)	185 602
<b>Current assets</b>	<b>36 244</b>	<b>–</b>	<b>36 244</b>
<b>Total assets</b>	<b>7 372 862</b>	<b>(701 936)</b>	<b>6 670 926</b>
<b>Equity</b>			
Share capital	2 468 336	–	2 468 336
Reserves	2 128 651	(544 702)	1 583 949
Accumulated profit	(27 705)	–	(27 705)
	<b>4 569 282</b>	<b>(544 702)</b>	<b>4 024 580</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>	<b>2 762 158</b>	<b>(157 234)</b>	<b>2 604 924</b>
Borrowings	2 147 702	–	2 147 702
Deferred tax	614 456	(157 234)	457 222
<b>Current liabilities</b>	<b>41 422</b>	<b>–</b>	<b>41 422</b>
<b>Total liabilities</b>	<b>2 803 580</b>	<b>(157 234)</b>	<b>2 646 346</b>
<b>Total equity and liabilities</b>	<b>7 372 862</b>	<b>(701 936)</b>	<b>6 670 926</b>

**Notes to the summarised annual financial statements** *continued*  
*for the year ended 31 December 2018*  
(As extracted from the audited financial statements)

**13. Independent audit**

These summarised financial results set out on pages 5 to 15 have been audited by the Company's independent auditors, SizweNtsalubaGobodo Grant Thornton Inc., who have performed their audit in accordance with the International Standards on Auditing. A full copy of their unmodified audit report, with an emphasis of matter paragraph relating to the restatement, 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.

**14. 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 2018

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**This document is 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 and must be presented at the meeting by all individuals attending as proxies.**

Shareholders may also use an online proxy facility to complete their forms of proxy. This online proxy is free of charge and is available on the internet. To make use of the online proxy, shareholders are required to register for the service, via the website on <https://www.votingplatform.corporateactions.co.za/mtnzakhelefuthi/login>. The login process will utilise your SA ID Number coupled with a One Time Pin that will be sent to your mobile device and email address on record. Shareholders will also be able to view and download a user guide explaining how to use the online proxy process on the Company's website. The online proxy platform will be available from 09:00 on 16 April 2019.

#### **Notice to shareholders: annual general meeting**

Notice is hereby given to shareholders as at the record date of 5 April 2019 that the AGM of shareholders of MTN Zakhele Futhi will be held at the Gallagher Convention Centre, 19 Richards Drive, Midrand, Johannesburg, 1685 on Friday, 17 May 2019 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 3 May 2019 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.**

*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 2018, 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 52 of the annual report.

## 2. Resolutions

### ORDINARY RESOLUTIONS

#### 2.1 Ordinary resolution number 1

##### *Re-election of Grant Gelink as director*

"Resolved that Grant Gelink, who retires by rotation and who is eligible and available for re-election, be and is hereby 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 and is hereby 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*

"Resolved that Sonja De Bruyn be and is hereby 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 and is hereby 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 Grant Thornton Inc. be and hereby re-appointed as auditor of the Company (for the financial year ending 31 December 2019) 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.



## 2.6 Ordinary resolution number 6

### *Proposed amendments to the Relationship Agreement*

"Resolved that, subject to the passing of special resolution number 2, the proposed amendments to the agreement entitled "**Relationship Agreement**" concluded between the Company and MTN on 9 August 2016 and to which each ordinary shareholder of the Company becomes a party, as identified (for reference purposes only) in tracked text format in a draft version of the existing Relationship Agreement, which draft has been approved by resolution of the board of the Company and initialled by the chairperson of the board for purposes of identification, be and is hereby approved, with this resolution taking effect in accordance with the provisions of the Companies Act, 71 of 2008, as amended, but not earlier than the conclusion of the meeting in which this resolution is passed and provided that, to the extent required by MTN Group Limited ("**MTN**"), the amendments to the MOI contained in this resolution (or any part of such amendments, as the case may be) have been approved by MTN's shareholders in general meeting, in which event this resolution will not become effective until so approved."

The salient features of the amended Relationship Agreement are set out in the explanatory notes to this notice of AGM commencing on page 22 and the complete, amended Relationship Agreement reflecting the amendments made pursuant to this ordinary resolution number 6 (including a version which, for ease of reference, identifies the amendments in tracked text format in the existing Relationship Agreement) is available on the Company's website at <https://www.mtnzakhelefuthi.co.za/> and titled "Relationship Agreement - 2019 Amendments". This version of the amended Relationship Agreement is also available 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 (who can be contacted at +27 83 900 6863).

In terms of clause 18.1.2 of the Relationship Agreement, the terms of the Relationship Agreement may be amended by the Company and MTN signing a document incorporating any amendment approved by resolution passed at a separate meeting of the holders of ordinary shares of the Company at which the holders of ordinary shares of the Company present or represented at the meeting and exercising not less than 65% of the votes exercisable in respect of the ordinary shares of the Company at that meeting, voted in favour of such resolution, which amendments will, subject to the Company and MTN signing the document referred to above, bind all MTN Zakhele Futhi Shareholders as from the date specified in the amending resolution.

Accordingly, the percentage of voting rights required for ordinary resolution number 6 to be adopted is 65% of the voting rights exercised on the resolution by the holders of the ordinary shares of the Company. In addition to the above, the contractual consent of both the agent of the holders of the preference shares of the Company and MTN will be required for the purposes of these amendments to the Relationship Agreement.

## SPECIAL RESOLUTIONS

### 2.7 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, directors' remuneration, with effect from the date of passing of this resolution, be as set out below:

#### **MTN Zakhele Futhi (RF) Limited board**

	<b>Proposed quarterly fee</b>	<b>Annual retainer fee (ZAR)</b>	<b>Attendance fee (ZAR) (per meeting)</b>
		<b>Total annually</b>	<b>Proposed attendance fee (per meeting)</b>
Chairperson	29 064	116 256	45 777
Member	12 708	50 833	25 414

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

NOTICE OF THE ANNUAL GENERAL MEETING (continued)  
for the year ended 31 December 2018

**MTN Zakhele Futhi (RF) audit committee**

	Proposed quarterly fee	Annual retainer fee (ZAR)	Attendance fee (ZAR) (per meeting)  Proposed attendance fee (per meeting)
Chairperson	N/A	N/A	20 026
Member	N/A	N/A	13 839

*\*It is anticipated that the audit committee will meet at least twice per year to align 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/hourly rate (ZAR) unless otherwise stated	Proposed
Special assignment or project per day	11 080
Ad hoc work on special projects per day including telecom meetings (hourly rate)	1 385

- (i) In accordance with clause 26.2 of the memorandum of incorporation of the Company, 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 5.0% 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.

**2.8 Special resolution number 2**

*Proposed amendments to the memorandum of incorporation of the company*

"Resolved that, subject to the passing of ordinary resolution number 6, the existing memorandum of incorporation of the Company ("MOI") be and is hereby amended and substituted in its entirety with a new MOI ("New MOI"), being an amended version of the existing MOI which has been approved by a resolution of the board of the Company and initialled by the chairperson of the board for purposes of identification, and which reflects (for reference purposes only) the effective amendments to the existing MOI in tracked text format, with this resolution taking effect in accordance with the provisions of the Companies Act but not earlier than the conclusion of the meeting in which this resolution is passed and provided that, to the extent required by MTN, the amendments to the MOI contained in this resolution (or any part of such amendments, as the case may be) have been approved by MTN's shareholders in general meeting, in which event this resolution will not become effective until so approved."

The salient features of the New MOI are set out in the explanatory notes to this notice of AGM commencing on page 22 and the complete, New MOI reflecting the amendments made pursuant to this special resolution number 2 (including a version which, for ease of reference, identifies the amendments in tracked text format in the existing MOI) is available on the Company's website at <https://www.mtnzakhelefuthi.co.za/> and titled "MTN Zakhele Futhi MOI - 2019 Amendments". This version of the MOI is also available 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 (who can be contacted at +27 83 900 6863).

The percentage of voting rights required for special resolution number 2 to be adopted shall be (i) as a special resolution under the Companies Act 71 of 2008, as amended, 75% of the voting rights exercised on special resolution number 2 by all holders of shares in the Company (all classes voting), and additionally (ii) at least 65% of the voting rights exercised on special resolution number 2 by holders of ordinary shares in the Company. In addition to the above, the contractual consent of both the agent of the holders of the preference shares of the Company and MTN will be required for the purposes of these amendments to the MOI.

## 2.9 Special resolution number 3

### *Approval of the financial assistance provided by the Company*

"Resolved that, to the extent required by section 44 of the Companies Act 71 of 2008, as amended, the board of the Company may, subject to compliance with the requirements of the Companies Act 71 of 2008, as amended and the MOI, as amended, authorise the Company to provide direct or indirect financial assistance by way of loan, guarantee, the provision of security, or otherwise to any person (including without limitation to a related or inter-related company or corporation, or to a member of a related or inter-related corporation, or to a person related to any such company or corporation, or to the JSE and/or to any other person which participates in the listing of the Company's ordinary shares on the JSE Limited ("JSE")) for the purpose of or in connection with the acquisition of ordinary shares in the Company pursuant to or in connection with the listing of the Company's ordinary shares on the JSE ("JSE Listing"), such authority to endure for a period of two years from the date of this resolution".

Special resolution number 3 authorises the board of the Company to grant indemnities and/or other financial assistance to any person, including but not limited to the JSE, relevant market participants (including members of the JSE, the registered holders of ordinary shares in the Company, the central securities depository participants and/or relevant intermediaries) and third party service providers, in relation to the proposed JSE Listing, as well as the facilitation or subsidisation of costs in respect of the JSE Listing, which may result in the Company providing direct or indirect financial assistance within the meaning of section 44 of the Companies Act, 71 of 2008, as amended, in connection with the acquisition of ordinary shares in the Company pursuant to the JSE Listing. The above resolution authorises the board of the Company to grant such potential financial assistance, subject to compliance with the requirements of the MOI and the Companies Act, 71 of 2008, as amended, and subject further to the contractual consent required from both the agent of the holder of the preference shares of the Company and MTN.

The percentage of voting rights required for special resolution number 3 to be adopted shall be (i) as a special resolution under the Companies Act 71 of 2008, as amended, 75% of the voting rights exercised on special resolution number 3 by all holders of shares in the Company (all classes voting), and additionally (ii) at least 65% of the voting rights exercised on special resolution number 3 by holders of ordinary shares in the Company.

### **Operative time of resolutions**

Other than expressly provided otherwise, all resolutions will be immediately operative once approved by the requisite majority of shareholders. However, in relation to ordinary resolution number 6 and special resolution number 2, such resolutions will, to the extent required by MTN, only become effective once approved by MTN's shareholders.

### **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, including any proxy completed via the online proxy platform. 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

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NOTICE OF THE ANNUAL GENERAL MEETING (continued)  
for the year ended 31 December 2018

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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, including any proxy completed and returned via the online proxy platform 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 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 17 May 2019.

**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, 6 May 2019 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 Tuesday, 14 May 2019, 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

15 April 2019

**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  
E-mail: 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 2018

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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 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 chairperson of the board of directors) and Sonja De Bruyn.

**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 2019 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 Grant Thornton Inc. is proposed to be re-appointed as auditors for the financial year ending 31 December 2019 and until the conclusion of the next AGM.



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EXPLANATORY NOTES TO RESOLUTIONS PROPOSED AT THE ANNUAL GENERAL MEETING OF THE COMPANY (continued)  
for the year ended 31 December 2018

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**Proposed amendments to the Relationship Agreement - ordinary resolution number 6**

Ordinary resolution number 6 would have the effect of approving the proposed amendments to the existing Relationship Agreement. The main themes, the affected clauses (aside from minor typographical amendments) and a brief description of the content of the proposed amendments are set out in the table below:

Item No.	Theme	Affected Clause/s	Content
1.	MTN nominations to the Board of the Company	15	<p>This affected clause has been replaced in its entirety in order to remove MTN's right to appoint directors directly to the board of the Company and to reserve 2 positions on such Board to be filled by persons nominated by MTN <b>(Reserved Positions)</b>.</p> <p>Subject to the passing of ordinary resolution number 6, MTN shall, during the BIC2 Empowerment Compliance Period (as defined in the Relationship Agreement), no longer be entitled to appoint directors directly to the Board but will rather be entitled to provide 2 nominations to the Board which will, if such Board approves the proposed candidates, then appoint such persons to the Board to fill the relevant vacancy or the Reserved Positions (as defined in the Relationship Agreement) (the "<b>MTN Nominated Directors</b>"). The MTN Nominated Directors will then stand for confirmation in accordance with the provisions of the Company's MOI in the next AGM of the shareholders of the Company.</p>
2.	Amendment of the Relationship Agreement	18.1.2	<p>This affected clause has been amended in order to provide MTN and MTN Zakhele Futhi with the ability to determine a percentage of voting rights higher than 65% or any other basis to amend the Relationship Agreement.</p> <p>MTN and MTN Zakhele Futhi are currently entitled to amend the Relationship Agreement by signing a document incorporating any such amendment approved by a resolution passed at a separate meeting of the shareholders of the Company, at which meeting, shareholders present or represented and exercising not less than 65% of the votes exercisable in respect of the ordinary shares of the Company at that meeting voted in favour of that resolution.</p> <p>In order to ensure flexibility in the context of the JSE Listing and subject to the passing of ordinary resolution number 6, the above 65% threshold is amended to reflect a threshold of 65% of the votes exercisable in respect of the ordinary shares of the Company at that meeting, or such higher percentage or basis as MTN and the Company may agree to in writing from time to time.</p>

Please note that the full version of the amendments to the Relationship Agreement should be read in its entirety for a full appreciation of the contents thereof. A complete copy of the amended Relationship Agreement, including all such amendments (including a version which, for ease of reference, identifies such amendments in tracked text format in the existing Relationship Agreement), is available on the Company's website at <https://www.mtnzakhelefuthi.co.za/> and titled "**Relationship Agreement – 2019 Amendments**". This version of the amended Relationship Agreement is also available 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 (who can be contacted at +27 83 900 6863).

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EXPLANATORY NOTES TO RESOLUTIONS PROPOSED AT THE ANNUAL GENERAL MEETING OF THE COMPANY (continued)  
for the year ended 31 December 2018

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**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.

Explanatory notes to resolutions proposed at the annual general meeting of the Company continued for the year ended 31 December 2018

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 Annex 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.

**Proposed amendments to the memorandum of incorporation of the Company - special resolution number 2**

Special resolution number 2 would have the effect of amending the Company's memorandum of incorporation and substituting the New MOI in its place. The rationale for the proposed amendments set out in the New MOI is (i) to improve issues of governance and the independence of the Company from MTN; (ii) to update the MOI to more closely align with and give effect to the provisions of the Companies Act; (iii) to align the MOI with the amendments to the Relationship Agreement; and (iv) to make consequential changes and other, minor amendments. The salient features of the proposed amendments set out in the New MOI include, among other things:

**A. Directors and related rights**

- (i) the removal of MTN's veto right with respect to the declaration and payment by the Company of dividends to holders of its ordinary shares where such dividends would otherwise be available to be declared and paid by the Company pursuant to the priority of payments in Annex A of the MOI;
- (ii) a change in the board appointment process such that MTN will no longer directly appoint 2 directors to the Company's board, but will rather provide nominations for such positions to the Company's board which will, if such board approves the proposed candidates, then appoint such persons to the board to fill the relevant vacancy. The directors so appointed ("**MTN Nominated Directors**" (previously, "**MTN Appointed Directors**")) will then stand for confirmation by the Company's shareholders at the next AGM, and will be subject to retirement by rotation in the same way as the other directors of the Company are. MTN will still have the right to remove the MTN Nominated Directors, and to nominate their replacement/s in accordance with the process outlined in the relevant provisions; and
- (ii) the MTN Nominated Directors will not have any special rights/veto's on the Company's board. An MTN Nominated Director will thus no longer be required to be present to constitute a quorum, or to approve certain board decisions, and the chairperson will no longer be required to be an MTN Nominated Director.

EXPLANATORY NOTES TO RESOLUTIONS PROPOSED AT THE ANNUAL GENERAL MEETING OF THE COMPANY (continued)  
for the year ended 31 December 2018

**B. General**

Updating the MOI to more closely align with and give effect to the provisions of the Companies Act (ie making provision for the form appointing a proxy and/or the power of attorney or other authority for purposes of participating in any meeting of shareholders of the Company to be delivered to the Company at any time before the proxy exercises any rights of the shareholder entitled to vote at a shareholders meeting and to align the MOI with the amendments to the Relationship Agreement).

The main themes, the affected clauses (aside from minor typographical amendments) and a brief description of the content of the proposed amendments to the MOI are set out in the table below.

Item No.	Theme	Affected Clause/s	Content
<b>Cover page</b>			
1.	Date of New MOI	Cover page	The cover page has been amended to reflect that the original MOI was adopted by special resolution passed on 9 August 2016 and is substituted with the New MOI.
<b>A. Director and related rights</b>			
2.	MTN directors' appointment rights	1.3.13; 2.1.9; 24.2; 24.3; 24.4; 24.4; 24.5; 24.6; 24.7; 24.8; 24.9; 24.15; 29.2.	<p>These affected clauses have been amended in order to remove MTN's right to appoint directors directly to the Board of the Company ("Board") and to reserve 2 positions on the Board to be filled by persons nominated by MTN (<b>Reserved Positions</b>).</p> <p>Subject to the passing of special resolution number 2, MTN shall, during the MTN Zakhele Futhi Empowerment Compliance Period, no longer be entitled to appoint directors directly to the Board of the Company but will rather be entitled to provide 2 nominations to the Board which will, if such Board approves the proposed candidates, then appoint such persons to the Board to fill the relevant vacancy or the Reserved Positions ("the <b>MTN Nominated Directors</b>"). The MTN Nominated Directors will then stand for confirmation by the Company's shareholders at the next AGM, and will be subject to retirement by rotation in the same way as the other directors of the Company.</p>
3.	Appointment of the chairman of the Board	24.4.1; 32.9.	<p>These affected clauses have been amended in order to remove the requirement that the chairman of the Board shall be one of the MTN Appointed Directors.</p> <p>Subject to the passing of special resolution number 2, the directors may elect any one of the members of the board who is willing and able to act as chairperson to be the chairperson of the board and determine the period for which such person is to hold office as such.</p>
4.	Removal or cessation of office as director or alternate director	25.1.2; 25.1.6; 25.1.8.	<p>These affected clauses have been amended in order to include and/or to allow for the removal of the MTN Nominated Directors from the board by (i) a written request of all the other directors; or (ii) the Board, if there are more than 3 directors and the Board determines that he/she has become incapacitated to the extent that such Person is unable to perform the functions of a director, and is unlikely to regain that capacity within a reasonable time, and the Director or Alternate Director has not within the permitted period filed an application for review or has filed such an application but the court has not yet confirmed the removal (during which period he/she shall be suspended) (<i>if he is found or becomes of unsound mind</i>); or (iii) ordinary resolution of the shareholders of the Company.</p>

EXPLANATORY NOTES TO RESOLUTIONS PROPOSED AT THE ANNUAL GENERAL MEETING OF THE COMPANY (continued)  
for the year ended 31 December 2018

Item No.	Theme	Affected Clause/s	Content
5.	MTN's veto right in respect of certain decisions of the Board	28.2; 28.3; 28.5; 29; 30; 32.10.	These affected clauses have been amended to remove MTN's veto rights in respect of the decisions of the Board contemplated under such clauses.
6.	Quorum requirement for meetings of the Board	32.7; 32.15.	<p>These affected clauses have been amended in order to remove the requirement that (i) at least one of the MTN Appointed Directors has to be present at a Board meeting for quorum to be met; and (ii) for a round robin resolution to pass, at least one of the MTN Appointed Directors must vote in the affirmative.</p> <p>Subject to the passing of special resolution number 2, the quorum for a meeting of directors is any two Directors present and voting throughout the meeting. Similarly, any two Directors voting on a round robin resolution may pass the resolution.</p>
7.	Voting of Preference Shareholders in annual general meetings	21.10; 2.6.2.3 (Annex A)	These clauses have been amended in order to clarify certain existing provisions relating to the voting rights of the holders of preference shares in the Company, including the provision that whenever a special resolution of the Company is proposed in terms of clause 2.6.1.5 of Annex A of the MOI, unless one of the other circumstance set out in clause 2.6.1 of Annex A exists (which permits the holders of preference shares in the Company to vote at the general meeting of shareholders of the Company), the holders of preference shares in the Company shall be entitled to exercise the total number of votes set out in clause 2.6.2.3 of Annex A only in respect of that special resolution.
8.	Amendment to Priority of Payments provisions and Removal of MTN's veto right in respect of payment of dividends	1.3.129(A) (Annex A); 3.1.6 (Annex A); 3.1.9 (Annex A)	<p>This clause has been inserted to provide a definition of "<b>Dividend Payment Share Cover Ratio</b>" for purposes of clauses 3.1.6 and 3.1.9.</p> <p>These affected clauses have been amended in order to remove MTN's veto right in relation to payment of dividends to the holders of the MTN Zakhele Futhi Ordinary Shares; provided that the Dividend Payment Share Cover Ratio is met and there are no actual or potential trigger events under the documents governing the preference shares issued by the Company and no reasonable likelihood of any such trigger events occurring.</p>
9.	Amendment to Priority of Payments and Special Priority of Payments provisions	3.1.8.1 (Annex A) 3.2.5.1 (Annex A)	This affected clause has been amended to provide for the automatic acceptance by MTN of an offer to acquire and/or subscribe for MTN Tranche 1 Additional Subscription Shares (as defined in the MOI), unless the offer is rejected in writing by MTN, at its election.

EXPLANATORY NOTES TO RESOLUTIONS PROPOSED AT THE ANNUAL GENERAL MEETING OF THE COMPANY (continued)  
for the year ended 31 December 2018

Item No.	Theme	Affected Clause/s	Content
<b>B. GENERAL</b>			
10.	Form appointing a proxy and the power of attorney or other authority	21.28	<p>This clause has been amended in order to update the MOI to more closely align with and give effect to the provisions of the Companies Act in relation to the appointment of proxies.</p> <p>The effect of this amended clause is to provide for the form appointing a proxy and the power of attorney or other authority to be delivered to the Company at any time before the proxy exercises any rights of the Holder entitled to vote at a meeting of shareholders.</p>
11.	Amendment of the Relationship Agreement and/or the provisions of the Relationship Agreement incorporated into the MOI	10.4.3	<p>This affected clause has been amended in order align the requirements for amending the provisions of the Relationship Agreement incorporated into the MOI with the requirements contained in the Relationship Agreement, as amended.</p> <p>MTN and MTN Zakhele Futhi are currently entitled to amend the Relationship Agreement by signing a document incorporating any such amendment approved by a resolution passed at a separate meeting of the shareholder of the Company, at which meeting, shareholders present or represented and exercising not less than 65% of the votes exercisable in respect of the ordinary shares of the Company at that meeting voted in favour of that resolution.</p> <p>In order to ensure flexibility in the context of the JSE Listing and subject to the passing of ordinary resolution number 6, the above 65% threshold is amended to reflect a threshold of 65% of the votes exercisable in respect of the ordinary shares of the Company at that meeting, or such higher percentage or basis as MTN and the Company may agree to in writing from time to time.</p>

As required by the Company's MOI, the proposed amendments have received (or will, prior to the date of this AGM, have received) the prior written approval of MTN and Nedbank Limited (acting through its Corporate and Investment Banking Division), in its capacity as Preference Share Agent. Note however that this resolution is subject to the proviso that, to the extent required by MTN, the amendments to the MOI contained in this special resolution number 2 (or any part of such amendments, as the case may be), have been approved by MTN's shareholders in general meeting.

Please note that the full version of the amendments to the MOI (ie the New MOI) should be read in its entirety for full appreciation of the contents thereof. A complete copy of the New MOI, including all such amendments (including a version which, for ease of reference, identifies such amendments in tracked text format in the existing MOI), is available on the Company's website at <https://www.mtnzakhelefuthi.co.za/> and titled "**MTN Zakhele Futhi MOI – 2019 Amendments**". This version of the MOI is also available 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 (who can be contacted at +27 83 900 6863).

**Financial assistance provided by the Company – special resolution number 3**

The Company will be required to grant indemnities and other financial assistance to various parties, including but not limited to the JSE, relevant market participants (including members of the JSE, the registered holders of ordinary shares in the Company, the central securities depository participants and/or relevant intermediaries) and third party service providers, in relation to the proposed JSE Listing, as well as the facilitation or subsidisation of costs in respect of the JSE Listing, which may result in the Company providing financial assistance in connection with the acquisition of ordinary shares in the Company pursuant to the JSE Listing within the meaning of section 44 of the Companies Act, 71 of 2008, as

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EXPLANATORY NOTES TO RESOLUTIONS PROPOSED AT THE ANNUAL GENERAL MEETING OF THE COMPANY (continued)  
for the year ended 31 December 2018

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amended. Special resolution number 3 is to authorise the board of the Company to grant such financial assistance, subject to compliance with the requirements of the MOI and the Companies Act, 71 of 2008, as amended, and subject further to the contractual consent required from the holder of the preference shares of the Company and MTN.

Section 44 of the Companies Act provides, among other things, that such direct or indirect financial assistance must be provided only pursuant to a special resolution of shareholders, adopted within the previous two years, which approved such financial assistance either for the specific recipient or generally for a category of potential recipients and the specific recipient falls within that category and the board must be satisfied that (i) immediately after providing the financial assistance, the Company would satisfy the solvency and liquidity test provided for section 4 of the Companies Act, 71 of 2008, as amended; and (ii) the terms under which the financial assistance is proposed to be given is fair and reasonable to the Company.

### **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 Friday, 17 May 2019 and shareholders are requested to lodge all such documents by no later than 08:00 (South African time) on Friday, 17 May 2019. 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.

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

**Date** 17 May 2019, 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 owners' 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 available in Zulu and Sotho in the financial information section on the Company's website – <https://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 (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  
E-mail: ssa-zakhelefuthi@Nedbank.co.za

**Company secretary**

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

**Auditors**

SizweNtsalubaGobodo Grant Thornton 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)**

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NOTES

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## 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 17 May 2019, 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 above mentioned 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 17 May 2019 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: 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 as a member of the audit committee			
Ordinary resolution number 4: Election of Grant Gelink as a member of the audit committee			
Ordinary resolution number 5: Re-appointment of independent auditors			
Ordinary resolution number 6: Amendments to the Relationship Agreement			
Special resolutions			
Special resolution number 1: Remuneration payable to directors			
Special resolution number 2: Amendments to the memorandum of incorporation of the Company			
Special resolution number 3: Financial assistance provided by the Company			

*\*\*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 \_\_\_\_\_ 2019

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 note that a proxy/ies attending the meeting on behalf of a registered shareholder will not be entitled to vote on behalf of the shareholder unless they are accompanied by this duly completed form.**

## 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 17 May 2019.
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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