

Annexure A: Frequently Asked Questions (FAQs)

Q1: What is the difference between Share option rights and Phantom shares?

Momentum Sales made the decision to issue Phantom Shares as from November 2013. Previously share option rights were issued. The vesting term remains the same for both instruments namely that it will vest in equal tranches in Years 3, 4 and 5 respectively, after the granting date.

The difference is explained in the example below.

Instrument	Grant price	Vesting Price	Calculated value at vesting
Share option	R24.60	R26.00	$R26.00 - R24.60 = R1.40$ per unit
Phantom Share	R24.60	R26.00	$R26.00 \times 1 = R26.00$ per unit

Q2: When are the units issued?

Units will be issued annually around November to qualifying participants. You will receive an email confirming that your allocation has been updated on the share administration system and you may view your share statement reflecting the number of units issued and the relevant share price as well as the issue date. Please note that the issue price can't be guaranteed since this is based on the actual trades of the instruments.

Q3: When will my units vest?

Your issued units will vest in equal tranches in Years 3, 4 and 5 respectively, after the granting date.

For example, if you received 3 000 units in November 2013, the first third will vest in November 2016, the second third in November 2017 and the last third in November 2018.

Q4: Can I decide to keep the vested options in the scheme?

This is a cash-settled scheme and as a result, the scheme cannot keep the vested options in the scheme. You have the option to invest your receipts in MMI shares, in your own name.

Q5: Is there anything I need to do once vesting date is reached?

No, upon vesting date your vested amount will be calculated, a tax directive will be applied for on your behalf and payroll will process the payment net of tax and IT88 amounts if applicable.

Q6: What rate is used to calculate the vested amount?

The respective asset managers provide a volume-weighted average price (VWAP) which is used to calculate the vested amounts. We have two different asset managers for the two different schemes and they calculate the VWAP differently. For the Share Option Scheme a 5 day VWAP is used and for the Phantom Share Scheme a 20 day VWAP is used.

Q7: How is the vested amount calculated for a share option?

You will earn the total of the number of vested units multiplied by the share price growth on vesting date. The share price growth is calculated as the 5 day VWAP less the grant price of the share option.

The benefit will paid after tax has been deducted as per the tax directive received from SARS.

Example:

An individual received an allocation of 3 000 units in 2013. The units will vest equally in Years 3, 4 and 5 respectively (Refer to Column C). The share price on exercise date (refer to Column B) less the grant price (refer to Column A) multiplied by the number of units that vest (refer to Column D) will equal the taxable income (refer to Column E).

Issue Date	Grant Price	Exercise Price	Vesting	Units To Vest	Taxable Income (B x D)
	(Column A)	(Column B)	(Column C)	(Column D)	(Column E)
2013	R24				
2014		R26			
2015		R28			
2016		R30	1/3	1 000	R6 000
2017		R32	1/3	1 000	R8 000
2018		R34	1/3	1 000	R10 000
Total				3 000	

Q8: How is the vested amount calculated for a phantom share?

You will earn the total of the number of vested units multiplied by the share price (20 day VWAP per share) on vesting date.

The benefit will paid after tax has been deducted as per the tax directive received from SARS.

Example:

An individual received an allocation of 3 000 units in 2013. The units will vest equally in Years 3, 4 and 5 respectively (Refer to Column C). The share price on exercise date (refer to Column B) multiplied by the number of units that vest (refer to Column D) will equal the taxable income (refer to Column E).

Issue Date	Grant Price	Exercise Price	Vesting	Units To Vest	Taxable Income (B x D)
	(Column A)	(Column B)	(Column C)	(Column D)	(Column E)
2013	R24				
2014		R26			
2015		R28			
2016		R30	1/3	1 000	R30 000
2017		R32	1/3	1 000	R32 000
2018		R34	1/3	1 000	R34 000
Total				3 000	

Q9: How and by when will the payments be made?

The payments will be made net of tax. We will process the payments immediately after receiving the tax directives from SARS. We can only apply for the tax directives after the vesting date as the explicit values are needed by SARS.

We will endeavour to make payment before the end of the calendar month following the vesting date (i.e. if the vesting date is 1 October, payment should occur by end October).

If you are paid by the PeopleSoft payroll your proceeds will form part of the normal payroll process. If you are paid by the Commission payroll your proceeds will be paid separately into the same bank account that is used by Commission payroll when your monthly commission is paid. Unfortunately we cannot accommodate any individual instructions with regards to bank account changes; all changes should follow the existing process which is in place.

Q10: Is the tax directive the same as my tax directive applied to my commission income?

No. Section 8C in the Tax Act requires a specific tax directive for share- or option-based payments. Your existing tax directive was specifically issued for your commission or variable income. Momentum Sales will apply for this directive on your behalf once the vested amounts have been calculated. It is therefore advisable that you ensure your tax affairs are in order with SARS before the relevant vesting date to prevent invalid IT88's being generated and issued by SARS. Unfortunately due to the magnitude of these share payments we are not able to make provision for revised tax directives.

You can download / view your tax directive on the shares website by following the path below:

- My Profile - Trade Documents
- On the drop down menu for Trade description select the relevant vesting period

Q11: When will I lose my units?

Refer to section 3 of the published rules on the administration website. You will forfeit your awards on the termination of your contract.



Q12: Can I sell or transfer my units?

No. The specific intent was to retain you, and you will forfeit all options in the event of your contract being terminated.

Q13: How do I obtain my unit certificate?

You can access your incentive scheme detail by logging in on the following website: <http://salesscheme.momentum.co.za>

To download your share statement, follow the following path: Reports - Employee Statement

Please also confirm your personal details – specifically your address, banking details and tax reference number to ensure successful application of your tax directive.

Q14: How do I register on the website?

Open the following website: <http://salesscheme.momentum.co.za>

You can register by pressing the “register” link and by completing all the relevant information as prompted by the system. Once completed you will receive an automated e-mail from the system with a temporary password / one time password where after you can log onto the website and enter the password that was emailed to you. You will then be able to change your password to whatever new password you require (please bear in mind that your new password must be 8 characters long with at least one Upper case character, one lower case character and one symbol / number).

Q15: What should I do if I forgot my login details?

Open the following website: <http://salesscheme.momentum.co.za>

You can use your ID number as your login ID. Press the ‘I forgot my password’ link. The new password will be automatically emailed to your email address.

Q16: Will I receive any declared dividends on my allocated phantom shares?

No, these units will not attract dividends as and when issued by MMI Holdings Limited.

Q17: Where can I direct queries regarding the share scheme?

Please send an email to ShareQueries@momentum.co.za if you have any queries regarding the content of this letter or any of the relevant documentation.