



## NOTICE OF EXTRAORDINARY GENERAL MEETING

SOUTHERN AFRICAN MUSIC RIGHTS ORGANISATION NPC

(Registration No. 1961/002506/08)

("SAMRO" or "the Company")

**NOTICE IS HEREBY GIVEN** that the Extraordinary Meeting of the members of SAMRO ("EGM") will be held on **Thursday 7 October 2021**, at **10h00**, via an online platform for the following general purposes:

The purpose of this meeting is to:

1. Consider and approve the conversion of SAMRO House and SAMRO House Holdings loans into equity
2. Consider and approve Non-Executive Directors' Fees
3. Consider and approve an amendment to the Memorandum of Incorporation – Board Composition clause to accommodate one (1) additional Independent Non-Executive Director, and to reduce the maximum number of composer/author and publisher representatives from four (4) to three (3).
4. Other matters of interest :-
  - 4.1. Industry Cohesion
  - 4.2. Integrated Business System
  - 4.3. Update on the AEMRO matter

## SPECIAL RESOLUTIONS

A Special Resolution, save to the extent expressly provided in respect of a particular matter contemplated in the MOI, shall be adopted with the support of more than 75% (seventy five percent) of the Voting Rights Exercised on the resolution.

Members will be requested to consider and, if deemed fit, to pass, with or without modification, the following special resolutions:

### 1. Background to the conversion of SAMRO House and SAMRO House Holdings loans into equity resolution

*WHEREAS*, the R56m purchase of the SAMRO House Building and its subsequent refurbishment for R64.7m was funded by a loan from SAMRO NPC, at an applicable interest rate ;

*WHEREAS*, SAMRO House is unable to service the loan granted to it by SAMRO NPC, resulting in the loan continuing to accumulate interest, making the entity operationally unprofitable.

#### 1.1 SPECIAL RESOLUTION 1: APPROVAL OF THE CONVERSION OF SAMRO NPC LOAN TO SAMRO HOUSE HOLDINGS (PTY) LTD (“The Company”) INTO EQUITY

*RESOLVED THAT* the consent of members be and is hereby accorded to the Board of Directors to convert the outstanding current loan granted by **SAMRO NPC** to **SAMRO House Holdings (Pty)**, which shall not exceed the amount of **R198 971 780** outstanding as of the date of approval, with agreeable terms and conditions.

*FURTHER RESOLVED THAT* the Board be and is hereby authorised to finalise the terms and conditions to convert the loan into equity of the Company on the terms specified on the conversion agreements.

*FURTHER RESOLVED THAT* on receipt of Notice of Conversion, the Board be and is hereby authorised to do all such acts as may be necessary to give effect to the transaction.

*FURTHER RESOLVED THAT* the Board be and is hereby authorised to delegate all or any of the powers herein conferred by this Resolution on it, to the Executive Directors, as it may in its absolute discretion deem fit in order to give effect to this Resolution.

#### 1.2 SPECIAL RESOLUTION 2: APPROVAL OF THE CONVERSION OF THE SAMRO HOUSE HOLDINGS(PTY) LTD LOAN TO SAMRO HOUSE (PTY) LTD (“The Company”) INTO EQUITY

*RESOLVED THAT* the consent of members be and is hereby accorded to the Board of Directors of the company to convert the outstanding current loan granted by **SAMRO House Holdings (Pty) Ltd** to **SAMRO House (Pty) Ltd** , which shall not exceed the amount of **R195 005 565** outstanding as of the date of approval, with agreeable terms and conditions.

**FURTHER RESOLVED THAT** the Board be and is hereby authorised to finalise the terms and conditions to convert the loan into equity shares of the Company on the terms specified on the conversion agreements.

**FURTHER RESOLVED THAT** on receipt of Notice of Conversion, the Board be and is hereby authorised to do all such acts as may be necessary and shall issue and allot the requisite number of fully paid-up equity shares in company to SAMRO House Holdings (Pty) Ltd;

**FURTHER RESOLVED THAT** the Board be and is hereby authorised to delegate all or any of the powers herein conferred by this Resolution on it, to the Executive Directors, as it may in its absolute discretion deem fit in order to give effect to this Resolution.

## 2. SPECIAL RESOLUTION 3: APPROVAL OF NON-EXECUTIVE DIRECTORS' REMUNERATION

Remuneration to directors of non-profit companies is dealt with under Schedule 1 of the Act. Item 1

(3) (a) of Schedule 1 provides the following:

"A non-profit company must not, directly or indirectly, pay any portion of its income or transfer any of its assets, regardless how the income or asset was derived, to any person, who is a director of the company, except

(a) as reasonable –

(i) for remuneration of services rendered to, or at the direction of, the company; or .....

*"It is hereby **RESOLVED** that members **APPROVE** the reviewed Board of Directors Fees as set out herein under: -*

*1.3.1 Increase the fees by 4,5% per annum, per Non-Executive Director;*

*1.3.2 To add Adhoc Meeting/services fees for additional work done by Non-Executive Directors outside their scope of work as Board Members, limited to 8 meetings/services per annum, per Non-Executive Director.*

The rationale behind the review is that:

- a) The number of Committee remained reduced for the past two years albeit the amount of work done by the Committees;
- b) The financial performance of the company has remained stable in the past two years and it is starting to improve following the implementation of the revised SAMRO Strategy.

## 3. SPECIAL RESOLUTION 4: AMENDMENTS TO THE MOI – BOARD COMPOSITION

**WHEREAS**, in an effort to increase Board Independence, minimising the conflict of interest within the Board, as well as increasing skills required at Board level it is proposed that the number of Independent Directors within the Board be revisited and be increased by at least 1 (one)

independent Director, and to reduce the maximum number of composer/author and publisher representatives from four (4) to three (3).

It is hereby **RESOLVED** that clause 16 of the company MOI be amended as follows: -

**1.4.1 Clause 16. Board Composition**

- 16.1 The minimum number of Executive Directors shall be 1 with a maximum of 2.
- 16.2 The minimum number of Non-Executive Author/Composer Directors shall be 2 with a maximum of 3.
- 16.3 The minimum number of Non-Executive Publisher Directors shall be 2 with a maximum of 3.
- 16.4 The minimum number of Independent Non-Executive Directors shall be 2 with a maximum of 4.