



**MINUTES OF THE ANNUAL GENERAL MEETING OF SHAREHOLDERS OF SAFARI INVESTMENTS (RSA) LTD HELD AT IRENE COUNTRY LODGE, 391 NELMAPIUS DRIVE, IRENE, PRETORIA ON 5 NOVEMBER 2013 AT 14H06.**

**PRESENT:** Per attendance register.

Present: 51.30%; Proxies: 30.03%; Meeting attendance: 81.34%

### **1.0 OPENING AND WELCOMING**

The Chairman of the company Dr Tsolo opened the meeting and welcomed all.

### **2.0 ATTENDANCE & PROXIES**

The Chairman tabled the notice of the meeting and stated that as the necessary quorum was present, the meeting was duly constituted. A formal apology was received from DE van Straten.

The register of Directors' Shareholdings and Interests was open for inspection during the continuance of the meeting by any member or proxy.

### **3.0 ANNOUNCEMENTS**

The Chairman mentioned a minor error on the agenda: the date for prior year AGM minutes should read 22 August 2012 and not 22 August 2013. The correction was accepted.

Announcements made by the Chairman:

- All present at the AGM must sign the attendance register;
- Closing time to be noted in the minutes;
- Cell phones to be switched to silent mode;
- Shareholder/Proxy to identify him/herself before asking a question;
- Apology made for the AGM held at such late stage in the year, this is due to all the Listing preparations with the company aiming to list on the JSE early 2014;
- The Listing was postponed to February 2014;
- Johann Prinsloo, a former director of the company resigned as from 31 July 2013;
- The composition of the board may change before the listing date in February 2014.

#### **4.0 APPROVAL OF MINUTES**

- 4.1** The minutes of the AGM held on 22 August 2012, which had been circulated to shareholders, were taken as read and approved on the recommendation of the Chairman.
- 4.2** The minutes of the Special General Meeting held on 6 August 2013, which had been circulated to shareholders, were taken as read and approved on recommendation of the Chairman.

#### **5.0 PRESENTATION OF FINANCIAL STATEMENTS, FOR THE YEAR ENDING 31 MARCH 2013**

- 5.1** The Chairman of the Audit Committee presented the Financial Statements for the year ending 31 March 2013.
- 5.2** It was noted that the Audit Report was unqualified and that the financial position of the company is extremely healthy.
- 5.3** It was further discussed by means of some key financial features evident from the comprehensive statements.
- 5.4** It was noted that the annual profit, the gearing ratio, and the growth in share price, all indicate the very healthy financial position of the company.
- 5.5** Questions raised:
- 5.5.1** Anton Wheeler: *Explain the gearing principle after listing.* – After listing on the JSE, Safari should be debt free. The income producing projects will as far as possible not be burdened with debt. Will borrow in respect of particular projects under development and to increase the portfolio.
- 5.5.2** Anton Wheeler: *Why opt for a 'debt free' structure?* – The listing requires an increase in the shareholder base (number of shareholders), hence having capital to reduce debt. In future when projects are brought into the portfolio they could initially be geared to a certain extent.
- 5.5.3** Anton Wheeler: *The cost increased substantially. What was the reason for the escalation in the cost?* – The main reason for the increase in costs was the significant maintenance done during the financial year at all the centres and the tax allowance to write off such costs. This amounted to R24 million. The board is conscious of the fact that cost vs income is normally out of line during a development periods. A further reason for the increase in costs, was the substantial bond expense due to an additional bond secured from Absa (consolidation of loan) and an administration fee was payable, but we were able to secure a better interest rate and terms overall with Absa.

## **6.0 APPROVAL OF FINANCIAL STATEMENTS & REPORTS**

- 6.1** Mr Wentzel on behalf of the Audit committee recommended the formal approval of the Annual Financial Statements; the Directors Report; the Auditors Report; and the Audit Committee Report.
- 6.2** The Annual Financial Statements were approved;
- 6.3** The Directors Report was approved;
- 6.4** The Auditors Report was approved;
- 6.5** The Audit Committee Report was approved.

## **7.0 PRESENTATION OF THE SOCIAL & ETHICS COMMITTEE REPORT**

Mr Wentzel on behalf of the Social & Ethics Committee presented the report and it was noted. Zero tolerance of corruption and the necessity for absolute disclosure in the company's ranks is of the utmost importance to the committee. On behalf of the committee it was requested that should someone be aware of a project or organization where Safari ought to be involved, to kindly forward the details in order for the committee to investigate possible involvement.

Questions:

- 7.1** *George Mahlaela: On the social aspect and the composition of the committee, is the committee in touch with what is happening in the communities? – There could be a limit to the committee's skills base, but there was the opportunity to bring people onto the committee in an advisory capacity in order to be in tune with the communities where we operate. Thanked for his comments.*

## **8.0 PRESENTATION OF ANNUAL MANAGEMENT REPORT**

- 8.1** The detailed annual management report was presented by the CEO Mr Marais. No questions were raised.
- 8.2** Some important facts were highlighted:
  - Extensions and beautification were done at all 3 centres;
  - The good standard and quality of the tenant mix;
  - The recent extension, improvement of tenant mix, and renovation of Mamelodi Crossing caused a 100% increase in foot count. Similar increases are expected at Atlyn and Thabong after upgrades.
  - The total bond facility granted by Absa is now R600 million; at an interest rate of prime less 1%. The current bond debt is R350million.
- 8.3** The proposed listing date for Safari Investments RSA was scheduled for the end of 2013, but there is a lot of preparation to be done before the anticipated listing date and it is now scheduled for February 2014, with the roadshow planned for the first half of February 2014. We anticipate raising R400million. This will be

used to pay off the bond debt. The bond will then be used for new developments and to build the gearing again.

**8.4** Mr Marais notified the shareholders that the board has taken a decision to include Heidelberg in the Safari Investments RSA portfolio should the due diligence on Safari Investments Heidelberg be positive. Heidelberg had their AGM on 29 October 2013 and the majority of their shareholders agreed to the share swop. A due diligence is currently being done on Heidelberg and only after receiving its results, a final decision will be taken by the directors. If approved, the incorporation should happen before the end of November 2013.

**8.5** Mr Marais gave a broad overview:

- A R130 million asset will be added to RSA portfolio with the addition of Heidelberg;
- RSA portfolio will increase to R1.267 billion with Heidelberg included;
- The overall value will increase by 12%;
- The Net Value will increase by 14.5%;
- Heidelberg is essentially debt free, has a bond of approximately R5million;
- The reason for the suggested share swop mechanism for the transaction, is the zero tax implications, after the share swop, the property will be transferred to RSA and Heidelberg liquidated.

**8.6** Mr Marais explained the Capital Expenditure Budget Report and pointed out that Sebokeng phase 2 as well as Mamelodi Phase 4 has been completed. We had an ongoing battle to renew the lease of a government institution in Sebokeng, Thabong and replaced the government tenant with two banks (Capitec & Absa), two fashion retailers and Eskom.

**8.7** A detailed Portfolio Redevelopment Summary was presented by Mr Marais. Some important facts were highlighted:

8.7.1 The total GLA in 2009/2010 prior to construction was 90 464m<sup>2</sup>; GLA addition: 34 107m<sup>2</sup>; the GLA after construction: 49 991m<sup>2</sup>; the total GLA: 174 562m<sup>2</sup> = 78% growth.

8.7.2 National brands prior to construction: 133; a total of 75 national brands were then added after construction, increasing the total national brands to 208 = 89% national tenancy representation.

**8.8** Mr Marais mentioned that Safari is in the process of obtaining a credit rating.

**8.9** A formal valuation was done 15 August 2013 and RSA was valued at R1.13billion, with Heidelberg included, the value will increase to R1.267billion.

**8.10** Staff although outsourced are an asset to the company. But noted that there will be a change in staff at Safari Retail. To our detriment, Ryno de Leeuw will be leaving at the end of this year. A new person will be appointed in this position. Furthermore, two new appointments were made at Cosmos. Sone Bekker, recently completed articles (LLB qualification) joined the team from 1 November

2013 and Dirk Engelbrecht (Bcom Law; LLB) will be joining the company early in 2014 year. These appointments should bring much needed legal depth to Safari.

- 8.11** Comment raised by Dirk Prinsloo from Urban Studies: *Dirk was approached by Vukile Property Fund which is interested in Safari Investments' portfolio. They currently own quite a few centres in South Africa, including: Durban Phoenix Plaza, Bloemfontein Plaza, Randburg Square and Soweto Dobsonville Shopping Centre, to name a few. They are a substantial player in the market with a portfolio of ±R10billion. My key concern is that Safari's portfolio is small compared to players like Vukile and it is difficult to compete with these bigger players in the market. Dirk Prinsloo urged Safari to consider the possibilities and to engage with Vukile and others.*

## **9.0 APPOINTMENT OF AUDITORS**

- 9.1** It was resolved to reappoint, on the recommendation of the company's Audit committee, Messrs Mazars of Pretoria as the auditors of the company with Mr Andre Kretschmar as the engagement partner.

## **10.0 APPOINTMENT OF DIRECTORS**

- 10.1** The board unanimously recommended the re-election of directors by the shareholders of the company. The following persons were re-elected to form the board of directors of the company individually:

- SJ KRUGER
- FJJ MARAIS (CEO)
- M MINNAAR
- K PASHIOU
- JP SNYMAN
- MH TSOLO
- DE VAN STRATEN
- JC VERWAYEN
- AE WENTZEL

The Chairman proposed a new director to fill the vacancy caused by the resignation of JG Prinsloo. Mr. Pine Pienaar was introduced and by a show of hands elected as a new director.

## **11.0 APPOINTMENT OF AUDIT COMMITTEE**

- 11.1** It was resolved that the Audit Committee (as required in terms of section 61(8)(c)(ii) of the Act and as recommended by the King Code of Governance

for South Africa 2009 (“King III”)) is appointed and will be made up of the following members (in order to comply with “King III”):

- JP SNYMAN
- DE VAN STRATEN
- AE WENTZEL

It was noted that JC Verwayen had to resign as member of the Audit committee due to his executive duties on the board.

## **12.0 RESOLUTIONS**

It was resolved that the following ordinary and special resolutions, as stipulated in the official notice of the meeting, with its amendments, be approved:

### **12.1 Ordinary resolution number One:**

*Resolved that in accordance with the memorandum of incorporation of the Company, the entire authorised but unissued share capital of the Company, be and is hereby placed under the control of the directors of the Company to allot and issue shares in the capital of the Company on such terms and conditions as they may deem fit, but subject always to the provisions of the Companies Act, No. 71 of 2008 (the “Companies Act”) and the listing requirements of the JSE Limited (“the JSE Listing Requirements”) if Safari is listed on the JSE.*

### **12.2 Special resolution number One:**

*Resolved that the remuneration to be paid by the company to the directors for the two financial years ending 31 March 2015, as follows: Director’s remuneration will be budgeted at 1.5% of the gross turnover of the company, with the remuneration being calculated as follows: R7,500 per quarter basic fee per director; meeting attendance fee of R6,000 per director for Board and Management meetings; R3,000 per director for Board Committee meetings; and R2,000 per hour for delegated tasks. It is noted that in the thirteen month period to 31 March 2013 based on the previously approved budget of 1% of gross turnover of namely R923,661 the total paid based on the rates above was R1,215,000. The amount over budget of R291,339 is approved and ratified.*

### **12.3 Special Resolution number Two:**

*Resolved that the company is hereby authorized to acquire shares issued by the company from any person whatsoever in terms of and subject to the Act. The directors have no specific intention, at present, for the company to repurchase any of its shares, but consider that such a general authority*

*should be put in place should an opportunity present itself to do so during the year, which is in the best interests of the company and its shareholders.*

#### **12.4 Special Resolution number Three:**

*The board may authorize the company to generally provide any direct or indirect financial assistance in the manner contemplated in and subject to the provisions of section 44 & 45 of the Act to the company's subsidiary.*

12.4.1 The reason for and effect of the special resolution number three is to approve generally the provision of financial assistance to its subsidiary, Safari Investments (Namibia) (Pty) Ltd.

#### **12.5 Special Resolution number Four was adopted:**

*Resolved that the Board of Directors of Safari is hereby authorized to allot and issue up to a maximum of 51 500 000 (fifty one million, five hundred thousand) authorized but unissued no par value ordinary shares in Safari for cash at an issue price of not less than 777 cents per share for the purpose of raising capital, upon the terms and conditions to be contained in the prospectus and/or pre-listing statement ("**PLS**"). Such authority shall be in terms of (i) the provisions of section 41 of the Companies Act, 2008 (the "**Companies Act**"), and in particular section 41(3) of the Companies Act insofar as the voting power of the class of ordinary shares that are issued will be equal to or exceed 30% (thirty per cent) of the voting power of all the shares of that class held by shareholders immediately before the transaction or series of transactions, (ii) the provisions to be stipulated in the prospectus or PLS and (iii) subject to the Listings Requirements of the JSE (the "**Listings Requirements**"), as follows: -*

- *the equity securities which are the subject of the issue for cash shall be of a class already in issue;*
- *if any of the equity securities are to be issued to non-public shareholders, as defined in paragraphs 4.25 to 4.27 of the Listings Requirements, this fact must be disclosed in the prospectus and/or PLS; and*
- *the number or maximum number of equity securities shall be 51 500 000 (fifty one million, five hundred thousand).*

#### **12.6 Special Resolution number Five:**

*Resolved that the company is hereby authorized to acquire shares issued by the company from any person whosoever in terms of and subject to the Act.*

*That the amendments to the Memorandum of Incorporation, as required by the JSE, be approved. (As per attached Annexure A)*

### **13.0 SPECIAL THANKS**

The Chairman thanked all the Shareholders; the CEO – Francois Marais; the Chairman of the Audit Committee – Allan Wentzel; the Board of Directors; Management of Cosmos – Willem Venter and his team; Management Team; Retail Team/Company

Secretary – Ryno de Leeuw and team; and all the other people who assisted with the AGM arrangements as well as managing the day to day functionalities within the company. Dirk Prinsloo was also thanked for all the studies conducted for Safari by Urban Studies, which also included research on the need for a kids play area at our various centres.

The CEO, Francois Marais thanked all the staff for their commitment and integrity. Wished Ryno de Leeuw all the best with his new venture and thanked him for his loyal support and commitment.

Kiki Pashiou – Director and Shareholder thanked the Chairman on behalf of the board for all his input, calmness and guidance.

#### **14.0 GENERAL**

Director Kiki Pashiou commented on the remarks made by Dirk Prinsloo earlier in the meeting and assured the shareholders that the Board will look into all appropriate proposals.

#### **15.0 CLOSURE**

There being no further business, the meeting then terminated at 15h14.

Confirmed as a true reflection of deliberations.

Signed: \_\_\_\_\_

Date: \_\_\_\_\_

**THE CHAIRMAN**

# ANNEXURE A

**Amendments to THE MEMORANDUM OF INCORPORATION: The following amendments are approved by Special Resolution number Five:**

1.1.18 **"IFRS"** means the International Financial Reporting Standards, as adopted from time to time by ~~the Board of~~ the International Accounting Standards Board. ~~; Committee or its successor body, and approved for use in South Africa from time to time by the Financial Reporting Standards Council established in terms of section 203 of the Act.~~

1.1.20 **"JSE"** means the securities exchange operated by the JSE Limited (Registration Number 2005/022939/06), a public company registered and incorporated in accordance with the laws of the Republic and licensed as an exchange under the Financial Markets Act. ~~Securities Services Act.~~

1.1.28.2 anything falling within the meaning of "securities" as set out in section 1 of the Financial Markets Act ~~Securities Services Act~~, and

~~1.1.30 "Securities Services Act" means the Securities Services Act No. 36 of 2004, as amended, re-enacted or replaced from time to time, including any replacement thereof by the Financial Markets Act, once promulgated;~~

~~1.1.37~~ 1.1.36 **"Uncertificated Securities"** means any "securities" defined as such in section 29 of the Financial Markets Act ~~Securities Services Act.~~

~~3.1 The company will conduct its business in such manner as to ensure that it, at all times, complies with the provisions of Section 25BB of the Income Tax Act and the requirements set by the JSE for the company to qualify as a REIT. The provisions of this 3.1 can only be altered by a special resolution approved by a 90% (ninety percent) majority of those shareholders present and voting, for as long as the REIT requirements as contemplated in the Income Tax Act and the Listings Requirements are in existence. Save for the provisions of 3.1.~~

3.1 ~~3.2 Save for the provisions of 3.1~~ The Company has all of the legal powers and capacity contemplated in the Act, and no provision contained in this Memorandum of Incorporation should be interpreted or construed as negating, limiting or restricting those powers in any way whatsoever.

3.2 ~~3.3 Save for the provisions of 3.1~~ The legal powers and capacity of the Company are not subject to any restrictions, limitations or qualifications, as contemplated in section 19(1)(b)(ii) of the Act.

4.1 The Company has –

4.1.1 ~~100~~ 500 million (~~100~~ 500 000 000) authorised ordinary Shares, all of one class.

4.8 Subject to any right or restriction under which Shares are held, the rights or restrictions attached to all or any Shares of any class may be amended, varied, cancelled or expanded by a special resolution of holders of that class at a separate General Meeting. In such instances, the holders of such Shares may be allowed to vote at the meeting of ordinary Shareholders, subject to 19.18.3. Without limiting the generality of the afore going, the rights attaching to Shares (unless the terms attaching to the Shares specifically otherwise provide) shall be deemed to be amended by the creation or allotment and issue of any other Shares ranking pari passu or in priority to any Shares already allotted and issued by the Company. No such amendment, variation, cancellation or expansion which directly or indirectly adversely affects

those special rights or restrictions shall be effected without the approval thereof by a special resolution passed at a separate General Meeting of the holders of the Shares in question in the same manner, *mutatis mutandis*, as a special resolution of the Shareholders, and the provisions of the Act and this Memorandum of Incorporation relating to General Meetings shall apply to any such separate General Meeting, except that a quorum at any such General Meeting shall be three (3) persons present in person or by proxy and holding at least 25% (twenty five per cent) of the issued Shares of the class in question, provided that if a quorum is not so present, the meeting shall be adjourned to the fifth (5<sup>th</sup>) business day thereafter and the members present or represented at the meeting to which the adjournment takes place, *must be three (3) persons present in person or by proxy and holding at least 25% (twenty five per cent) of the issued Shares of the class in question to shall* constitute a quorum.

7.2.6 ~~Any~~ All authority ~~ies~~ to sign transfer deeds ~~or other instruments of transfer~~ granted by a Shareholder for the purpose of transferring Shares, that may be lodged, ~~when lodged~~ produced or exhibited to or with the Company ~~at any of its transfer offices shall, as between the Company and the grantor of such authorities, be taken and shall be deemed to continue and remain in full force and effect, and the Company may allow # the same to be acted upon until such time as express written notice of the revocation thereof have been given and is lodged at the Company's transfer offices at which the authority was lodged, produced or exhibited of the transfer secretaries of the Company.~~ Even after the ~~giving and~~ lodging of such notices ~~of revocation~~, the Company ~~shall be entitled to may~~ give effect to any instruments ~~of transfer~~ signed under the authority to sign, and certified ~~(before the lodging of such notice)~~ by any officer of the Company, as being in order ~~before the giving and lodging of such notice.~~

16.1 The record date ~~for all corporate actions and transactions provided for in the Listings Requirements~~ for the purpose of determining which Shareholders are entitled to, *inter alia*, -

16.1.1 receive notice of a General Meeting;

16.1.2 participate and vote at a General Meeting;

16.1.3 decide any matter by written consent or by Electronic Communication;

16.1.4 receive a distribution;

16.1.5 be allotted or exercise other rights,

~~16.1.6 other transactions and corporate actions provided for in the Listings Requirements,~~ shall be determined by the Board in accordance with the Act, provided that, for as long as the Listings Requirements apply to the Company, such record date shall be the record date as required by the Listings Requirements, to the extent determined by the Listings Requirements.

17.7 ~~Dividends are declared by the Board in accordance with the Act and No~~ larger distribution shall be declared by the Company in General Meeting than is recommended by the Board ~~in accordance with the Act.~~ ~~Dividends are to be payable to shareholders registered as at a date subsequent to the date of declaration or date of confirmation of the dividend, whichever is the later. The Company must hold all monies due to shareholders in trust but subject to the laws of prescription.~~

17.8 ~~All unclaimed distributions may be invested in readily available investments or otherwise made use of by the Board for the benefit of the Company until claimed, provided that Unclaimed distributions which are not claimed within a period of 3 (three) years from the date on which they were declared, may thereafter be declared forfeited by the Board for the benefit of the Company. The Board may at any time annul such forfeiture upon such conditions (if any) as it thinks fit. All unclaimed monies other than distributions that are due to any~~

Shareholder/s shall be held by the Company in trust for an indefinite period until lawfully claimed by such Shareholder/s.

17.12 A holder or any one of two or more joint holders, or his or their agent, duly appointed in writing, may give valid receipts for any distributions or ~~dividends other moneys~~ dividends paid in respect of a Share held by such holder or joint holders.

19.7.1. a General Meeting **and an adjourned General Meeting** may not begin until sufficient persons are present at the General Meeting in person or represented by proxy to exercise, in aggregate, at least 25% (twenty five per cent) of the voting rights that are to be entitled to be exercised in respect of at least one matter to be decided at the General Meeting; and

19.16 ~~The business of a General Meeting shall include the power to sanction or declare dividends and any distribution to Shareholders.~~ No business shall be transacted at the resumption of any adjourned General Meeting other than the business left unfinished at the General Meeting from which the adjournment took place.

21.10 Shareholders may register with the Company an Address in the Republic or anywhere in the world **and shall be entitled to receive notices at such address. Any shareholder whose Address in the Securities Register, is an Address not within the Republic shall be entitled to have notices delivered to him at such Address, to the extent it is an email address.**

41.1.2 any proposed amendment to this Memorandum of Incorporation must be approved by a special resolution of all the Shareholders, save if such an amendment is ordered by a court in terms of section 16(1)(a) **and 16(4)** of the Act. Amendment, for the avoidance of doubt shall include, but not be limited to -

41.1.2.1 the creation of any new class of Shares;

41.1.2.2 the variation of any preferences, rights, limitation and other Share terms attaching to any class of Shares;

41.1.2.3 the conversion of one class of Shares into one or more other classes;

41.1.2.4 the increase of the number of authorised Shares;

41.1.2.5 consolidation of Shares;

41.1.2.6 sub-division of Shares;

41.1.2.7 the change of the name of the company, ~~or~~

~~41.1.2.8 The borrowing powers of the Company exercisable by the Board.~~