

NOTICE OF ANNUAL GENERAL MEETING

SOUTHERN AFRICAN MUSIC RIGHTS ORGANISATION NPC

(Registration No. 1961/002506/08)
("SAMRO" or "the Company")

NOTICE IS HEREBY GIVEN that the fifty sixth Annual General Meeting of the members of SAMRO ("AGM") will be held on **Friday 24 November 2017**, at **10h00**, in the Auditorium at SAMRO Place, Ground Floor, 20 De Korte Street, Braamfontein, Johannesburg, for the following general purposes:

ORDINARY BUSINESS

1. To receive the SAMRO Chairperson's Address to the members.
2. To receive the SAMRO Chief Executive Officer's Report to the members, which shall include a report on following items:
 - 2.1. AEMRO Presentations:
 - 2.1.1. Return on investment projections and rationale for embarking on investment;
 - 2.1.2. Breakdown of costs incurred on AEMRO; and
 - 2.1.3. Executive Summary of audit findings.
 - 2.2. Strategic Plan: 2017 - 2019
 - 2.3. Overview: SAMRO financial performance and distributions;
 - 2.4. SAMRO's investment in the South African music industry; and
 - 2.5. Membership rules.
3. To receive SAMRO's Chief Financial Officer's Report, which shall include, for consideration, the Integrated Report for SAMRO and its subsidiaries for the year ended 30 June 2017, including the Directors' Report and the Report of the Independent Auditors.
4. The Integrated Report of the SAMRO Group for the financial year ended 30 June 2017 has been placed on SAMRO's website together with this notice. The Integrated Report for the financial year ended 30 June

2017 and the prior year comparatives are available for inspection at the offices of SAMRO and on SAMRO's website (www.samro.org.za). In addition, if so requested by a member, SAMRO will email the Integrated Report to such member prior to the date of the AGM.

5. To receive the Chairman of the Social and Ethics Committee's Report on the activities of SAMRO's Social and Ethics Committee.
6. To consider the re-election of the author directors who retire by rotation in terms of the Company's Memorandum of Incorporation and who, being eligible, offer themselves for re-election:
 - 6.1. **Prof Jeanne Zaidel-Rudolph;**
 - 6.2. **Mr John Edmond; and**
 - 6.3. **Mr Siphon Mabuse.**

Brief *curricula vitae* of the candidates for re-election are set out in **Annexure A**.

7. To discuss filling of the vacancy created by Mr Abe Sibiyi's resignation from the Board by an independent director.
8. To consider and, if deemed fit, to pass without modification, the Resolutions set out below.
9. To discuss such matters as may be raised by members for discussion which are appropriate to be discussed at an Annual General Meeting.

RESOLUTIONS

Ordinary Resolutions

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

ORDINARY RESOLUTION 1: Approval of Integrated Report

Members will be requested to pass a resolution accepting the Integrated Report for the financial year ended 30 June 2017.

"It is hereby resolved that the Integrated Report for the financial year ended 30 June 2017 is approved".

ORDINARY RESOLUTION 2: Reappointment of Auditors.

Members will be requested to pass a resolution re-appointing PricewaterhouseCoopers Inc. as the auditors of SAMRO and its subsidiaries until the next Annual General Meeting.

"It is hereby resolved that PricewaterhouseCoopers Inc. be and is hereby reappointed as the independent auditors of SAMRO, to hold office from the conclusion of the Annual General Meeting until the conclusion of the next Annual General Meeting.

ORDINARY RESOLUTION 3: Election of Directors

Members will be requested to pass the following resolution, if deemed fit, re-electing the following persons as author directors of the Company.

1. *"It is hereby resolved that **Prof Jeanne Zaidel-Rudolph** be and is hereby re-elected as an author director of the Company.*
2. *"It is hereby resolved that **Mr John Edmond** be and is hereby re-elected as an author director of the Company.*
3. *"It is hereby resolved that **Mr Siphon Mabuse** be and is hereby re-elected as an author director of the Company.*

Each of the above Ordinary Resolutions will be effective as from the time of adoption thereof. For each one of the above Ordinary Resolutions to be adopted, it must be supported by more than 50% (fifty percent) of the voting rights exercised on the applicable resolution.

Special Resolutions

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

SPECIAL RESOLUTION 1: Financial Assistance

Background

The Company, from time-to-time, needs to provide financial assistance to certain related or inter-related companies in accordance with section 1(2) of Schedule (1) of the Companies Act 71 of 2008 as amended (the "Companies Act") in furtherance of the Company's objects.

Article 4.1.16 of the Company's Memorandum of Incorporation provides, inter alia, that the Company may provide financial assistance to its subsidiaries.

SAMRO House Holdings (Pty) Ltd ("SHH") is a wholly owned subsidiary of SAMRO NPC. In furthering its objects, SAMRO conducts business through SHH, which includes the ownership and management of the properties owned by SAMRO and the funding of investments. In respect of the AEMRO investment, the Company will have to incur the final winding-up and legal costs associated with the administration of closing the company in the UAE estimated in **Annexure B** (detailed as "*Outstanding winding up costs*").

The costs of running SHH, and any shortfall in respect thereof, is funded out of SAMRO NPC's reserves. In view of the fact that SAMRO NPC is a non-profit company, the reserves cannot be distributed to members, but can only be used for the benefit of the Company.

If this resolution is not passed by the members, SAMRO NPC cannot provide the financial assistance required to own and manage the properties owned by SHH or wind-up AEMRO. SHH will be forced to sell the property to SAMRO NPC and this will have the effect of increasing SAMRO NPC's costs, thereby decreasing the distributions payable to members.

Members will be requested to pass the following special resolution authorising the board of directors to grant financial assistance to SAMRO House Holdings (Pty) Limited in connection with its operational expenses and current and future funding obligations and arrangements:

"WHEREAS the Company may from time-to-time be called upon to grant direct or indirect financial assistance to SAMRO House Holdings (Pty) Limited.

IT IS HEREBY RESOLVED THAT the provision of such financial assistance to SAMRO House Holdings (Pty) Limited by the Company be authorised for such amounts and on such terms and conditions as the Board may determine. This authority shall be for a period of two years from the date of this resolution.

THAT this authority is subject to compliance with the requirements of the Company's Memorandum of Incorporation, or any other applicable laws, each as presently constituted or amended from time-to-time.

THAT nothing in this approval shall limit the provision by the Company of financial assistance that does not require approval by way of a special resolution under the Companies Act or fall within any exemption provided for."

For a special resolution to be adopted, it must be supported by at least 75% (seventy five percent) of the voting rights exercised on the resolution.

GENERAL

Proxies

A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend, speak and to vote in its stead, by completing the proxy form attached as **Annexure C** and delivering such proxy form to the registered office of SAMRO.

Proxy forms must be forwarded (if signed in a representative capacity, together with the power of attorney or other authority, or a notarial copy thereof) to reach the registered office of SAMRO, for the attention of the Company Secretary, not less than twenty-four (24) hours before the time for holding the meeting or adjourned meeting.

A proxy need not be a member of SAMRO.

Identification and Authorisation

In accordance with section 63(1) of the Companies Act, please note that all members of SAMRO participating in the meeting, and/or their duly appointed proxies, must provide satisfactory identification to SAMRO upon arrival at the meeting. In this regard, subject to the chairperson's discretion, generally only a valid green bar-coded South African Identity Book, a valid South African Identity Card, a valid passport or a valid driver's licence shall constitute satisfactory identification. The representative of a juristic member must provide satisfactory proof of his/her authorisation to represent such juristic member, in the chairperson's discretion.

Quorum

If no quorum is present within half an hour of the time for commencement of the Annual General Meeting on 24 November 2017, the board of directors has determined (in accordance with clause 14.17 of SAMRO's Memorandum of Incorporation) that the meeting shall stand adjourned to 10h00 on 1 December 2017 at the same location and, if at such reconvening of the adjourned meeting a quorum is not present by 10h30, then any number of members present (in person or by proxy) shall constitute a quorum.

Only Members are permitted to attend the meeting. Regrettably no children are allowed.

Record Date

The record date for the meeting shall be **24 November 2017**.

Annexures

The annexures to this notice form part of the notice and are incorporated by reference. The information in this notice and the annexures do not constitute legal or professional advice and if you are in any doubt as to the action you should take and the consequences, please consult your accountant, attorney or tax expert.

By order of the Board.

JOHANNESBURG

3 November 2017

ANNEXURE A - *Brief curricula vitae of Directors that have offered themselves for re-election as directors.*

Prof Jeanne Zaidel-Rudolph

Prof Jeanne Zaidel-Rudolph. B Mus (cum laude), M Mus (cum laude), D Mus (Pretoria), D Ed (Honorary – Pretoria), L.T.C.L. F.T.C.L. U.P.L.M L.R.S.M. (Performers Licentiates) Jeanne has held academic posts at Wits University for over forty years and has composed over eighty music works in many genres, including solo piano works, concertos and works for symphony orchestras. Her compositions have been performed internationally. She has performed as solo pianist and accompanist for choirs and singers. She has been involved in initiatives for promoting South African music through concerts and composition workshops. She was a visiting Professor, artist and composer-in-residence in the USA, in Ohio and New York, attending festivals and conferences as a composer and lecturer. She is at present Honorary Research Professor in music and Professor Emeritus at Wits University.

Mr John Edmond

John is a music publisher with 43 years' experience and has been a composer/singer for 50 years, many of those as a professional musician in many countries including Holland, the UK, USA and Australasia. He represented South Africa at the World Song Festival in Japan in 1970. John has released more than 40 CD's and has written more than 500 songs. He is actively still composing songs and performing to audiences around the world. Was managing director of Gallo Music from 1968 to 1985. He is also the CEO of Roan Antelope Music and actively involved with this publishing company. John has been with the Board of SAMRO for more than 31 years and has always had the needs, interests and concerns of composers and publishers at heart; hence his dedication to the Board for so many years.

Mr Sipho Mabuse

Sipho 'Hotstix' Mabuse is one of the country's best-loved and most respected musicians; more than just a musician or an artist, he is a legend. Sipho is a regular commentator on arts and culture in the country and has sat on the Boards of The National Arts Council and SAMRO, with his influence felt on both sides of the industry - as an entertainer and as a businessman. Over the course of his illustrious career Sipho has become an integral part of the entertainment industry and his contributions to the musical landscape of South Africa are appreciated and honoured by music lovers the world over.

ANNEXURE B -

AEMRO BACKGROUND AND TIMELINE

AEMRO Intellectual Property Rights Management (AEMRO)

2014: Opportunity identified and investment approved in principle

An investment and expansion opportunity, in line with SAMRO's strategic growth priorities, was identified by the company in 2014 in terms of which SAMRO would set up a collecting society in the UAE with a local partner.

SAMRO would contribute its expertise and experience and would set up a platform and train a dynamic licensing team. The local partner would contribute local market knowledge, relationships and stakeholder management. SAMRO would receive a negotiated administration fee on all collections which would help to grow the new organisation's revenue and also ensure that the members in South Africa would start to receive money for the usage of their music in that region.

It was acknowledged that music concerts and festivals were taking place in Abu Dhabi and Dubai on a weekly basis and almost every hotel in the UAE had weekly live music and DJ programmes, often targeting tourists and the expat community. The broadcast environment was very open and yet the UAE did not have a collective management society to administer the use of music.

At the SAMRO Board meeting of June 2014 the then CEO, Siphon Dlamini, proposed, and it was approved, that the Board allow management to engage with potential partners in the UAE with the assistance of the erstwhile Chairman, Rev Abe Sibiya.

2015: Partnership and employment relationship entered into with Dubai partners

A partnership agreement was drafted and signed with Intellectual Property Rights Management LLC ("IPR"). This company was identified and selected as the preferred partner in SAMRO's investment in the UAE due to the fact that its shareholders had experience in intellectual property protection (specifically anti-piracy) and had established relations with the Government of Dubai. This partnership allowed SAMRO to establish its 80% owned subsidiary, AEMRO, and in April 2015 the Dubai Technology and Media Free Zone Authority issued the necessary commercial licence.

In October 2015 employment contracts were signed with two of the shareholders of IPR, namely Mr Hamza Khalaf and Mr Yaser Sheik Al-Jabal. These employees filled the Managing Director and Director of Compliance roles respectively.

2016: AEMRO update to SAMRO AGM (November 2016)

In March 2016, SAMRO CEO, Mr Siphon Dlamini, resigned and the Chairman at the time, Mr Abe Sibiya, was appointed by the board as Acting CEO and was tasked with ensuring that the AEMRO project was managed.

At the SAMRO Annual General Meeting in November 2016 the AEMRO project was presented to Members, which included the costs incurred on AEMRO at that stage, which amounted to R16 million and that the expected income over a period of 5 years was estimated at R1 billion.

2016 – 2017: AEMRO’s application for membership of (CISAC)

One of SAMRO’s primary obligations in respect of AEMRO was to secure the rights for licensing in that region i.e. approach other CMOs to sign reciprocal agreements. In addition, SAMRO would apply for AEMRO to become a member of CISAC (International Confederation of Societies of Authors and Composers). It is notable that CISAC’s Statutes provide that *“admission to CISAC is not a prerequisite for the conclusion by any Society of a Reciprocal Contract with another Society”*, however our competing “sister societies” initially refused to enter into reciprocal relations with AEMRO until AEMRO had applied for CISAC membership, and then later refused to do so until AEMRO was a CISAC member.

The application was duly submitted to CISAC in March 2016 and the application process began. AEMRO met all the requirements in respect of the application. Although the CISAC Secretariat supported the application and recommended AEMRO’s approval for provisional membership at the CISAC Executive Governance Committee (EGC) meeting of 20 April 2017, several Europe-based CISAC members were not in favour of AEMRO’s application and voted against it. The official reason given by CISAC for the unsuccessful application was that AEMRO did not have the requisite licence to operate in the United Arab Emirates.

In May 2017, SAMRO/AEMRO sought a legal opinion disputing CISAC’s finding but this (the serving of a legal document) was not well-received by CISAC and did not alter the outcome. AEMRO explained that the framework for acquiring a “federal licence” was not yet in place in the UAE, but that once AMERO had the necessary rights from the CISAC members, it would be in a position to approach the Federal Government of the UAE to put such a framework in place. We also reminded CISAC that their Statutes provide that in order to qualify as a provisional member, an applicant is only required to show that they are ‘making progress towards’ conducting its activities in accordance with the Professional Rules, which in turn prescribe that all licenses are obtained. AEMRO had met this requirement.

Ultimately, the CISAC members refused to enter into reciprocal agreements with AEMRO and the same members who sit on the CISAC EGC refused to endorse our application for provisional membership. As a result we were not able to approach the Federal Government for the application process to be put in place to obtain the federal licence and in turn allowing AEMRO to license an inclusive repertoire in Dubai.

At the same time, according to SAMRO’s partners in Dubai, without such inclusive repertoire, the Government of Dubai could not assist in facilitating the drafting of the necessary framework by the Federal UAE Government, in order to obtain a federal licence.

August 2017: Decision to dissolve the operation in Dubai

Since the CISAC EGC meeting in April 2017, SAMRO’s Board has met on several occasions to discuss a way forward with regards to the AEMRO investment. Ultimately, it was felt by the Board that to continue funding the operation without having secured the rights from other societies was not in the best interests of SAMRO and its members, and as such reached the decision and passed a resolution to dissolve the AEMRO operation.

August 2017 to date: Developments following the resolution to dissolve operation in Dubai

The current CEO, Ms Nothando Migogo, was instructed by the board to enter into negotiations with the partners/employees of AEMRO based in Dubai to terminate the employment contracts entered into with them in 2015. The terms of the employment agreements were a fixed five year term of employment, subject to a termination clause which required “mutual agreement on termination”.

Following protracted negotiations involving the executive and the Board, the parties managed to agree to terminate the relationship at a settlement fee amounting to eight month’s salary for each of the AEMRO executive employees (which will include UAE statutory end of service payments, outstanding leave payments and consideration for administrative wrapping up of the operations).

27 October 2017: EGM AEMRO

A General Meeting of SAMRO Members was called specifically and specially by the board for the purposes of explaining the AEMRO Investment to SAMRO's members. This meeting resolved that more information was needed and that the matter should be addressed at the upcoming **AGM on the 24rd November 2017**.

Cost summary of the AEMRO investment

Paid to date (R45, 469, 711.50):

Total costs as at 31 August 2017 – R39, 315,759.52

Settlement agreement - \$448,000 @ exchange rate on 6 October (13.7365) – R 6,153,952

Outstanding winding up costs (R1, 690, 774.17):

Settlement agreement balance \$112,000 (13.7365) - R1, 538,448.

Legal Costs AED 40,000 (3.80715) - R152, 286.17

Total Costs R47, 160, 485.70

ANNEXURE C- PROXY

SOUTHERN AFRICAN MUSIC RIGHTS ORGANISATION NPC

(Registration No. 1961/002506/08)

("SAMRO" or "the Company")

PROXY FORM

For completion by members unable to attend the Annual General Meeting of the members of SAMRO to be held on Friday 24 November 2017, at 10h00, at SAMRO Place, Ground Floor, 20 De Korte Street, Braamfontein, Johannesburg (the "AGM").

I/We _____ (Name in Block Letters)

of _____ (Address in Block Letters)

being a member of SAMRO:

do hereby appoint _____ of _____

or, failing him/her, _____ of _____

or, failing him/her, Mr Jerry Mnisi (Chairman of the Board), failing which, Ms Sibongile Khumalo (Vice-Chairman), failing which, Ms Nothando Migogo (Chief Executive), as my/our proxy to attend, speak, and, on a poll, vote on my/our behalf at the AGM, and at any adjournment thereof, and to vote or abstain from voting as follows on the resolutions to be proposed at such meeting:

Ordinary Resolutions:		For	Against	Abstain
1	Approval of the integrated report for the period ending 30 June 2017.			
		For	Against	Abstain
5.1.1	Reappointment of auditors			
5.1.2	Election of Directors – To elect or re-elect the following publisher and author members as Directors of the Board:	For	Against	Abstain
5.1.2(a)	Re-elect Prof. Jeanne Zaidel-Rudolph as an author member of the Board.			
5.1.2(b)	Re-elect Mr John Edmond as an author member of the Board.			
5.1.2(c)	Re-elect Mr Siphon Mabuse as an author member of the Board.			
Special Resolution		For	Against	Abstain

5.2.1	General authority to the Board to provide financial assistance to SAMRO House Holdings (Pty) Limited.			
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Please indicate with an 'X' in the appropriate spaces above how you wish all your votes to be cast or specify the number of votes you wish to cast in the appropriate spaces. The total votes cast on a resolution may not exceed the total votes the member is entitled to cast.

A member entitled to attend and vote at the abovementioned AGM is entitled to appoint a proxy or proxies to attend, speak and, on a poll, vote in his/her stead. A proxy need not be a member of SAMRO.

Every person present and entitled to vote at the AGM as a member shall on a show of hands have one vote only.

Signed at _____ on _____ 2017.

Signature _____ Name _____

(who warrants his/her authority to do so)

Note: Proxy forms must be forwarded to reach the registered office of SAMRO by no later than **10:00 on 23 November 2017**, or the reconvening of an adjourned AGM. In accordance with section 63(1) of the Companies Act, please note that all members of SAMRO participating in the AGM, and/or their duly appointed proxies, must provide satisfactory identification to SAMRO upon arrival at the AGM.

Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity (e.g. for a company, close corporation, trust, pension fund, deceased estate, etc.) must be attached to this form of proxy, unless previously recorded by SAMRO (notarially certified copies of powers of attorney or other authorities are acceptable).

SUMMARY OF RIGHTS CONTAINED IN SECTION 58 OF THE COMPANIES ACT

In terms of section 58 of the Companies Act (references to shareholders replaced with members):

- a member of a company may, at any time and in accordance with the provisions of section 58 of the Companies Act, appoint any individual (including an individual who is not a member) as a proxy to participate in, and speak and vote at, a members' meeting on behalf of such member;
- a proxy may delegate her or his authority to act on behalf of a member to another person, subject to any restriction set out in the instrument appointing such proxy;
- irrespective of the form of instrument used to appoint a proxy, the appointment of a proxy is suspended at any time and to the extent that the relevant member chooses to act directly and in person in the exercise of any of such member's rights as a member;
- any appointment by a member of a proxy is revocable, unless the form of instrument used to appoint such proxy states otherwise;
- if an appointment of a proxy is revocable, a member may revoke the proxy appointment by (i) cancelling it in writing, or making a later inconsistent appointment of a proxy and (ii) delivering a copy of the revocation instrument to the proxy and to the relevant company;
- a proxy appointed by a member is entitled to exercise, or abstain from exercising, any voting right of such member without direction, except to the extent that the relevant company's memorandum of incorporation, or the instrument appointing the proxy, provides otherwise; and
- if the instrument appointing a proxy or proxies has been delivered by a member to a company, then, for so long as that appointment remains in effect, any notice that is required in terms of the Companies Act or such company's memorandum of incorporation to be delivered to a member must be delivered by such company to:
 - the relevant member; or
 - the proxy or proxies, if the relevant member has: (i) directed such company to do so, in writing and (ii) paid any reasonable fee charged by such company for doing so.

SAMRO Place, 20 De Korte Street, Braamfontein, Johannesburg 2001
P O Box 31609, Braamfontein, 2017

Please ensure that your completed and **signed** proxy form reaches SAMRO offices by 10:00 on 23 November 2017. The form can be faxed to **086 683 6908** or emailed to **secretary@samro.org.za**.