

MEMORANDUM OF INCORPORATION FOR A PROFIT COMPANY

**REPUBLIC OF SOUTH AFRICA
COMPANIES ACT, 2008**

**THE SOUTH AFRICAN NATIONAL EQUESTRIAN CENTRE (PROPRIETARY) LIMITED
REGISTRATION NUMBER: 1972 / 005124 / 07**

(hereinafter referred to in the rest of the Memorandum of Incorporation as "the Company")

SECTION 8(2)(b) COMPANY

DEFINITIONS

In the Memorandum of Incorporation, the following words and expressions shall, unless the context otherwise requires, have the meanings assigned to them below and related expressions shall bear corresponding meanings:

“Act” or “the Act” – the Companies Act, Act 71 of 2008, as amended, consolidated or re-enacted from time to time, and includes all Schedules to the Act;

“Alterable Provision” means a provision of this Act in which it is expressly contemplated that its effect on a particular company may be negated, restricted, limited, qualified, extended or otherwise altered in substance or effect by that company’s Memorandum of Incorporation;

“Alternate Director” – a person elected or appointed to serve, as the occasion requires, as a member of the Board of the Company in substitution for a particular elected or appointed Director of that Company;

“Annual General Meeting” means the meeting of a private company required by section 61;

“Audit” – has the meaning set out in the Auditing Profession Act, 2005 (Act 26 of 2005) but does not include an “independent review” of Annual Financial Statements, as contemplated in section 30(2)(b)(ii)(bb);

“Auditing Profession Act” means the Auditing Profession Act, 2005 (Act No. 26 of 2005);

“Auditor” has the meaning set out in the Auditing Professions Act;

“Authorised Shares” – the maximum number of shares the Company can issue. This number is specified initially in the Company’s Memorandum of Incorporation, but it can be changed with Shareholder approval;

“Beneficial interest” – when used in relation to the Company’s securities, means the right or entitlement of a person, through ownership, agreement, relationship or otherwise, alone or together with another person to:

- (a) receive or participate in any distribution in respect of the Company’s securities;
- (b) exercise or cause to be exercised, in the ordinary course, any or all of the rights attaching to the Company’s securities; or
- (c) dispose or direct the disposition of the Company’s securities, or any part of a distribution in respect of the securities,

but does not include any interest held by a person in a unit trust or collective investment scheme in terms of the Collective Investment Schemes Act, 2002 (Act 45 of 2002);

“Board” means the board of directors of a company;

“Business Days” has the meaning determined in accordance with section 5(3);

“Capitalisation shares” – shares governed by section 47 of the Act. Although capitalisation shares are not defined in the Act, they are shares which are issued to incumbent Shareholders on the basis that the Company capitalises a portion of its accumulated reserves in discharge of the consideration for which those shares are issued. The Shareholders do not pay for capitalisation shares. The Board determines the consideration for these shares;

“Commission” means the Companies and Intellectual Property Commission established by section 185;

“Company” means a juristic person incorporated in terms of this Act, or a juristic person that, immediately before the effective date:

- (a) was registered in terms of the:
 - (i) Companies Act, 1973 (Act No. 61 of 1973), other than as an external company as defined in that Act; or
 - (ii) Close Corporations Act, 1984 (Act No. 69 of 1984), if it has subsequently been converted in terms of Schedule 2;
- (b) was in existence and recognised as an ‘existing company’ in terms of the Companies Act, 1973 (Act No. 61 of 1973); or
- (c) was deregistered in terms of the Companies Act, 1973 (Act No. 61 of 1973), and has subsequently been re-registered in terms of this Act;

“Consideration” – anything of value given and accepted in exchange for any property, service, act, omission or forbearance or any other thing of value, including:

- (a) any money, property, negotiable instrument, securities, investment credit facility, token or ticket;
- (b) any labour, barter or similar exchange of one thing for another; or
- (c) any other thing, undertaking, promise, agreement or assurance, irrespective of its apparent or intrinsic value, or whether it is transferred directly or indirectly;

“Convertible Securities” means any securities of a company that may, by their terms, be converted into other securities of the company, including:

- (a) any non-voting securities issued by a company and which will become voting securities:
 - (i) on the happening of a designated event; or

- (ii) if the holder of those securities so elects at some time after acquiring them; and
- (b) options to acquire securities to be issued by the company, irrespective of whether or not those securities may be voting securities, or non-voting securities contemplated in paragraph (a);

“Debt instrument” – includes any securities other than shares of the Company, irrespective of whether or not they are issued in terms of a ‘security document’, such as a trust deed. A ‘debt instrument’ includes a security other than a share that has equity participation and/or voting rights. A ‘debt instrument’ does not include promissory notes and loans, whether constituting an encumbrance on the assets of the Company or not. Loans and promissory notes, whether secured or unsecured, are not ‘debt instruments’.

“Director” means a member of the board of a company, as contemplated in section 66, or an alternate director of a company and includes any person occupying the position of a director or alternate director, by whatever name designated;

“Distribution” means a direct or indirect:

- (a) transfer by a company of money or other property of the company, other than its own shares, to or for the benefit of one more holders of any of the shares of that company or of another company within the same group of companies, whether:
 - (i) in the form of a dividend;
 - (ii) as a payment in lieu of a capitalisation share, as contemplated in section 47;
 - (iii) is consideration for the acquisition:
 - (aa) by the company of any of its shares, as contemplated in section 48; or
 - (bb) by any company within the same group of companies, of any shares of a company within that group of companies; or
 - (iv) otherwise in respect of any of the shares of that company or of another company within the same group of companies, subject to section 164(19);
- (b) incurrence of a debt or other obligation by a company for the benefit of one or more holders of any of the shares of that company or of another company within the same group of companies; or
- (c) forgiveness or waiver by a company of a debt or other obligation owed to the company by one more holders of any of the shares of that company or of another company within the same group of companies, but does not include any such action taken upon the final liquidation of the company;

“Electronic Communication” has the meaning set out in section 1 of the Electronic Communications and Transactions Act;

“Electronic Communications and Transactions Act” means the Electronic Communications and Transactions Act, 2002 (Act No. 25 of 2002);

“Exercise”, when used in relation to voting rights, includes voting by proxy, nominee, trustee or other person in a similar capacity;

“Ex Officio Director” means a person who holds office as a director of a particular company solely as a consequence of that person holding some other office, title, designation or similar status specified in the company’s Memorandum of Incorporation;

“Financial Reporting Standards”, with respect to any particular company’s financial statements, means the standards applicable to that company.

“Financial Statement” includes:

- (a) annual financial statements and provisional annual financial statements;
- (b) interim or preliminary reports;
- (c) group and consolidated financial statements in the case of a group of companies; and
- (d) financial information in a circular, prospectus or provisional announcement of results, that an actual or prospective creditor or holder of the company’s securities, or the Commission, Panel or other regulatory authority, may reasonably be expected to rely on;

“General Voting Rights” means voting rights that can be exercised generally at a general meeting of a company;

“Group of Companies” means two or more companies that share a holding company or subsidiary relationship;

“Holding Company”, in relation to a subsidiary, means a juristic person or undertaking that controls that subsidiary;

“Individual” means a natural person;

“Inter-Related”, when used in respect of three or more persons, means persons who are related to one another in a series of relationships;

“Juristic Person” includes:

- (a) a foreign company; and
- (b) a trust, irrespective of whether or not it was established within or outside the Republic;

“Knowing”, “Knowingly” or “Knows”, when used with respect to a person, and in relation to a particular matter, means that the person either:

- (a) had actual knowledge of that matter;
- (b) was in a position in which the person reasonably ought to have:
 - (i) had actual knowledge;
 - (ii) investigated the matter to an extent that would have provided the person with actual knowledge; or
 - (iii) taken other measures which, if taken, would reasonably be expected to have provided the person with actual knowledge of the matter;

“Material”, when used as an adjective, means significant in the circumstances of a particular matter, to a degree that is:

- (a) of consequence in determining the matter; or
- (b) might reasonably affect a person’s judgement or decision-making in the matter;

“Member”, when used in reference to a non-profit company, means a person who holds membership in, and specified rights in respect of, that non-profit company, as contemplated in item 4 of Schedule 1;

“Non-Profit Company” means a company:

- (a) incorporated for a public benefit or other object as required by item 1(1) of Schedule 1; and
- (b) the income and property of which are not distributable to its incorporators, members, directors, officers or persons related to any of them except to the extent permitted by item 1(3) of Schedule 1;

“Notice of Incorporation” means the notice to be filed in terms of section 13(1), by which the incorporators of a company inform the Commission of the incorporation of that company, for the purpose of having it registered;

“Official Language” means a language mentioned in section 6(1) of the Constitution;

“Ordinary Resolution” means a resolution adopted:

- (a) at a shareholders meeting, with the support of more than 65% of the voting rights exercised on the resolution, or a higher percentage as contemplated in section 65(8); or
- (b) by holders of a company’s securities acting other than at a meeting, as contemplated in section 60;

“Ordinary Class A shares” – ordinary Class A shares of no par value in the capital of the company;

“Ordinary Class B shares” – ordinary Class B shares of no par value in the capital of the company;

“Ordinary shareholder” – a holder of ordinary Class A shares from time to time and its successor in title to his ordinary shares;

“Ordinary Class B shareholder” – a holder of ordinary Class B shares from time to time and its successor in title to his ordinary Class B shares;

“Ordinary voting rights” – in relation to each ordinary shareholder, the voting rights exercisable by such ordinary shareholder from time to time;

“Person” includes a juristic person;

“Personal Financial Interest”, when used with respect to any person:

- (a) means a direct material interest of that person, of a financial, monetary or economic nature, or to which a monetary value may be attributed; but
- (b) does not include any interest held by a person in a unit trust or collective investment scheme in terms of the Collective Investment Schemes Act, 2002 (Act No. 45 of 2002), unless that person has direct control over the investment decisions of that fund or investment;

“Personal Liability Company” means a company whose Memorandum of Incorporation states that the company is a personal liability company.

“Premises” includes land, or any building, structure, vehicle, ship, boat, vessel, aircraft or container;

“Prescribed” means determined, stipulated, required, authorised, permitted or otherwise regulated by a regulation or notice made in terms of this Act;

“Present at a Meeting” means to be present in person, or able to participate in the meeting by electronic communication, or to be represented by a proxy who is present in person or able to participate in the meeting by electronic communication;

“Private Company” means a profit company that:

- (a) is not a company or a personal liability state-owned company; and
- (b) satisfies the criteria set out in section 8(2)(b);

“Profit Company” means a company incorporated for the purpose of financial gain for its shareholders;

“Records”, when used with respect to any information pertaining to a company, means any information contemplated in section 24(1);

“Record Date” means the date established under section 59 on which a company determines the identity of its shareholders and their shareholdings for the purposes of this Act;

“Registered Auditor” has the meaning set out in the Auditing Profession Act;

“Registered Office” means the office of a company, or of an external company, that is registered as required by section 23;

“Related”, when used in respect of two persons, means persons who are connected to one another in any manner;

“Relationship” includes the connection subsisting between any two or more persons who are related or inter-related;

“Rules” and **“Rules of a Company”** means any rules made by a company;

“Securities” has the meaning set out in section 1 of the Securities Services Act, 2004 (Act No. 36 of 2004), and includes shares held in a private company;

“Share” means one of the units into which the proprietary interest in a profit company is divided;

“Shareholder”, subject to section 57(1), means the holder of a share issued by a company and who is entered as such in the certificated or uncertificated securities register, as the case may be;

“Shareholders Meeting”, with respect to any particular matter concerning a company, means a meeting of those holders of that company's issued securities who are entitled to exercise voting rights in relation to that matter;

“Solvency and Liquidity Test” means the test set out in section 4(1);

“Special Resolution” means a resolution adopted at a shareholders meeting, with the support of at least 75% of the voting rights exercised on the resolution;

“Unalterable Provision” means a provision of this Act that does not expressly contemplate that its effect on any particular company may be negated, restricted, limited, qualified, extended or otherwise altered in substance or effect by a company's Memorandum of Incorporation or rules;

“Voting Power”, with respect to any matter to be decided by a company, means the voting rights that may be exercised in connection with that matter by a particular person, as a percentage of all such voting rights;

“Voting Rights”, with respect to any matter to be decided by a company, means:

- (a) the rights of any holder of the company's securities to vote in connection with that matter, in the case of a profit company; or
- (b) the rights of a member to vote in connection with the matter, in the case of a non-profit company;

“Voting Securities”, with respect to any particular matter, means securities that:

- (a) carry voting rights with respect to that matter; or
- (b) are presently convertible to securities that carry voting rights with respect to that matter.

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The South African National Equestrian Centre (Proprietary) Limited which is a Private Limited Company, Registration Number 1972/005124/07, and which is referred to as “the Company” in the rest of the Memorandum of Incorporation, has the prescribed minimum number of Directors in terms of section 66(2), is authorised to issue securities as described in Article: Securities of the Company.

If, before the general effective date, any pre-existing Company had adopted any binding provisions, under whatever style or title, comparable in purpose and effect to the Rules (if applicable) of a Company contemplated in section 15(3), those provisions continue to have the same force and effect:

- (a) As of the general effective date, for a period of 2 (two) years or until changed by the Company; and
- (b) After the 2 (two) year period, to the extent that they are consistent with the Act, in terms of Item 4(3) of Schedule 5.

If, before the general effective date, the Shareholders of any pre-existing Company had adopted an agreement between or among themselves, under whatever style or title, comparable in purpose and effect to an agreement contemplated in section 15(7), any such agreement continues to have the same force and effect:

- (a) As of the general effective date, for a period of 2 (two) years, despite section 15(7) or until changed by the Shareholders who are parties to the agreement; and
- (b) After the 2 (two) year period, contemplated in paragraph (a), to the extent that the agreement is consistent with the Act and this Private Company’s Memorandum of Incorporation, in terms of Item 4(3A) of Schedule 5.

In the Memorandum of Incorporation:

- (a) a reference to a section by number refers to the corresponding section of the Companies Act, 2008;
- (b) words that are defined in the Companies Act, 2008 bear the same meaning in the Memorandum as in that Act;
- (c) any reference to “the Company” is a reference to The South African National Equestrian Centre (Pty) Ltd;
- (d) the Schedules, Annexures and Forms attached to the Memorandum are part of the Memorandum of Incorporation.

Adoption of Memorandum of Incorporation

The Memorandum of Incorporation was adopted by the Company, in accordance with section 13(1) of the Act, by Special Resolution of the Shareholders of the Company, and in terms of Notice to Shareholders of Article: Shareholders’ Rights and Meetings of the Memorandum of Incorporation, passed on the 6th of October 2016.

Default Memorandum of Incorporation not to apply

The standard form Memorandum of Incorporation for a Private Limited Company referred to in Regulation 15(1)(a) shall not apply to the Company. The Memorandum of Incorporation is in a form unique to the Company as contemplated in section 13(1)(a)(ii).

Registered office and objects for which Company is established

The Registered Office of the Company shall be situated at:

113 Hilton Road
Linbro Park, Sandton
2090

ARTICLE 1 – INCORPORATION AND NATURE OF THE COMPANY

1.1 Incorporation

- (1) The South African National Equestrian Centre (Pty) Ltd is incorporated as from 19th May 1972 as a Private Limited Company, meaning a Profit Company that is not a Public, Personal Liability or state-owned Company and that satisfies the criteria set out in section 8(2)(b) in terms of the Memorandum of Incorporation which prohibits the Company from offering any of its securities to the public and restricts the transferability of its securities, meaning shares as well as debt instruments or debentures.

1.2 Powers of the Company

- (1) The South African National Equestrian Centre (Pty) Ltd is not subject to any restrictive conditions nor to any prohibitions regarding the amendment of the provisions of the Memorandum of Incorporation, other than those contained in the Act. The purposes and powers of the Company are not subject to any restrictions, limitations or qualifications other than those contained in the Act, save that the Company shall not have the power to claim a lien on any of its securities.

1.3 Memorandum of Incorporation and Company Rules

- (1) In terms of the Act and the Memorandum of Incorporation the Company is not limited from making, amending or appealing any Company Rules (if applicable) as contemplated in section 15(3) of the Act, and the Board's capacity to make such Rules (if applicable) is not hereby limited or restricted.

1.4 Solvency and Liquidity Test

- (1) The South African National Equestrian Centre (Pty) Ltd shall satisfy the Solvency and Liquidity Test at a particular time if, considering all reasonably foreseeable financial circumstances of the Company at that time, the assets of the Company, as fairly valued, equal or exceed the liabilities of the Company, as fairly valued, and it appears that the Company will be able to pay its debts as they become due in the ordinary course of business for a period of 12 (twelve) months after the date on which the test is considered, or in the case of a distribution, 12 (twelve) months following that distribution.
- (2) When applying the test in respect of a distribution, the Board or a person applying the Solvency and Liquidity Test to the Company is not to include as a liability any amount that would be required, if the Company were to be liquidated at the time of the distribution, to satisfy the preferential rights upon liquidation of Shareholders whose preferential rights upon liquidation are superior to the preferential rights upon liquidation of those receiving the distribution.

1.5 Authenticity of versions of Memorandum of Incorporation

- (1) The Memorandum of Incorporation of the Company as altered or amended, prevails in any case of a conflict between it and a translation filed and a consolidated revision filed, unless the consolidated revision has subsequently been ratified by a Special Resolution at a general Shareholders' meeting of the Company.
- (2) In regards to the Memorandum of Incorporation of the Company and authentication of documents, any Director or the Company Secretary or any person appointed by the Directors for the purpose shall have power to authenticate:
 - (2.1) any document affecting the constitution of the Company.

1.6 Validity of the Company's Actions

- (1) The Company's Memorandum of Incorporation does not limit, restrict or qualify the purposes, powers or activities of the Company and does not limit the authority of the Directors to perform an act on behalf of the Company as set out in Article: Board and Prescribed Officers of the Memorandum of Incorporation, subject to the Board having the legal capacity or power to do so.

ARTICLE 2 – SECURITIES OF THE COMPANY

2.1 Legal nature of Company shares and requirement to have a Shareholder

- (1) The South African National Equestrian Centre (Pty) Ltd is a Private Company and accordingly, the right to transfer shares is restricted in the manner hereinafter prescribed and recognised by the Companies Act; any invitation to the public to subscribe for any shares and any debentures of the Company is prohibited; a share of the Company does not have a nominal or par value, subject to Item 6 of Schedule 5; the Company is prohibited by the Companies Act and the Memorandum of Incorporation to issue shares to itself; and the authorised shares of the Company have no rights associated with it until it has been issued.
- (2) Despite the repeal of the Companies Act, Act 61 of 1973, a share issued by the Company and held by a Shareholder immediately before 1 May 2011, continues to have all of the rights associated with it immediately before the said date irrespective of whether those rights existed in terms of the Company's Memorandum of Incorporation, or in terms of the Companies Act, 1973 subject only to amendments to the Company's Memorandum of Incorporation after 1 May 2011 or the operation of subsection 35(5) and.
- (3) Any authority to sign a transfer deed, granted by a holder of shares for the purpose of transferring shares, which may be lodged at any of the Company's transfer offices, shall, as between the Company and the grantor of such authority, be deemed to continue and remain in full force and effect. The South African National Equestrian Centre (Pty) Ltd may allow such authority to be acted upon until express notice in writing of the revocation of such authority is lodged at the same transfer office.
- (4) With respect to any classes of par value or nominal value shares of the Company that were authorised and/or issued immediately before the effective date of 1 May 2011, those shares may continue in existence and use, subject to, and the Company shall with respect to such shares comply with Article: Securities of the Company – Legal Nature of Company's shares and requirement to have a Shareholder of the Memorandum of Incorporation.

2.2 Authorisation for shares

- (1) The Board of the Company shall not have the power to issue authorised shares without the approval of the Shareholders of the Company, which approval may compromise of a Special Authority or a General Authority for a specified period of time.
- (2) Each issued share of the Company entitles the holder to vote on any matter to be decided by a vote of Shareholders of the Company, participate in any proportionate distribution of profit to the Shareholders, and participate in the distribution of the residual value of the Company upon its dissolution.
- (3) The authorised share capital of the company will be 10,000 ordinary shares of no par
- (4) The ordinary Class A shares can only be subscribed for and issued to the Gauteng Horse Society trading as the Kyalami Park Club
- (5) The maximum number of **Class** B ordinary shares that any one shareholder may subscribe to, will be limited to 500 (five hundred).and can only be issued to members of good standing of the Gauteng Horse Society trading as the Kyalami Park Club
- (6) If a holder of the ordinary Class B shares holds more than such maximum number of shares (being 500) at any time, he or she will be obliged to dispose of such shares as soon as practically possible at a value that is not in excess of their market value (which may be determined by the auditors of the Company) and until such time as such shares in excess of the 500 allowed are disposed of, no voting rights will attach to the shares held by him or her in excess of such maximum amount

2.3 Preferences, rights, limitations and other share terms

- (1) All of the shares of any particular class authorised by the Company have preferences, rights, limitations and other terms that are identical to those of other shares of the same class.
- (2) The following provisions setting out the classes of authorised shares, and maximum number of authorised shares of each class, and the preferences, rights, limitations and other terms of each class of shares, as contemplated in section 36(1) apply –
 - 3.1 200 ordinary Class A shares; and
 - 3.2 Nil ordinary Class B shares.
- (3) The company has issued to date:

- (4) *Pari passu*

All the ordinary Class A shares and the ordinary Class B shares of the company shall rank *pari passu* in all respects save that the holders of the ordinary Class B shares shall have no obligation to sign surety for the company at any time

- (5) Rights attaching to both classes of ordinary shares
 - a. the right to be entered in a securities register of the company as the registered holder of an ordinary share;
 - b. the right to attend, participate in, and speak at any meeting of the ordinary shareholders of the company;
 - c. the right to receive any distribution by the company, if and when declared on the ordinary shares, to be made in proportion to the number of ordinary shares held by each holder thereof;
 - d. the right to receive a portion of the total net assets of the company remaining upon its liquidation; and
 - e. any other rights attaching to the ordinary shares in terms of the Act or any other law.

f. Issue of shares and other securities

- (1) Subject to the provisions of the Companies Act and the Memorandum of Incorporation, the Board of the Company may resolve to issue shares of the Company at any time, but only within the classes, and to the extent that the shares have been authorised by or in terms of the Memorandum of Incorporation, in accordance with section 36, and without prejudice to any rights previously conferred on the holders of any shares or class of shares for the time being issued any shares in the Company may be issued by Ordinary Resolution or, if the Company passes an Ordinary Resolution to authorise them, the Directors; and the rights or restrictions attaching to such shares may be determined by the Company by Special Resolution.
- (2) In the event of the Company issuing shares that have not been authorised in accordance with section 36, or in excess of the number of authorised shares of any particular class, the issuance of those shares may be retroactively authorised by Board Resolution in accordance with section 36 within 60 (sixty) business days after the date on which the shares were issued, subject to an ordinary Shareholder Resolution.
- (3) If a resolution seeking to retroactively authorise an issue of shares, is not adopted when it is put to a vote the share issue is null and void to the extent that it exceeds any authorisation; and the Company must return to

any person the fair value of the consideration received by the Company in respect of that share issue to the extent that it is nullified, together with interest in accordance with the Prescribed Rate of Interest Act, 1975 (Act No 55 of 1975).

- (4) The South African National Equestrian Centre (Pty) Ltd may not create or issue any debt instruments which confer on the holders thereof any special privileges to attend or vote at a General Meeting of the Company or to elect the Directors of the Company, unless it has been approved by the Shareholders by Ordinary Resolution and subject to Article: Securities of the Company – Debt Instruments.
- (5) Except with the sanction of a Special Resolution adopted by the Company in General Meeting and subject to the Memorandum of Incorporation, no share may be issued by the Company until it is fully paid and the Company shall have received the full consideration therefore in past services actually performed for the Company, property or money. Money or a record evidencing indebtedness of the person to whom the share is to be issued is not property for the purposes of this sub-article. The aggregate value of property or past services for purposes of this sub-article shall be the value determined by the Directors by resolution to be in all circumstances of the transaction the fair value thereof, unless the Company in General Meeting otherwise resolves.
- (6) Shares in the Company may only be issued to individuals who are at the time of issue, fully paid up voting members of the Kyalami Park Club.
- (7) Should any shareholder not retain a current membership with the Kyalami Park Club, such shareholder will be required to transfer their shares to either an eligible individual or to the Company.

g. Subscription of shares

- (1) In terms of the Company's Memorandum of Incorporation, section 39 of the Companies Act, dealing with the subscription of shares applies to this Private Company with respect to any issue of its shares, other than shares issued in terms of options or conversion rights, or shares issued in terms of section 40(5) to 40(7), or capitalisation shares issues as contemplated in section 47.
- (2) In terms of the Memorandum of Incorporation a Shareholder may subscribe for fewer shares than the Shareholder would be entitled to subscribe for in exercising his right in terms of section 39(2) shares not subscribed for by a Shareholder within the reasonable time prescribed in section 39(2), may be offered to other persons to the extent permitted by the Memorandum of Incorporation, subject to the proviso that.

h. Consideration for shares

- (1) The Board of the Company may issue authorised shares only for adequate consideration to the Company, as determined by the Board in terms of section 40(1)(a); or in terms of conversion rights associated with previously issued securities of the Company in terms of section 40(1)(b); or as capitalisation shares in terms of section 47.
- (2) Subject to sections 40(5), 40(6) and 40(7) of the Act, when the Company has received the consideration approved by its Board for the issuance of any shares, those shares are fully paid and the Company shall issue those shares and cause the name of the holder to be entered on the Company's Securities Register in accordance with Part E of Chapter 2 of the Companies Act.
- (3) The consideration for the shares will be determined by the Board and will be based on the valuation of the Company, as determined annually by the Auditors.
- (4) If the consideration for any shares that are issued or to be issued is in the form of an instrument such that the value of the consideration cannot be realised by the Company until a date after the time the shares are to be

issued, or is in the form of an agreement for future services, future benefits or future payments by the subscribing party the consideration for those shares is regarded as having been received by the Company at any time only to the extent that the value of the consideration for any of those shares have been realised by the Company; and the consideration for those shares is regarded as having been received by the Company at any time only to the extent that the subscribing party to the agreement has fulfilled its obligations in terms of the agreement, and upon receiving the instrument or entering into the agreement the Company shall in terms of the Companies Act and the Memorandum of Incorporation.

- (5) For the sake of clarity, at the time when the Company has received in full the consideration approved by the Board for the issuance of shares, such shares shall at that time, in the absence of anything to the contrary specified in terms of the Board Resolution as to the timing of the issue, be treated as having been issued by the Company.

i. Shareholder approval for issuing shares in certain cases

- (1) An issue of shares or securities convertible into shares, or a grant of options or a grant of any other rights exercisable for securities shall be approved by a Special Resolution of the Shareholders of the Company, since the shares, securities, options or rights are issued to a
- (2) An issue of shares or securities convertible into shares, or a grant of options in terms of section 42 or a grant of any other rights exercisable for securities is not subject to section 41(1) of the Companies Act, if the issue of shares, securities or rights is under an agreement underwriting the shares, securities or rights; or in the exercise of a pre-emptive right to be offered and to subscribe for shares in terms of section 39, or in proportion to existing holdings, and on the same terms and conditions as have been offered to all the Shareholders of the Company or to all the Shareholders of the class or classes of shares being issued, or pursuant to an offer to the public, in terms of sections 95(1)(h) and 96.
- (3) For purposes of determining the voting power of shares issued and issuable as a result of a transaction or series of integrated transactions, the voting power of shares is the greater of the voting power.

j. Options for subscription of securities

- (1) In terms of the Memorandum of Incorporation the Company may issue options for the allotment or subscription of authorised shares or other securities of the Company.
- (2) If the Company has issued any option for the allotment or subscription of any authorised but unissued shares of any class, such options may be categorised as convertible voting securities.

k. Debt instruments

- (1) In terms of the Memorandum of Incorporation, a debt instrument issued by the Company may grant special privileges regarding attending and voting at General Meetings and the appointment of Directors; or the allotment of securities, redemption by the Company or substitution of the debt instrument for shares of the Company, provided that the securities to be allotted or substituted in terms of any such privilege, are authorised by or in terms of the Company's Memorandum of Incorporation in accordance with section 36. A debt instrument granting special privileges regarding the allotment of shares or the right to substitute the debt instrument for shares may be issued only to the extent approved by the Shareholders by Ordinary Resolution.
- (2) Every security document must clearly indicate, on its first page, in terms of the Act and the Memorandum of Incorporation, whether the relevant debt instrument is secured or unsecured.

I. Financial assistance for subscription of securities

- (1) The Board may authorise the Company to provide financial assistance by way of a loan, guarantee, the provision of security or otherwise to any person for the purpose of, or in connection with, the subscription of any option, or any securities, issued or to be issued by the Company or a related or inter-related Company, or for the purchase of any securities of the Company or a related or inter-related Company, subject to sections 44(3) and (4) and the particular provision of financial assistance must be pursuant to a Special Resolution of Shareholders adopted within the previous 2 (two) years which approved such assistance either for the specific recipient or generally for a category of potential recipients.

m. Loans and other financial assistance to Directors

- (1) The authority of the Company's Board of Directors as set out in section 45 to authorise the Company to provide financial assistance is not limited or restricted by the Memorandum of Incorporation and may authorise the Company to provide direct or indirect financial assistance in relation to the subscription of any option or securities of the Company or of a related or inter-related Company, to any of the following:
- (1.1) a Director or Prescribed Officer of the Company;
 - (1.2) a Director or Prescribed Officer of a related or inter-related Company;
 - (1.3) a related or inter-related Company or corporation;
 - (1.4) a Member of a related or inter-related corporation;
 - (1.5) a person related to any such Company, Corporation, Director, Prescribed Officer or Member, subject to sections 45(3) and (4) and the particular provision of financial assistance must be pursuant to a Special Resolution of Shareholders adopted within the previous 2 (two) years which approved such assistance.
- (2) The Board is prohibited to authorise any financial assistance in terms of section 45(2), unless the particular provision of financial assistance is pursuant to a Special Resolution of the Shareholders, adopted within the previous 2 (two) years, which approved such 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 is satisfied that immediately after providing the financial assistance, the Company would satisfy the Solvency and Liquidity Test.

n. Capitalisation shares

- (1) The Board of the Company by Resolution:
- (1.1) may approve the issuing of any authorised shares of the Company, as capitalisation shares, on a *pro-rata* basis to the Shareholders of one more classes of shares;
 - (1.2) shares of one class may be issued as a capitalisation shares in respect of shares of another class;
 - (1.3) when resolving to award a capitalisation share, the Board may at the same time resolve to permit any Shareholder entitled to receive such an award to elect instead to receive a cash payment at a value determined by the Board and the Shareholders.
- (2) The Directors may resolve to capitalise the whole or any part of:
- (2.1) any amount available for distribution as a dividend and not required for the payment or provision of dividends on preference shares,

- (2.2) any amount standing to the credit of any of the Company's reserve accounts (including its share premium account or capital redemption reserve fund), by applying such amount in paying up in full unissued shares of the Company, to be issued to the holders in the same proportions as if those shares had constituted a dividend declared by the Company.
- (3) A cash payment in lieu of awarding a capitalisation share is a distribution by the Company and shall comply with the requirements as set out in the Memorandum of Incorporation in respect of the authorisation by the Board in terms of distributions, which is aimed at the protection of creditors.
- (4) In terms of the Memorandum of Incorporation, the issue and acceptance of capitalisation shares involves a relationship between the Company and its Shareholders similar to a contractual relationship.

A Shareholder becomes entitled to be issued the designated number of shares by the Company once the Board has, by resolution, authorised the issuing of capitalisation shares.

- (5) The Company's stated capital shall be constituted by the aggregate of the issue price of all issued shares (including for purposes hereof the nominal par value of any shares issued prior to the effective date or issued on or after the effective date as permitted in terms of Regulation 31(5)(b), together with any share premium thereon) and the issue price of all issued options, and otherwise as adjusted in terms of this clause.

Capitalisation shares may, be issued with the approval of the Board, by Board resolution, by transferring the amount of the issue price of such capitalisation shares out of reserves or profits to the stated capital.

The issue price raised by the original or subsequent issue of authorised but unissued shares or options shall be considered part of the original stated capital, and shall be subject to the provisions contained in the Companies act and/or the Memorandum of Incorporation with reference to such stated capital.

o. The Company or Subsidiary acquiring Company's shares

- (1) Subject to the compliance with the provisions of the Memorandum of Incorporation and only with the prior approval of the Board, the Company may acquire any shares issued by the Company on the basis that:
- (1.1) all or a portion of the price payable on such acquisition may be paid out of the funds of or available to the Company whether or not such payment results in a reduction of the issued share capital, share premium, stated capital, reserves, any capital redemption reserve fund and/or any other account of the Company, and
- (1.2) the shares so acquired shall be cancelled as issued shares and the authorised share capital of the Company shall remain unaltered.
- (2) The South African National Equestrian Centre (Pty) Ltd may:
- (2.1) subject to compliance with the provisions of the Memorandum of Incorporation, and only with the prior approval of a Board resolution adopted by the Company in General Meeting, acquire any shares issued by any of its holding Companies, and/or
- (3) In terms of the Memorandum of Incorporation, the above acquisition is subject to the following the Company shall not acquire its own shares and a subsidiary of the Company shall not acquire shares of the Company, if, as a result of that acquisition, there would no longer be any shares of the Company in issue other than either shares held by one or more subsidiaries of the Company, or convertible or redeemable shares.
- (4) A decision by the Board of the Company that the Company will acquire a number of its own shares is subject to the requirements of sections 114 and 115, if, considered alone or together with other transactions in an

integrated series of transactions, it involves the acquisition by the Company of more than 5% (five percent) of the issued shares.

- (5) In the event of the Company acquiring any shares in contradiction of distributions which must be authorised by the Board in terms of section 46, or in contradiction of the requirements of section 48 in respect of the Company or its subsidiary acquiring its holding Company's shares, the Company shall not more than 2 (two) years after the acquisition.

p. Beneficial interest in securities

- (1) Provision is made in the Memorandum of Incorporation allowing the Company the flexibility to permit securities to be held by 1 (one) Shareholder for the beneficial interest of another, although only the Registered Shareholder shall be vested with the voting rights attaching to the securities.

The South African National Equestrian Centre (Pty) Ltd shall be entitled but not required or obliged, even if given notice of it, except as required by law or as ordered by a Court of competent jurisdiction, to recognise or have any regard to any one or more persons who is or are not a registered securities holder in respect of any securities as the person or persons having title including joint title.

Notwithstanding anything to the contrary contained in the Memorandum of Incorporation or any agreement binding on the Company, the Company shall be under no obligation to verify the existence of the beneficial holder (or registered holder) in respect of any securities or to verify the legal status of any person who holds a security as a trustee or nominee, or to ensure the carrying out by the trustee or nominee of any trusts or mandates, whether express or implied, in respect of any such security, subject to this sub-article in respect of beneficial interests.

- (2) A person who holds a beneficial interest in any securities may vote in a matter at a meeting of Shareholders, only to the extent that the beneficial interest includes the right to vote on the matter; and the person's name is on the Company's Register of disclosures as the holder of a beneficial interest, or the person holds a proxy appointment in respect to that matter from the registered holder of those securities. The registered holder of any securities in which any person has a beneficial interest shall deliver to each such person a notice of any meeting of the Company at which those securities may be voted on within 2 (two) business days after receiving such a notice from the Company.

q. Joint holders of shares

- (1) No shares or any securities of the Company may be held jointly in the names of 2 (two) or more persons as joint holders.

r. Transfer of shares

- (1) A person acquires the rights associated with any particular issued securities of the Company when that person's name is entered into the Company's Securities Register as a person to whom those securities have been issued or transferred and ceases to have the rights associated with any particular securities of the Company when the transfer to another person, reacquisition by the Company, or surrender to the Company has been entered in the Company's Certificated Securities Register.
- (2) The right of any person to request the Company to Register in the Securities Register of the Company the transfer from or to that person of any particular shares of any class of shares or any other certificated securities may be limited or restricted only to the extent provided for in respect of that class of shares or securities, as specified in the case of non-listed certificated shares and in the case of other issued non-listed securities, if any, as specified in Schedule: Authorised securities of the Company.
- (3) On receipt by the Company of the documents required for registration of a transfer with respect to any non-listed certificated shares, the Company shall cause the transfer of such shares to be registered in the Securities Register of the Company in accordance with the applicable proper instrument of transfer unless the

Board within 10 (ten) business days of receipt of the documents required for registration of transfer unanimously resolves that such a transfer shall not be so registered.

Until a transfer has been registered in terms of this clause, the transferor shall be deemed to remain the holder of and shall remain the registered Shareholder in respect of such non-listed certificated shares until the name of the transferee is entered in the Securities Register in respect thereof.

- (4) No transfer of shares may take place within the first 36 month period after the initial offering of the shares, thereafter shares may be transferred, such transfers may only be made to other eligible individuals or alternatively back to the company.

s. Unissued securities

- (1) Unless issued for the acquisition of assets, unissued ordinary shares shall first be offered to existing ordinary Shareholders pro-rata to their shareholding, subject to any rounding off of entitlements to avoid fractions and/or odd-lots of shares, the possible issue of any share which are not taken up to applicants for shares in excess of their entitlements, the possible exclusion of any persons who are prohibited, by any law of any country to whose jurisdiction they are subject, from participation in a rights offer.

ARTICLE 3 – FINANCE OF THE COMPANY

3.1 Distributions

- (1) A dividend is regarded by the Company's Memorandum of Incorporation as a distribution by the Company of its profits and distinguishes between transfers in the form of a dividend and transfers in respect of shares.
- (2) In terms of the Act, the Memorandum of Incorporation hereby entitles the Shareholders of the Company to distributions calculated in specific ways and provides for preferences as to distributions or liquidation rights in respect of different classes of shares with the proviso that all shares of the same class shall be treated equally since all the shares of any particular class authorised by the Company have preferences, rights, limitations and other terms that are identical to those of other shares of the same class. The Board may authorise any proportionate distributions to Shareholders of any class of shares of the Company.
- (3) The Memorandum of Incorporation establishes for any particular class of shares, preferences, rights, limitations or other terms that:
 - (3.1) confer special, condition or limited voting rights;
 - (3.2) provide for shares of that class to be redeemable, subject to the requirements of sections 46 and 48 of the Act, or convertible, as specified in the Memorandum of Incorporation:
 - (3.2.1) at the option of the Company, the Shareholder, or another person at any time, or upon the occurrence of any specified contingency;
 - (3.2.2) for cash, indebtedness, securities or other property;
 - (3.2.3) at prices and in amounts specified, or determined in accordance with a formula; or
 - (3.2.4) subject to any other terms set out in the Memorandum of Incorporation;
 - (3.3) entitle the Shareholders to distributions calculated in any manner, including dividends that may be cumulative, non-cumulative or partly cumulative.
- (4) The Board shall not declare or make a distribution except a distribution in compliance with section 46 of the Act, and in accordance with the rights of registered Shareholders to or in respect of distributions as set out in Schedule: Authorised shares of the Company or otherwise as contemplated in the Memorandum of Incorporation. The South African National Equestrian Centre (Pty) Ltd may make selective distributions to Shareholders of the same class only with the approval by Special Resolution of Shareholders of that class.
- (5) To consider, and if deemed fit, to pass with or without modification, the following Ordinary Resolution the Board shall authorise distributions and acquisitions subject to the following conditions: the distribution/acquisition is pursuant to a Court order; or the distribution/acquisition is pursuant to an existing legal obligation of the Company or in terms of a Special Resolution, the Board has authorised the distribution/acquisition.
 - (5.1) the general authority shall be valid until the next General Meeting of the Company or for 15 (fifteen) months from the passing of a Special Resolution, whichever period is shorter.

When any such distribution is made, the Directors shall give consideration to the following issues, at the time the distribution is made. The Directors must be of the opinion that at the time of such distribution of share capital and/or reserves:

- (5.2) the Directors shall at such time have applied the Solvency and Liquidity test set out in section 4 of the Act, and shall have concluded that the Company shall satisfy the Solvency and Liquidity Test immediately after completing the proposed distribution.
- (6) In terms of the Memorandum of Incorporation, the Board is not required to provide out of profits for the depreciation of fixed assets.
- (7) The Memorandum of Incorporation does not prohibit, limit or restrict the Company to issue redeemable shares of any class and not only preference shares subject to the redemption thereof requiring compliance with the distribution and acquisition provisions of sections 46 and 48 of the Act. In comparison with the previous 1973 Companies Act, there is no special provision in the 2008 Companies Act, governing the redemptions of shares and in terms of the Memorandum of Incorporation the Company treats redemption of its own shares on the same basis as an acquisition of its own shares.
- (8) In the event that a distribution in terms of either a particular Board resolution, Court Order or existing legal obligation has not been completed within 120 (one hundred and twenty) business days after the Board made the acknowledgement required by subsection (1)(c) in which the Board of the Company has by resolution acknowledged that the Board has applied the Solvency and Liquidity Test in terms of section 4 of the Act.
- (9) In the event of a transfer by the Company of money or other property of the Company other than its own shares, to or for the benefit of one or more holders of any of the shares, or to the holder of a beneficial interest in any such shares, of the Company or of another Company within the same group of companies.
- (10) In the event of a distribution which involves a direct or indirect transfer by a Company of money or other property of the Company, other than shares, to or for the benefit of one or more holders of any of the shares, or to the beneficial interest in any such shares of that Company or of another Company within the same group of companies, otherwise in respect of any of the shares of that Company or of another Company within the same group of companies, subject to section 164(19) a person is not to include as a liability any amount that would be required, if the Company were to be liquidated at the time of the distribution, to satisfy the preferential rights upon liquidation of Shareholders whose preferential rights upon liquidation are superior to the preferential rights upon liquidation of those receiving the distribution.
- (11) In the event of a distribution taking the form of the incurrance of a debt or other obligation by the Company, the requirements of this sub-article apply at the time that the Board resolves that the Company may incur that debt or obligation and do not apply to any subsequent action of the Company in satisfaction of that debt or obligation except to the extent that the resolution, or the terms and conditions of the debt or obligation, provide otherwise.
- (12) Distributions not paid to the applicable Shareholders on the applicable record date for payment shall not carry interest against the Company.
- (13) Any dividend or other sum payable on or in respect of a share may be paid to the holder of that share, if the share is held by more than one person whichever of the joint holders' name appears first in the Register; if the Shareholder is no longer entitled to the share, the person or persons entitled to it, or such other person or persons as the Shareholder.
- (14) Every payment of a distribution made by cheque through the post or by electronic funds transfer shall be made at the risk of the Shareholders.

3.2 Dividends

- (1) Dividends are declared by the Directors in accordance with the Act, and as such are subject to the provisions of section 46 of the Act. In General Meeting, the Directors may declare dividends that are payable to one or more classes of Shareholders from time to time registered as such in proportion to the number of their shares

and the amount paid up thereon, at a date which shall be after the date of declaration, or the date of confirmation of the dividend, whichever is the later, and which is a date after the date of publication of the announcement of the declaration of the dividend, provided that no greater dividend shall be declared by a General Meeting than is authorised by resolution of the Directors. The South African National Equestrian Centre (Pty) Ltd shall be required, in General Meeting, to sanction by Ordinary Resolution, final dividends. No dividend shall be declared by the Company in General Meeting unless it has been authorised by resolution of the Directors, and does not exceed the amount declared by the Directors. The date of declaration shall be known as "the dividend date".

- (2) With the sanction of a General Meeting a Company payment may be made either wholly or in part by the distribution of such specific assets in such manner as the Directors may, subject to compliance with the Solvency and Liquidity Test.
- (3) Subject to the provisions of the Act and the Memorandum of Incorporation, the Board shall be entitled to declare dividends after applying the Solvency and Liquidity Test set out in the Act and having reasonably concluded.
- (4) If and so far as in the opinion of the Directors, the profits of the Company justify such payments, the Directors may pay the fixed dividends on any class of shares carrying a fixed dividend expressed to be payable on fixed dates on the half-yearly or other dates prescribed for the payment of such dividend, and the Directors may from time to time.
- (5) No dividend shall bear interest against the Company and any Company payment which is unclaimed in respect of a dividend payable on or in respect of a share, shall be retained by the Company for the benefit of the Shareholder until claimed by the Shareholder concerned, provided that any such dividend which remains unclaimed for a period of 3 (three) years after the payment date of the dividend in question, shall be forfeited and revert to the Company and may be dealt with by the Directors or as such assigns as they deem fit, provided that notice of that declaration has been sent to a registered address of the person entitled thereto. The Board may at any time annul such forfeiture upon such conditions as it thinks fit. All unclaimed dividends may be invested or otherwise made use of by the Board for the benefit of the Company, subject to Article: Finances of the Company – Distributions of the Memorandum of Incorporation.
- (6) The South African National Equestrian Centre (Pty) Ltd may cease to send any cheque or other means of payment by post for any dividend on any shares which is normally paid in that manner if in respect of at least two consecutive dividends payable on those shares the cheque, warrant or order has been returned undelivered or remains uncashed but, subject to the provisions of the Memorandum of Incorporation, shall recommence sending cheques, warrants or orders in respect of the dividends payable on those shares if the holder or the person entitled to them claims the arrear dividend and instructs the Company to pay future dividends in some other way.

The South African National Equestrian Centre (Pty) Ltd shall be entitled at any time to delegate its obligations in respect of unclaimed dividends or any other unclaimed distributions, to any third party from time to time.

- (7) The Directors may without the need for any further Ordinary Resolution, offer rights for election in respect of any dividend declared or proposed after the date of the adoption of the Memorandum of Incorporation and at or prior to the next General Meeting. The Directors may offer such rights of election to Shareholders either in respect of the next dividend proposed to be paid, or in respect of that dividend and all subsequent dividends, until such time as the election is revoked or the authority given expires without being renewed (whichever is the earlier).
- (8) If the Directors resolve to offer a right of election they shall give written notice to the ordinary Shareholders specifying the procedures to be followed in order to exercise such right.

- (9) If a Shareholder has elected to receive ordinary shares in lieu of a dividend (or that part of the dividend in respect of which a right of election has been given) no dividend shall be payable on Ordinary shares in respect of which the share election has been duly exercised and has not been revoked (the "elected limited ordinary shares"). In place of such dividend, the following provisions shall apply.
- (10) The additional ordinary shares allotted and issued shall rank equally in all respects with the fully-paid ordinary shares then in issue save only as regards participation in the relevant dividend.
- (11) No fraction of an ordinary share shall be allotted. The Directors may, subject to the provisions of the Memorandum of Incorporation, make such provision as they think fit for any fractional entitlements including, that the whole or part of the benefit of those fractions accrues to the Company or that the fractional entitlements are accrued and/or retained on behalf of any ordinary Shareholder.
- (12) The Directors may resolve that rights of election shall not be made available to any ordinary Shareholders with registered addresses in any territory where the Directors think fit in order to comply with, or avoid the requirements of, the laws and Regulations of such territory or a regulatory body.

3.3 Reserves

- (1) In terms of the Memorandum of Incorporation, the Board may before declaring or confirming any dividends set aside and carry to a reserve account, any part of the profits of the Company which may at their discretion be applied for any purpose for which the profits of the Company may properly be applied in such manner as the Directors see fit, and divide any such reserve account into such special accounts as they deem fit and consolidate such special accounts, or any part thereof, into one or more accounts, with full power to employ the assets constituting such fund or funds in the business of the Company, or may invest the assets upon such investments, other than shares of the Company as they may select without being liable for any depreciation of or loss in consequence of such investments, whether the same be usual or authorised investments for trust funds or not.
- (2) The reserve or reserves shall, at the discretion of the Board, be applicable for meeting contingencies or for paying or equalising dividends, or for any other purpose whatsoever, to which the profits of the Company may be properly applied and pending such application may, at the like discretion, either be employed in the business of the Company or be invested in such investments, other than shares of the Company as the Board may from time to time think fit.

ARTICLE 4 – SHAREHOLDERS’ RIGHTS AND MEETINGS

4.1 Interpretation and Application of the Memorandum of Incorporation

- (1) A Shareholder is the holder of a share issued by the Company and who is entered as such in the certificate register, including a person who is entitled to exercise any voting rights in relation to a Company, irrespective of the form, title or nature of the securities to which those voting rights are attached.
- (2) In relation to the Company, and for purposes of the Memorandum of Incorporation, no person other than a registered Shareholder or its authorised representatives or proxies in terms of Article: Shareholders’ Rights and Meetings - Shareholders’ Right to be represented by proxy, in respect of a class of shares held by that registered Shareholder as reflected in the Securities Register, shall be entitled to attend, speak and vote at a meeting of that class of Shareholders.

4.2 Shareholders right to be represented by proxy

- (1) At any time, a Shareholder may in respect of any class of shares held by that Shareholder, subject to compliance, appoint any individual, including an individual who is not a Shareholder of the Company, as a proxy to: participate in, and speak and vote at, a meeting of that class of Shareholders, on behalf of the Shareholder or give or withhold written consent on behalf of the Shareholder to a decision to be taken by that class or Shareholder by round-robin resolution.

The holder of an instrument of proxy or general or Special Power of Attorney, given by a Shareholder, shall be entitled to vote if duly authorised under that instrument or power to attend and take part in any meeting or proceeding of the Company, whether or not he is himself a Shareholder in the Company.

Any Shareholder may at any time appoint any natural person, including a natural person who is not a Shareholder, as proxy to participate in, and speak and vote at a Shareholders’ meeting on behalf of that Shareholder, or give or withhold written consent on behalf of that Shareholder to a decision in terms of section 60 of the Act, provided that a Shareholder may appoint more than one proxy to exercise voting rights attached to different securities held by the Shareholder.

- (2) A proxy appointment shall be in writing, dated and signed by the Shareholder and remains valid for 1 (one) year from the date when it was signed unless the proxy itself provides for a longer or shorter duration unless it is revoked or expires earlier as contemplated in the Act.

4.3 Record date for determining Shareholder rights

- (1) A record date determined by the Board may in terms of section 59(1) set the applicable record dates for the purposes of determining Shareholder rights, in accordance with and as contemplated in section 59, including for purposes of determining that Shareholders who are registered on a particular record date shall be entitled to receive the notice of Shareholders’ meeting (section 59(1)(a)), or participate in and vote at a Shareholders’ meeting (section 59(1)(b)), or decide any matter by round-robin resolution.

Each applicable record date determined by the Board shall not be earlier than the date on which the record date is determined by the Board, i.e. shall not be a “retrospective” record date (section 59(2)(a)(i)), shall not be more than 10 (ten) business days before the date on which the event or action for which the date is being set, is scheduled to occur (section 59(2)(a)(ii)), and must be published to every Shareholder in terms of section 59(2)(b).

4.4 Shareholders acting other than at a meeting

- (1) A resolution that could be voted on at a Shareholders’ meeting, other than in respect of the election of Directors, may instead be submitted by the Board for consideration to the Shareholders entitled to exercise

voting rights in relation to the resolution and voted on in writing by Shareholders entitled to exercise voting rights in relation to the resolution within 20 (twenty) business days after the resolution was submitted to them.

- (2) A resolution will have been adopted if it is supported by persons entitled to exercise sufficient voting rights for it to have been adopted as an Ordinary or Special Resolution at a properly constituted Shareholders' meeting and if adopted, shall have the same effect as if it had been approved by voting at a meeting.

4.5 Shareholders' meetings

- (1) In terms of the Act and the Memorandum of Incorporation, the Board of the Company, or any other person specified in the Company's Memorandum of Incorporation or Company Rules (if applicable), for example, the Company Secretary, the Auditor, the Chairman of the Board or a minimum of any 2 (two) Shareholders may call a Shareholders' meeting at any time.
- (2) Any person authorised in the Memorandum of Incorporation shall call a Shareholders' meeting if one or more written and signed demands for such a meeting are delivered to the Company and each such demand describes the specific purpose for which the meeting is proposed and in aggregate, demands for substantially the same purpose are made and signed by the holders, as of the earliest time specified in any of those demands, of at least 10% (ten percent) of the voting rights entitled to be exercised in relation to the matter proposed.

4.6 Notices

- (1) Each Shareholder (or the agent) of registered shares shall notify the Company in writing of an electronic mail address, a fax number, and a physical or postal address, each of which shall be deemed to be the Shareholder's registered address within the meaning of the Memorandum of Incorporation, and if the Shareholder has not notified the Company of at least one of the above, the Shareholder shall be deemed to have waived his right to be served from any notice of the Company.

4.7 Notice of Shareholders' meetings

- (1) In terms of the Act and the Memorandum of Incorporation a notice of a meeting of any class of Shareholders must be delivered contemporaneously to each Shareholder registered as such as of the applicable record date for delivery of that notice, determined in terms of the record date, read with section 59(1)(a) of the Act, of the class of Shareholder entitled to vote on any of the resolutions to be considered at the meeting, and to the Auditors for the time being of the Company in terms of section 93(1)(c)(ii) of the Act; and if expressly required in terms of an instrument appointing a proxy which has been delivered to the Company, to the proxy or proxies of a Shareholder (section 58(6) of the Act), in form and content as prescribed in section 62(3), at least 15 (fifteen) business days before the date on which the meeting is to begin. Any failure to comply with this clause shall not affect the validity of the General Meeting.
- (2) A notice of a Shareholders' meeting shall be in writing in plain language and shall include:
 - (2.1) the date, time and place for the meeting, and the record date for the meeting;
 - (2.2) the general purpose of the meeting, and any specific purpose if applicable:
 - (2.2.1) a summarised form of the financial statements to be presented by Directors for obtaining a copy of the complete financial statements for the preceding financial year;
 - (2.2.2) a copy of any proposed resolution of which the Company has received notice, and which is to be considered at the meeting, and a notice of the percentage of voting rights that will be required for that Resolution to be adopted;

(2.3) a reasonably prominent statement that:

(2.3.1) a Shareholder entitled to attend and vote at the Shareholders' meeting shall be entitled to appoint a proxy to attend, participate in, speak and vote at the Shareholders' meeting in the place of the Shareholder entitled to vote or given or withhold written consent on behalf of the Shareholder entitled to vote to a decision by round-robin resolution of the relevant holders entitled to vote;

(2.3.2) a proxy need not be a Shareholder entitled to vote; and

(2.3.3) participants in a Shareholders' meeting are required to furnish satisfactory identification in terms of section 63(1) of the Companies Act in order to reasonably satisfy the person presiding at the Shareholders' meeting.

4.8 Conduct of meetings

(1) In terms of the Act and the Memorandum of Incorporation the Company has the authority to conduct a Shareholders' meeting entirely by electronic communication or to provide for participation in a meeting by electronic communication, is not limited or restricted by the Memorandum of Incorporation.

(1.1) Shareholders connected electronically remained connected for the duration of that part of the meeting during which the resolution was discussed; and

(1.2) the subject matter of the resolution has been discussed; and

(1.3) the Chairman of the meeting or any other person present in person or electronically at the meeting certifies in writing that the aforementioned requirements have been met;

shall be deemed to have been passed on the date on which the resolution was adopted.

Within 10 (ten) business days after the adoption or failing of a resolution at a meeting or where some or all of the Shareholders were connected and participated electronically, the Company shall:

(1.4) deliver to each Shareholder a copy of the resolution proposed, accompanied by a statement describing the results of the vote, consent process or election, as the case may be; and

(1.5) insert a copy of the said resolution and statement in the minute book of the Company.

4.9 Meeting Quorum and Postponement

(1) In terms of the Act, the Memorandum of Incorporation specifies that at least 25% (twenty five percent) of all the voting rights that are entitled to be exercised in respect of:

(1.1) at least one matter to be decided at any Shareholders' meeting must be present for that meeting to begin; and

(1.2) a matter to be decided at any Shareholders' meeting for that matter to begin to be considered at that meeting, provided that three Shareholders entitled to attend and vote are present at the time of the meeting.

(2) The time periods specified in sections 64(4) and (5) of the Act, regarding the postponement of a Shareholders' meeting or the consideration of a particular matter at a Shareholders' meeting.

(2.1) for that meeting to begin have not been satisfied, the meeting may be postponed.

- (2.2) for consideration of a particular matter to begin, have not been satisfied:
 - (2.2.1) if there is other business on the agenda of the meeting, consideration of that matter may be postponed to a later time in the meeting without any motion or vote; or
 - (2.2.2) if there is no other business on the agenda of the meeting, the meeting may be adjourned without any motion or vote, for 1 (one) week or more on reasonable grounds;
- (2.3) provided that the person intended to chair a meeting that cannot begin, may extend the 1 (one) hour limit for a reasonable period on the grounds that:
 - (2.3.1) exceptional circumstances affecting weather, transportation or electronic communication have generally impeded or are generally impeding the ability of Shareholders to be present at the meeting; or
 - (2.3.2) one or more particular Shareholders, having been delayed, have communicated an intention to attend the meeting, and those Shareholders.

4.10 Adjournment of Shareholders' meetings

- (1) A Shareholders' meeting or the consideration of any matter being debated at the meeting may be adjourned from time to time without further notice, by the Chairman of the Shareholders' meeting or on a motion supported by persons entitled to exercise, in aggregate.
- (2) In terms of the Act and the Memorandum of Incorporation an adjournment of a meeting, or of consideration of a matter being debated at the meeting shall be either to a fixed time and place.

The South African National Equestrian Centre (Pty) Ltd shall not be required to give further notice of a meeting that is postponed or adjourned unless:

- (2.1) the location for the meeting is different from:
 - (2.1.1) the location of the postponed or adjourned meeting (section 64(7)(a) of the Act); or
 - (2.1.2) the location announced at the time of adjournment, in the case of an adjourned meeting (section 64(7)(b) of the Act); or
- (2.2) it is necessary to inform registered Shareholders of the availability of participation in the postponed or adjourned meeting by electronic means; or
- (2.3) the meeting has been adjourned "until further notice" in terms of this Article of the Memorandum of Incorporation.

4.11 Votes of Shareholders

- (1) In terms of the Act and the Memorandum of Incorporation subject to any special rights or restrictions as to voting attached to any Shares by or in accordance with the Memorandum of Incorporation, at a meeting of the Company:
 - (1.1) Every person present, either personally or by proxy, and entitled to exercise voting rights shall be entitled to exercise the number of votes determined in accordance with the voting rights associated with the Securities held by that Shareholder;

- (1.2) On a poll any person who is present at the meeting, whether as a Shareholder or as a proxy for a Shareholder, has the number of votes determined in accordance with voting rights associated with the Securities held by that Shareholder; and
- (1.3) The holders of Securities other than ordinary Shares shall not be entitled to vote on any Resolution at a meeting of Shareholders.
- (1.4) Voting shall be conducted by means of a polled vote in respect of any matter to be voted on at a meeting of Shareholders if a demand is made for such a vote by:
 - (1.4.1) at least 5 (five) persons having the right vote on that matter, either as Shareholders or as proxies representing Shareholders; or
 - (1.4.2) a Shareholder who is, or Shareholders who together are, entitled, as Shareholders or proxies representing Shareholders, exercise at least 15% (ten percent) of the voting rights entitled to be voted on that matter; or the Chairman of the meeting.
- (2) The South African National Equestrian Centre (Pty) Ltd must keep minutes of Shareholders' meetings, and include in the minutes every Resolution adopted at the Shareholders' meeting.

4.12 Shareholder Resolutions

- (1) Every resolution of Shareholders shall be an Ordinary Resolution or a Special Resolution.
- (2) The Board may propose any Resolution to be considered by Shareholders and may determine whether that Resolution will be considered at a meeting or by vote or written consent.
- (3) Any 2 (two) Shareholders of Company may propose a resolution concerning any matter in respect of which they are each entitled to exercise voting rights; and when proposing a resolution, may require that the resolution be submitted to Shareholders for consideration:
 - (3.1) at a meeting demanded in terms of section 61(3);
 - (3.2) at the next Shareholders' meeting; or
 - (3.3) by written vote.
- (4) The passing of an Ordinary Resolution is to be subject to the approval of 65% (sixty five percent) of the votes cast by all equity securities holders present in person or represented by proxy, at the General Meeting convened to approve such resolution and shall be subject to a minimum notice period of 10 (ten) business days.
- (5) The passing of a Special Resolution is to be subject to the approval of 75% (seventy-five percent) of the votes cast by all equity securities holders present in person or represented by proxy, at the General Meeting convened to approve such resolution and shall be subject to a minimum notice of 15 (fifteen) business days.

ARTICLE 5 – BOARD, DIRECTORS AND PRESCRIBED OFFICERS

5.1 Election of Directors

- (1) The Company is to appoint a total of 7 (seven) Executive Directors. 2 (two) of the Directors are to be appointed from the Executive Committee of the Kyalami Park Club and the 5 (five) remaining Directors are to be appointed by the Shareholders at a General Meeting of the Company.
- (2) The 5 (five) Directors of the Company shall be elected by the Shareholders entitled to exercise voting rights in such an election, and to serve for an indefinite term and the Directors shall rotate in accordance with the following provisions of this clause:
 - (2.1) if at the date of any General Meeting, any Director shall have held office for a period of 2 (two) years since their last election or appointment, they shall retire at such meeting either as one of the Directors to retire in pursuance of the foregoing or additionally thereto;
 - (2.2) a Director who intends to retire voluntarily at the meeting may be taken into account in determining the number of Directors to retire at such meeting;
 - (2.3) the identity of the Directors to retire at such General Meeting shall be determined as at the date of the notice convening such meeting; and
 - (2.4) the length of time a Director has been in office shall be computed from his last election, appointment or date upon which he was deemed re-elected.

The ordinary Shareholders at the General Meeting at which a non-executive Director retires may elect another eligible person recommended and nominated in terms of the nomination procedure, to fill the vacated office.

- (3) In any election of Directors the election is to be conducted by means of a confidential ballot.

5.2 Governance of the Board

- (1) In terms of the Act and the Memorandum of Incorporation the business and affairs of the Company shall be managed by or under the direction of its Board, which has the authority to exercise all of the powers and perform any of the functions of the Company, as set out in section 66(1), is limited, restricted and qualified by the Memorandum of Incorporation except to the extent that the Act and the Memorandum of Incorporation provides otherwise in terms of section 66(1) and to the extent set out in Item 11(1) of Schedule 5 of the Act.
- (2) In terms of the Act and the Memorandum of Incorporation the Company may borrow without restriction, on such terms and subject to such conditions including as to the provision of security by the Company and/or others, as the Board in its discretion may from time to time determine.

5.3 Removal of Directors

- (1) In terms of section 71(1) a Director elected by Ordinary Shareholders may be removed by an Ordinary Resolution adopted at an Ordinary Shareholders' meeting entitled to exercise voting rights in the election of that Director, despite anything to the contrary in the Memorandum of Incorporation, or any agreement between the Company and that Director, or between any Shareholders and that Director as follows:
 - (1.1) before the Shareholders of a Company consider the above resolution:
 - (1.1.1) the Director concerned must be given notice of the meeting and the resolution.
 - (1.1.2) the Director must be afforded a reasonable opportunity to present to the Shareholders any reasons for the Director's removal to be declined.

(2) If the Company has more than 2 (two) Directors, and if a Shareholder or a Director contends that a person should be removed as a Director of the Company by the Board on any of the following grounds set out in section 71(3)

(2.1) has become;

(2.1.1) ineligible or disqualified in terms of section 69; or

(2.1.2) incapacitated to the extent that the Director is unable to perform the functions of a Director and is unlikely to regain that capacity within a reasonable time

(2.2) or has neglected or been derelict in the performance of the functions of a Director.

that Shareholder or Director shall first submit to the Board each of its contentions and the specific grounds of each such allegation and shall submit to the Board all evidence available on which the Shareholder or Director relies for making the contention and allegation. On receipt thereof the Board must study such submission, investigate the allegation and determine the matter by Resolution in accordance with and subject to the procedures and its power to do so as set out in section 71(3) to (10)

(3) The Memorandum of Incorporation prohibits the removal of a Director by round-robin resolution of Shareholders in terms of section 60 or Directors acting other than at a meeting in terms of section 74 where a decision may be adopted by written consent of the majority of Directors, given either in person or by electronic communication, since the Director concerned must be afforded a reasonable opportunity to make a presentation at a Board meeting, in person or through a representative, before the resolution to remove him is put to a vote.

(4) A Director shall be entitled to resign as Director on 30 (thirty) days' written notice to the Company (or on such shorter notice as the Board determine).

5.4 Board Committees

(1) In terms of the Act and the Memorandum of Incorporation, the Memorandum of Incorporation does not limit, restrict or qualify the authority of the Board to appoint any number of committees of Directors; or to delegate to any such committee any of the authority of the Board.

Except to the extent that the Board or a Shareholder Resolution establishing a committee provides otherwise, the Members of the committee:

(1.1) may include persons who are not Directors of the Company but any such persons must not be ineligible or disqualified to be a Director in terms of section 69 of the Act;

(1.2) may with the prior approval in each instance of the Board, which approval may be a specific or general approval, and may be given in the terms of reference for that Committee or from time to time by the Board or the applicable Board Committee, and subject to any appropriate budgetary restrictions, consult with or receive advice from any person at the expense of the Company;

(1.3) may be remunerated for their services as such; and

(1.4) no such person has a vote on a matter to be decided by the Committee

5.5 Board Meetings

- (1) A Director authorised by the Board of the Company may call a meeting of the Board at any time, and shall call such a meeting if required to do so by at least 25% (twenty five percent) of the Directors where the Board has 12 (twelve) Members or more, or 2 (two) Directors in any other case.
- (2) The Director(s) of the Company convening a Board meeting may determine the location of the meeting, including the location of a meeting which has been adjourned, provided that the location shall be registered office of the Company or a suitable venue within a 20 (twenty) km radius of the registered office of the Company or a suitable venue in the Republic of South Africa which is reasonably accessible to each Director.
- (3) In terms of the Act and the Memorandum of Incorporation, the authority of the Board to conduct a meeting entirely by electronic communication, or to provide for participation in a meeting by electronic communication, is not limited or restricted by the Memorandum of Incorporation
 - (3.1) Directors connected electronically remained connected for the duration of that part of the meeting when the resolution was discussed;
 - (3.2) the subject matter of the resolution has been discussed; and
 - (3.3) the Chairman of the meeting or any other Director present in person or electronically certifies in writing that the aforementioned requirements have been met,

shall be deemed to have been passed on the date on which the resolution was adopted.

Within 10 (ten) business days after the adoption or failing of a resolution at a meeting or where some or all of the Directors were connected and participated electronically in terms of this clause the Company shall:

- (3.4) deliver to each Director of the Company a copy of the resolution proposed, accompanied by a statement describing the results of the vote; and
 - (3.5) insert a copy of the resolution proposed and statement in the minute book of the Company
- (4) In terms of the Act and the Memorandum of Incorporation minutes of Board and Board Committee meetings must include all resolutions adopted by the Board or Board Committees, as the case may be, and must include all declarations of personal financial interests given by notice or made by a Director in terms of section 75.

5.6 Board Quorum

- (1) A Board meeting may not begin unless the majority of the Directors are present in terms of section 73(5)(b).

A matter to be decided at the Board meeting may not begin to be considered unless the majority of the Directors are present.

For purposes of counting a quorum at any time, a Director or his alternate who is personally present at the meeting, or who participates in person electronically in terms of Article: Board, Directors and Prescribed Officers – Board Meetings at that time, shall be counted towards a quorum at that time

5.7 Board Resolutions

- (1) The Board may propose any resolution to be considered by Shareholders and may determine whether that resolution will be considered and voted on at a meeting of Shareholders or by round-robin resolution.
- (2) Each Director has 1 (one) vote on a matter before the Board in terms of section 73(5)(c) except that:

- (2.1) a Director whose ineligibility to serve as a Director has been determined in terms of the Memorandum of Incorporation, shall not have a vote in respect of that matter in terms of section 71(3);
 - (2.2) a Director who has been suspended in terms of section 70(2) shall not have a vote on any matter before the Board;
 - (2.3) a Director who has a personal financial interest in respect of a matter to be considered by the Board or who knows that a related person has a personal financial interest in the matter in terms of section 75(4) or 75(5), shall not have a vote in respect of that matter in terms of section 75(5)(f)(ii)
- (3) A resolution that could be voted on at a Board meeting other than a Board Resolution that the Company voluntarily begin business rescue proceedings and place the Company under supervision as in terms of section 129(1), may instead of being voted on at a meeting be:
- (3.1) submitted by the Directors proposing the resolution for consideration to each Director in terms of section 74(1); and
 - (3.2) voted on in writing by Directors entitled to exercise voting rights on that matter within 10 (ten) business days after the resolution was submitted to them.

A resolution will have been adopted as a Board Resolution if it has been supported in writing by the requisite majority of the Directors in person or their alternates who are entitled to exercise and exercise voting rights on the resolution proposed, and, if so adopted, such a resolution will have the same effect as if it had been adopted at a quorate Board meeting.

A round-robin resolution of Directors shall be deemed to have been passed on the date specified in the resolution as the effective date of the resolution provided that the effective date is not a date earlier than the date the resolution was submitted to Directors for their consideration and, if deemed fit, adoption or, failing any such effective date being specified in the resolution.

5.8 Directors acting other than at Meeting

- (1) A decision that could be voted on at a meeting of the Board of the Company may instead be adopted by written consent of a majority of the Directors, given in person or by electronic communication, provided that each Director has received notice.

5.9 Directors' Remuneration

- (1) The authority of the Company to pay remuneration to the Company's Directors, for their services as Directors of the Company, in accordance with a Special Resolution approved by the Company's Shareholders within the previous 2 (two) years is not limited or restricted by the Memorandum of Incorporation. The remuneration of non-executive Directors shall be determined in this manner.
- (2) A person occupying the position of Director, other than an alternate whose remuneration is dealt with below, or who is to be recommended and nominated for election as a Director, may be remunerated by the Company while a Director in terms of separate contracts with the Company as follows:
 - (2.1) a services contract, in respect of and in consideration for his services as a Director, that is, for discharging his statutory and common law duties to the Company or to any other Company in the same group of Companies as a Director (sections 66(8) and 30(5)(a) and (b), referred to herein as "Directors' services"; and/or

- (2.2) a services contract, in respect of and in consideration for his services as a Director, but while a Director, in connection with the carrying on of the affairs of the Company or any other Company within the same group of Companies (section 30(5)(b)), referred to herein as “connected Directors’ services”; and/or
- (2.3) an employment contract, in respect of and in consideration for discharging his obligations as an employee to the Company or to other Companies in the same group of Companies with respect to the executive management of the business and affairs of the Company or any other Company within the same group of Companies (or with respect to the exercise of any executive control or functions as contemplated in Regulation 38 to the Company), referred to herein as “executive management services”; and/or
- (2.4) an employment contract, in respect of and in consideration for discharging his other duties and functions (if any) not comprising Directors’ services, connected Directors’ services or executive management services, referred to herein as “**non-executive services**”.

In terms of section 66(8) and (9), before the Company pays any remuneration to a Director (whether a non-executive or executive Director) for Directors’ services in terms of a services contract, the Ordinary Shareholders must by Special Resolution approve such payment(s) in terms of section 66(9). Directors shall be entitled to such remuneration.

An alternate Director:

- (2.5) may be reimbursed by the Company the reasonable expenses which would be repayable to him if he were a full Director in terms of this clause.

5.10 Directors’ personal financial interests

- (1) In the event that a person is the only Director of the Company but does not hold all of the beneficial interests of all of the issued securities of the Company, that person shall not approve or enter into any agreement in which the person or a related person has a personal financial interest; or as a Director, determine any other matter in which the person or a related person has a personal financial interest, unless the agreement or determination is approved by an Ordinary Resolution of the Shareholders after the Director has disclosed the nature and extent of that interest to the Shareholders.
- (2) At any time, a Director shall disclose any personal financial interest in advance, by delivering to the Board, or Shareholders a notice in writing setting out the nature and extent of that interest, to be used generally until changed or withdrawn by further written notice from that Director.
- (3) Except in the case where a Director is the only Director of a Company and holds all the beneficial interests of all of the issued securities of the Company.
 - (3.1) shall disclose the interest and its general nature before the matter is considered at the meeting;
 - (3.2) shall disclose to the meeting any material information relating to the matter, and known to the Director;
 - (3.3) shall disclose any observations or pertinent insights relating to the matter if requested to do so by the other Directors.
- (4) A decision by the Board, or a transaction or agreement approved by the Board, is valid despite any personal financial interest of a Director or person related to the Director.

5.11 Standards of Directors' conduct

- (1) In this clause, Director includes alternate Director and a Prescribed Officer or a person who is a Member of a committee of a Board of the Company or of the Audit Committee of the Company, if applicable, irrespective of whether or not the person is also a Member of the Company.
- (2) A Director of the Company shall not use the position of Director, or any information obtained while acting in the capacity of a Director to gain an advantage for the Director or for another person other than the Company or a wholly-owned subsidiary of the Company or to knowingly cause harm to the Company or a subsidiary of the Company and communicate to the Board at the earliest practicable opportunity.

5.12 Liability of Directors and Prescribed Officers

- (1) In this clause, Director includes alternate Director and a Prescribed Officer or a person who is a Member of a committee of a Board of the Company or of the Audit Committee of the Company, if applicable, irrespective of whether or not the person is also a Member of the Company.
- (2) A Director of the Company shall be held liable for breach of a fiduciary duty, for any loss, damages or costs sustained by the Company as a consequence of any breach by the Director of a duty in relation to:
 - (2.1) a Director's personal financial interests in terms of section 75 of the Act;
 - (2.2) the use of the position of DIRECTOR, or any information obtained to gain an advantage or to knowingly cause harm to the Company in terms of section 76(2)(a) of the Act.
- (3) A Director of the Company shall be held liable in relation to delict for any loss, damages or costs sustained by the Company as a consequence of any breach by the Director of:
 - (3.1) exercising the powers of performing the functions of Director with the degree of care, skill and diligence expected of that Director, carrying out the same functions in relation to the Company as those carried out by that Director and having the general knowledge, skill and experience of that Director in terms of Article: Board and Prescribed Officers – Standards of Conduct of this Memorandum of Incorporation (section 76(3)(c) of the Act);
- (4) A Director of the Company shall be held liable for any loss, damages or costs sustained by the Company as a direct or indirect consequence of the Director having:
 - (4.1) acted in the name of the Company signed anything on behalf of the Company or purported to bind the Company or authorise the taking of any action by or on behalf of the Company, despite knowing that the Director lacked the authority to do so in terms of section 77(3)(a);
 - (4.2) acquiesced in the carrying on of the Company business despite knowing that it was being conducted recklessly with gross negligence and with intent in terms of section 77(3)(b);
 - (4.3) been a party to an act or omission by the Company despite knowing that the act or omission was calculated to defraud a creditor, employee or Shareholder of the Company or had another fraudulent purpose in terms of section 77(3)(c);
 - (4.4) signed, consented to, or authorised, the publication of:
 - (4.4.1) any financial statements that were false or misleading in a material respect in terms of section 77(3)(d)(i); or
 - (4.4.2) a prospectus or a written statement that contained an 'untrue statement' or a statement to the effect that a person had consented to be a Director of the Company when no such

consent had been given, despite knowing that the statement was false, misleading or untrue in terms of section 77(3)(d)(ii).

- (5) The liability of a Director in terms of the previous clause of this sub-article, as a consequence of the Director having failed to vote against a distribution in contravention of the Act, shall arise only if immediately after making all of the distribution contemplated in a resolution, the Company does not satisfy the Solvency and Liquidity Test; and it was unreasonable at the time of the decision to conclude that the Company would satisfy the Solvency and Liquidity Test after making the relevant distribution.
- (6) In the event that the Board of the Company has made a decision in a manner that contravened the Act, the Company or any Director who has been or may be held liable.
- (7) The liability of a person in terms of this clause is joint and several with any other person who shall be held liable for the same act, and any person who would be so liable is jointly and severally liable with all other such persons to pay the costs of all parties in a court unless the proceedings are abandoned, or exculpate that person, and to restore to the Company any amount improperly paid by the Company as a consequence of the impugned act, and not recoverable in terms of the Act.
- (8) Proceedings to recover any loss, damaged or costs for which a person is or may be held liable shall not be commenced more than 3 (three) years after the act or omission that gave rise to that liability. In any proceedings against a Director, other than for wilful misconduct or wilful breach of trust.
- (9) No self-incriminating answer given or statement made by any person to the Commission, Panel or an inspector or independent investigator exercising powers in terms of the Act will be admissible as evidence against that person in criminal proceedings against that person instituted in any court, except in criminal proceedings for perjury or in which that person is tried for an offence contemplated in section 215(2)(e), and then only to the extent that the answer or statement is relevant to prove the offence charged.
- (10) In terms of the Memorandum of Incorporation during a search, any Director, Prescribed Officer, Shareholder, or employee of the Company may refuse to permit the inspection or removal of an article or document on the grounds that it contains privileged information. If the Company or person in control of an article or document refuses to give that article or document to the person conducting the search, the person conducting the search may request the Registrar or Sheriff of the High Court.

5.13 Indemnification and Directors' Insurance

- (1) With reference to the indemnification of Directors of the Company, a Director includes a former Director, an alternate Director, a Prescribed Officer or a person who is a Member of a committee of a Board of a Company, or a Member of the Audit Committee of a Company, irrespective of whether or not the person is also a Member of the Company's Board.
- (2) In terms of the Act and the Memorandum of Incorporation the authority of the Company to purchase market related insurance to protect the Company or a Director, as contemplated in section 78(7) in the Act, is not limited, restricted or extended by the Memorandum of Incorporation, giving authority to the Company to purchase insurance to protect a Director against any liability or expenses for which the Company is permitted to indemnify a Director or the Company against any contingency including, but not limited to any expenses that the Company is permitted to advance or for which the Company is permitted to indemnify a Director.

ARTICLE 6 – TRANSPARENCY, ACCOUNTABILITY AND INTEGRITY OF THE COMPANY

6.1 Form and Standards for the Company's Records

- (1) In terms of the Act and the Memorandum of Incorporation any documents, accounts, books, writing, records or other information that the Company is required to keep in terms of the Act or the Memorandum of Incorporation shall be kept in written form, or other form or manner that allows that information to be converted into written form within a reasonable time, and for a period of 7 (seven) years, or any longer period of time specified in any other applicable public Regulation, but if the Company has existed for a shorter time, the Company is required to retain records for that shorter time.

6.2 Access to the Company's Records and Financial Statements

- (1) In terms of the Act and the Memorandum of Incorporation, no person, other than a Director and every holder of a beneficial interest in this Company, shall have any right to inspect any accounting records or document of the Company, except the right to do so as conferred by the Companies Act or as authorised by the Board or as authorised by an Ordinary Resolution of the ordinary Shareholders or as permitted in terms of this clause of the Memorandum of Incorporation.

6.3 Financial Year End of the Company

- (1) The Company's financial year which is its annual accounting period, ends on a date set out in the Company's Notice of Incorporation, subject to any change made in terms of this sub-article of the Memorandum of Incorporation.
- (2) In terms of the Act and the Memorandum of Incorporation, any changes to the financial year end, shall be such period or adjusted period as the Board may from time to time determine, subject to section 27(4). The South African National Equestrian Centre (Pty) Ltd must notify the Commissioner of any change in its financial year end.
- (3) The South African National Equestrian Centre (Pty) Ltd may change its financial year end at any time, by filing a notice of that change by filing Form CoR 25, but the Company is prohibited in terms of the Memorandum of Incorporation to do so more than once during any financial year.

6.4 Accounting Records of the Company

- (1) In terms of the Act and the Memorandum of Incorporation the Company shall keep accurate and complete accounting records in one of the official languages of the Republic, as necessary to provide an adequate information base sufficient to enable the Company to satisfy all reporting requirements applicable to it, as set out in this sub-article, and to provide for the compilation of financial statements.

The Accounting Records shall be open to inspection by any of the Directors at any time. The Directors may from time to time determine whether and to what extent and at what times and places and under what conditions, the Accounting Records of the Company or any of them shall be open to inspection by holders of beneficial interests, not being Directors.

6.5 Financial Statements, Financial Reporting Standards and Financial Year

- (1) The Company's financial statements shall be compiled internally.
- (2) The Company's financial statements, including any Annual Financial Statements must satisfy the applicable financial reporting standards as prescribed in sections 29(4) and (5) of the Act and Regulation 29.
- (3) The Company's financial year shall end on the date set out in the Company's Notice of Incorporation.

6.6 Annual Financial Statements

- (1) The Company's Annual Financial Statements shall be prepared in accordance with the provisions of section 30 of the Act and be audited, as per election by an agreement by the Board or the Shareholders of the Company. .
- (2) The South African National Equestrian Centre (Pty) Ltd shall have its Annual Financial Statements independently audited in accordance with the Auditing Professions Act, 2005.

ARTICLE 7 – ENHANCED ACCOUNTABILITY AND TRANSPARENCY

7.1 Appointment of Company Secretary

- (1) The South African National Equestrian Centre (Pty) Ltd is a Private Company and although it is not required by the Companies Act to comply with the extended accountability requirements in terms of Chapter 3 of the Act, the Memorandum of Incorporation elects to comply with the extended accountability.
- (2) Provided that no person who is ineligible (other than by virtue of being juristic person) or disqualified from serving as a Director of the Company in terms of section 69(7) or (8) shall be appointed as the Company Secretary.

7.2 Registration of Company Secretary

- (1) In the event that the Company appoints a Company Secretary, the Company shall in accordance with section 85, establish or cause to be established and maintain a record or Register of its Company Secretaries and Auditors, including, in respect of each person appointed as Company Secretary or Auditor of the Company, the name, including any former name, of each such person and the date of every such appointment.
- (2) The Incorporators of the Company may file a notice of the appointment of the Company's first Company Secretary, and/or Auditor.

7.3 Company Secretary

- (1) Every Company Secretary shall have the requisite knowledge of, or experience with the relevant laws and be a permanent resident of the Republic, and shall remain so while serving as a Company Secretary of the Company.
- (2) The first Company Secretary of the Company shall be appointed by the either the Directors of the Company or an Ordinary Resolution of the holders of the Company's securities.
- (3) Within 60 (sixty) business days after a vacancy arises in the office of Company Secretary, the Board shall fill the vacancy by appointing a person whom the Directors consider to have the requisite knowledge.

7.4 Juristic Person or Partnership as Company Secretary

- (1) A juristic person or partnership may be appointed to hold the office of Company Secretary of the Company subject to the provision that:
 - (1.1) every employee of that juristic person who provides Company Secretary services or partner and employee of that partnership, shall not be disqualified to serve as a Director or disqualified to be appointed as a Company Secretary.

7.5 Duties of Company Secretary

- (1) A Company Secretary shall be accountable to the Company's Board.
- (2) A Company Secretary's duties include, but are not restricted to:
 - (2.1) providing the Directors of the Company collectively and individually with guidance as to their duties, responsibilities and powers.

7.6 Resignation or removal of Company Secretary

- (1) The Company Secretary may resign from office by giving the Company 1 (one) month's written notice.

ARTICLE 8 – COMPANY SIGNATURE

8.1 Company Signature

- (1) All cheques, promissory notes, drafts, bills of exchange, and other negotiable instruments, shall be made, signed, drawn, accepted and endorsed, or otherwise executed by the person or persons from time to time authorised by a resolution of the Board of Directors.