

# NOTICE OF ANNUAL GENERAL MEETING

## DISTRIBUTION AND WAREHOUSING NETWORK LIMITED

Registration number 1984/008265/06

Incorporated in the Republic of South Africa

Share code: DAW • ISIN: ZAE000018834

("DAWN" or "the company" or "the group")

Notice is hereby given that the annual general meeting of the shareholders of DAWN will be held at DAWN Training Centre, Cnr Barlow Road and Caveleros Drive, Jupiter Ext 3, Germiston at 10:00 on Friday, 31 August 2018 (SA time), to deal with the business as set out below and to consider and, if deemed appropriate, pass the ordinary and special resolutions set out in this notice.

Kindly note that in terms of section 63(1) of the Companies Act of 2008, meeting participants (including proxies) will be required to provide reasonably satisfactory identification before being entitled to participate in or vote at the annual general meeting. Forms of identification that will be accepted include original and valid identity documents, driver's licences and passports.

The board of directors of the company has determined that the record date in terms of section 59(1) of the Companies Act, no 71 of 2008, as amended ("the Companies Act") for the purpose of determining which shareholders of the company are entitled to receive notice of the annual general meeting is Friday, 20 July 2018 and the record date for purposes of determining which shareholders of the company are entitled to participate in and vote at the annual general meeting is Friday, 24 August 2018. Accordingly, the last day to trade in order to be eligible to vote at the annual general meeting is Tuesday, 21 August 2018.

## PRESENTATION OF ANNUAL FINANCIAL STATEMENTS AND REPORTS

The consolidated audited annual financial statements for the company and the group, including the external independent auditor's report, the audit committee report and the directors' report for the year ended 31 March 2018, have been distributed as required and will be presented to shareholders at the annual general meeting.

The consolidated audited annual financial statements, together with the abovementioned reports, are set out on pages 67 to 195 of the integrated report.

## REPORT OF THE SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE

In accordance with Companies Regulation 43(5)(c), issued in terms of the Companies Act, the chairman of the social, ethics and transformation committee, or in the absence of the chairman any member of the committee, will present the committee's report to shareholders at the annual general meeting. The report of the social, ethics and transformation committee is set out on pages 52 to 57 of the integrated report.

## ORDINARY RESOLUTIONS

The minimum percentage of voting rights required for ordinary resolutions 1, 2, 4 and 5 below to be adopted is more than 50% (fifty percent) of the voting rights exercised on each of the resolutions by shareholders present or represented by proxy. Ordinary resolution 3 requires endorsement through non-binding advisory votes by shareholders. Should either resolution 3.1 or resolution 3.2 be voted against by 25% or more of the voting rights exercised, the board of directors will enter into an engagement process to ascertain the reasons for the dissenting votes and appropriately address legitimate and reasonable objections and concerns raised.

### Ordinary resolution number 1

#### *Re-appointment and ratification of appointment of directors*

George Nakos, Lou Alberts and René Roos retire by rotation. George Nakos, being eligible, offers himself for re-election as director of the company. Lou Alberts retires from the board of directors of DAWN with effect from 31 July 2018 and René Roos resigned, effective 31 October 2018. Steve Naudé has been appointed as independent non-executive director by the board with effect from 1 August 2018.

Accordingly, shareholders are requested to consider and, if deemed fit, approve the separate ordinary resolutions set out below.

#### Ordinary resolution number 1.1

"RESOLVED that the re-appointment of George Nakos as a non-executive director of the company be and is hereby ratified and confirmed."

## Ordinary resolution number 1.2

"RESOLVED that the appointment by the board of Steve Naudé as independent non-executive director, with effect from 1 August 2018, be and is hereby ratified and confirmed."

### *EXPLANATORY NOTE*

In accordance with the company's memorandum of incorporation, one third of the directors are required to retire at each annual general meeting and may offer themselves for re-election.

Brief biographical details of the director standing for re-election, as outlined in ordinary resolution number 1.1, are set out on page 19 of the integrated report.

The brief biographical details of the director, as per ordinary resolution 1.2, are as follows:

#### **Stephen (Steve) Naudé (66)**

*BCom (Wits), CA(SA), MBA (Chicago Booth)*

Steve is a chartered accountant and obtained his MBA from the University of Chicago Graduate School of Business. Steve has more than 35 years' experience in corporate finance and investment banking in both the domestic and cross-border markets. Currently Steve is a non-executive director and audit committee chairperson of a private technology company. He is also a member of the Institute of Directors of Southern Africa.

## Ordinary resolution number 2

### ***Appointment of audit and risk committee members for the year ending 31 March 2019***

*Note: For avoidance of doubt, all references to the audit and risk committee of the company is a reference to the audit committee as contemplated in the Companies Act.*

It is proposed that the independent non-executive directors as indicated below be appointed as members of the audit committee.

#### **Ordinary resolution number 2.1**

"RESOLVED that, the appointment of Charles Boles as member and chairman of the audit and risk committee until the conclusion of the next annual general meeting of the company in 2019 be and is hereby approved."

#### **Ordinary resolution number 2.2**

"RESOLVED that, the appointment of Dinga Mncube as member of the audit and risk committee until the conclusion of the next annual general meeting of the company in 2019 be and is hereby approved."

#### **Ordinary resolution number 2.3**

"RESOLVED that, subject to the passing of ordinary resolution number 1.2 above, the appointment of Steve Naudé as member of the audit and risk committee until the conclusion of the next annual general meeting of the company in 2019 be and is hereby approved."

### *EXPLANATORY NOTE*

In terms of section 94(2) of the Companies Act, a public company must at each annual general meeting elect an audit committee comprising at least three members who are independent non-executive directors and who meet the criteria of section 94(4) of the Companies Act. Regulation 42 to the Companies Act specifies that one third of the members of the audit committee must have appropriate academic qualifications or experience in the areas as listed in the regulation.

The board of directors of the company is satisfied that the proposed members of the audit and risk committee meet all relevant statutory requirements. Brief biographical details of Charles Boles and Dinga Mncube appear on page 19 of the integrated report and those of Steve Naudé appear above.

## Ordinary resolution number 3

### ***Non-binding advisory vote on the remuneration policy***

#### **Ordinary resolution number 3.1**

"RESOLVED to approve, as a non-binding advisory vote, the company's remuneration policy for the year ending 31 March 2019 as set out in the report of the remuneration committee contained in the integrated report 2018 on pages 38 to 44."

# NOTICE OF ANNUAL GENERAL MEETING continued

## ***Non-binding advisory vote on the implementation report***

### **Ordinary resolution number 3.2**

“RESOLVED to approve, as a non-binding advisory vote, the company’s remuneration implementation report for the year ended 31 March 2018 as set out in the report of the remuneration committee contained in the integrated report 2018 on pages 45 to 51.”

#### **EXPLANATORY NOTE**

The Report on Corporate Governance for South Africa 2016 (King IV™) recommends and the JSE Listings Requirements in paragraph 3.84(k) stipulates that the remuneration philosophy of the company as well as the remuneration implementation report be submitted to shareholders for consideration and for separate non-binding, advisory votes to provide shareholders with an opportunity to indicate should they not be in support of the material provisions of the remuneration philosophy and policy of the company and the implementation thereof. The board of directors has adopted a remuneration policy and the implementation report and therefore shareholders are requested to cast non-binding advisory votes on the remuneration policy, which will be effective for the 2019 financial year, and on the implementation report for the 2018 financial year.

Should either ordinary resolution 3.1 or ordinary resolution 3.2 be voted against by 25% or more of the voting rights exercised, the board of directors will enter into an engagement process to ascertain the reasons for the dissenting votes and appropriately address legitimate and reasonable objections and concerns raised.

### **Ordinary resolution number 4**

#### ***General authority to directors to allot and issue authorised but unissued ordinary shares***

“RESOLVED that, as required by and subject to the memorandum of incorporation and the requirements of the Companies Act and the JSE Listings Requirements, from time to time, the directors are, as a general authority and approval, authorised, as they in their discretion think fit, to allot and issue the unissued ordinary shares of the company, subject to the following:

- » any such issue of shares shall be to “public shareholders” as defined by the JSE Listings Requirements and not to “related parties”;
- » this authority shall only be valid until the next annual general meeting of the company, provided it shall not extend beyond 15 months from the date of this annual general meeting;
- » a paid press announcement giving details, including the impact on net asset value and earnings per share, will be published at the time of any such allotment and issue of shares representing, on a cumulative basis within one financial year, 5% (five percent) or more of the number of shares of that class in issue prior to any such issues;
- » issues of shares (excluding issues of shares exercised in terms of any company group share incentive scheme) in any one financial year, shall not, in aggregate, exceed 5% (five percent) (30 018 624 shares) of the number of shares of the relevant class of the company’s issued share capital (600 372 480 shares); and
- » determining the price at which an allotment and issue of shares will be made in terms of this authority, the maximum discount permitted will be 10% (ten percent) of the weighted average traded price on the JSE of the class of shares to be issued measured over the 30 business days prior to the date that the price of issue is determined or agreed between the company and the party/ies subscribing for the shares.”

#### **EXPLANATORY NOTE**

To authorise the directors, as required by the company’s memorandum of incorporation and subject to the provisions of section 41 of the Companies Act, to allot and issue at their discretion the unissued but authorised ordinary shares in the share capital of the company and/or grant options to subscribe for the unissued shares, representing not more than 5% (five percent) of the number of ordinary shares in the issued share capital of the company as at 31 August 2018 for such purposes and on such terms and conditions as they may determine, provided that such transaction(s) has/have been approved by the JSE Limited and are subject to the JSE Listings Requirements, which authority shall endure until the next annual general meeting of the company.

### **Ordinary resolution number 5**

#### ***Authority to implement the special and ordinary resolutions***

“RESOLVED that, any director of the company or the company secretary be and is hereby authorised to do all such things, sign all such documents and take all such actions as may be necessary for or incidental to the implementation of the special and ordinary resolutions as set out in this notice of the annual general meeting.”

# NOTICE OF ANNUAL GENERAL MEETING continued

## EXPLANATORY NOTE

Authority is required to do all such things and sign all documents and take all such action as necessary to implement the resolutions set out in the notice and approved at the annual general meeting. It is proposed that the company secretary and/or any director be authorised accordingly.

## SPECIAL RESOLUTIONS

### Special resolution number 1

#### **Approval of non-executive directors' fees**

"RESOLVED, as a special resolution:

- » that the Company be and is hereby authorised to pay remuneration to its directors for their services as directors, as contemplated in section 66(8) and 66(9) of the Companies Act of 2008; and
- » that the remuneration structure and amounts as set out below, be and is hereby approved for the period 1 April 2018 until the conclusion of the 2019 annual general meeting at which time it may be rescinded or amended by shareholders by way of a special resolution:

	PROPOSED 2019		2018	
	Base fee R	Penalty for non- attendance R	Base fee R	Penalty for non- attendance R
<b>BOARD</b>				
Chairman of the board (all-inclusive fee)	400 000	17 000	800 000	17 000
Board member	245 000	12 000	245 000	12 000
<b>AUDIT AND RISK COMMITTEE</b>				
Chairman of the committee	215 000	17 000	215 000	17 000
Committee member	110 000	12 000	110 000	12 000
<b>REMUNERATION COMMITTEE; NOMINATION COMMITTEE</b>				
Chairman of the committee	125 000	17 000	125 000	17 000
Committee member	40 000	6 000	40 000	6 000
<b>SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE</b>				
Chairman of the committee	100 000	17 000	115 000	17 000
Committee member	30 000	6 000	40 000	6 000
<b>LEAD INDEPENDENT</b>				
Member	-	-	200 000	

Fees payable to non-executive directors are exclusive of value added tax.

The penalty for non-attendance as chairman of a meeting would be paid to the member who stood in as chairman of that meeting.

In order for this special resolution number 1 to be adopted, the support of at least 75% (seventy-five per cent) of the total number of votes, which the shareholders present or represented by proxy at this meeting are entitled to cast, is required.

## EXPLANATORY NOTE

In terms of section 66(8) and section 66(9) of the Companies Act, a company may pay remuneration to directors for their services as directors unless otherwise provided by the memorandum of incorporation and on approval of shareholders by way of a special resolution. Executive directors are not specifically remunerated for their services as directors, but as employees of the company and as such, the resolution as included in the notice requests approval of the remuneration paid to non-executive directors for their services as directors of the company.

# NOTICE OF ANNUAL GENERAL MEETING continued

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## Special resolution number 2

### ***Authority to provide financial assistance in terms of section 44 of the Companies Act to any company or corporation which is related or inter-related to the company***

"RESOLVED as a special resolution that for purposes of section 44 of the Companies Act, the board of directors of the company, at any time and from time to time during the period of 2 (two) years commencing on the date of this special resolution, be and is hereby authorised (subject to compliance with the requirements of the company's constitutional documents and the Companies Act, each as presently constituted and as amended from time to time), to grant financial assistance, as contemplated in section 44 of the Companies Act, to any person or entity for the purpose of, or in connection with, the subscription of 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, on such terms and conditions as the board of directors of the company deems fit.

The percentage of voting rights that will be required for this resolution to be adopted is at least 75% of the total number of votes exercisable by shareholders, present in person or by proxy, is required to pass this resolution.

#### **EXPLANATORY NOTE**

To the extent necessary under section 44 of the Companies Act, to authorise the board of directors of the company to provide financial assistance as contemplated under section 44 of the Companies Act in connection with the issuance of any securities issued or to be issued by the company or any related or inter-related company.

The directors of DAWN will, in accordance with the Companies Act, ensure that financial assistance is only provided if the requirements of that section are satisfied, inter alia, that immediately after providing the financial assistance, the company would satisfy the solvency and liquidity test set out in section 4(1) of the Companies Act and the terms upon which the financial assistance is proposed to be given are fair and reasonable to the company.

## Special resolution number 3

### ***General authority to the company to provide financial assistance in terms of section 45 of the Companies Act for a period of two years for the company to provide financial assistance to any of its subsidiaries***

"RESOLVED THAT, the board of the company be given general authority for a period of two years or until the annual general meeting following the next meeting, whichever occurs first, in terms of section 45(3)(a)(ii) of the Companies Act to authorise the company from time to time to provide any direct or indirect financial assistance, as defined in section 45(1) of the Companies Act, to any subsidiary as contemplated in section 45(2) of the Companies Act for such amounts and on such terms and conditions as the board of the company may determine."

The percentage of voting rights that will be required for this resolution to be adopted is at least 75% of the total number of votes exercisable by shareholders, present in person or by proxy, is required to pass this resolution.

#### **REASON FOR AND EFFECT OF SPECIAL RESOLUTION NUMBER 3**

The reason for special resolution number 3 is to obtain authority to transfer funds against loan accounts between group companies in order to continue conducting centralised treasury operations of the group; and for the group to continue issuing covering guarantees in favour of financial institutions and certain major suppliers for credit and advances by those organisations to the company's operating subsidiaries, both of which practices require shareholder approval by way of special resolution in terms of section 45 of the Companies Act.

The effect of the resolution will be to allow the group to continue critical group functions, including treasury operations, and to satisfy major lenders and suppliers' security requirements so that they can continue to lend to and supply the group. Such financial assistance will be provided as part of the day-to-day operations of the company in the normal course of its business and in accordance with its memorandum of incorporation and the provisions of the Companies Act.

#### **COMPLIANCE WITH SECTION 45(3) (B) OF THE COMPANIES ACT**

The directors of the company will, in accordance with section 45(3) (b) of the Companies Act, ensure that financial assistance is only provided if the requirements of that section are satisfied, inter alia, that immediately after providing the financial assistance, the company would satisfy the solvency and liquidity test set out in section 4(1) of the Companies Act.

# NOTICE OF ANNUAL GENERAL MEETING continued

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Notice given to shareholders of the company in terms of section 45(5) of the Companies Act of a resolution adopted by the board authorising the company to provide such direct or indirect financial assistance in respect of special resolution number 3:

- (a) by the time that notice of this annual general meeting is delivered to shareholders of the company, the board will have adopted a resolution (“section 45 board resolution”) authorising the company to provide, at any time and from time to time during the period of two years commencing on the date on which special resolution number 3 is adopted, any direct or indirect financial assistance as contemplated in section 45 of the Companies Act (which includes lending money, guaranteeing a loan or other obligation, and securing any debt or obligation) to a related or inter-related company or corporation;
- (b) the section 45 board resolution will be effective only if and to the extent that special resolution number 3 is adopted by the shareholders of the company, and the provision of any such direct or indirect financial assistance by the company, pursuant to such resolution, will always be subject to the board being satisfied that:
  - (i) immediately after providing such financial assistance, the company will satisfy the solvency and liquidity test as referred to in section 45(3)(b)(i) of the Companies Act, and
  - (ii) the terms under which such financial assistance is to be given are fair and reasonable to the company as referred to in section 45(3)(b)(ii) of the Companies Act; and
- (c) in as much as the section 45 board resolution contemplates that such financial assistance will in the aggregate exceed one-tenth of one percent of the company's net worth at the date of adoption of such resolution, the company hereby provides notice of the section 45 board resolution to shareholders of the company. Such notice will also be provided to any trade union representing any employees of the company.

The “voting instructions” and “shareholder rights” remain unchanged and are detailed below.

## **To transact such other business as may be required at an annual general meeting.**

## **VOTING AND PROXIES**

### **Voting**

The shareholders of the company will be entitled to attend the general meeting and to vote on the resolutions set out above.

On a show of hands, every DAWN shareholder who is present in person, by proxy or represented at the general meeting shall have one vote (irrespective of the number of shares held in the company), and on a poll, which any shareholder can request, every DAWN shareholder shall have for each share held by him/her that proportion of the total votes in the company which the aggregate amount of the nominal value of that share held by him bears to the aggregate of the nominal value of all the shares issued by the company.

In terms of the JSE Listings Requirements any shares currently held by the DAWN Share Incentive Trust will not be taken into account in determining the results of voting on JSE-related resolutions.

### **Proxies**

A DAWN shareholder entitled to attend and vote at the annual general meeting may appoint one or more persons as its proxy to attend, speak and vote in its stead. A proxy need not be a shareholder of the company.

A form of proxy is attached for the convenience of certificated shareholders and “own name” dematerialised shareholders of the company who are unable to attend the annual general meeting, but who wish to be represented thereat. It is requested that proxy forms be forwarded so as to reach the transfer secretaries, Computershare Investor Service Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196 (PO Box 61051, Marshalltown, 2107), by 10:00 on Wednesday, 29 August 2018, provided that the chairman of the annual general meeting may in his discretion accept proxies before the commencement of the annual general meeting.

# NOTICE OF ANNUAL GENERAL MEETING continued

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Shareholders' rights regarding proxies in terms of section 58 of the Companies Act are as follows:

- (1) At any time, a shareholder of a company may appoint any individual, including an individual who is not a shareholder of that company, as a proxy to –
  - (a) participate in, and speak and vote at, a shareholders' meeting on behalf of the shareholder; or
  - (b) give or withhold written consent on behalf of the shareholder to a decision contemplated in section 60.
- (2) A proxy appointment –
  - (a) must be in writing, dated and signed by the shareholder; and
  - (b) remains valid for –
    - (i) one year after the date on which it was signed; or
    - (ii) any longer or shorter period expressly set out in the appointment, unless it is revoked in a manner contemplated in sub-section (4) (c), or expires earlier as contemplated in subsection (8) (d).
- (3) Except to the extent that the Memorandum of Incorporation of a company provides otherwise –
  - (a) shareholder of that company may appoint two or more persons concurrently as proxies, and may appoint more than one proxy to exercise voting rights attached to different securities held by the shareholder;
  - (b) a proxy may delegate the proxy's authority to act on behalf of the shareholder to another person, subject to any restriction set out in the instrument appointing the proxy; and
  - (c) a copy of the instrument appointing a proxy must be delivered to the company, or to any other person on behalf of the company, before the proxy exercises any rights of the shareholder at a shareholders meeting.
- (4) Irrespective of the form of instrument used to appoint a proxy –
  - (a) the appointment is suspended at any time and to the extent that the shareholder chooses to act directly and in person in the exercise of any rights as a shareholder;
  - (b) the appointment is revocable unless the proxy appointment expressly states otherwise; and
  - (c) if the appointment is revocable, a shareholder may revoke the proxy appointment by –
    - (i) cancelling it in writing, or making a later inconsistent appointment of a proxy; and
    - (ii) delivering a copy of the revocation instrument to the proxy, and to the company.
- (5) The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as of the later of –
  - (a) the date stated in the revocation instrument, if any; or
  - (b) the date on which the revocation instrument was delivered as required in sub-section (4)(c)(ii).
- (6) A proxy is entitled to exercise, or abstain from exercising, any voting right of the shareholder without direction, except to the extent that the instrument appointing the proxy otherwise provides.

Any shareholder of the company who completes and lodges a form of proxy will nevertheless be entitled to attend and vote in person at the general meeting should he/she decide to do so.

Dematerialised shareholders of the company, other than "own name" dematerialised shareholders of the company, who have not been contacted by their CSDP or broker with regard to how they wish to cast their votes, should contact their CSDP or broker and instruct their CSDP or broker as to how they wish to cast their votes at the company's annual general meeting in order for their CSDP or broker to vote in accordance with such instructions. This must be done in terms of the agreement entered into between such dematerialised shareholders of the company and the relevant CSDP or broker. If your CSDP or broker does not obtain instructions from you, they will be obliged to act in terms of your mandate furnished to them.



## ELECTRONIC PARTICIPATION

Should any shareholder wish to participate in the annual general meeting by way of electronic participation, that shareholder should make application in writing (including details as to how the shareholder or its representative can be contacted) to so participate to the transfer secretaries at the address below, to be received by the transfer secretaries at least five business days prior to the annual general meeting in order for the transfer secretaries to arrange for the shareholder (and its representative) to provide reasonably satisfactory identification to the transfer secretaries for the purposes of section 63(1) of the Companies Act, 2008 and for the transfer secretaries to provide the shareholder (or its representative) with details as to how to access any electronic participation to be provided. The company reserves the right to elect not to provide for electronic participation at the annual general meeting in the event that it determines that it is not practical to do so. The costs of accessing any means of electronic participation provided by the company will be borne by the shareholder so accessing the electronic participation.

Shareholders are advised that participation in the annual general meeting by way of electronic participation will not entitle a shareholder to vote. Should a shareholder wish to vote at the annual general meeting, he/she may do so by attending and voting at the annual general meeting either in person or by proxy.

By order of the board



**Vanessa White**

*Company secretary*

Germiston

27 July 2018

**Registered office:**

Cnr Barlow Road and Caveleros Drive, Jupiter Ext 3, Germiston, 1401

**Postal address:**

PostNet suite number 100, Private Bag X1037, Germiston, 1400

**Transfer secretaries:**

Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196  
PO Box 61051, Marshalltown, 2107

**Sponsor:**

Deloitte & Touche Sponsor Services Proprietary Limited, Building 8, Deloitte Place, The Woodlands, 20 Woodlands Drive, Woodmead, 2196  
Private Bag X6, Gallo Manor, 2052