

11th Annual General Meeting

Held at the Seychelles Trading Company Conference Room, Latanier Road, Victoria at 10.15AM, on the 28th December 2017

Minutes of Meeting

PRESENT

Directors

Mrs Lekha Nair	Chairperson
Mr Marko Sinovich	Chief Financial Officer
Mr Jean Claude D'Offay	Director
Mr Bernard Adonis	Director
Mrs Ina Barbe	Director

Sacos Management

Ms Jennifer Morel	Chief Executive Officer
Ms Georgette Capricieuse	Deputy CEO

Service providers

Mrs Daniella Larue	Representing Valsen Fiduciaries (Seychelles) Limited, Company Secretary
Mr Daron Walker	Representing Constant Capital, Sponsor Advisor
Mr Kieran Shah	Legal Counsel
Mr Oliver Bastienne	Ernst & Young (Seychelles), Auditors

Shareholders

98 shareholders or their proxies	No. of shares: 1,264,947 Shareholding represented: 63.25%
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Absent with apologies

Mr Mark Inch	Director
Mr Patrice Bastide	Director
Mr Louis Rivalland	Director
Mr Rod Thorrington	Director

1 Introduction

The meeting was called to order at 10.15AM by Mrs Lekha Nair, the board chairperson who reminded those present that this was the annual general meeting for the year ending 31st December 2016 and that she will explain in her report the reasons for the meeting being held late in the year.

The chairperson also announced that the proceedings shall be in Creole despite the fact that all written communications were in English and invited those who could not follow to please ask for translation into English. She clarified that questions will be answered in the language in which they are asked. Any questions directed to the Chief Financial Officer will be answered in English as he is not creole speaking.

The chairperson introduced the board members present who were:

- > Mr Jean Claude D'Offay, Mrs Ina Barbe, Mr Bernard Adonis, who was appointed on the 25th September 2017 and Mr Marko Sinovich, Chief Financial Officer, who was appointed in April 2017.
- > Ms Jennifer Morel, the Chief Executive Officer of Sacos who had been appointed on the 4th December and Ms Georgette Capricieuse, Deputy Chief Executive Officer, who is not a director but who is asked to attend board meetings;
- > Mrs Daniella Larue, representing Valsen Fiduciaries (Seychelles) Limited, Company Secretary appointed on 1st July 2017.

The chairperson presented the apologies of the directors who could not attend; Mr Patrice Bastide, Mr Louis Rivalland, Mr Rod Thorrington and Mr Mark Inch, who was retiring at the end of this AGM. The chairperson asked the meeting to observe a minute of silence in memory of the shareholders who departed during the year 2016.

1.1 Notice convening the meeting

The chairperson asked the meeting for the notice of the meeting to be taken as read and the meeting agreed.

1.2 Report on proxies received

The chairperson asked the Secretary to report on the proxies received which were as follows;

No.	Shareholder's Name	No. Shares over which Proxy Appointed	% shareholding
1	Opportunity Investment Co Ltd	757,477	37.87
2	Mark inch	250,000	12.5
3	BLUEBIRD INVESTISSEMENTS S.A.R.L	103,423	5.17
4	Loz Ltd	47,500	2.38
5	Seychelles Pension Fund	26,569	1.33
6	Swan Securities Limited	960	0.05
7	2 shareholders	300	<1
	Total Proxy	1,185,269	59.3%

The secretary confirmed that there was a quorum and that the meeting could be convened.

1.3 Changes in the conduct of the meeting

Before delivering her remarks, the chairperson highlighted a few changes that have been introduced in the conduct of this 11th AGM, in line with good governance standards applicable to companies listed on the Trop-X stock exchange. These relate to the following;

1. The proxy form now details the resolutions to be voted on at the AGM and gives members the option to vote for, against and also to withhold their vote.
2. After the meeting, the company will indicate on its website the number of proxy votes lodged and the number of shares that they represent.
3. On the newly designed proxy form, shareholders have the option of indicating the name of one person as their proxy, failing which they can appoint the chairperson of the meeting as their proxy. This is in line with good governance where a shareholder can still be represented despite not knowing anyone who could attend and vote on their behalf. In this case, they can always appoint the chairperson as their proxy.
4. There is no resolution to approve the minutes of the last AGM. Members present were informed that from now on the minutes of all general meetings will be posted on the company's website and this will be done six weeks after the general meeting.
5. The directors also resolved that in line with the Corporate Governance Code, all directors will stand for re-election at each AGM instead of the one third as was customary.
6. Changes in the annual report included the following:
 - A. The chairperson's report now also contains the governance report.
 - B. The directors' report now presents the company's strategies.
 - C. And at the back of the report we present the profile of persons and institutions with substantial shareholdings.
7. Under the "Investor Relations" tab on the company's website, there is information for investors which we hope will be of interest to all Sacos shareholders.

2. The Chairperson's Report

The Chairperson reminded the members present that her report had been circulated with the accounts as part of the annual report to all shareholders and proceeded to read a creole version of her report. After delivering her report, some members sought clarifications on various issues raised in the report.

1. Mr Dolor Ernesta started by congratulating Sacos on the design of the front cover of the annual report which he felt was a good representation of insurance locally. He indicated that the chairperson's report made him both happy and sad: sad because a lot more explanation is required because he felt that there has been mismanagement of the Sacos life funds through the purchase of over-priced real estate (white elephants) which led to the loss of SCR29 million in Sacos Life Assurance Company.
2. He noted that life insurance has been a way for people to invest and he stated that the real-estate once disposed of will bring in less money than it was bought for and there will be further losses thus leading to less annual bonus paid to policy holders stating that at one time it was 4.5% and then it went down to 3.5% and he does not know what it is now based on the Actuary's report. He requested more explanation especially in regards to how fast these properties can be disposed of and whether the plan is to continue to purchase real estate since the returns on the properties already owned by Sacos have not been very encouraging at 5-6%. He cited that Sacos recently bought the property at the new port (Docklands) at a high price. He stated that as shareholders, they should be given more explanations.
3. The chairperson referred the meeting to page 19 of the annual report which showed that the accounts of Sacos Group has been prepared separately from that of Sacos Life and it is presented as Group (excluding life), life and consolidated position and it is the first time that the accounts has been presented in this way. The accounts also show that in 2016 turnover in life was SCR60 million versus SCR54 million in 2015 and therefore, businesswise, life did better in 2016 compared to 2015.
4. The chairperson explained that that the SCR29 million loss being referred to is mostly one-off, one-time adjustments which were necessary as a result of the revaluation of the properties some of which went down in value. She further explained that the system of valuation used before led to some properties becoming overvalued but now a more scientific method is being used for valuation and it is expected that the properties will be re-valued every 2 years. The chairperson invited Mr Mark Sinovich, Chief Financial Officer, to further explain the loss in life.
5. The CFO gave a detailed explanation stating that from an IFRS perspective, every year properties need to be valued at fair value i.e. what the property can be sold for at arm's length on the open market. The movement in valuation has to be taken to the income statement and the accounts show that properties had a decreased value of SCR29 million and this significantly impacted the performance of the life business. In addition, the life book was reviewed with clean-up of historical amounts, which led to an impairment of SCR3.87million, which were all one-off items. He indicated that if the one-off losses were added back to the loss before tax, one arrives at a profit before tax of SCR15 million in 2016 for the underlying business showing that the underlying business is sound.
6. On the issue of when and how fast Sacos will be selling the properties, the chairperson stressed that the issue in the past was property valuation and gave the example of Sacos Tower which was valued on the books at SCR67M and was valued by an independent quantity surveyor (QS) at SCR57M. The difference is that it is not known how the SCR67M was arrived at but the company does have an independent valuer's report to back the SCR57M valuation done recently.
7. The chairperson further indicated that part of the reason for selling the properties is because they were not being well managed and that Sacos wants to focus on its core business which is insurance. She added that Sacos has also decided to diversify its investment portfolio by purchasing more commercial properties as opposed to residential properties which was the case before also at the advice of the actuary. The properties to be sold, Quincy, Ste Claire lease and Pointe Larue were all advertised and Sacos is still negotiating with the bidders. She informed the meeting that the government has also shown interest in buying the Sacos apartments.

8. The chairperson further explained that Sacos purchased some commercial properties including Docklands, Sunshine House and 49% shares in Maison Ste Claire since it did not have commercial properties on its books.
9. **Mr Dolor Ernesta** wanted clarification on the issue of Sacos Group purchasing preference shares in Sacos Life Assurance Company since the life funds belong to the shareholders and not to Sacos Group. The chairperson explained that the loss in life was reported to the Financial Services Authority (FSA) which required Sacos Group to make good the loss. Consequently, Sacos Group had to purchase SCR45M worth of preference shares issued by Sacos Life, which is subject to an annual interest and Sacos Group will get back the money in 3-5 years.
10. Mr Dolor Ernesta asserted that money has been lost but there is a need to go forward. He felt that the law permits anyone to be a valuer and he is happy that the board sought the services of a QS because it seems that in the past Sacos accepted valuation from land surveyors. He suggested that since apartments on leased land cannot be purchased according to the Condominium Act, Sacos should purchase the land on which the apartments stand from Government and then convert apartments into condominium and then sell to present tenants.
11. The chairperson thanked Mr Ernesta for his suggestion and indicated that the board had considered that option but concluded that it will be too complicated to manage and that is why the company welcomed government's interest in purchasing the apartments acknowledging that the government is better placed to address issues of lease, access road and sale to non-home owners. The board also believes that selling to one buyer will be a more straightforward process.
12. Captain Morgan indicated that he was happy to hear the chairperson mention that Sacos is going back to its core insurance business. He also suggested that priority to purchase residential properties should be given to tenants and existing Sacos shareholders over other members of the public. The chairperson clarified that Sacos will sell to shareholders or to existing tenants subject to them showing interest. She reiterated that selling to one buyer will be a more straightforward process than trying to manage sales to many individual buyers.

After providing clarifications and answering questions raised by the members, the chairperson moved that the chairperson's report be received. The meeting voted in favour of the motion, there being no votes against the motion and no votes withheld.

3. The Directors report including the audited financial statements

The chairperson asked the meeting for the directors' report and the audited financial statements to be taken as read.

The chairperson invited questions on the directors' report and audited financial statements but there were none. The chairperson moved that the directors' report and the audited accounts for the year ending 31st December 2016 be approved. The motion was seconded by Mr Dolor Ernesta.

There being no votes withheld and no votes against the motion, the chairperson declared the motion carried.

4. Declaration of SCR7 dividend

The chairperson moved that the final dividend of SCR7 per share recommended in the Directors' Report for the period ended 31st December 2016 be declared payable on the 10th January 2018 to all shareholders whose names appeared on the Register of Members on 9th January 2018.

The motion was seconded by Terence Dingwall and the meeting voted in favour of the motion, there being no votes against the motion and no votes withheld.

The chairperson announced that dividends will be paid on the 10th January 2018 as follows:

- > For those that collect cash or cheques, this dividend can be collected on the 10th January 2018 at the Sacos Tower in Victoria, at the Sacos Office on Praslin and at the Pension Fund House on La Digue. La Digue shareholders who fail to collect their dividend on the 10th January will have to report either at the Praslin office or at the Sacos Tower in Victoria for their dividends.
- > Those who are paid by cheques posted to them, the cheques will be posted on the 10th January.
- > For those who get paid by bank transfer, the dividend will be transferred into their bank account on the 10th January 2018.

5. To pass the ordinary resolutions for Re-election and election of directors

The meeting moved to the re-election of directors and the directors retiring and seeking re-election. The chairperson informed the meeting that the board of directors resolved that in line with Trop-X Model Corporate Governance Code, all directors will retire at each AGM and being eligible offer themselves for re-election.

She indicated that there will be 2 groups to be elected:

- > There are 6 directors retiring by rotation and standing for re-election and
- > 2 directors who were appointed since the last AGM and in line with section 163 (4) of the Companies Ordinance must retire and offer themselves for election.

5.1 Re-election of directors

The chairperson appealed to the members that to re-elect each of the 6 directors in turn will take long and in order to shorten the process, she moved that one resolution will be proposed to re-elect the 6 directors concerned. However, in line with section 163 (6) of the Companies Ordinance, there must be unanimous consent. If any member objects or withholds their vote, then re-election of directors will have to be done one at a time. Election of directors who had been appointed after the last AGM will be done one at a time.

The chairperson moved that in accordance with section 163 (6) of the Companies Ordinance and in line with the Model Corporate Governance Code contained in the Trop-X Listing Rules, that the following directors, who retire by rotation, be re-elected as directors of the Company:

1. Patrice Bastide
2. Louis Rivalland
3. Jean Claude D'Offay
4. Lekha Nair
5. Rod Thorrington
6. Ina Barbe

The motion was seconded by Jeanette Lespoir. The meeting voted in favour of the motion and there was no dissenting vote. The chairperson declared the motion carried.

5.2 Election of Mark Sinovich as director

The chairperson moved that in accordance with section 163 (4) of the Companies Ordinance that Mark Sinovich, who retires and being eligible offers himself for election, be elected as director of the Company. The motion was seconded by Captain Morgan. The meeting voted in favour of the motion and there was no dissenting vote. The motion was therefore carried.

5.3 Election of Bernard Adonis as director

The chairperson moved that in accordance with section 163 (4) of the Companies Ordinance that Bernard Adonis, who retires and being eligible offers himself for election, be elected as director of the Company. The motion was seconded by Godfrey Bonnelame. The meeting voted in favour of the motion and there was no dissenting vote. The motion was therefore carried.

6. Directors' Remuneration

The chairperson proposed that remuneration of non-executive directors totaling SCR 984,689 including income tax be approved for the financial year 2017. The motion was seconded by Captain Morgan. The meeting voted in favour of the motion and there was no dissenting vote. The motion was therefore carried.

7. Chief Financial Officer's Remuneration

The chairperson proposed that remuneration of the chief financial officer totaling SCR 1,883,250 per annum including income tax be approved. The motion was seconded by Evelina Antat. The meeting voted in favour of the motion and there was no dissenting vote and no vote withheld. The motion was therefore carried.

8. Appointment of Auditors

The Chairperson moved that the directors be authorized to appoint the Auditors of the Company for the financial year 2017 and fix their remuneration. The motion was seconded by John Marie. The meeting voted in favour of the motion and there was no dissenting vote. The motion was therefore carried.

9. Any other business

The chairperson invited the members present to ask any questions on issues affecting the company.

1. **Mrs Jeanette Lespoir** wanted to know when and where are the shares advertised so that existing shareholders could purchase more shares because there are some shareholders who have a lot of shares and even too many shares.
2. The CFO provided a breakdown on how the loss in the life fund came about and indicated that the Financial Services Authority (FSA) recommended that Sacos Group makes up the loss in life insurance fund. The board resolved to make up the loss from funds from Sacos group through the allotment of preference shares. The issue of preference shares, which is a different class of shares was the method used to inject more capital in Sacos life and these shares cannot be sold to the public.
3. The chairperson further explained that Sacos shares can be bought on the Seychelles stock exchange, Trop-X, through brokers such as Constant Capital and she invited Daron Walker, Managing Director of Constant Capital to explain the process. Mr Walker explained that shareholders need to dematerialize their shares and register with a broker before they can purchase or sell their shares.

The process involves matching buyers with sellers and he further clarified that the share price is determined by the market and that it is not static and has ranged from SCR65 – SCR125 per share and that this does not affect the dividend. The chairperson encouraged shareholders to dematerialize their shares which Mr Walker clarified means that they are included on a database and it is easier to contact them. The chairperson explained that the persons with a lot of shares bought them at a high price because of their confidence in the future of Sacos.

4. **Mr Godfrey Bonnelame** stated that in 2015 dividends were SCR50 per share and wanted to know the reason for the decrease to SCR7 per share this year. The chairperson clarified that the dividend was SCR8.50 for 2015 and now it has decreased to SCR7 because this year, the Sacos Group recorded a loss as a result of the adjustment in property values and the loss in Sacos life. However, despite this, the company still has been able to pay out a dividend because it has a good reserves. She indicated that 2016 was a difficult year for the company and the board is hopeful that 2017 will be a better year. She reiterated the need for the company to perform better, win back some of the lost business and improve its service delivery, have better products in order to compete in view that now there are 3 other insurance companies.
5. **Mr Godfrey Bonnelame** reminded the directors that they agreed, following suggestions made by the shareholders, that the AGM will be held around June-July each year. The 2016 AGM has been postponed and it is now taking place on 28th December 2017. He wanted to know when the 2017 AGM will be held and urged the directors to ensure that the agreed schedule for the AGM be adhered to and payment of the relevant dividend be made in a timely manner. The chairperson explained that the law allows 15 months between AGMs and indicated that the timing of this AGM is within the accepted time frame. She clarified that the delay was caused because of the need to clean up the accounts and complete the audit which were compounded by the fact that the auditors were new, as well as the CFO along with many other changes that were taking place in the organization at the same time. She indicated that the next AGM will be around September – October 2018 stating that it will not be possible to hold the AGM any sooner given the anticipated delay in the preparation of the 2017 accounts.
6. **Mr Godfrey Bonnelame** suggested that access should be made easier. Sacos shareholders without email addresses had to collect hard copies of the annual report at Sacos Tower at Orion Mall, a place with limited parking spaces. Instead of reports being available at the reception, shareholders had to take the lift to go upstairs to collect a copy. He felt that this should have been better organized. The chairperson thanked Mr Bonnelame for his suggestion and informed the meeting that Sacos has plans to relocate to a new place where there is ample parking and that should be even more accessible to shareholders.
7. **Mrs Germaine Gill** thanked Sacos for the umbrella given to shareholders but felt that it is too big for the elderly shareholders to walk around with. She suggested that in view that shareholders do not receive much dividends, the company should have more souvenirs such as mugs and other giveaways for the shareholders. She suggested that the company does more marketing on a regular basis so as to increase the visibility of Sacos and eventually increase the profits and dividend. She also suggested that the board should include shareholders in the discussions they have on relevant issues. The chairperson thanked Mrs Gill and reiterated that the AGM provides an opportunity for shareholders to voice out issues of concerns they may have and to offer suggestions. She further stated that the dividend has been very good and since Sacos went public, shareholders have collected more than 11 times the price of their shares through dividends, but that the company will always explore ways to improve.
8. **Mr Radley Weber** commented that if the properties are being sold and the sum received is not as was expected, then there will be another loss and wanted to know if the business plan shows progress in Sacos over the next 5 years. The chairperson confirmed that Sacos has a business plan and there is a change in the strategy but the company cannot share details of its plans to the public because of competition. She indicated that there is a more dynamic, younger and better qualified management team and a different structuring of the operations. As stated before, the company will revert to its core business of insurance and bring on more insurance products and relook at the existing products. With regards to the selling of the properties, Sacos will not sell if it does not get the base price but will instead work to improve the management of the properties such as improving the maintenance and reviewing the rent.

9. Mr Dolor Ernesta made several proposals and suggestions:

- A. That Sacos needs to introduce new products as it has been selling the same products for 30 years and he suggested funeral insurance as a new product that the company should consider selling since it will remove the pressure on family and allow individuals to plan their exit.
- B. That Sacos should increase its capacity to absorb risk so that it limits payments to reinsurers. The chairperson informed that this has been done following a suggestion made by Mr Ernesta in a previous meeting and it is included in the directors' report. Mr Ernesta felt it needed to be announced.
- C. That shareholders must be made aware of new developments in Sacos and gave the example of the new logo, which people are not aware of. He opined that Sacos still functions like a government department and decisions take long and he gave the example of the actuary of life who takes too long to return a decision for mortgage protection insurance and he feels this is one of the areas where the competition is capitalizing on.
- D. That Sacos should lobby government to make some insurance, such as home insurance, compulsory so that people will start to buy more insurance. And finally that the board talks to everyone and urged the 2 board directors who represented the little shareholders to engage with the shareholders in order to seek their views on issues.

The chairperson thanked Mr Ernesta for his suggestions.

10. Captain Daniel Hoareau indicated that he liked the way Mr Ernesta spoke which shows he understood what shareholders want. He referred to an earlier remark made by the chairperson stating that she does not know how the previous property valuation was done and he felt that this is not an acceptable answer as the people who were there should be able to explain how things were done. The chairperson clarified that Sacos has got a new board and that the idea is to look ahead and not do a post mortem of the previous board's work. Good management practice dictates that records are available to show what has gone on but there are no records to explain how the valuation was done in the past.

11. Captain Daniel Hoareau stated that the financial report is very well detailed and better presented than before and commented that the dividend of SCR7 per share is a good yield, and remarked that the company paid a dividend despite the loss and wanted to know what the dividend policy was. The chairperson clarified that the subsidiary Sacos Life made a loss not Sacos Group and thankfully the company does have reserves from which to pay dividends.

12. Captain Hoareau suggested that Sacos should be more aggressive in its marketing. He opined that although it does cost to do effective marketing, there are many platforms that are free that can be used to do some aggressive marketing thus increasing the visibility of Sacos. The chairperson thanked him for his suggestions and averred that it is part of Sacos strategy to recruit young professionals that will help to use all media available to market Sacos.

13. Mr Pierre Simeon enquired on what happens when a shareholder dies. He also wanted clarifications because they have been told that instead of 2 they can now indicate only one beneficiary and what happens if the beneficiary dies. The Company Secretary explained that the procedure when a shareholder dies will be addressed in an activity that will be undertaken in 2018 since the current shareholder list contains many names of people who have died. The company secretary went on to explain the process for the heirs to handle their shares in case of death of the shareholder. She clarified that the remark earlier was about appointment of proxies and not beneficiaries. She explained that the new proxy form allowed a person to appoint the chairperson as his/her proxy if he/she does not know any other person who can attend and vote on his/her behalf.

14.Mr Simeon wanted clarification on whether the principle of one man one vote still applies. The Company Secretary explained that participation and representation are different and gave the example of attendance of the AGM where there were only 102 shareholders but through proxy votes nearly 70% of shareholding was represented. Proxy appointment allows shareholders who cannot participate in the AGM to be represented.

15.Ms Marie-Sylvain Cole Dupres wanted to know how a shareholder who is mentally incapacitated, and has no family can appoint his/her carer as proxy. Mr Kieran Shah, the legal counsel, explained that mentally incapacitated individuals may not exercise the right to vote and the relatives should apply to the court to have a legal guardian appointed. The legal guardian will then attend the AGM on his/her behalf or appoint a proxy.

The chairperson encouraged the members present not to hesitate to offer suggestions on how the company can improve on its operations.

10 Closing of the meeting

There being no other questions the chairperson thanked the shareholders on behalf of the board of directors and the Sacos Staff and wished them happy new year 2018. Shareholders were invited for refreshments and snacks and to eat new year's cake. The meeting was declared closed at 11.34AM.



Mrs Lekha Nair
Chairperson

14 February, 2018

Date