

MINUTES OF THE DIRECTORS COMBINED MEETING OF NGWENYA 3 SHARE BLOCK (PTY) LIMITED AND NGWENYA 4 SHARE BLOCK (PTY) LIMITED HELD AT THE COUNTRY CLUB JOHANNESBURG, WOODMEAD ON THE 23RD OF SEPTEMBER 2016 AT 09H00 FOR THE PURPOSE OF PREPARING FOR THE ANNUAL SHAREHOLDERS MEETING

PRESENT:

PROF B MARX (BM)
B LYWOOD (BL)
PH EDKINS (PE)

APOLOGIES:

IL WILCOCKS (IW)
MR JW MEYER (JWM)

IN ATTENDANCE:

MA FORSSMAN (MF)
G PRICE (GP)
G HOGENDOORN (GH)
D HERHOLDT (DH)
J DU RANDT (JdR) – (Alternate for IL Wilcocks)
J VAN NIEKERK (JvN) – (Alternate for JW Meyer)
S FERREIRA (SF)
C VAN DEN BERG (CvdB)

1. OPEN AND WELCOME

MF opened the meeting and welcomed everybody present.

2. APOLOGIES AND QUORUM

The apology from IW and JWM was noted and accepted. JdR represented IW as alternate and JvN was appointed as alternate for JWM for the meeting. MF proposed the nomination for Chair. JvN was nominated and appointed to stand as Chair. As a quorum was present the Chair declared the meeting as duly constituted.

3. DECLARATION OF INTEREST

The Declaration of Interest Register was updated, signed, circulated and noted.

4. ADDITIONS TO THE AGENDA

4.1 SIGNATORIES

4.2 DIAL AND EXCHANGE

Ngwenya 3 Share Block (Pty) Limited
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Ngwenya 4 Share Block (Pty) Limited
Reg: 2005/005826/07
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5. APPROVAL OF THE MINUTES

5.1 THE COMBINED DIRECTORS MEETING HELD ON 15 JUNE 2016

The amended minutes were approved as a true recordal of the meeting and duly signed by the Chair.

6. MATTERS ARISING FROM THE MINUTES

6.1. WATER USE LICENSE

JdR reported that there were no water registrations for portions 72, 73, 78, 79, 80, and 82. All water registrations were held under portion 68 which has 96000m³ per annum registered for abstraction from the Crocodile River which is paid monthly at 8000m³ to the Department of Water and Sanitation and 25000m³ per annum registered for abstraction from a borehole. All water usage is existing lawful water use as it was being used prior to 1998 (between 1996 and 98).

He further informed that:

- All the properties need to reflect the water usage to show existing lawful water use.
- Existing lawful water use on Portion 68 needs to be verified but reflect that this is for all the properties.
- The borehole water needs to be “moved” from the private property.

JdR was requested to keep the Board updated.

ACTION: JdR

6.2. WI-FI

DH advised that the Wi-Fi survey had been done and that the majority of guests indicated that they required free Wi-Fi connectivity.

The Board discussed the various quotations which were obtained for a Wi-Fi network at the chalets and agreed that as a result of the lack of infrastructure and the high cost of installation and management it was not a viable proposition.

The Board agreed that Wi-Fi hotspots such as reception, the restaurant and the entertainment centre were options to be considered and requested that additional quotations be obtained in order to make a decision. The Board approved that Wi-Fi Hotspot signage be placed at the relevant areas.

ACTION: GP / DH

6.3. LILLIPUT

The settlement offer had been rejected and the matter was to proceed to trial in the regional court and a date for same had not yet been received from Izak du Toit who was dealing with the matter. The Board agreed that the matter needed to be finalised and the Board were in favour of giving JdR the authority to enter into negotiations and be given a mandate of between R75 000 and R100 000 to deal with the matter.

ACTION: JdR

6.4 SEWAGE

DH reported that a survey had been conducted in regards to the operational systems of sumps, drainage and the existing network and positive feedback had been received.

6.5 INSURANCE SCHEDULE

MF advised the Board that 25% of the buildings combined sum insured covered the loss of levies in the event of a fire peril claim. MF advised that a meeting was to be scheduled with the insurers to give a detailed explanation of Business Interruption on the policy as opposed to 25% of the buildings combined sum insured.

ACTION: INSURANCE ADMINISTRATOR

6.6 SECURITY

DH informed that the building of the accommodation for the security company was still in process. Notice to the security company had been withheld until a later date and same was to run parallel with the commencement month of the new security company. MF informed that the transition of the old to the new security teams would possibly take place in November 2016.

ACTION; GP / DH

6.7 APPOINTMENT OF AUDITORS

GH updated the Board with regards to the status of the auditors in terms of the rotation which was due for the next financial year ending February 2017. The process of registering another audit partner in the firm was in process and confirmation was received in this regard. A recommendation would be made to the Annual Shareholders Meeting to re-appoint Theunissen Abrie Incorporated as Auditors subject to them employing a new Auditor responsible for the Company's audit.

GH was requested to start the process of identifying replacement auditors for consideration by the Audit Committee and the Directors. The proposals should be accompanied by written quotations.

ACTION: GH

7. MATTERS FOR DISCUSSION / APPROVAL

7.1. VRS REPORT

7.1.1. MANAGEMENT ACCOUNTS

GH presented the Management Accounts for the period 31 July 2016 and explained the variances and notes relating thereto.

The combined Statement of Comprehensive Income reflected an operating surplus of R 323 991. A surplus of R 3 787 940 was projected by 28 February 2017.

Various line items were discussed and electricity and insurance was highlighted as possible expenditure that might be overspent by year end. GH indicated that there will be sufficient operational savings on other line items to cover any over expenditure on these line items and that the 2018 budgets were amended accordingly.

GH indicated that the provision for bad debt reserve was R 291 948 for Ngwenya 3 and R 64 158 for Ngwenya 4.

The Statement of Financial Position showed accumulated reserves of R 18 906 625 for Ngwenya 3 and R 982 358 for Ngwenya 4.

The Board considered the Management Accounts and approved the presentation for attention of, and acceptance by the Board.

GH was requested to investigate the possibility of Ngwenya 3 Share Block (Pty) Ltd changing its VAT category to a once yearly assessment.

ACTION: GH

7.1.1.1 CASH FLOW PROJECTIONS AND LIQUIDITY AND SOLVENCY RATIOS

GH presented the solvency and liquidity test which showed that the companies were solvent at a ratio of 1,76 for Ngwenya 3 and 1,16 for Ngwenya 4. The 12 month cash flow projection show that the Company would be able to meet its financial commitments in the normal course of business.

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7.1.2. UPDATE ON INVESTMENT AND RESERVES

GH presented the schedule of the accounting reserves which reflected the following:

Ngwenya 3:

INVESTMENT	INTEREST RATE	MATURITY	BALANCE
Investec	7.10%	30 Days	R 12 773 773
RMB	6.50%	On Call	R 2 650 522
Absa	8.50%	12 months	R 6 093 616

Total Cash available as at 31 July 2016: R 22 943 061

Total reserves as at 31 July 2016: R 18 906 625

GH indicated that an amount of R 6 000 000 was invested at ABSA for a fixed 12 month term at 8.50%.

The Board requested that another R 6 000 000 of the reserves of Ngwenya 3, be placed at ABSA for a fixed term investment of 12 months.

ACTION: GH

Ngwenya 4:

INVESTMENT	INTEREST RATE	MATURITY	BALANCE
Investec	7.10%	30 Days	R 1 607 740
RMB	6.50%	On Call	R 394 412

Total Cash available as at 31 July 2015: R 3 388 972

Total reserves as at 31 July 2015: R 982 358

7.1.3. RCI AND IN-HOUSE SCORES

The Board reviewed the RCI and In-House scores which reflected the following:

	RCI Score	In House Score	Benchmark Score
Check Out/In	4.73	4.56	4.75
Hospitality	4.68	4.57	4.67
Resort Maintenance	4.57	4.34	4.57
Unit Maintenance	4.44	4.11	4.43
Housekeeping	4.61	4.41	4.59
Overall Average	4.60	4.40	4.59
Cards Captured	484	3063	

7.1.4. COMPLIMENTS AND COMPLAINTS

GP presented the quantum and nature of RCI compliments and complaints listed on the schedule and reported that 132 RCI complaints had been received of which the majority were for general maintenance and 107 compliments mostly for an overall holiday experience.

7.1.5. OCCUPANCY STATISTICS

MF presented the occupancy statistics which reflected an YTD occupancy of 92%.

7.2 GOLDEN FRONTIER CITRUS SERVITUDE

JdR informed that a Servitude Settlement Agreement between Ngwenya 4 Share Block (Pty) Ltd and Golden Frontiers Citrus (Pty) Ltd had been drafted and that the signing of same had been postponed due to the servitude being too wide. JdR requested that a meeting with the surveyors be scheduled in order to ascertain whether the servitude could be limited from 9 metre to 2 metre.

JdR suggested that the approval of the Servitude Agreement be postponed until such time as it had been finalised, and agreement on the servitude diagram had been reached. The Board were in favour of same.

ACTION: JdR

7.3 INSURANCE

7.3.1 PUBLIC LIABILITY

MF advised that currently the Public Liability cover for Ngwenya 3 and Ngwenya 4 were two separate policies at an annual premium of R89 845.44 and requested that the policies be combined. Two quotations were proposed and the Board resolved that the higher cover of R100 000 000.00 with an annual premium of R115 659.71 be approved.

ACTION: INSURANCE ADMINISTRATOR

7.3.2 DIRECTORS AND OFFICERS LIABILITY

MF advised that the Directors and Officers Liability policy had been renewed subject to Board approval. The policies were combined and the premium was R22 800.00 annually. The Board approved same.

ACTION: CATHRYN ANDERSON

7.4 ASM DISCUSSION

7.4.1 RSVP'S

3 RSVP's were received.

7.4.2 APOLOGIES

13 apologies were received.

7.4.3 PROXIES

6 Proxies were received and 11 Letters of Representation were received.

7.3.4 QUORUM

One percent of all the voting rights that are entitled to be exercised in respect of at least one matter to be decided at the meeting and at least three Shareholders entitled to vote who are present or by proxy constituted a quorum.

7.3.5 CORRESPONDENCE AND ANSWERS

11 Letters of correspondence were received and dealt with accordingly.

7.3.6 NOMINATIONS

2 nominations each for Mr IL Wilcocks and Mr BEG Lywood were received on Ngwenya 3 Share Block (Pty) Ltd and Ngwenya 4 Share Block (Pty) Ltd respectively.

7.3.7 VOTING PROCEDURE

Voting would be done on a show of hands unless a poll was called for.

7.5 ADDITIONS TO THE AGENDA

7.4.1 SIGNATORIES

MF requested permission from the Board to amend the signatories in respect of the following documentation:

- Share Certificates
- Transfer Documentation
- Agreement of Sale on behalf of the Company

The Board approved that a legal representative or C van den Berg could be added as co-signatories in respect of the above.

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7.4.2 DIAL AND EXCHANGE

PE requested permission from the Board that Dial and Exchange be permitted to contact the Ngwenya Shareholders directly. On a majority vote the Board approved same.

8. FUTURE MEETING DATES

Date	Purpose	Venue	Time
23 September 2015	ASM	Resort	12h00

9. DISSOLUTION

As there were no further matters for discussion the Chair thanked everyone for their attendance and contributions and dissolved the meeting.

Approved and signed at Pretoria on the 21st day of February 2017.


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(Chair)