

**REPUBLIC OF SOUTH AFRICA
COMPANIES ACT, 2008
MEMORANDUM OF INCORPORATION OF A PRIVATE COMPANY**

Name of Company: MANZI MONATE COUNTRY CLUB SHARE BLOCK (PTY) LTD

(A private company with Shareholders, incorporated to operate a time-sharing scheme within a share block company)

Registration No of Company: 1990/003001/07

("The Company")

This Memorandum of Incorporation was adopted in accordance with a proposal by the Board by a special resolution taken by the Shareholders at a Shareholders Meeting of the Company held on20.....in full substitution of the then existing Memorandum of Incorporation.

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INCORPORATION:

1. The Company is a pre-existing company as defined in the Companies Act, 2008 (the Act), operating a share block scheme under the Share Blocks Control Act, 1980, and continues to exist as a Profit Company in accordance with Item 2 of Schedule 5 of the Act under the same name and registration number previously assigned to it.
2. The Company is incorporated in accordance with, and governed by:
 - a. The provisions of the Share Blocks Control Act and the Property Time-Sharing Control Act;
 - b. The unalterable provisions of the Companies Act, that are applicable to Private Companies;
 - c. The alterable provisions of the Companies Act, that are applicable to Private Companies, subject to any limitation, extension, variation or substitution set out in this memorandum;
 - d. The provisions of this Memorandum of Incorporation; and
 - e. The registered Use Agreement/s of this company.

Note 1: This Memorandum of Incorporation contains statutory share block provisions which apply to the Company and which are referenced in Annexure "A" hereto.

Note 2: The Company elects in terms of Section 34(2) of the Companies Act not to voluntarily comply with the provisions of chapter 3 of the Companies Act, 2008.

Note 3: The Company is not a regulated Company as defined in the section 117 of the Companies Act and elects in terms of section 118(1)(c)(ii) of the Companies Act not to voluntarily submit to the provisions of Part B and C of Chapter 5 of the Companies Act and the takeover regulations.

Note 4: The Memorandum of Incorporation contained in Form CoR 15.1 A or CoR 15.1 B of the Companies Regulations, 2011 shall not apply to the Company and this unique Memorandum of Incorporation will apply instead thereof.

Note 5: The Company is prohibited from amending any of the provisions prescribed by the Share Blocks Control Act, and contained in this Memorandum of Incorporation.

Note 6: In terms of Section 8 (2) (b) of the Act, A Private Company is required to prohibit the offering any of its securities to the public and to restrict the transferability of its securities in its Memorandum of Incorporation. The application of this restriction on the offering of shares is however excluded by the application of Section 3(2) and 11 of the Share Blocks Control Act 59 of 1980.

Note 7: The Company negates the provision in terms of Section 39(3), and specifically relies on Section 11 of the Share Blocks Act.

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Annexure: "A"	(Unalterable "Share Block" provisions)
Annexure: "B"	(Schedule of Share Blocks, Shares and Loan Obligation)
Annexure: "C1"	(Accommodation Use Agreement)
Annexure: "C2"	(Commercial Use Agreement)
Annexure: "D"	(2018 Calendar)

1 INTERPRETATION

- 1.1 In the interpretation of this MoI and unless contrary to or excluded by the subject or context:
- 1.2 any word herein signifying;
- 1.2.1 the singular shall include the plural and vice versa;
- 1.2.2 the one gender shall include the other gender;
- 1.3 any word herein which is defined in the Act and is not defined in Article 1.7 shall bear that statutory meaning in this MoI;
- 1.4 any word herein which is defined in the Share Blocks Control Act and is not defined in Article 1.7 shall bear that statutory meaning in this MoI;
- 1.5 any word, phrase or sentence herein which is not defined in the Act or in Article 1.7 shall bear its usual meaning;
- 1.6 each term, power or authority herein shall be given the widest possible interpretation;
- 1.7 each of the following words and expression herein shall have the meaning stated and, where applicable, shall include the word or expression stated opposite it;
- 1.7.1 "Act" shall mean the Companies Act, 71 of 2008, as amended from time to time;
- 1.7.2 "Accommodation" shall mean the chalets erected on the Land;
- 1.7.3 "Board" shall mean the board of directors for the time being of the Company elected in terms of Article 20
- 1.7.4 "Buildings" means the Company's immovable properties;
- 1.7.5 "Chair" shall mean the Chair of the Company for the time being, elected in terms of Article 21;
- 1.7.6 "Chalets" the chalets erected on the Land to be used for Whole Ownership, Co-ownership or Time-sharing residential purposes as reflected in Annexure "B"
- 1.7.7 "CIPC" shall mean the Companies and Intellectual Property Commission or its successor;
- 1.7.8 "Common facilities" shall mean any improvements on the land for the use of all Shareholders of share blocks in common with others, there being no shareblock which confers an exclusive right of use in respect of any common facility;
- 1.7.9 "Company" shall mean Manzi Monate Country Club Share Block (Pty) Ltd;
- 1.7.10 "Directors" shall mean the directors for the time being of the Company elected in terms of Article 20;
- 1.7.11 "Electronic Communication" shall bear the same meaning as set out in section 1 of the Electronic Communication and Transaction Act, 25 of 2002;
- 1.7.12 "Shareholders Meeting" shall mean any Shareholders Meeting of the Company or any adjournment thereof, including an annual Shareholders' meeting convened in terms of Article 10.1 as the case may be;
- 1.7.13 "Income Tax Act" shall mean the Income Tax Act, 58 of 1962, as amended from time to time;

- 1.7.14 "Improvements" shall mean any improvements of a permanent nature erected, alternatively, to be erected on the Land to be used for any purpose whatsoever;
- 1.7.15 "Management Regulations" / "Rules" shall mean such regulations, directions, procedures, rules or the like, made by the Directors or the Managing Agent in terms of the Mol and the Use Agreement;
- 1.7.16 "Managing Agent" mean the Managing Agent, if any, appointed from time to time by the Company for the purposes of managing the Scheme;
- 1.7.17 "Mol" shall mean the Memorandum of Incorporation of the Company, as contained in this document, as duly amended from time to time;
- 1.7.18 "Month/Monthly" means a calendar month;
- 1.7.19 "Movables" shall mean the Movables contained in the Chalet and referred to in Section 4(1)(m) of the Time-Sharing Act;
- 1.7.20 "Office" shall mean the registered office of the Company;
- 1.7.21 "Period" / "Week" means a share block holder's period of exclusive occupation in respect of the relevant portion of the Company's Buildings, as further defined in the Use Agreement/s;
- 1.7.22 "Person" shall include any natural person, company or body corporate, a statutory body, a partnership or an association of persons, as the case may be, having the legal capacity required in terms of the laws of the Republic;
- 1.7.23 "Property" shall mean the Company's land being the remainder of portion 105 of the Farm Zeekoegat 296, Registration Division J.R. Gauteng Province;
- 1.7.24 "Republic" shall mean the Republic of South Africa;
- 1.7.25 "Scheme" shall mean the share block scheme and property time-sharing scheme in respect of the accommodation, improvements, common facilities and common property, in terms of the Share Blocks Control Act and Time-Sharing Act;
- 1.7.26 "Share" shall mean that set out in section 1 of the Share Blocks Control Act and relates to the share block granting a right of use to the holder thereof;
- 1.7.27 "Shareholder" shall mean shall mean the holder of shares comprising a share block and being a Shareholder of the Company defined in the Share Blocks Control Act and as registered in the Share Register referred to in Article 5, and includes a Purchaser thereof who has purchased subject to a suspensive condition, irrespective as to whether such condition has been fulfilled, and further includes a Purchaser who has not yet taken transfer of the Shares comprising the share block;
- 1.7.28 "Share Blocks Control Act" shall mean the Share Blocks Control Act no. 59 of 1980, as amended and the regulations promulgated from time to time in regard thereto;
- 1.7.29 "Share Block Developer" shall any person by whom, on whose behalf or for whose benefit more than 50 per cent of the Shares of a share block

company are held or controlled and, where two or more persons by whom, on whose behalf or for whose benefit more than 50 per cent of the Shares of such a company are jointly held or controlled, act in concert in relation to or are jointly connected with the business of the company, each of such persons;

- 1.7.30 "Sign" / "Signature" shall include the reproduction of signature lithography, printing with an india-rubber stamp or any other Electronic Communication process partly the one and partly the other process;
- 1.7.31 "Statutes" means the Companies Act No. 71 of 2008, the Share Blocks Control Act No. 59 of 1980, the Property Timesharing Control Act No. 75 of 1983, and every other Act for the time being in force, concerning companies and affecting the Company;
- 1.7.32 "Timesharing Act": shall mean the Property Timesharing Control Act no 75 of 1983, as amended from time to time and the regulations promulgated from time to time in regard thereto;
- 1.7.33 "Time-Sharing Interest" / "Module" means any right to or interest in the exclusive use or occupation in respect of the relevant portion of the Company's buildings, during determined or determinable periods during any Year;
- 1.7.34 "Use Agreement" means the duly registered Use Agreement conferring a right to or an interest in the use of any immovable property in respect of which a share block scheme is operated, and as further set out in Annexure "C1" and "C2" attached hereto;
- 1.7.35 "Writing" shall include printing, typewriting, lithography or any other electronic communication process, or partly one and partly the other;
- 1.7.36 "Year" means a calendar year.

2 PURPOSE AND OBJECTS OF THE COMPANY

- 2.1 The main purpose and object the Company is to operate a share block scheme in respect of the Property owned by the Company in accordance with the Share Blocks Control Act and the Timesharing Act, entitling a Shareholder to use specified parts of the Buildings in accordance with the Use Agreement entered into between the and the Company.

3 POWERS AND CAPACITY OF THE COMPANY

- 3.1 Subject to article 3.3 the Company has the powers and capacity of a natural person of full capacity.
- 3.2 Notwithstanding the omission from this Mol of any provision to that effect, the Company may do anything which the Statutes empower a Company to do.
- 3.3 However the Company is restricted in its powers and capacity in terms of the provisions the Share Blocks Control Act as contained in this Mol and as referenced in Annexure "A" hereto.

4 MEMORANDUM OF INCORPORATION AND COMPANY RULES

- 4.1 Save for correcting patent errors substantiated as such from objective evidence or which are self-evident errors in the Mol (including, but without limitation, spelling punctuation, reference, grammar or similar defects), which the Board is empowered to do in terms of Section 17(1) of the Act, all other amendments of the Mol shall be effected in accordance with section 16 (1) of the Act.
- 4.2 This Mol does not restrict, limit or qualify the power of the Board to make, amend or repeal any necessary or incidental Rules relating to the governance of the Company in respect of matters that are not addressed in the Act or this Mol, in accordance with the provisions of section 15(3) to 15(5) of the Act.
- 4.3 If the Board makes any Rules, it must file and publish a copy of those Rules by sending a copy thereof to every Shareholder by pre-paid or electronic mail;
- 4.4 If the Board alters this Mol or any Rules made by it in terms of section 17(1) of the Act, it must file a copy and publish a notice of such alteration. by sending a copy thereof to every Shareholder by pre-paid or electronic mail

5 REGISTER OF SHAREHOLDERS

- 5.1 The Company shall maintain at its Office a register of Shareholders of the Company and the registration, transfer, issue, inspection and certification of Shares shall be in accordance with the provisions of section 24(4) (a), 50 and 51 of the Act and this Mol.

6 SHARES

- 6.1 The authorised share capital of the Company is R15,000.00 (fifteen thousand rand) being 15,000 (fifteen thousand) shares divided into 7381 (seven thousand three hundred and eighty one) Ordinary par value "A" shares of R 1,00 (one rand) each apportioned to the share block in accordance with Annexure "B" and 7616 (seven thousand six hundred and sixteen) Ordinary par value "B" shares of R 1,00 (one rand) each apportioned to the share block in accordance with Annexure "B".
- 6.2 The Shares comprising each residential Share block shall confer on the holder for the time being of each Share block the right of use of the Share block, parking facilities and such other part of the Company's immovable Property for residential purposes and the use/s ancillary thereto and the use of the Property in common with the other Shareholders of the Company and users of the remainder of the Property on the terms and conditions contained in the Residential Use Agreement attached hereto as Annexure "C1" entered into between the Company and such holder.
- 6.3 The Shares comprising each commercial Share block shall confer on the holder for the time being of each Share block the right of use of the Share block, parking facilities and such other part of the Company's immovable Property for commercial purposes only and users of the remainder of the Property on the terms and conditions contained in the Commercial Use Agreement attached hereto as Annexure "C2" entered into between the Company and such holder.
- 6.4 Upon acquisition of "Residential" Shares, the Shareholder acquires the right to, and usage interest as referred to in the Use Agreement (Annexure "C1") filed with the CIPC in terms of Section 7(5) of the Share Blocks Act and shall from time to time confer upon the holder thereof:
 - 6.4.1 the right to use and occupy, that portion of the Company's Buildings and Property which is specified in the schedules referred to in Article 6.1 for the Period specified in Annexure "C1" attached hereto, and subject to the terms and conditions specified in Annexure "C1" hereto; and
 - 6.4.2 the right to, or interest in the indefinite recurrent annual exclusive use, possession and

- occupation of the accommodation for time-sharing residential purposes; and
- 6.4.3 the right to, or interest in the recurrent annual use of the Movables; and
- 6.4.4 the right to or interest in the indefinite recurrent annual use in common with other holders, of the Property.
- 6.4.5 Oblige to the holder thereof from time to time to lend to the Company as a fixed loan, on the terms and conditions set out and specified in Annexure "C1".
- 6.5 Upon acquisition of "Commercial" Shares, the Shareholder acquires the right to, and usage interest as referred to in the Use Agreement (Annexure "C2") filed with the CIPC in terms of Section 7(5) of the Share Blocks Act and shall from time to time confer upon the holder thereof:
- 6.5.1 the right to use and occupy, that portion of the Company's Buildings and Property which is specified in the schedules referred to in Article 6.1, and subject to the terms and conditions specified in Annexure "C2" hereto; and
- 6.5.2 The right to, or interest in the indefinite annual exclusive use, possession and occupation of any Commercial Buildings and Commercial activities as defined in Annexure "B" attached hereto.
- 6.6 Save as herein provided, the Company shall be entitled to treat the registered holder of any share as the absolute owner thereof and accordingly shall not (even when having notice thereof), except as ordered by a Court of competent Jurisdiction, or as by law required, be bound to recognise any trust, charge, encumbrance, lien or any other claims whatever to or interest whatever in such share on the part of any other person.
- 6.7 Unless the Directors otherwise decide, the Company may register as a Shareholder any person, Company, Trust, Estate, Institution or other legal person, including the Trustee of a Trust or Administrator or Curator of an Estate, or a Trustee, Administrator or Curator in his capacity as such, who lodges with the instrument of transfer required by this MOI, such other documents as the Company may require to establish the identity of the Shareholder, provided that the Company shall not be bound by or deemed to have taken cognisance of or compelled in any way to recognise any trust or interest express or implied in any document lodged, nor shall it be required to satisfy itself or be deemed to have taken any steps to have satisfied itself that the Shareholder had any contractual or other right to purchase the shares or otherwise come into possession of them, or to retain or dispose of or transfer such shares, nor shall the Company incur any liability in any way for so registering the shares or for registering any subsequent transfer thereof.
- 6.8 All shares of the Company shall:
- 6.8.1 Confer a right to vote at any meeting of the Company.
- 6.8.2 Confer the same vote as every other share in the Company.
- 6.8.3 Confer a right to an interest in accordance with articles 6.4 and 6.5.

7 ISSUE TRANSFER AND TRANSMISSION OF SHARES

- 7.1 A Private Company is required in terms of Section 8(2)(b) of the Act to prohibit the offering of any of its securities to the public and to restrict the transferability of its securities in its Memorandum of Incorporation.
- 7.2 The Company does not offer any of its securities to the public, as the Company is contractually limited to offering its securities to the Developer. However, in the unlikely event that this situation should not prevail, the application on the restriction on public offers of securities in the Company's Mol is excluded by the application of section 3(2) and 11 of the Share Blocks Act which provides that any person may offer shares of the Share Block Company for sale to the public if, in lieu of

compliance with any other requirements, such offer is accompanied by a statement that any proposed purchaser of such shares is required to enter into a contract of sale which meets the conditions set out in Section 17 of the Share Blocks Act.

- 7.3 The Company therefore elects in terms of Section 39(3) to negate the provision of Section 39(2), and specifically relies on Section 11 of the Share Blocks Act should the exceptional circumstance provided for in article 7.1 arise.
- 7.4 Every original Shareholder shall be entitled to one certified copy of a Share Certificate free of charge but for every subsequent certified certificate the Directors may levy such charge as from time to time they may think fit; provided that if a Share certificate is defaced, lost or destroyed, it may be renewed on the payment of such fee, and on such terms, if any, as to the evidence and indemnity as the Directors may think fit.
- 7.5 Every person whose name is thereafter entered in the register of Shareholders shall be entitled to one certified copy of a certificate for all the Shares attached to the Share Blocks and use rights registered in his name or to several certified certificates, each for a part of such Shares.
- 7.6 Notwithstanding anything to the contrary contained in this MoI the Company shall, upon the issue or replacement of a Share certificate to a Shareholder, retain possession of the Shareholders original Share certificate/s and shall hold the same in pledge as security for all and any amounts which may be or become owing by the Shareholder to the Company which Share shall remain so pledged.
- 7.7 No Share may be transferred except simultaneously with and to the same transferee as the whole of the other Shares included in the same share block together with the transfer, cession and assignment of:
 - 7.7.1 The relevant portion of the loan obligation allotted to the shareblock in question;
 - 7.7.2 The use and occupation agreement pertaining to the shareblock in question, and the assumption by the transferee of all the transferor's obligations thereunder.
- 7.8 Prior to the transfer of Shares to any transferee, the levies and any other amounts due and payable to the Company must be settled in full, unless otherwise resolved by the Directors.
- 7.9 The instrument of transfer of any Share of the Company not being a security in terms of Section 50 of the Act shall be executed by both the transferor and the transferee, and the transferor shall be deemed to remain the holder of this Share until the name of the transferee is entered into the register of Shareholders in respect thereof.
- 7.10 Subject to such of the restrictions as may be applicable, any Shareholder may transfer all or any of his Shares by instrument in writing in any usual or common form or any other form which the Directors may approve.
- 7.11 The Directors may decline to recognise any instrument of transfer unless:
 - 7.11.1 the instrument of transfer is accompanied by the certified copy of certificate of the Shares in the event that the Company holds the original or where the Shareholder holds the original then such original certificate to which it relates, and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer;
 - 7.11.2 The share transfer duty (if any) has been paid thereon.
- 7.12 No Shares may be transferred to any transferee without the prior consent and approval of the Directors of the Company, which consent shall not be unreasonably withheld. This article shall not apply, however, to the transfer of any Shares by a Shareholder or his executors or administrators or other legal representatives to the spouse or any descendant or ascendant of such Shareholder. No such consent shall be necessary for the transfer of Shares held by the Share Block Developer in respect of further development rights.

7.13

7.14 Every instrument of transfer shall be left at the transfer Office of the Company at which it is presented for registration, accompanied by a certificate of the Shares to be transferred. Every Power of Attorney given by the Shareholder authorising the transfer of Shares shall when lodged produced or exhibited to the Company or any of its proper Office be deemed, as between the Company and the donor of the power to continue and remain in full force and effect and the Company may allow that the power to be acted upon until such time as express notice in writing of its revocation has been lodged at such of the Company's transfer Offices as the Power of Attorney lodged, produced or exhibited as aforesaid. The Company shall not be bound to allow the exercise of any act or matter by an agent for a Shareholder unless a duly certified copy of the agent's authority by produced and lodged with the Company.

7.15 The executor of the estate of the deceased's sole holder of a Share shall be the only person recognised by the Company as having any title to the Share. In the case of a Share registered in the names of two or more holders, the survivor or survivors, or the executors of the deceased's survivor shall be the only persons recognised by the Company as having any title to the Share.

7.16 Any person becoming entitled to a Share in consequence of the death or insolvency of a Shareholder shall upon such evidence being produced as may from time to time be required by the Directors, have the right, either to be registered as a Shareholder in respect of the Share or instead of being registered himself to make such transfer of the Share as the deceased or insolvent could have made, but the Director shall in either case, have the same right to decline or suspend registration as they would have had in the case of the transfer of a Share by the deceased or insolvent before death or insolvency.

7.17 The parent or guardian of a minor and the *curator bonis* of a lunatic Shareholder and any person becoming entitled to Shares in consequence of the death or insolvency of any Shareholder or the marriage of any female Shareholder or by any lawful means other than by the transfer in accordance with these articles, may, upon producing such evidence as sustains the character in which he proposes to act under these articles or of his title, as the Directors think sufficient, transfer those Shares to himself or to any other person subject to the articles as to transfer hereinbefore contained.

7.18 Any person becoming entitled to a Share by reason of the death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would have been entitled if he were the registered holder of the Share, except that he shall not, before being registered as a Shareholder in respect of the Share, be entitled in respect of it to exercise any right conferred by Shareholder in relation to the meeting of the Company.

7.19 A person who submits proof of his appointment as the executor, administrator, trustee, curator or guardian in respect of the estate of the deceased Shareholder of the Company or the estate of the deceased Shareholder of the Company or the estate of a Shareholder whose estate has been sequestrated, or who is otherwise under a disability or as the liquidator of any body-corporate which is a Shareholder of the Company, shall be entered in the register of Shareholders of the Company *Nomine Officii*, and shall thereafter, for all purposes, be deemed to be a Shareholder of the Company.

8 ALTERATION OF SHARES

8.1 If at any time the Share capital is divided into different classes of Shares, the rights attached to any class (unless otherwise provided by the terms of issue of the Shares of that class) may be varied with the consent in writing of the holder of three-quarters of the issued Shares of that class or with the

sanction of the resolution passed at a General Meeting of the holders of the Shares of the class, and the provisions of Section 65 of the Act shall mutatis mutandis apply to the said resolution and meeting as if the resolution were a special resolution. This paragraph does not curtail the power of the Company to vary the rights attached to any Share which has not been issued subject to the provisions of Article 6 above.

8.2 Convert any of its Shares whether issued or not into Shares of another class.

9 LIEN AND PLEDGE ON SHARES AND SHAREHOLDERS INTEREST

9.1 The Company has a first and paramount lien and a pledge on every Share for the amounts due to it by the holder of such Share whether payment has become due or not. The amounts so due to the Company shall include the costs of any acts performed or proceedings instituted by the Company in its efforts to recover such amounts.

9.2 The Company shall not be obliged to recognise the pledge by a Shareholder of any Share in the Company to a third party but as soon as an amount becomes due and payable by a Shareholder to the Company, all Shares held by such Shareholder shall from that moment become pledged by such Shareholder to the Company.

9.3 In the event of such Shareholder holding the original Share certificate the Shareholder shall hold the certificate relating to the pledged Share as agent for the Company. A Share shall remain so pledged until the amount due has been settled or the Share has been realised as provided in Article 9.4.

9.4 The Company shall be entitled to realise any Share on which it has a lien in terms of Article 9.1 and any Share becoming pledged to it in terms of Article 7.6 and or Article 9.1 and or Article 9.2 and or Article 9.3 by realising such Share in the following manner:

9.4.1 the holder of the Share shall be given 15 business days written notice through the post in a prepaid registered letter addressed to his recorded registered address of the realisation or any other method provided for in terms of the Act;

9.4.2 the notice shall state the amount of the claim, demand payment thereof within the said period of notice and advise the Shareholder that if the amount due remains unpaid the Share shall be sold to recover so much of the debt as may be realised by the sale;

9.4.3 the sale shall be by way of a tender process or in such other duly publicised manner as in the *bona fide* opinion of Directors would realise a more favourable price in the circumstances than is likely to be achieved by public auction.

9.5 The net return of any such sale shall be applied in respect of the amount due to the Company and the Shareholder shall remain liable for any shortfall.

9.6 In the event of an over recovery the credit balance, if any, shall be paid to the Shareholder upon demand.

9.7 On any sale as aforementioned the Directors may enter the name of the purchaser in the register of Shareholders of the Company and the purchaser shall have no responsibility to attend to the application of the purchase price and his rights to the Shares shall not be prejudiced by any irregularity or invalidity in the procedures in relation to the sale.

9.8 Except as herein further provided, an affidavit by a director or the secretary of the Company that the Share has been duly sold in accordance with the provisions of the preceding sub-Articles shall be conclusive evidence of the facts therein stated as against all persons laying claim to such Shares or the proceeds thereof, and such affidavit and the receipt by the Company of the purchase price of Shares shall be conclusive proof of the rights to such Shares.

10 SHAREHOLDERS MEETINGS

- 10.1 The Company shall hold an annual shareholders meeting at least once in every calendar Year.
- 10.2 The Directors shall have the power to convene other General Shareholders Meetings of the Company at such time and place as the Directors determine.
- 10.3 The Directors shall also convene other General Shareholders Meetings where a requisition is made by the number of Shareholders of the Company as required by the Act, failing which such a meeting may be convened by the requisitionists themselves in accordance with the Act.
- 10.4 General Shareholders Meetings convened in accordance with Sections 61 and 64 of the Act shall be held at such time and place as is determined in terms of those sections.

11 NOTICE OF SHAREHOLDERS MEETINGS

- 11.1 Notice of meetings shall be given to all shareholders:
 - 11.1.1 Not less than 15 business days' notice in writing of an annual Shareholders meeting or of any other Shareholders meeting at which a special resolution is to be proposed;
 - 11.1.2 Not less than 10 business days' notice in writing of any other Shareholders Meeting shall be given to all Shareholders.
- 11.2 The notice period stated above shall be exclusive of the day on which the notice is given and exclusive of the date of the meeting.
- 11.3 The notice of a Shareholders Meeting shall state –
 - 11.3.1 the date time and place of that meeting;
 - 11.3.2 the general purpose of the meeting, and
 - 11.3.3 the matters which will be considered, and may be voted on, at such meeting;
 - 11.3.4 that a Shareholder entitled to attend and vote at the meeting is entitled to appoint a proxy to attend, participate in and vote at the meeting in the place of the Shareholder
 - 11.3.5 In the event of an annual shareholder meeting, the Annual Financial Statements.
- 11.4 In the event that a Shareholder gives the Company notice as contemplated in Section 61 in the form of a demand, such demand shall be executed by the board.
- 11.5 The Directors may provide for participation by Shareholders by Electronic Communication as set out in Section 63 of the Act.
- 11.6 A meeting of the Company shall, notwithstanding the fact that it is called by shorter notice than that specified in this Article, be deemed to have been duly called if it is so agreed by all of the Shareholders present having a right to attend and vote at the meeting.
- 11.7 The inadvertent omission to give notice of a meeting to, or the non-receipt of a notice of a meeting by any person entitled to receive such notice, shall not invalidate the proceedings at that meeting.

12 PROCEEDINGS AT SHAREHOLDERS MEETINGS

- 12.1 A meeting convened in terms of article 10.1 must, at a minimum, provide for the following business to be transacted:
 - 12.1.1 Presentation of—
 - 12.1.1.1 the directors' report;
 - 12.1.1.2 the audited financial statements for the immediately preceding financial Year;
 - 12.1.1.3 a report by the social and ethics committee, if any;
 - 12.1.2 Election of directors;
 - 12.1.3 Appointment of an auditor for the ensuing financial Year; and

- 12.1.4 Approval of the insurance schedule;
- 12.1.5 Other business duly and timeously laid before it.
- 12.2 Subject to the provisions of the Act, no business shall be transacted at any General Shareholders Meeting unless a quorum of Shareholders is present at the time when the meeting proceeds to business. Save as herein otherwise provided, a quorum at any Shareholders Meeting shall be no less than 1% (one percent) of all the voting rights that are entitled to be exercised in respect of at least on matter to be decided at the meeting and at least three Shareholders entitled to vote are present in person at the commencement and throughout the meeting if there are more than 2 shareholders.
- 12.3 A quorum at any Shareholders Meeting convened to pass special resolutions shall be no less than 25% (twenty five percent) of all the voting rights that are entitled to be exercised in respect of at least one special resolution to be decided at the meeting and at least three Shareholders entitled to vote are present in person or by proxy at the commencement and throughout the meeting, if there are more than 2 shareholders.
- 12.4 If within half-an-hour after the time appointed for the meeting a quorum is not present the meeting, if convened upon the requisition of Shareholders, shall be dissolved, in any other case it shall stand adjourned to a date 7 (seven) days later and if at such adjourned meeting a quorum is not present within half-an-hour after the time appointed for the meeting, the Shareholders present in person or by proxy shall deemed to be a quorum.
- 12.5 The Chair of the Board of Directors shall preside as Chair at every Shareholders Meeting of the Company.
- 12.6 If at a Shareholders Meeting there is no Chair or the Chair is not willing to act or is not present within 15 (fifteen) minutes after the time appointed for holding the meeting, 1 (one) of the appointed Directors present shall be Chair of the meeting.
- 12.7 Subject to the provisions of the Act, the Chair of the meeting may, with the consent of the majority of Shareholders present at any meeting at which a quorum is present (and shall if so directed by the meeting) adjourn the meeting, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting at which the adjournment took place.

13 VOTES OF SHAREHOLDERS AT GENERAL SHAREHOLDERS MEETINGS

- 13.1 Every voting Shareholder who is represented either in person or by proxy at a Shareholders Meeting shall have 1 (one) vote per share held by such Shareholder.
- 13.2 In the case of joint holders, the vote of the person whose name appears first in the register of Shareholders and tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders.
- 13.3 On a show of hands a person entitled to vote is only entitled to one vote irrespective of the number of shares represented.
- 13.4 poll may be called or demanded (immediately before or after the declaration of the result of the show of hands) by:
 - 13.4.1 the Chair of the meeting; or
 - 13.4.2 by at least 5 (five) Shareholders present in person or by proxy having the right to vote at meetings; or
 - 13.4.3 by any Shareholder or Shareholders present in person or by proxy having the right to vote at the meeting and representing not less than 10% (ten percent) of the total voting rights of all Shareholders having the right to vote at the meeting.
- 13.5 Any demand for a poll may be withdrawn.

- 13.6 The poll shall be taken in such a manner as the Chair of the meeting directs and the results of the poll shall be deemed to be the result of the meeting.
- 13.7 Where a poll is not demanded a declaration by the Chair of the meeting that a resolution has been passed as well as a making of an entry to that effect in the book containing the minutes of the proceedings of Shareholders Meetings, shall be conclusive evidence of the fact, without proof of the number or proportion of the votes recorded in favour of or against such resolution, that the resolution was so passed.
- 13.8 In the case of an equality of votes, the Chair of the meeting shall not have a second or casting vote and the resolution shall be deemed not to have been passed.

14 RESOLUTIONS

- 14.1 For an ordinary resolution to be adopted at a Shareholders meeting, it must be supported by more than 50% of the Shareholders who voted on the resolution, as provided in Section 65 (7) of the Act.
- 14.2 For a special resolution to be adopted at a Shareholders meeting, it must be supported by at least 75% of the Shareholders who voted on the resolution, as provided in Section 65 (9) of the Act.
- 14.3 A special resolution adopted at a Shareholders meeting is required in addition for;
- 14.3.1 amendment the Company's Memorandum of Incorporation to the extent required by section 16 (1) (c) and section 36 (2) (a);
 - 14.3.2 ratify a consolidated revision of a Company's Memorandum of Incorporation, as contemplated in section 18 (1) (b) of the Act;
 - 14.3.3 ratify actions by the Company or Directors in excess of their authority, as contemplated in section 20 (2) of the Act;
 - 14.3.4 variation of rights attached to the Shares;
 - 14.3.5 alienation of the Company's immovable Property;
 - 14.3.6 alteration of the Share capital;
 - 14.3.7 approve the voluntary winding up of the Company, as contemplated in section 80 (1) of the Act;
 - 14.3.8 approve the winding up a Company in the circumstances contemplated in section 81 (1) of the Act;
 - 14.3.9 approve an application to transfer the registration of the Company to a foreign jurisdiction as contemplated in section 82(5) of the Act;
 - 14.3.10 approve any proposed fundamental transaction to the extent required by Part A of Chapter 5; or
 - 14.3.11 revoke a resolution contemplated in section 164 (9) of the Act;
 - 14.3.12 as may be required in terms of the Act, the Share Blocks Control Act, the Timesharing Act and this Mol.
 - 14.3.13 Prematurely cancel Managing Agent agreement (if any).

15 SHAREHOLDERS ACTING OTHER THAN AT MEETING

- 15.1 Subject to the provisions of Section 60(5) and 65(7) of the Act, a resolution in writing signed by the majority of Shareholders of the Company entitled to attend and vote at a Shareholders Meeting shall be as valid and effective as if it had been passed at a Shareholders Meeting properly held on the date on which the last signature is affixed.
- 15.2 Such resolution may consist of several documents in the same form, each of which is signed in terms of this article, by sufficient Shareholders to constitute a quorum and shall be deemed (unless a

statement to the contrary is made on that resolution) to have been passed on the closing date stated in the notice which shall be no less than 20 business days after the posting date.

16 PROXIES

- 16.1 The instrument appointing a proxy shall be in writing and signed by the appointer or by his agent duly authorised in writing or, if the appointer is a body corporate, signed by an officer or agent authorised by the body corporate.
- 16.2 The holder of a general or special power of attorney, whether he is himself a Shareholder or not, given by a Shareholder, shall be entitled to attend meetings and to vote, if duly authorised under the power to attend and take part in the meetings.
- 16.3 The instrument appointing a proxy to vote at a meeting of the Company shall be deemed also to confer authority to demand or join in demanding a poll, and for the purposes of Section 63(7) of the Act, a demand by a proxy shall be the same as a demand by a Shareholder.
- 16.4 The instrument appointing a proxy and the power of attorney or the other authority, if any, under which it is signed, or a duly certified copy of such power or authority, shall be deposited at the Office not less than 48 (forty-eight) hours before the time for holding the meeting at which the person named in the instrument proposes to vote and in default of complying herewith, the instrument of proxy shall not be treated as valid.
- 16.5 No instrument appointing a proxy shall be valid after the expiration of 12 (twelve) months from the date when it was signed, unless so specifically stated in the proxy itself and no proxy shall be used at an adjourned meeting which could not have been used at the original meeting.
- 16.6 The instrument appointing a proxy shall, subject to the provisions of Section 58(8) of the Act, be in the following form or as near thereto as circumstances permit:

PROXY FORM
MANZI MONATE COUNTRY CLUB SHARE BLOCK (PTY) LTD
 (A private company with shareholders)
 Registration Number: 1990/003001/07
 ("The Company")

I holding Shares representing Votes Of.....Being a Shareholder of the Company, hereby appoint..... of..... or failing himofor failing him the Chair of the meeting as my/our proxy to attend and speak and vote on a poll for me/us and on my/our behalf at the annual shareholders meeting or general shareholders meeting (as the case may be) of the Company to be held on the day of 20..... and at any adjournment thereof, as follows:

Resolution	In favour of	Against	Abstain

This Proxy shall be binding upon me until such time as I personally withdraw it and it is limited to the voting on the Special and Ordinary Resolutions referred to herein. Unless otherwise instructed, the proxy will vote as he thinks fit.

SIGNED this..... day of..... 20.....

.....
Signature

Please note:

Meeting participants (including proxies) are required to provide reasonably satisfactory identification before being entitled to attend or participate in a Shareholders' meeting. Forms of identification include valid identity documents, driver's licenses and passports. Any alteration or correction made to this form of proxy (excluding the deletion of alternatives, and excluding the deletion of singular / plural alternatives) must be initialled by the signatory/ies.

Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity (e.g. on behalf of a Company, Close Corporation or Trust) must be attached to this form.

The completion and lodging of this form of proxy will not preclude the relevant Shareholder from attending the meeting and speaking and voting in person thereat, to the exclusion of any proxy appointed in terms thereof, should such Shareholder wish to do so.

Any Shareholder entitled to attend and vote is entitled to appoint a proxy to attend, vote or speak in his / her stead and such proxy need not also be a Shareholder of the Company.

This proxy form should be forwarded to reach the registered office of the Company, at least 48 hours before the meeting is scheduled to commence

Unless revoked, the appointment of a Proxy in terms of this Proxy form remains valid until the meeting is dissolved.

Companies and corporate entities who are registered Shareholders of the Company as at the record date of the meeting may, instead of the completion of this Proxy form, lodge a letter of representation or power of attorney naming and appointing a representative to represent them and exercise all their rights at the meeting. The representative does not need to be a Shareholder of the Company. The notice will not be effective at the meeting unless it is accompanied by the resolution/s or other authorities in terms of which the representative is appointed.

E Mail and Facsimile copies of this proxy form must be duly verified before commencement of the meeting to be eligible for acceptance.

If the requirements contained herein are not fulfilled the proxy form and or the nomination of the Proxy will be null and void.

17 RECORDS OF SHAREHOLDERS MEETINGS

- 17.1 The Directors shall cause minutes to be made of the proceedings at every Shareholders Meeting, including all resolutions passed at such meetings and shall cause such minutes and all resolutions passed to be inserted in a book provided for that purpose, or to be kept in electronic form
- 17.2 Any copy of any record or resolution referred to in Article 15.1, which purports to be signed by any Director or the Chair, shall be *prima facie* evidence of the matters stated therein.

DIRECTORS

18 NUMBER OF DIRECTORS:

- 18.1 The number of Directors, unless otherwise determined by the Company in Shareholders Meeting Shareholders Meetings, shall be not less than 3 (three) and not more than 5 (five)
- 18.2 The Company may from time to time at a meeting of Shareholders resolve to determine the number of directors within the parameters outlined in article 18.1.
- 18.3 Should the Company wish to amend the provisions of article 18.1. it can only be done subject to the provisions of Section 66 (2) (a).
- 18.4 The Shareholders of the Company other than the Share Block Developer shall, if they:
- 18.4.1 do not exceed ten (10) in number, have the right to appoint at least one of the Directors of the Company; and
- 18.4.2 Exceed ten (10) in number, have the right to appoint at least two (2) of the Directors of the Company.
- 18.5 The Company shall not fail to take steps to ensure the appointment of the Director or Directors referred to in article 18.4, and, notwithstanding anything to the contrary contained in any law, a Share Block Developer shall not be entitled to vote on a proposed resolution to appoint or remove, under the provision of Article 18.4, any Directors so appointed.

19 ROTATION OF DIRECTORS

- 19.1 At each annual Shareholders Meeting one half of the number of the elected Directors shall retire or if their number is not divisible by two, one of the two groups each as equal in number as possible into which the Directors have been divided for this purpose.
- 19.2 The Directors to retire in each Year in terms of article 19.1 are those who have been the longest in office since their last election, but as between persons who were elected as Directors on the same day the ones to retire shall be determined by lot, unless they otherwise agree.
- 19.3 A retiring director is eligible for nomination and re-election.

20 NOMINATION AND ELECTION OF DIRECTORS

- 20.1 All nominations of Directors shall be made by Shareholders only in the manner and on the form prescribed from time to time by the Directors;
- 20.2 The nomination form must be lodged with the Company at least 48 hours before the commencement of the annual Shareholder's meeting at which the nomination is to be considered.
- 20.3 In the event of any person howsoever being entitled to appoint the majority of the Directors of the Company, that person or his representative shall in fact guarantee compliance with any obligation of the Company specified in the MoI and confirmed by the Commissioner in the prescribed manner.

- 20.4 The appointment of 2 (two) or more persons as Directors of the Company by a single resolution shall not be moved unless a resolution that it shall be so moved has first been agreed to by the meeting without any vote against it.

21 ELECTION OF THE CHAIR

- 21.1 At the commencement of the first meeting of the Board of Directors and thereafter immediately after each annual Shareholders Meeting, the Shareholders of the Board of Directors shall elect a Chair from among their number who shall hold office as such until the next annual Shareholder's Meeting.
- 21.2 The Chair shall not have a casting vote.
- 21.3 In the event that no such Chair is elected, or if at any meeting the Chair is not present within fifteen (15) minutes after the time appointed for holding the same, the Directors may elect one of the other Directors to be Chair of the meeting.

22 FILLING OF CASUAL VACANCIES ON THE BOARD OF DIRECTORS

- 22.1 The Directors may by unanimous resolution at any time subject to the restrictions of Article 18.4 appoint any other person as an additional director or to fill a casual vacancy, but so long as the total number of Directors shall not at any time exceed the number determined by resolution at an annual shareholder's meeting.
- 22.2 The continuing Directors may act notwithstanding any vacancy in their number, but, if and for so long as their number is reduced below the minimum number fixed by or pursuant to this MoI as the necessary quorum of Directors, the continuing Directors may act for the purpose of increasing the number of Directors to that number, or of convening a Shareholders Meeting of the Company, but for no other purpose.
- 22.3 Provided that the Board of Directors shall comprise not less than three (3) directors, any casual vacancy occurring on the Board of Directors may subject to the provision of article 18.4 and 68(3) of the Act be filled by the Directors, but the Director so appointed will serve on a temporary basis only until the vacancy has been filled by election at a shareholders' meeting.

23 ALTERNATE DIRECTORS

- 23.1 Each Director shall have the power to nominate any person possessing the necessary qualifications of a Director, provided that the appointment of an alternate Director shall be approved by the Board, and on such appointment being made, the alternate Director shall in all respects, be subject to the terms, qualifications and conditions existing with reference to the other Directors of the Company.
- 23.2 The alternate Directors whilst acting in the stead of the Directors, who appointed them, shall exercise and discharge all the powers, duties and functions of the Directors they represent.
- 23.3 The appointment of an alternate Director shall be revoked, and the alternate Director shall cease to hold office, whenever the Director who appointed him ceases to be a Director or gives notice to the secretary of the Company that the alternate Director representing him has ceased to do so.

24 DISQUALIFICATION OF DIRECTORS AND ALTERNATE DIRECTORS

- 24.1 In addition to Section 69 of the Act any director or alternate director shall cease to be a director of the Company on the happening of any of the following events:
- 24.1.1 his estate is finally sequestrated;
- 24.1.2 he files a petition for the surrender of his estate as insolvent;

- 24.1.3 he is placed under curatorship by any court of competent jurisdiction;
 - 24.1.4 he delivers a notice of his resignation at the office with effect from:
 - 24.1.4.1 the date on which that notice is delivered; or
 - 24.1.4.2 any later date stated in that notice to which the Directors agree;
 - 24.1.5 he is absent from two consecutive meetings of Directors of which he had received notice at least 14 (fourteen) days beforehand, provided that absence abroad or due to illness or condonation of absence due to special circumstances in terms of a Directors resolution shall suspend the operation of this provision; or
 - 24.1.6 if, he is directly or indirectly interested in any contract of proposed contract with the Company and fails to declare his interest and the nature thereof in the manner required by the Act;
 - 24.1.7 if, the Director is removed by an ordinary resolution in a Shareholders Meeting of Shareholders in accordance with Section 71 of the Act;
- 24.2 Neither a Director nor an Alternate Director shall be disqualified from acting as such if he is not a Shareholder of the Company.

25 DUTIES OF DIRECTORS

- 25.1 Without in any way derogating from the generality of the duties of the Directors, the Directors shall in particular be obliged to:
- 25.1.1 determine the annual levy budget;
 - 25.1.2 from time to time open and/or hold a banking or similar account with accredited financial institution in the name of the Company and to deposit in such account all moneys which are due to the Company in the first instance;
 - 25.1.3 administer the funds of the Company and income accruing to the Company in order to achieve the main object of the Company;
 - 25.1.4 keep proper and comprehensive account books of account and records;
 - 25.1.5 retain any financial records or other documents in respect of the Company for such period(s) as determined by the Act ;
 - 25.1.6 utilise the funds of the Company solely for the main object of the Company or to invest funds available for investment only in accordance with the provisions of section 10(1)(e) of the Income Tax Act, as amended from time to time;
 - 25.1.7 Remain informed and updated with regards to the current minutes, policies and codes of business of the Company, and to keep themselves updated by attending the required meetings.
 - 25.1.8 The Directors shall procure that there is at least, 1 (one) meeting per quarter, and that these meetings be minuted.

26 POWERS OF DIRECTORS

- 26.1 The Board of Directors shall manage the Company and shall carry out the objects of the Company in such manner as it may deem fit and proper subject, however, to:
- 26.1.1 the general policy of the Company; and
 - 26.1.2 any special instructions as may be laid down or given by the Shareholders in Shareholders Meeting from time to time; and
 - 26.1.3 the provisions of section 10(1)(e), the Income Tax Act, 58 of 1962, as amended from time to time.

- 26.2 The Board of Directors may exercise all such powers as are not prohibited or limited by the Act or any amendment thereof, and subject to such regulations not inconsistent with this MoI or provisions as may be prescribed by the Company in Shareholders Meeting; but no regulation made by the Company in Shareholders Meeting shall invalidate any prior act of the Directors which would have been valid if such regulation had not been made.
- 26.3 The Board of Directors may delegate any of its powers to committees consisting of such persons as they think fit. Any committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may be imposed on them by the Board.
- 26.4 The Directors may from time to time appoint one or more of their body to the office of managing director or manager for such period and at such remuneration as they may think fit; but his appointment shall cease *ipso facto* if he shall cease from any cause to be a director.
- 26.5 The Directors may from time to time entrust to or confer upon a managing director or manager such of the power and authorities vested in them, as they may think fit, and may confer such powers and authorities for such time and to be exercised for such objects and purposes and upon such terms and conditions and with such restrictions as they may think expedient. The Directors may confer such powers and authorities of the Directors and may from time to time revoke or vary all or any such powers and authorities.
- 26.6 The Board of Directors and the Company, must not provide a loan to secure a debt or obligation of, or otherwise provide direct or indirect financial assistance to, a director of the Company or a related or inter-related Company, or a person related to any such director, other than that subject to Section 45 of the Act.

27 PROCEEDINGS OF DIRECTORS

- 27.1 Any Director is at all times entitled to convene a meeting of the Directors by giving ten (10) days' written notice to all Directors, or such shorter notice as may be agreed to by all the Directors.
- 27.2 The quorum necessary for the transaction of any business of the Directors shall be the majority of Directors.
- 27.3 The Directors may participate in a meeting of the Directors by means of conference telephone or similar equipment by means of which all persons participating in the meeting can hear each other at the same time and any such participation in a meeting shall constitute presence in person at the meeting.
- 27.4 All resolutions and actions of the Directors shall be by way of a majority of votes. In the event of an equality of votes, the Chair shall not have a second or casting vote and the resolution shall be deemed to have failed.
- 27.5 Subject to the provisions of Section 75(5) of the Act, a Director may not vote in respect of any contract or proposed contract with the Company in which he is interested, or any matter arising there from.
- 27.6 Subject to the provisions of Section 74 the Act, a resolution in Writing Signed by such Directors in number that is not less than is sufficient to form a quorum, shall be as valid and effective as if it had been passed at a meeting of the Directors duly called and constituted.
- 27.7 Any such resolution may consist of several documents in a like form, each Signed by one or more of the signatories to the resolution.
- 27.8 A resolution of Directors passed in terms of this Article shall be placed in a minute book of the Company and shall be noted at the next succeeding meeting of Directors and shall also be signed by the Chair of that meeting, whereupon the provisions of section 73(8) of the Act shall be deemed to apply to the resolution.

- 27.9 All acts done by any meeting of the Directors or a committee or Directors or by any person acting as a director shall, notwithstanding that it be afterwards discovered that there was some defect in the appointment of any such Directors or person acting as aforesaid or that they are or any of them were disqualified, be as valid as if every such person had been duly appointed and were qualified to be a director.
- 27.10 If within half an hour after the time appointed for a meeting, a quorum of Directors is not present, then the meeting shall stand adjourned to the next business day, and if at such adjourned meeting a quorum is not present within half an hour after the time appointed for the meeting, the Directors present shall be deemed to form a quorum

28 RECORDS OF DIRECTORS' MEETINGS

- 28.1 The Directors shall cause minutes to be made of all appointments of officers made by the Directors, the names of the Directors present at each Shareholders Meeting of the Directors and all resolutions passed by the Directors at all meetings of the Directors.
- 28.2 Minutes of any resolution and proceedings mentioned in Article 27.8 appearing in one of the minute books of the Company shall be proof of the facts therein stated if signed by-
- 28.2.1 the Chair of the meeting to which it relates; or
- 28.2.2 any person present at the meeting and appointed by the Directors to sign in the Chair's place; or
- 28.2.3 the Chair of a subsequent meeting of the Directors;
- 28.3 Any extracts from or copy of those minutes purporting to be signed by the Chair of that meeting or any Director shall be *prima facie* proof of the facts therein stated.

29 REMUNERATION OF DIRECTORS

- 29.1 The remuneration of the Directors from time to time shall be determined by the Company in a Shareholders meeting in accordance with a special resolution approved by the shareholders within the previous two years, and unless such Resolution otherwise provides, shall be divisible among the Directors as they may agree or, failing agreement, equally; provided that a Director who holds office for part only of the period in respect of which such remuneration is payable shall be entitled to rank in such division only for the proportion of the remuneration as relates to the period during which he held office.
- 29.2 Any Director who holds any executive office or who serves on any committee or otherwise performs services which the Directors consider are outside the scope of the ordinary duties of a Director may be paid such extra remuneration by way of fees, salary, commission or otherwise in accordance with a special resolution approved by the shareholders within the previous two years.
- 29.3 The Directors shall be reimbursed for all travelling, accommodation and other expenses of whatsoever nature properly incurred by them in or about the performance of their duties as Directors including, but not limited to, the reasonable cost of attending and travelling from their normal place of residence to and from meetings of Directors or any committee of the Directors or any Shareholders meetings.

30 SHAREHOLDER LEVIES

- 30.1 It is recorded that substantially the whole of the Company's funding shall be derived from Shareholder levies contribution in accordance with the provisions of section 13 of the Share Blocks

Control Act, the levies being exempt from taxation in terms of Section 10(1) (e) of the Income Tax Act.

- 30.2 The Directors shall establish and maintain a levy fund sufficient in their opinion to provide for:
 - 30.2.1 the administration of the Company and its affairs and the repair, upkeep, control and management of the immovable Property in respect of which the Company operates the share block scheme;
 - 30.2.2 the payment of rates and taxes and other local authority charges on the said immovable Property, and charges for the supply of electric current, gas, water, fuel and sanitary and any other services to the said immovable Property;
 - 30.2.3 services required by the Company;
 - 30.2.4 the covering of any losses suffered by the Company;
 - 30.2.5 the payment of any insurance premiums;
 - 30.2.6 payment of all expenses incurred or to be incurred to effect the opening under section 12 of the Sectional Titles Act of a sectional title register in relation to the said immovable Property; and
 - 30.2.7 the discharge of any other obligation of the Company.
- 30.3 The Directors must ensure that -
 - 30.3.1 all contributions to the levy fund forthwith be paid into a separate account kept for this purpose with a bank or be entrusted to an attorney answering to the definition of "practitioner" in the Attorneys Act 1979 or to an estate agent answering to the definition of "estate agent" in the Estate Agents Act 1976, and such contributions must be utilised to defray the costs in respect of the matters referred to in section 13 of the Share Blocks Control Act and Article 30.2 hereof;
 - 30.3.2 such accounting records are kept as are necessary fairly to reflect and explain the state of affairs in respect of the moneys received and expended by or on behalf of the Company in respect of the share block scheme operated by the Company.
- 30.4 The Directors may include in such levy an amount to be kept in reserve to defray any expected future expense not being of an annual nature, such as the expenses to be incurred in redecorating and renewing the Company's Property and the replacement of any movable assets or part thereof.
- 30.5 The Directors may set aside out of the surplus of the Company such sums as they think proper as a reserve.
- 30.6 Any reserve shall, in the discretion of the Directors, be applied for meeting contingencies for which levies would otherwise be raised on the Shareholders or for any other purpose whatsoever for which a levy might be raised on the Shareholders or for any other purpose whatsoever for which a levy might be raised on the Shareholders and pending such application, and may at the discretion of the Directors, be invested in a banking institution for the benefit of the Company, as the Directors may from time to time determine.
- 30.7 Each such levy shall be payable in advance by the 31 December of each year. Notwithstanding the before mentioned should the Shareholder be the share blocks developer the levies in terms of such share blocks shall be payable annually in arrears.
- 30.8 The Directors may from time to time make special levies upon the Shareholders of the Company in respect of any costs, expenses and requirements mentioned in article 32.2 and such levies may be made payable in one sum or in such instalments and at such time/s as the Directors may see fit.
- 30.9 The Directors shall be entitled to charge interest on all amounts due by Shareholders of the Company.

- 30.10 The interest rate shall be determined by the Directors from time to time, subject in as far as relevant, to the provisions of the National Credit Act 34 of 2005, and or the Prescribed Rate of Interest Act 55 of 1975, or any statutory re-enactment thereof.
- 30.11 The interest so raised is as if the amount due was a principle debt in a money lending transaction.
- 30.12 Such interest shall be calculated monthly in arrears from the date that such amount became due.
- 30.13 The Directors of the Company are expressly authorised to impose fines against defaulting Shareholders provided that fines must be reasonable, and without affecting the generality of the foregoing, fines shall be likened to a penalty claimed by an injured party arising out of breach of contract in terms of the conventional Penalties Act No.15 of 1962.
- 30.14 The Directors shall not be entitled to suspend a defaulting Shareholder's right to vote.

31 MANAGEMENT RULES

- 31.1 The Directors and/or the Managing Agent, if any, may make such rules and procedures as they in their discretion may decide subject to Section 15 (3) – (5) of the Act.
- 31.2 The Management Rules and procedures shall be binding on a Shareholder or any other occupier of any Improvements. It shall be the duty of the Shareholder to ensure compliance with the Management Rules and procedures by any tenant, occupier, invitee or guest.

32 LOAN OBLIGATION

- 32.1 The Company shall not increase its loan obligations or encumber any of its assets unless the increase or encumbrance has been approved by a resolution of at least seventy-five percent (75%) in number of the Shareholders, excluding the Share Block Developer, having the right to vote at the relevant meeting and holding in the aggregate at least seventy-five percent (75%) of the total number of votes of all the Shareholders, excluding the number of votes held by the Share Block Developer.
- 32.2 The provisions of the Act relating to notice and registration of a special resolution shall *mutatis mutandis* apply in respect of the resolution referred to in article 32.1 above.
- 32.3 The provisions of article 32.1 shall not apply:
- 32.3.1 in respect of an encumbrance which secures an existing liability comprised in the Company's loan obligation;
 - 32.3.2 where at the time the Shares of the Company were offered for sale, it was disclosed to all Shareholders of the Company and to the Person to whom the Shares were offered that the Company contemplated increasing its loan obligations or encumbering its assets on stated terms and conditions and the Company has acted in accordance with such disclosure.
- 32.4 The loan obligation of the Company shall be allocated to all Shareholders of the Company, in accordance with the provisions of the MoI or any agreement or arrangement in Writing relating to the loan obligation between the Company and the Shareholders or, in the absence of such provisions, in the proportion of each Shareholder's Share to the total number of issued shares of the Company.
- 32.5 Every Shareholder of the Company shall be liable to the Company in respect of its loan obligation for an amount equal to that portion of the loan obligation for which he is liable on such of the grounds referred to in article as may apply to him.
- 32.6 No monies paid to the Company in reduction or in settlement of the amount for which a Shareholder is liable in respect of the Company's loan obligation shall be applied otherwise than in accordance with the relevant provisions of the MoI of the Company or any agreement or arrangement in Writing

relating to the repayment of that amount between the Company and its Shareholders or, failing such provision, in accordance with a resolution as contemplated in article 32.1.

- 32.7 The provisions of the Act relating to notice a special resolution shall *mutatis mutandis* be observed in respect of a resolution referred to in article 32.1 as if such resolution were a special resolution.
- 32.8 All moneys paid to the Company by a Shareholder in respect of its loan obligation shall be dealt with strictly in accordance with the provisions of section 15 of the Share Blocks Control Act.
- 32.9 All moneys owing to the holder of the Shares in respect of his loan portion shall:
- 32.9.1 constitute a loan to the Company;
 - 32.9.2 not be repayable to the Shareholder by the Company unless the Company, at its option, elects to do so;
 - 32.9.3 be repayable to the Shareholder in the event of the Company being wound up;
 - 32.9.4 be free of interest.

33 INSURANCE OF IMMOVABLE PROPERTY AND IMPROVEMENTS

- 33.1 The Directors of the Company shall ensure that the immovable Property owned or leased by the Company, together with all Improvements and assets of the Company, be insured at its replacement value from time to time.
- 33.2 The said replacement value shall be reviewed and determined annually at the Company's Annual Shareholders' Meeting.

34 ALLOCATION OF LOAN OBLIGATION

- 34.1 In this article:
- 34.1.1 "Sellers Loan Obligation" means the loan obligation of the Company owing or to be owing to the Share Block Developer;
 - 34.1.2 "Completion" means upon the issue of a certificate in respect of Improvements in terms of or in like fashion as contemplated by section 7(1) of the Time-Sharing Act; and
 - 34.1.3 "Improvements" means the completion of the Chalets which have not been erected
- 34.2 The Sellers loan obligation will upon the creation thereof be allocated on completion of the Improvements, proportionately to the Share Blocks to which such improvements relate.
- 34.3 Whereas it is contemplated that at the discretion of the Share Block developer the uncompleted accommodation may be completed on the land and that such Improvements may be financed only by the sellers loan obligation or any third party loan obligation.
- 34.4 The Share Block Developer shall be entitled, in its discretion to allocate share blocks as set out in Annexure "B" to the accommodation, in order to confer upon the holder of such share blocks respectively a Time-Sharing Interest in respect of such accommodation. The Shareholders agree to the Share Block Developer so acting, hereby irrevocably appointing the Share Block Developer as their agent to attend any Shareholders meeting of the Company, or at any adjournment thereof and to vote for a motion by special resolution in terms of which such allocation is confirmed and Annexure "B" is accordingly amended.
- 34.5 Any loan made or assumed by any Shareholder to the Company pursuant to the preceding articles shall be deemed to be ceded to the Company as security for any outstanding obligation by the Shareholder to the Company from time to time, provided that the Company shall not be entitled, in realising such loan for the purpose of enforcing its security, to dispose of such loan, unless disposition is made simultaneously with the disposition of the relevant share block and the relevant Time-Sharing Interest owned by the said Shareholder.

34.6 Subject to the cession in favour of the Company in article 34.5, any such loan may be ceded by the Shareholder to a third party, provided that such cession:

34.6.1 is made to the Person to whom the said Shareholder has disposed of his share block and Time-Sharing Interest; and

34.6.2 Is consented to by the Directors of the Company in terms of this MoI.

35 BORROWING POWERS

35.1 Subject to the restrictions contained in the Share Blocks Control Act and the provisions of any agreement existing from time to time between the Company and any Shareholder or Shareholders the Directors may:

35.1.1 in their discretion from time to time raise or borrow any sum or sums of money for the purposes of the Company without limitation;

35.1.2 raise or secure the repayment of such sum or sums in such manner and upon such terms and conditions in all respects as they think fit and in particular by the issue of bond, perpetual or redeemable, secured or unsecured debentures, or any mortgage, charge or other security on the undertaking of the whole or in part of the Property of the Company, both present and future;

35.1.3 subject to the provisions of this MoI, from time to time, in their discretion, raise or borrow from the Shareholders or other Persons any sum or sums of money for the purposes of the Company, provided that the amounts in the aggregate so raised or borrowed from time to time shall not exceed such amount as may be determined by the Company in a Shareholders Meeting from time to time;

35.1.4 raise or secure the repayment of such monies in such manner and upon such terms and conditions in all respects as they think fit.

36 PROHIBITION ON DISTRIBUTION OF INCOME AND PROPERTY

36.1 Except in the event of the winding up of the Company as provided for in Article 41 below, no portion of the income and property shall be paid or transferred directly or indirectly, by way of dividend, bonus or otherwise to the Shareholders of the Company or to its controlling or controlled company in terms of section 8(1)(b) of the Share Blocks Act, provided that nothing herein contained shall prevent the payment in good faith or reasonable remuneration to any officer or servant of the Company, or to any Shareholder thereof, as remuneration for any services actually rendered to the Company.

37 ACCOUNTING RECORDS, FINANCIAL STATEMENTS AND AUDIT

37.1 The Directors shall cause such accounting records as are prescribed by the provisions of sections 13 and 15 of the Share Blocks Control Act to be kept, including such accounting records as are referred to in article 37.3 hereunder and also such other accounting records as are necessary fairly to present the state of affairs and business of the Company and to explain the transactions and financial position of the trade or business of the Company.

37.2 The Directors shall ensure that such accounting records as are necessary in terms of the Statutes fairly to reflect and explain the state of affairs in respect of the moneys received and expended by or on behalf of the Company in respect of the levy fund, referred to in article 30 are kept.

37.3 The Directors shall keep separate books, accounting records and financial statements such as are necessary to fairly reflect and explain the state of affairs in respect of all moneys paid to the

Company by Shareholders in reduction of the Company's loan obligation as referred to in Section 14 of the Share Blocks Control Act and the Directors shall ensure that the Company's books and accounting records relating to these moneys are balanced at least every six Months and that these books, accounting records and financial statements are audited by the Company's auditors at least once annually.

37.4 The accounting records shall be kept at the registered Office of the Company or at such other place or places as the Directors think fit, and shall always be open to inspection by the Directors and to other parties in accordance with the provisions of the Act and the Promotion of Access to Information Act No. 2 of 2000.

38 NOTICES

38.1 A notice may be given by the Company to any Shareholder either personally, or by sending it by Electronic Communication or by prepaid post addressed to such Shareholder at his registered address or (if he has no registered address in the Republic) at the address (if any) within the Republic supplied by him to the Company for the giving of notices to him.

38.2 Where any consent or approval is required for any act by a party, including the Company and Directors, such consent shall:

38.2.1 be in writing and signed by the party or his authorised agent whose consent or approval is required; and

38.2.2 be given prior to the party taking such action; and

38.2.3 Not be unreasonably withheld.

38.3 Notice of every Shareholders meeting shall be given in any manner authorised:

38.3.1 To every Shareholder of the Company, except those Shareholders who have not supplied to the Company an address within the Republic for the giving of notices to them. The Company may send the notice by facsimile or by Electronic Communication;

38.3.2 To the auditor for the time being of the Company.

38.4 No other Person shall be entitled to receive notice of Shareholders Meetings.

38.5 Any notice shall be deemed to have been received:

38.5.1 In the case of prepaid mail, 7 days after the letter was mailed;

38.5.2 In the case of a fax or electronic communication, on the 1st business day after the day it was sent.

38.5.3 It shall be sufficient proof that the letter containing the notice was properly addressed and posted.

39 INDEMNITY

39.1 Subject to the provisions of section 77 of the Act, the Shareholders of the Board and officers of the Company shall be indemnified by the Company against all proceedings, costs and expenses incurred by reason of any claim made against them in connection with their conduct of the affairs of the Company, not arising from their negligence, dishonesty or fraud.

40 LIMITATION OF LIABILITY OF DIRECTORS

40.1 Each director, alternate director, manager, prescribed Officer and other officer of the Company, and Person employed by the Company as its auditor, shall be indemnified by the Company against any liability incurred by him from time to time in that capacity, including suretyship entered into on behalf of the company. The said indemnity shall also apply in respect of liabilities incurred in

defending any proceedings (whether civil or criminal) in which judgement is given in his favour or in which he is acquitted or in respect of any of those proceedings which are abandoned or in connection with any application made under section 78 of the Act in which relief is granted to him by a court of competent jurisdiction.

41 WINDING-UP

- 41.1 If the Company be wound up, the assets remaining after payment of the debts and liabilities of the Company and the costs of the liquidation shall be applied as follows:
- 41.1.1 To repay the Shareholders the amounts paid up on the shares respectively held by each of them; and
 - 41.1.2 To repay to the Shareholders all amounts paid in respect of the Company's loan obligation, providing that such refund shall be reduced by the amount that any such Shareholder is in arrear with any debt due to the Company as at the date of winding up of the Company.
 - 41.1.3 The balance remaining after the payments referred to in sub-articles 41.1.1 shall be paid to the Shareholders in proportion to the number of Shares held by each Shareholder to the total issued share capital.
- 41.2 In a winding-up, any part of the assets of the Company, including any shares or securities of other companies may, with the sanction of a special resolution of the Company, be paid to Shareholders of the Company in specie, or may with the same sanction, be vested in Trust for the benefit of such Shareholders, and the Company dissolved.

42 ARBITRATION

- 42.1 In the event of any dispute or difference arising between the Company and/or Directors and/or the Shareholders (hereinafter referred to as "the parties") as to the interpretation of the Use Agreement and/or any other agreement between the parties and/or the Statutes and/or the rights and/or obligations of the parties arising from the Mol, such dispute or difference shall be referred to an arbitrator who shall settle the dispute in terms of and subject to the principles and conditions of the Arbitration Act No 42 of 1965, as amended.
- 42.2 The arbitrator shall be appointed by agreement between the parties, provided that in the event of the parties failing to agree on the appointment of an arbitrator within 14 (fourteen) days after receipt of the notice to do so, the party requesting arbitration proceedings may request the Chair, for the time being, of the Society of Advocates of the High Court of South Africa of the High Court Division in which the Buildings are situate, to appoint an arbitrator, and, if the dispute arises from the determination of the amount of the value of the surrendered use of the timeshare module at the time of winding up, the Chair, for the time being, of the Professional Valuers Association of South Africa.
- 42.3 The decision of the arbitrator shall be final and binding and may be made an order by any court to whose jurisdiction the parties to the dispute are subject.