

USE AGREEMENT

CLIJOHN SHARE BLOCK NUMBER TWO LIMITED

The company and the member hereby contract on the terms and conditions set out herein.

SCHEDULE OF DEFINITIONS

1. Unless inconsistent with or otherwise indicated by the context, the following words and expressions shall bear the meanings assigned to them hereunder.

1.1	"The company"	CLIJOHN SHARE BLOCK NUMBER TWO LIMITED.
1.2	"The member" its successors and assigns.
1.3	"The share block"	Share Block No..... in the share capital of the company and to which the use of the section is linked pursuant to the articles of association of the company.
1.4	"The developer"	CLIJOHN SHARE BLOCK NUMBER TWO LIMITED.
1.5	"The buildings"	the buildings known as Garden Route Chalets which are on the property.
1.6	"The section"	the section (bearing the number allocated to the Share Block in Annexure B1) as reflected in the plans. The term "section" shall, unless the context otherwise requires, include the exclusive use areas.
1.7	"The movables"	means the furniture, fixtures, furnishings, bed linen, cutlery, crockery, kitchen utensils, pots, pans, refrigerators and stoves and other movable items in the section from time to time.
1.8	"The plans"	the plans filed in the Protocol of Notary Public JOHN FRANCIS WILLIAMS under Protocol Number
1.9	"The exclusive use areas"	the gardens, pools and driveways, terraces, stoeps and balconies allocated to the sections on the plans.
1.10	"The levy quota"	the fraction used as the basis for determining the member's share of the costs and expenses contemplated in Section 13(1) of the Act and which is reflected in Annexure B1.
1.11	"The effective date"
1.12	"The Act"	The Share Blocks Control Act, 1980.
1.13	"The Sectional Titles Act"	The Sectional Titles Act, 1971.
1.14	"The Rules"	the Rules (including any House Rules and Regulations made thereunder) contained in Schedule 1 and Schedule 2 of Annexure "B2" hereto or any amendment thereof from time to time in force.
1.15	"The directors"	the directors of the company.
1.16	"Levy fund"	the fund established by the company in terms of Section 13 of the Act.
1.17	"The scheme"	the share block scheme operated by the company in respect of the buildings.

- 1.18 "time unit" the fixed week and the flexi-week.
- 1.19 "the fixed week" one period (during the fixed or festive season) of 7 nights at 14h00 on day 0 and terminating at 10h00 on day 7 determined in accordance with the schedule annexed hereto marked "A2" as amended.
- 1.20 "flexi-week" one period (during the flexible season) of 7 nights commencing at 14h00 on day 0 and terminating at 10h00 on day 7 and will be in accordance with the provisions of 2.2;
- 1.21 "festive season" the following periods during each calendar year - 15 December to 5 January;
- 1.22 "fixed season" the following periods during each calendar year - 3 November to 27 April;
- 1.23 "flexible season" all periods of the year outside high season;
- 1.24 "The property"

Sedgefield in the Municipality of Sedgefield Division of Knysna, Cape Province;

- 1.26 Any reference to the member shall when used in the context of the occupation and use of the section and the common property, include the member, any persons to whom the member has temporarily or permanently transferred his right of occupation in terms thereof and the members of their respective families, their invitees, guests, servants, employees, tenants and agents.
- 1.27 Words signifying the singular shall include the plural and vice versa and words importing one gender shall include the others.
- 1.28 Save as provided herein, or unless the context otherwise requires, words and phrases defined or used in the Act or the Sectional Titles Act shall have the same meanings in this agreement.
- 1.29 The clause headings in this agreement have been inserted for reference purposes only, and shall not be taken into account in interpreting it.

2. OCCUPATION

- 2.1 With effect from the effective date the member shall enjoy the right for as long as he continues to hold the share block and complies with the provisions of this agreement
 - 2.1.1 during the fixed week to the exclusive use and enjoyment of the section, the exclusive use areas and the immovable property; and
 - 2.1.2 during the flexi-week to the exclusive use and enjoyment of the section, the exclusive use areas and the immovable property; and
 - 2.1.3 during the time unit to the use and enjoyment of those parts of the common property not subject to rights of exclusive use by other members in terms of the scheme.
- 2.2 The flexi-week in which the member shall be entitled to exercise his rights in terms of 2.1.2 shall be determined on the following basis:-
 - 2.2.1 the bookings for the sections shall open one year in advance and flexi-weeks shall be allocated on a first come first serve basis, provided that the flexi-week is in the same calendar year as the fixed week; and
 - 2.2.2 the section may only be booked during the season referred to in clause 1.23

3. CONDITIONS OF OCCUPATION:

- 3.1 From the occupation date the member -
 - 3.1.1 shall at all times as long as this agreement shall remain in force, comply with the provisions of Section 32 (excluding Section 32(f)) of the Sectional Titles Act and with the Rules as if he were the owner of the unit in terms of that Act and procure compliance with the rules by a member of the family of the member, invitees, guests, servants, employees, tenants and agents. Provided that such of the provisions of the Sectional Titles Act and the rules as cannot, under the circumstances, be applicable or are impliedly substituted by the provisions of this agreement shall not be binding on the member;

3.1.2 shall waive all claims against the company for any loss or damage to property or any injury to person which the member may sustain in or about the section, the buildings or the common property and indemnify the company against any such claim that may be made against the company by any member of the member's family or member's invitees, employees, or agents for any loss or damage to property or injury to person suffered in or about the section or the common property howsoever such loss or damage to property or injury to person may be caused;

3.1.3 shall be liable for and pay to the levy fund a monthly levy of the amount hereinafter determined.

LEVY

3.2.1 The directors of the company shall establish and maintain a levy fund to which end they shall from time to time make levies upon members of the company in such amounts as are in their opinion sufficient for the repair, upkeep, control, management of the property and administration of the company and of those portions of the property for which individual members are not personally liable, for the payment of rates, taxes and any other local authority charges on the property, any charges for the supply of electric, current, gas, water, fuel, sanitary and other services to the property for which the individual members are not personally liable, and services required by the company for the covering of any losses suffered by the company, the payment of any premiums of insurance and for the discharge of any other obligation of the company and the company is authorised to employ and remunerate such persons as may be necessary to fulfil any function of maintenance and or control.

3.2.2 The directors shall estimate the amount which shall be required by the company to meet the aforesaid expenses during each operational year or any portion thereof, together with the estimated deficiency, if any, as may have resulted from the preceding operational year or portion thereof, and shall make a levy upon the members of the company equal as nearly as is reasonably practicable to such estimated amount. The directors may include in such levies an amount to be held in reserve to meet any anticipated future expenditure not of an annual nature, such as the expenses to be incurred for the redecoration or renovation of the company's property and for the replacement of any movables or any part thereof.

3.2.3 Each such levy shall be made payable annually 30 (thirty) days prior to the members first occupation date for that year.

3.2.4 The directors may from time to time make special levies upon the members of the company in respect of all such costs, expenses and requirements as are mentioned in 3.2.1 and such levies may be made payable in one sum or by such instalments and at such time or time as the directors shall think fit.

3.2.5 Notices shall be given in respect of levies payable by members of the company and such notice shall be subject to the provisions relating to notices in the Articles of Association.

3.2.6 Every levy which is made by the directors pursuant to these provisions shall be made upon members of the company in the proportion of weeks owned by the member.

3.2.7 Any amount due by the member by way of a levy or instalment of a levy shall be a debt owed by the member to the company and shall be recoverable by the company. The obligations of a member to pay a levy shall cease upon the lawful termination of the members right of use, save that any arrear levies to the date of such termination shall nevertheless be recoverable from the member. No levies and no part of any levy paid by a member shall be refundable by the company on the termination of a member's right of occupation.

3.2.8 Should the member be in arrear with any levy obligation, he shall not be entitled to occupy the chalet for his period until such time as he has paid all his arrears.

3.3 The company shall at all times be and remain the owner of the movables and the member agrees that the member's right to the use of the movables shall be limited to the time unit/s and that the member shall not be entitled to remove any of the movables from the section. The member shall be obliged to exercise reasonable care to ensure that the movables are maintained in good order and repair. If at the end of the time unit the company, in its sole discretion, determines that any of the movables have been damaged or removed, then the member shall upon request pay the costs of replacement of or repair of any particular item, which amount shall be payable in addition to the levy, fair wear and tear of the movables excepted. The member hereby waives all claims against the company for any loss or damage to property or any injury to person which the member may sustain in or about the section, the buildings or the common property and indemnifies the company against any such claim that may be made against the company by any member of the member's family or the member's invitees, employees, or agents for any loss or damage to property or injury to person suffered in or about the section or the common property howsoever such loss or damage to property or injury to person may be caused.

3.4 The company shall be entitled to deny the member access to the section until such time as he has paid any levy due in terms hereof.

- 3.5 The company shall fully service the section or procure that the section is fully serviced and without detracting from the generality of the foregoing, the company shall, in particular, clean the rooms every day. The company shall also furnish the following i.e. all furniture, fixtures, fittings, furnishings, refrigerators, stoves, crockery, cutlery, glassware, kitchen utensils, pots and pans and bedlinen and shall subject to the provisions of this agreement regarding replacement by a member maintain the abovementioned items in a good, clean and usable condition.

4. OBLIGATIONS OF THE COMPANY

- 4.1 The company and the directors shall, in respect of the buildings, the common property, the section, the member and the scheme:-

4.1.1 Maintain the exterior portion of the property, including the pool, garden and all roofs and gutters, in good repair and from time to time and as and when necessary, renovate and repair the same.

4.1.2 Maintain in good order and repair and in a clean and tenable condition the interior of each chalet and all such other portions of the property which are not reserved for the exclusive use of the member.

4.1.3 Effect such insurances over and in respect of the property against damage in accordance with the relevant resolutions passed by the members of the company from time to time at general meetings of the company and to renew such policies.

4.1.4 Maintain in good order and repair and in a clean and usable condition all the furniture, furnishings, fixtures, fittings, refrigerators, stoves, crockery, cutlery, glassware, pots and pans and kitchen utensils and shall replace such items and maintain them to their original standard during the currency of this agreement.

4.1.5 These obligations shall be financed from the levy fund.

5. LOAN OBLIGATIONS:

The member shall not have any liability of any nature whatsoever in respect of the company's loan obligations.

6. VOETSTOOTS:

Occupation of the section is accepted by the member voetstoots without any warranty or representation of any nature whatsoever.

7. SECURITY

As security for the due and punctual performance of all his obligations in terms hereof, the member hereby pledges the share block and the member's interest in this Use Agreement, to the company. The company shall be entitled at any time at its discretion to call upon the member to deliver the member's copy of the Use Agreement and the shares together with duly signed share transfer forms in respect of the share block to the company in order to perfect the pledge (subject to the preferent rights of any other person).

8. CESSION OF MEMBER'S RIGHTS AND LETTING:

8.1 The member shall only be entitled to cede his interest in this agreement if simultaneously therewith he transfers his shares in the manner provided by and subject to the articles of association of the company and the terms of this agreement, and thereby confers upon such person the exclusive use and enjoyment of the section. If however, a purchaser has purchased the shares on suspensive conditions and has not yet taken transfer of those shares, such purchaser shall be required to obtain the prior written consent of the seller to the resale of those shares and the cession of his rights herein. Before transfer is effected into the name of the transferee, the company shall require satisfactory proof that the member has ceded his interest in this agreement to the transferee, and that the transferee has duly assumed all the transferor's obligations to the company.

8.2 The member may freely let the section for the duration of his time unit or allow another or others to occupy the section during such time unit, provided that such other persons sign and undertaken to be bound by the provisions of this Use Agreement.

9. RIGHTS OF THE COMPANY:

9.1 Should the member fail to maintain the said section in good order and condition, the company shall, after 14 days written notice to the member, be entitled, without prejudice to any other rights it may have, to put the same into good order and condition at the expense of the member, and to recover from the member any expenditure thereby incurred.

9.2 The company's duly authorised agent or workmen shall be permitted to enter the section at any reasonable hour of the day, if authorised by the directors or by the secretary, manager or supervisor acting under powers delegated by the directors, in order to examine the same or to effect repairs thereto, or to any part of the buildings. If the

member shall not be personally present to open the section at any time when for any reason entry shall be necessary or permissible, then the secretary or manager or supervisor or other duly authorised agent of the company shall be entitled to enter the section, without being liable to any claim or cause of action for damages by reason thereof, provided that during such entry such person shall take reasonable care not to cause damage or loss to the member's property.

- 9.3 If the member fails to discharge any of his obligations in terms hereof, the company may, without detracting from any other rights it might have and without notice discharge such obligation on the member's behalf and recover the costs of doing so from the member.

- 9.4 The company may, at any time the body of members present at the relevant meeting consider that the persistent acts or omissions of a member are prejudicial to the enjoyment of other members or to the general harmony of the chalets, compel a member, by resolution, to sell his share block and cede his use agreement for a cash consideration, to any person nominated by the directors of the company. The cash consideration shall be the cash price at which a similar share block and use agreement were last sold escalated at the rate of 10% per annum for every year or part of a year since the date of the sale on which such consideration is based. The grounds for the passing of the special resolution shall not be open to question of any nature whatsoever.

10. TERMINATION:

This agreement shall remain in full force in perpetuity, provided that -

- 10.1 if the member fails to pay any amount owing to the company on due date and thereafter fails for a further period of 14 days after notice by the company to the member to pay such amount; or
- 10.2 if the member breaches any of the terms or conditions of this agreement, which breach is capable of being remedied, and fails to remedy that breach within 14 days after notice by the company to the member requiring it to do so; or
- 10.3 if the member breaches any of the terms or conditions of this agreement, which breach is not capable of being remedied, either within the period of notice referred to in 10.2 or at all, and at any time within a period of 6 months after notice has been given to the member by the company requiring the member not to commit any further breach of this agreement, the member commits such a further breach;

then the company shall be entitled, without prejudice to any other rights which it may have (and in particular without prejudice to its rights to claim and recover damages suffered by the company as a result of such breach) -

- 10.3.1 to declare all amounts owing by the member to the company, whether then due and payable or not, immediately due and payable, and the member shall in such event be liable to make immediate payment of such amounts;
- 10.3.2 to obtain repossession of the section;
- 10.3.3 as agent for and on behalf of the member, to let the section and to collect all rents and monies payable by the tenant under such lease, and to deduct therefrom any monies whatsoever that may be owed by the member to the company; and/or
- 10.3.4 to sell or dispose of or realise in any other manner (on such terms and conditions as the company may in its sole discretion deem fit) the rights pledged by the member to the company in terms of 7 hereof.

11. DAMAGE TO BUILDING:

If, the buildings are damaged or destroyed, the company agrees that it will as soon as is practicable repair or rebuild the same. The member shall have no claim against the company by reason of the section being unfit for occupation or for any other reason whatever. The company however, reserves to itself the right to change or vary the form of construction of the building or section on such rebuilding or repairing, but the member shall have the same accommodation as regards the position and area of building enjoyed by him prior to destruction in such altered or varied construction.

Notwithstanding the above, the company shall not be bound to expend any more in fulfilling any of its said obligations than that sum which it may receive from its insurers arising from any of the aforesaid contingencies.

12. RULES:

The rules (as set out in Annexure "B") may be varied by the company prior to adoption:-

- 12.1 so as to confer the exclusive right of use of exclusive use areas in accordance with the provisions of this agreement and Annexure "A2";
- 12.2 so as to comply with the requirements of any future bondholder;

- 12.3 if the variation is of a formal nature only; or
- 12.4 if the company reasonably believes the amendment is necessary or desirable for the proper management and administration of the scheme.

13. WARRANTIES AND REPRESENTATIONS:

The company hereby warrants :-

- 13.1 that save as provided in clause 22, the developer has concluded or will conclude a written agreement of use with the company in respect of each section in the building, each of the agreements being subject to the same terms and conditions as are herein contained, save that exclusive use areas will be allocated in terms of Annexure "A2"; and
- 13.2 the company will not permit any amendment, addition or alteration of any Use Agreement pertaining to any section of the building without the prior written consent of not less than seventy-five per centum (75%) in number of the members of the company for the time being.

14. PAYMENTS:

All amounts payable by the member to the company in terms of this use agreement shall be paid to the company, without deduction or set-off and free of exchange at :-

GARDEN ROUTE CHALETS, MAIN ROAD, SEDGEFIELD.

or to such other person or company and at such other address as the company may from time to time notify the member.

15. NOTICES:

- 15.1 All notices required to be given by the company to the member in terms of this agreement shall be given in writing and delivered by hand or sent by prepaid registered post to the chalet comprising the section if during a members use period and at its domicilium.
- 15.2 A notice sent by prepaid registered post shall be deemed, unless the contrary is proved, to have been received within 10 days after the date of posting.
- 15.3 The member chooses domicilium citandi et executandi at the section for all purposes under this we agreement, during his use period and at the address shown in 1.1.3 of the Agreement of Sale, at all other times.

GENERAL:

- 16. No relaxation which the company may allow the member at any time in regard to the carrying out of any of the member's obligations in terms of this agreement shall prejudice or constitute a novation or a waiver of any of the company's rights in terms of this agreement.
- 17. This agreement contains all the terms and conditions of the agreement between the company and the member relating to the subject-matter thereof, and the company has made no representations, given no warranties and agreed on no terms in regard to such subject-matter other than as stated herein.
- 18. The member shall not be entitled to retain or delay payment of any amount owing to the company in terms of this agreement on the grounds that there is any defect in the section.
- 19. No variation of this agreement shall be of any force or effect unless reduced to writing and signed by the company and the member.
- 20. It is expressly agreed that this agreement does not constitute a lease or any form of tenancy.
- 21. If any provisions of this agreement conflict with the Act, the Act shall prevail.
- 22. The operating company warrants that:
 - 22.1 the operating company is the beneficial owner of all the share blocks in the company as originally constituted and has or will conclude written agreements of use with the company in respect of each chalet for each period in the property, each of the agreements being subject to the same terms and conditions as are herein contained, except insofar as any variation thereto arises by virtue of Schedule A hereto.
 - 22.2 the operating company shall be the holder of share block 1.
 - 22.3 No latitude, relaxation or indulgence or extension of time which may be given to the member in respect of any matter or thing which the member is bound to perform or observe in terms hereof shall under any circumstances be deemed to be a waiver of the company's rights and the company shall at all times be entitled to require strict and punctual compliance with each and every provision hereof.

22.4 In the event of any provision of this agreement conflicting with the Act or the Sectional Titles Act, the Act or as the case may be, the Sectional titles Act shall prevail.

23. DURATION OF THIS AGREEMENT:

This agreement will endure and remain in perpetuity.

SIGNED by the company acting through its duly authorised officer at _____ on this
day of _____ 19____

AS WITNESSES:

1. _____ for:

2. _____

SIGNED by the member at _____ on this _____ day of _____ 19____

AS WITNESSES:

1. _____

2. _____

Ceded to :

of :

By :

on this the _____ day of _____ 19____

Signed :

Ceded to :

of :

By :

on this the _____ day of _____ 19____

Signed :

Ceded to :

of :

By :

on this the _____ day of _____ 19____

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on this the day of 19

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