

DOORKOP FISH & WILDLIFE RESERVE SHARE BLOCK LTD

(REG. NO. 2000/028048/06)

MINUTES OF THE ANNUAL GENERAL MEETING

**HELD AT THE WANDERERS CLUB, 21 NORTH STREET, JOHANNESBURG
ON WEDNESDAY, 25 NOVEMBER 2015 AT 17H00**

PRESENT:

Mr E Bootha
Mr L Fourie
Mr P S Kirsten
Mr H R Lubbe In the Chair
Mr A Westley
Mr L Frankel Resort Manager

Members present in person or by proxy as per the attendance register

IN ATTENDANCE:

Representing First Resorts and Hotel Management (Pty) Ltd
Mr J J Jordaan
Mrs J H Jordaan
Ms F Lingard

1. WELCOME

Mr J J Jordaan welcomed all to the meeting.

2. NOTICE OF MEETING

It was unanimously agreed that the notice of the meeting, having been circulated, be taken as read.

3. ATTENDANCE, PROXIES AND APOLOGIES

Apologies were recorded from Mr W Haw, Mr H M Adams and Mr M Hidden.
The Managing Agent tabled proxies totalling 203 shares, which had been received within the prescribed time.

4. ESTABLISHMENT OF A QUORUM

Mr Jordaan confirmed that a quorum was present and declared the meeting properly constituted.

5. APPOINTMENT OF CHAIRMAN

Mr Lubbe, Chairman of the Board of Directors, was elected to chair the meeting. Mr Lubbe welcomed all present and introduced the Directors and members of the refurbishment committee.

6. PRESENTATION OF THE MINUTES OF THE ANNUAL GENERAL MEETING HELD ON 27 NOVEMBER 2014

Ordinary Resolution No. 1

Resolved that:

The Minutes of the Annual General Meeting of the Company held on 27 November 2014 be, and are hereby, unanimously accepted.

7. MATTERS ARISING FROM THE MINUTES OF THE ANNUAL GENERAL MEETING HELD ON 27 NOVEMBER 2014

The following matters were raised:

Redirection of the river. Lengthy discussion ensued. It was stated that the redirection of the river was contrary to the wishes of syndicate owners of Unit 15 and in the opinion of some, could possibly be illegal. It was stated that the channel had been dug in an attempt to slow the river and by doing so, to contain the erosion to the bank in front of the Units. The alternative had been considered but apart from the expense of the gabions, expert opinion had rejected this option as the solution. Some units have been built in a

precarious position in relation to the 50- and 100- year flood lines. Currently insurers are prepared to cover the damage to certain units from flooding. Various opinions were expressed and it was suggested that the status quo remain and the situation be assessed once the river is flowing, or to perhaps find a possible solution upstream.

Poplar trees. The impact and containment of poplar trees, being an alien species, was noted.

It was pointed out that all issues that had been raised were the responsibility of the Landowners Association.

8. PRESENTATION OF CHAIRMAN'S & DIRECTORS' REPORT

It was unanimously agreed that the Chairman's and Directors' report, having been circulated, be taken as read. The portfolio reports were detailed in the meeting pack. In addition each director presented his portfolio:

Mr E Bootha: Risk Management

Risks were identified as per the report, namely:

- Non-compliance with Occupational Health and Safety Standards in the staff compound –risk shared with LOA. Discussions are being held between LOA and the Developer.
- Management and staff situation. Resolved with the installation of the new Resort Manager.
- Deterioration of Central Complex. Discussions are being held between LOA and the Developer.
- Flood risk of certain units. This had been discussed in Paragraph 7 above.
- Should LOA request a special levy, the share block company could be negatively impacted as such a levy is not planned for. No special levies are envisaged.
- Non-payment of levies/abandonment of units.
- Official communication not coming through correct channels. Updates are being circulated by Mr R Lubbe. A resort survey, similar to RCI, is being utilised. Mr R Lubbe urged owners to communicate with the Board and the Resort Manager to resolve issues.
- Non-compliance with various pieces of corporate legislation. Some issues have been addressed, with a few issues remaining.
- Water quality and availability. Various options are being investigated with the LOA, e.g. sinking boreholes.
- Electricity. Mr L Frankel advised that Unit 15 is compliant. The other units will be attended to subject to budget.

Mr E Bootha advised that the Report in the meeting pack was a summary including the risk register. Timelines to measure progress would be built into the report.

Mr A Westley: Operations

Highlighted items as per the report in the meeting pack included:

- Maintenance has improved with the Resort Manager focussing on the units. Mr A Westley encouraged owners to liaise with the Resort Manager regarding complaints.
- Refurbishment. Mr A Westley informed the meeting that this aspect would be dealt with by the Committee later in the meeting.
- Fishing. Mr R Lubbe advised that the fishing committee has had one meeting. It was acknowledged that fishing was not up to standard and reported that a permit with changed rules has been established, a specialist will be advising on fishing conditions, stocking of the dams has improved, diversification of the dams may be considered, planned day trips on the Komati with brunch to be considered as well as fly-cast and fly-tie lessons. The catch and release system was discussed. It was agreed that the rules of the Use Agreement in this regard would apply.
- RCI. Mr J Ouenkamp of RCI advised that the scores has improved as the Dream Vacation (DVC) Club units had recently been refurbished. After discussion it was pointed out that the DVC units did not form part of the share block, they were only managed by the share block on their behalf. Mr J Ouenkamp was requested to investigate the situation and discuss the matter further with the Chairman. It was expected that the resort would score Gold Crown.
- Website update. Mr R Lubbe advised that Mrs R Kirsten is managing the website.

- Unit 15. Mr R Lubbe appealed to the six owners to pay their outstanding levies. The deck was replaced at a cost of R93,000 plus R38,000 being paid to replace the sliding doors.
- Complex pool deck. Mr R Lubbe advised that the deck had been rebuilt.
- Special levy for unit roofs. Mr P Kirsten drew attention to the schedule in the meeting pack explaining the calculation of the proposed special levy for replacing thatch roofs with HarveyTile. The replacement would assist with roof maintenance, roof leaks and a reduction in insurance premiums. The total cost, excluding VAT is approximately R1.9 million for thirteen units plus an additional cost for VAT in the sum of R300,000. It would take three weeks to complete each unit and provision will have to be made for non-occupation - a total cost of approximately R2.5 million. Mr P Kirsten advised that the intention is to invoice the expense at the end of November, payable by the end of December, however, three months' grace would be granted to pay off the levies. The project should be completed in five to six months. The method of calculation of levies was discussed as well as the order of re-roofing. It was agreed that the roofs had to be redone notwithstanding the fact that raising the special levy may result in the loss of levy payers. The meeting discussed the pros and cons of thatching and HarveyTile, including the savings on insurance. Mr P Kirsten informed the meeting that two alternatives had been submitted and had been considered by the Board, one of which was to repair the roofs costing R1 million and the second option was for a full replacement of thatch costing R1.6 million. It was noted that several resorts have moved away from thatch and have installed Harvey Tile.
- Wildlife. Mr A Westley requested the meeting to refer to the game count set out in the meeting pack report and informed the meeting that poaching was on the increase, more particularly at night. In addition, the fences are being more effectively maintained.

Mr P Kirsten : Finance

- Rental initiative. Mr P Kirsten advised that the Board had recently launched the initiative with the assistance of Mrs R Kirsten. A tender process for the sale of 62 weeks was scheduled for 27 November 2015. A substantial number of owners are in default or have abandoned their weeks. Mrs R Kirsten is assisting with the rental of these weeks to recover some of the outstanding levies. Mr P Kirsten advised that the project was in its infancy but some success has been achieved over the past two months. It was noted that the demand for weeks at the resort exceeds supply. Mr P Kirsten encouraged owners to contact Mrs R Kirsten, whose details are on the website, should they not be in a position to occupy their week – Mrs R Kirsten would attempt to rent the weeks and possibly generate income for owners who have paid their levies. Income from the rental of abandoned weeks would be for the benefit of the share block company to offset arrear levies. Both services incur an administration fee of 25%. The meeting discussed the possibility that rental of owners/abandoned weeks be on a “first come, first served” basis. Mr P Kirsten advised that a document dealing with the debt collection process had been compiled and was in the process of being ratified by the Board. Included in the process is the provision for billing sixty days in advance. Further, there is the possibility of implementing legal process for the collection of significantly outstanding debt.

9. PRESENTATION OF AUDITED ANNUAL FINANCIAL STATEMENTS, TOGETHER WITH THE DIRECTORS' REPORT, THE AUDITOR'S REPORT AND THE AUDIT COMMITTEE REPORT, IN RESPECT OF THE YEAR ENDED 30 JUNE 2015

Mr P Kirsten presented a PowerPoint display of the Audited Annual Financial Statements. The statement of financial position and income statements were explained, in particular, the reason for the various increases. Overall expenses were 5% below budget and 6% above the previous year.

Ordinary Resolution No. 2

Resolved that:

The Audited Financial Statements, together with the reports of the Directors, Auditors and Audit Committee, in respect of the year ended 30 June 2015 be, and are hereby, accepted.

10. APPROVAL OF AUDITOR'S REMUNERATION

Ordinary Resolution No. 3

Resolved that:

Payment of the Auditor's remuneration in the sum of R35,250 for the year ending 30 June 2015 be, and is hereby, approved.

11. APPOINTMENT OF AUDITORS FOR THE FINANCIAL YEAR ENDING 30 JUNE 2016

Ordinary Resolution No. 4

Resolved that:

Messrs Harel Davidson Incorporated be, and on the recommendation of the Audit Committee, are hereby appointed to serve as the Auditors of the Company for the financial year ending 30 June 2016.

12. DETERMINE THE NUMBER OF DIRECTORS FOR THE ENSUING YEAR

Ordinary Resolution No. 5

Resolved that:

The number of Directors to serve on the Board for the ensuing year be set at five (5).

13. ELECTION OF DIRECTORS

Mr R Lubbe and Mr L Fourie retire by rotation and, being eligible, offer themselves for re-election. Nominations were received for Mr R Lubbe, Mr P Kirsten, Mr L Fourie, Mr E Bootha and Mr A Westley. It was noted that Mr W Haw and Mr H M Adams had tendered letters of resignation.

Ordinary Resolution No. 6

Resolved that:

The election of Mr R Lubbe and Mr L Fourie as Directors of the Company be passed on a single resolution.

Further Resolved that:

Mr R Lubbe and Mr L Fourie be, and are hereby, elected as Directors of the Company and shall serve as such upon delivery to the Company of their consent in writing to do so.

The Directors for the forthcoming year are Mr R Lubbe, Mr L Fourie, Mr P Kirsten, Mr E Bootha and Mr A Westley.

14. APPOINTMENT OF AUDIT COMMITTEE 3 Directors of the Company

Ordinary Resolution No. 7

Resolved that:

Messrs P Kirsten, E Bootha and R Lubbe be, and are hereby, elected as Members of the Company's Audit Committee for the ensuing year.

15. PRESENTATION AND ACCEPTANCE OF INSURANCE VALUES, SUBJECT TO ANY AMENDMENT

It was agreed that additional quotes be obtained for the forthcoming year. It was further noted that the share block company has insured the central complex clubhouse in terms of its lease with the Developer. The lease with the Developer is to be renegotiated.

Ordinary Resolution No 8

Resolved that:

The Schedule of Insurance Values be, and is hereby, accepted, as presented, without amendment.

16. PRESENTATION AND ACCEPTANCE OF THE ESTIMATE OF INCOME AND EXPENDITURE IN RESPECT OF THE YEAR ENDED 30 JUNE 2016

Mr P Kirsten presented a PowerPoint display of the budget highlighting certain variances being:

The reduction in the Management Fee. Mr P Kirsten explained that the arrangement between First Resorts and the Company had been reduced with the Managing Agent performing back-office functions only;

The increase in the staffing expense provided for the employment of a senior general manager at the resort.

The budget provides for a surplus of R374,000.

Mr P Kirsten highlighted an interesting schedule of comparative levies for neighbouring resorts.

In addition, Mr P Kirsten, presented a schedule of levy debtors totalling R450,000 as at the end of October 2015. It was proposed that debtors be handed over for collection after thirty days.

The Board confirmed that the special levy raised by the Board for unit 15 had been reversed as this action by the Board was incorrect.

Concern was expressed about the value of investment in timeshare to the extent that owners abandon their weeks, weeks cannot be resold and the growing increase in levies year on year, also taking into consideration the complex structure at the resort - with landowners being burdened with their own problems. The comment was made that there is no market for timeshare – timeshare is only a lifestyle investment with no resale value.

It was noted that to attract timeshare guests to the resort various activities have to be available and providing these activities comes at a cost, such as laying a mountain bike track. Landowners may not necessarily be interested in spending money on these projects. The abandonment of timeshare weeks is currently an industry trend.

An owner observed that going forward it will be very difficult for owners, especially with the requirement of building up levy reserves. It was noted that it was essential to market the resort.

Ordinary Resolution No 9

Resolved that:

The estimate of Income and Expenditure for the year ending 30 June 2016 be, and is hereby, accepted. The levy increase was approved at 7.5%.

17. INTEREST RATE CHARGED ON ARREAR LEVIES

Ordinary Resolution No 10

Resolved that:

The interest rate on arrear levies be set at 1% per month.

18. APPROVAL OF DIRECTORS' REMUNERATION (*In terms of Section 66(9) of the Companies Act, the remuneration of the Directors must be approved by a Special Resolution of Members*)

Special Resolution No. 1

Resolved that:

The fees paid to the Directors in respect of services rendered for the year ended 30 June 2015, as indicated in the Audited Annual Financial Statements of the Company in respect of the year ended 30 June 2015 be, and are hereby approved.

Further resolved:

That for the ensuing financial year ending 30 June 2016, Directors are to receive fees of R1,100 each per meeting attended in addition to reimbursement of travel costs incurred plus an additional R1,100 each for Messrs R Lubbe and P Kirsten for attendance at the LOA Board meetings.

19. GENERAL

Refurbishment

Ms C Lubbe and Ms E Bootha highlighted the defects in the refurbishment project carried out by the Managing Agent, listing costings, curtaining, duvets, king size mattresses, cost of dry cleaning of curtains and other items considered unsatisfactory. The query was raised as to who authorised the payment and whether the Board signed off the refurbishment. The Board acknowledged that “the Board took its eye off the ball”, for which they had apologised. A member of the original refurbishment committee assured Mr Jordaan that she would forward her relevant refurbishment correspondence to Mr Jordaan who confirmed that he would investigate the matter further. The meeting acknowledged the hard work carried out by the Committee. The meeting shared a round of applause in appreciation.

There being no further business, the Chairman assured the members of the best efforts of the Board in future, thanked everyone for their attendance and wished all a Happy Christmas and New Year.

Read and confirmed this _____ day of _____

CHAIRMAN