

REPUBLIC OF SOUTH AFRICA
COMPANIES ACT, 2008 (Act 71 of 2008)

MEMORANDUM of INCORPORATION
of a NON PROFIT COMPANY

CARIBBEAN BEACH CLUB HOME OWNERS ASSOCIATION NPC

Registration Number: 1996/009972/08

1. FORMAT OF MEMORANDUM:

- 1.1 Neither the short nor the long standard form of Memorandum for a Non-Profit Company, being Forms CoR.15.1.E and respectively CoR15.1.F, will apply to the Company.
- 1.2 This Memorandum is in a form unique to the Company, as contemplated in section 13(1) (a) (ii) of the Act.

2. DEFINITIONS:

- 2.1 In this Memorandum, the following words shall, unless the context otherwise indicates, have the meanings hereinafter assigned to them:
 - 2.1.1 **"the Act"** means the Companies Act, No 71 of 2008 as amended from time to time.
 - 2.1.2 **"Auditors"** means the Auditors of the Company;
 - 2.1.3 **"Chairperson"** means the Chairperson from time to time of the Board of Directors;
 - 2.1.4 **"the Company"** means Caribbean Beach Club Home Owners Association NPC;
 - 2.1.5 **"Directors"** or **"Board of Directors"** means the Directors of the Company from time to time, who shall, for the purposes of the Act, be the Directors of the Company;
 - 2.1.6 **"electronic"** or **"electronic notice"** means any form of electronic communication approved by the Directors, utilized to issue, present, deliver, serve or record inter alia circulars, statutory notices, financial statements, Auditors' reports, notifications, proxy forms or any other information pertaining to the Company;
 - 2.1.7 **"erf"** or **"erven"** means any or all of the portions into which the Property has been sub-divided, including any erf which has been developed pursuant to a Sectional Title Scheme;
 - 2.1.8 **"Financial Policy and Delegation of Authority Matrix"** means the Company's approved financial policies and determination of decision making powers and notification requirements between the Company's members, Directors and employees;
 - 2.1.9 **"form"** means any form approved by the Directors and including, but not limited to hypertext, electronic data interchange and the use of images and/or sound;

- 2.1.10 "**medium**" means any medium recognised by the Directors and the laws of the Republic of South Africa including, but not limited to, electronic mail, telegram, telex, telecopy, the Internet, facsimile, telephone, short message system, audiovisual and audio cassette;
- 2.1.11 "**in writing**" or "**written**" includes typewriting, printing, lithography and includes any communication in electronic form transmitted by using any medium;
- 2.1.12 "**member**" means a member of the Company;
- 2.1.13 "**Memorandum**" means the Memorandum of Incorporation of the Company;
- 2.1.14 "**month**" means a calendar month;
- 2.1.15 "**the office**" means the registered office for the time being of the Company;
- 2.1.16 "**manager**" means a person appointed by the Directors in a full time capacity at a remuneration decided by the Directors to manage the day to day operational business of the Company and shall include the terms Estate Manager or General Manager and undertake the duties assigned to the appointment as determined by the Directors from time to time;
- 2.1.17 "**managing agent**" means any person or body appointed by the Directors in terms of Article 28.4 as an independent contractor to undertake any of the functions of the Directors;
- 2.1.18 "**the Property**" means the entire area of the Caribbean Beach Estate, including the villages and all common areas, comprising the townships of Kosmos Extensions 2, 4, 5 and portion 153 (a portion of 146) of the Farm de Rust. (Prentec Sewerage Plant), and any land in respect of which the Company has a right of occupation;
- 2.1.19 "**Representative**", in relation to any Member not a natural person acting personally, means (in relation to the particular Trust or legal entity/ies registered as the owner) in respect of:
- A Company; all of its Shareholders, Directors and Office bearers;
 - A Close Corporation; all of its members; and
 - A Trust; all of its Trustees and Beneficiaries.
- 2.1.20 "**Rules**" means the Rules (including fines or penalties) enacted from time to time by the Directors, or the members in General Meeting, in terms of Article 7;

- 2.1.21 "**The Statutes**" means the Companies Act of the Republic of South Africa as well as each and every other statute or ordinance from time to time in force concerning companies and necessarily affecting the Company;
- 2.1.22 "**Surplus**" includes revenue left after payment of all expenses in any financial year, including as a result of over budget, capital income generated from the sale of a capital asset(s), and any other amounts determined to be a surplus by the Company's auditors;
- 2.1.23 "**Unit**" means any Sectional Title unit in respect of any Sectional Title Scheme registered in respect of any erf on the Property and held under tenure in terms of the Sectional Titles Act No. 95 of 1986, as amended;
- 2.2 Any words importing the singular number shall also include the plural number and vice versa and words importing any one gender shall include the other gender.
- 2.3 Words importing persons shall include any natural person, partnership, firm, syndicate, society or other voluntary association, closed corporation, company or body, whether corporate or not;
- 2.4 Expressions defined in the Act shall have the meanings given to them in the Act.
- 2.5 Annexures to this memorandum are an integral part of it;
- 2.6 Reference to a party includes that party's successors and permitted assigns;
- 2.7 Any reference to an enactment is to that enactment as at the date of signature hereof;
- 2.8 Where the day on or by which anything is to be done is not a business day, it must be done on or by the first business day that follows;
- 2.9 When a number of days is prescribed in this agreement, they are business days as prescribed by the Act and must be calculated exclusively of the first and inclusively of the last day, excluding Saturdays, Sundays or Public Holidays;
- 2.10 Any reference to a document includes an amendment or supplement to, or replacement or novation of that document;
- 2.11 The captions appearing in this memorandum are for reference purposes only and shall not affect the interpretation hereof;
- 2.12 Where figures are referred to in numerals and words, if there is any conflict between the two, the words must prevail;

- 2.13 Where notice needs to be given in terms of this memorandum, notice may be published by the Company to any Member, by any Medium convenient to the Directors;
- 2.14 The onus remains on the Member to inform the Secretary of any change in his email, facsimile / telephone number or postal address and to receive written acknowledgement of receipt. In the event that a Member does not receive written acknowledgement of receipt from the Company, the change will not be effective against the Company.
- 2.15 Where the Act refers to "a Member", "a shareholder", "the holders of a company's securities", "holders of issued securities of that company" or "a holder of voting rights entitled to be voted", the reference must be read to be a reference to the voting Members of the Company.

3. MAIN OBJECT, CONDITIONS AND BUSINESS OF THE COMPANY:

- 3.1 The main business of the Company is to promote and protect the communal interests of the Members and occupiers of the Township and its extensions (as defined in this Memorandum) and to maintain financial stability, high security, aesthetic, architectural and environmental standards in the Township.
- 3.2 The main object of the Company is to promote its main business with respect to the communal interests of the Members including, without limitation thereto, by way of enforcing regulatory measures, the terms of this Memorandum and the raising of levies and charges to fund the same.

4. APPLICATION OF OPTIONAL PROVISIONS OF THE ACT AND FINANCIAL ASSESSMENT PROCEDURE OF COMPANY:

- 4.1 The Company does not elect, in terms of section 34(2), to comply voluntarily with the provisions of Chapter 3 (*Enhanced Accountability and Transparency*) of the Act.
- 4.2 The Company does not elect, in terms of section 118 (1)(c)(ii), to submit voluntarily to the provisions of Parts B and C of Chapter 5 of the Act nor to the Takeover Regulations provided for in the Act and will be bound by these provisions only to the extent contemplated in section 118(1)(c)(i).
- 4.3 The accounts of the Company must nevertheless be strictly audited, in accordance with standards to be determined by the Directors from time to time by resolution, and minuted, but which may be no less than those imposed by IFRS Small Business Compliant auditing.

5. MEMBERSHIP:

- 5.1 Membership of the Company shall be limited to persons who are reflected in the records of the relevant Deeds Registry as the registered owners of any

erven or units on the Property in terms of the Deeds Registries Act No. 17 of 1937, and shall include any Body Corporate in respect of any Sectional Title Scheme registered upon the Property. Such Body Corporate (in its capacity as such) shall however have no voting rights in terms of this Memorandum.

- 5.2 When a person becomes the registered owner of an erf or unit, he shall *ipso facto* become a member of the Company and when he ceases to be the owner of any such erf or unit; he shall *ipso facto* cease to be a member of the Company.
- 5.3 A Member shall include the trustee in an insolvent estate, a liquidator or the trustee elected in terms of any regulatory or legislative measure, the liquidator of a company or close corporation which is a Member, the executor of the estate of a Member who has died or a representative of a Member, recognised by law of a Member who is a minor or of unsound mind or is under disability if such trustee, liquidator, executor or representative is acting within the scope of his authority.
- 5.4 Where any erf or unit is owned by more than one person, all of the registered owners of that erf or unit shall together be deemed to be one member of the Company and shall have the rights and obligations of one member of the Company. Where any erf or unit is owned by an incorporated entity, Close Corporation, Company or the trustees of a Trust on behalf of that Trust, as the case may be, the member and its members, shareholders, directors or trustees shall jointly have the rights and obligations of one member of the Company. The joint owners of an erf or unit or the members, shareholders, directors or trustees, as the case may be, shall nominate one of their number who shall enjoy the rights and obligations of membership on behalf of such member.
- 5.5 When a person becomes a member of the Company, he shall *ipso facto* become a member of the St. James Sports Club and be bound by its Constitution. When he ceases to be a member of the Company, he shall *ipso facto* cease to be a member of the St. James Sports Club.
- 5.6 No member shall sell, transfer or otherwise cease to be an owner of his erf or unit, unless the proposed purchaser, transferee and/or future owner thereof shall have irrevocably bound himself to the reasonable satisfaction of the Directors to become a member of the Company with effect from the date of registration of transfer of the said erf or unit and to be bound by the provisions of this Memorandum and unless a Clearance Certificate shall have been given by the Company in terms of Article 5.9 and 5.10.
- 5.7 Any obligation, known or unknown that a Member may have had to the Company while he was a Member will be enforceable after termination of his Membership.
- 5.8 A Member is responsible for the action or inaction of the Resident while they occupy the Erf, and must pay any fines or penalties that may result from their occupation, even if the Resident has not signed a contract.

5.9 No member shall transfer his erf or unit, or any portion thereof, or allow the transfer of any interest, shareholding or membership interest in respect of an incorporated entity, Company or Close Corporation (being the registered owner of an erf or unit) until the Board of Directors under the hand of one of its members and the Estate Manager or the delegated service provider has certified that the member has, as at date of transfer fulfilled all of his financial obligations to the Company. No erf or unit or any interest therein shall be alienated without the consent of the Company. Such consent shall not be withheld unless:

5.9.1 Such member is indebted to the Company in any way in respect of levies, interest, fines or other amounts which the Company may in terms of these Articles or the Rules be entitled to claim from him;

5.9.2 Such member remains in breach of any of the provisions of this Memorandum or the Rules despite notice from the Directors requiring him to remedy such breach.

5.10 The Directors in issuing the Certificate referred to in Article 5.9 shall be entitled to charge a reasonable fee therefore, which fee shall be determined by the Directors from time to time subject to approval by the Company at each Annual General Meeting.

5.11 No member shall let or otherwise part with occupation of an erf or unit, or allow any sub-lease of such erf or unit, unless:

5.11.1 Such lease, sub-lease or right of occupation shall endure for a continuous period of no less than 3 (Three) months;

5.11.2 The Directors and or General Manager shall have received a copy of the Agreement of Lease or sub-lease prior to the commencement thereof, which Agreement shall stipulate the lessee's / sub-lessee's undertaking to be bound by this Memorandum and the Rules;

5.11.3 The member shall have provided the Directors in writing with the personal contact information of the lessee or sub-lessee and such further information and documentation as the Directors may reasonably require;

5.11.4 No person other than the identified lessee / sub-lessee shall have the right to occupy the relevant erf or unit.

5.12 Without derogating in any manner from the provisions of Article 5.11, no member or occupant shall be entitled to conduct any business, trade or profession upon the Property (including any erf or unit), unless the prior written consent of the Directors shall have been obtained. The Directors may in their sole and absolute discretion specify any special conditions to be adhered to or implemented by such member or occupant pertaining to the conduct of such business, trade or profession. The Directors may in

writing withdraw such consent in the event of any non-compliance with such special conditions, or any breach of the Rules or any contravention of the conditions of any license pertaining to the conduct of such business, trade or profession.

- 5.13 The provisions of this Memorandum and of the Rules, including the duties of the member in relation to the use and occupation of the Property (including any erf or unit), shall be binding on the member (including any Body Corporate in terms of Article 5.1) and any lessee or other occupant of any erf or unit, and it shall be the duty of the member to ensure compliance with the Rules by his lessee or occupant, employees, contractors, guests and any member of his family.
- 5.14 A registered owner of an erf or unit may not resign as a member of the Company. Every member of the Company shall be obliged to give prior written notice to the Company of any change in such member's membership, shareholders, directors or trustees. In addition, every new holder of a member's interest, shareholding, trusteeship or directorship in respect of any member of the Company shall sign and deliver to the Company, prior to his taking office in such capacity, a written undertaking to be bound by the terms of this Memorandum and the Rules.
- 5.15 Subject to the provisions of Articles 5.2, 5.5 and 5.6, the rights and obligations of a member shall not be transferable and every member shall:
- 5.15.1 Reasonably further to the best of his ability the objects and interests of the Company;
 - 5.15.2 Not interfere in the day to day management of the Company's business or interfere in the exercise of the Director's powers in terms of Article 28.1;
 - 5.15.3 Not unreasonably refuse to sign all documents and do all things necessary to enable registration of whatever servitudes may be required for services, whether over or in favour of any erf or unit;
 - 5.15.4 Observe all Rules;
 - 5.15.5 Not contravene, permit the contravention of any law, by-law, ordinance, proclamation or statutory regulation, or the conditions of any license, relating to or affecting the occupation of any building, erf or unit, or the carrying on of any business, trade or profession on his erf or in his unit, or so contravene or permit the contravention of the conditions of title applicable to the Property provided that nothing contained in this Memorandum shall prevent a member from ceding his rights in terms of this Memorandum, subject to all of the rights of the Company as entrenched in this Memorandum, as security to the mortgagee of that member's erf or unit.

5.16 Any member who is indebted to the Company in respect of any levy, interest, penalty or any other sum, which is overdue for payment, or who is in breach of any of the provisions of this Memorandum or the Rules, may be suspended as a member of the Company on such terms and conditions as the Directors may deem fit. Such suspension shall preclude the member from the exercise of any voting rights (save for voting upon a special resolution) in terms of this Memorandum or in any other manner deriving benefits from his membership. Such suspension shall however not excuse the member from the fulfilment of all of his obligations to the Company in terms of this Memorandum or the Rules.

5.17 A Member who holds or has a beneficial interest in a Non Profit Company has enhanced rights to access information. The Board may issue whatever information it deems appropriate in terms of the Act within 14 (fourteen) days of such request being made by a Member.

6. LEVIES/BUDGETS:

6.1 The Directors may from time to time recommend levies, subscription fees or increases thereof upon the members for the purpose of the expenses which the Company may have incurred or which the Directors reasonably anticipate that the Company will incur in the attainment of its objectives or in pursuit of its business. Such levies, subscription fees or increases thereof must be approved by the Company in a general meeting of the members.

6.2 The Directors may further recommend that levies, subscription fees or increases may include a provision for identified future long term infrastructure costs to provide for the maintenance, renewal or replacement of expensive capital infrastructure.

6.2.1 The provision of a Reserve Fund shall be established in terms of the requirement to provide for the eventual repair or replacement of any capital item based on a 15 to 20 year replacement period or such other period as may be required to ensure that funds are available to meet the financial needs of the Company so as to avoid undue impact on annual levies or the need to apply special levies to meet the eventual financial burden these items can create.

6.2.2 The purpose of the reserve fund shall be to provide a stable year on year levelling of the Company's costs.

6.2.3 There shall be a separate accounting of the Reserve Fund Provision present each year with the Budget and shall be based on the possibility of or known periodic extra-ordinary maintenance of the capital items as well as the eventual need for total replacement at the expiry of the items life expectancy.

6.3 A budget, in reasonable detail, of the amount of the levy (the "budget") must be prepared by the Directors not less than one month before the end of the Company's financial year, or as soon afterward as may be possible. The

Directors must publish a notice with the budget to the Members within 10 (ten) days of adoption.

- 6.4 In addition to such other rights as the Company may have in law against any member, the Directors shall be empowered to determine the rate of interest or a monthly late payment fee from time to time chargeable upon arrear levies, provided that such rate of interest shall not exceed the maximum rate of interest per annum under the National Credit Act, compounded monthly in arrears.
- 6.5 Any amount due by a member by way of levies, interest or fines shall be a debt due by him to the Company. All levies, interest, fines or any other amount owed by a member to the Company will become due and payable on such terms and at such time as the Directors may from time to time determine and each member hereby authorises the Company to take such steps as are reasonably necessary for the Company to recover such amounts.
- 6.6 The obligation of a member to pay levies, interest or fines shall cease upon his ceasing to be a member, without prejudice to the Company's right to recover arrear levies, interest or fines. No levies, interest or fines paid by a member shall under any circumstances be repayable by the Company upon his ceasing to be a member. A successor in title to an erf or unit shall be liable as from the date upon which he becomes a member in terms of Article 5.2 to pay any levies, interest, fines or penalty levies incurred from the date of registration of transfer of such erf or unit into his name.
- 6.7 A Member shall not be entitled to withhold payment for any reason whatsoever of any levy or special levy or contribution due by him to the Company.
- 6.8 Further, a Member on ceasing to be such shall have no claims whatsoever on any surplus the Company may have, whether obtained by way of sale of Company assets or otherwise.
- 6.9 The budget referred to above must set out in reasonable detail:
- 6.9.1 the amount that the Directors of the Company believe will be needed to cover expenses for the next financial year;
 - 6.9.2 the deficit from the preceding financial year, if any, and an explanation thereof;
 - 6.9.3 if the Directors deem it necessary, the details of any amount to be held in reserve to meet unexpected costs, or a reserve fund for unanticipated expenses; and
 - 6.9.4 the contribution payable by each individual Member.
- 6.10 When imposing levies, the Directors must, as far as possible:

- 6.10.1 allocate any specific cost of the Company to the Unit it relates to;
 - 6.10.2 assign a cost applying generally to a number of Units it relates to, in an appropriate proportion; and
 - 6.10.3 assign the costs relating to the Company generally, to all Units.
- 6.11 In calculating the levies payable by Members, the Directors shall as far as is reasonably practicable:
- 6.11.1 allocate those costs arising directly in respect of the Unit itself to the Member owning such Unit;
 - 6.11.2 attribute a proportion of those costs attributable generally to a particular Sectional Title Development to the owners in such development as the case may be;
 - 6.11.3 assign those costs relating to the Township generally to the owners of all Units equally, provided however that the Directors may in any case, where considered equitable, assign to any Member any greater or lesser share of the costs as may be reasonable in the circumstances;
- 6.12 If the Directors do not prepare a budget in time, the Members must continue to pay the same levy as the previous year. The new levy is payable from the first day of the first month after the Directors have properly distributed the budget.
- 6.12.1 Notwithstanding that all levies owing by a Member are payable annually in advance, Members are afforded the indulgence to make payment of levies by way of monthly installments, and which levies are payable monthly in advance, on or before the first day of the month.
 - 6.12.2 Any Member failing to make punctual payment of any levies by way of monthly installments as stipulated in article 6.12.1 above, shall:
 - 6.12.2.1 Receive written notification and demand from the Company that if the outstanding monthly levy is not paid within 14 (fourteen) calendar days from the date on which such notification was sent by the Company, the entire remaining balance of the annual levies payable for that financial year as determined by the directors of the Company, shall become immediately due, owing and payable.
 - 6.12.1.2 Written notification from the Company sent electronically by email to such email address as the Member has supplied the

Company, will serve as sufficient notification to the Member concerned.

- 6.12.3 Should the Member fail to remedy the non-payment of the monthly levy owing within 14 (fourteen) calendar days following delivery of notification to the Member as set out in Article 6.12.1.1 & Article 6.12.1.2 above, the Company shall be entitled to commence with the institution of legal proceedings against the Member for payment of balance of the annual levies payable for that financial year as determined by the Board of Directors of the Company, and shall also hold the Member liable for interest that accrues on such balance outstanding as from time to time until such date as full payment is made to the Company, together with all legal fees incurred by the Company and calculated on scale as between attorney and own client.
- 6.12.4 At all times it remains the sole responsibility of a Member to ensure that a Member's updated and correct contact particulars are held on record for by the Company.
- 6.12.5 Any amount due by a Member by way of a levy and interest shall be a debt due by him to the Company
- 6.12.6 A Member may not choose to only pay a portion of his levy for any reason relating to the Member's interpretation of service delivery by the Company.
- 6.12.7 The Company shall be entitled to appropriate any payments received from a Member against any amounts and/or indebtedness owing by a Member to the Company and shall be entitled to appropriate these payments in its sole and exclusive discretion, irrespective of when such amount and / or indebtedness became due.
- 6.13 The Members must pay levies for each month in advance, on or before the first day of the month. Any amount due by a Member by way of a levy and interest shall be a debt due by him to the Company. A Member may not choose to pay portion of his levy for any reason relating to his interpretation of service delivery by the Company. The full levy raised is due and payable monthly and the dispute resolution mechanism provided in this agreement must be followed for any other issue.
- 6.14 The Directors may only impose a special levy on Members, for any expenses not included in the budget, and may decide on a method by which the Members must pay the special levy at a general meeting of the members.

- 6.15 The Directors must publish notice of their intention to impose a special levy, at least one month before its imposition on the Members. The notice must specify the reason for the special levy, the amount and the breakdown of the calculations in terms of which the amount was reached. The period of one month can be reduced (at the discretion of the Board) to address any emergency.
- 6.16 At the request of the Board, a Member shall sign a debit order authority in favour of the Company for the payment of all levies and other charges due to the Company.

7. RULES:

- 7.1 Subject to any restriction imposed or direction given at a general meeting of the Company, the Directors may from time to time make Rules which may include Rules in regard to:
- 7.1.1 The standards and Rules for the architectural design (hereinafter referred to as "the Architectural Requirements") of all buildings and outbuildings, structures of any nature and all additions and alterations to any such buildings, outbuildings or structures erected or to be erected on the Property and in particular to control the design of the exterior of such buildings, outbuildings or structures and the materials and colours used on such exterior, to ensure an attractive and aesthetically pleasing Property. For the purposes of this Article 7.1.1 the terms "building" and "structure" shall be deemed to include, but not in any way be limited to, walls, fences, aerials, pergolas, swimming pools, awnings, jacuzzis, carports, paved pathways, signage, water storage tanks, solar panels and air-conditioning units;
 - 7.1.2 The siting of all buildings, outbuildings, structures of any nature and of any additions and alterations thereto;
 - 7.1.3 The preservation of the environment, including the right to control vegetation and the right to prohibit and/or control the erection of walls, fences and hedges, and/or the removal of any vegetation, whether upon or within the boundaries or any erf;
 - 7.1.4 The right to prohibit, restrict or control the keeping of any animal, bird, reptile or insect which they regard as dangerous or a nuisance;
 - 7.1.5 The maintenance of the internal roads, electricity, storm water, sanitation, security and all improvements, equipment, assets or land owned by the Company;
 - 7.1.6 The maintenance of any building, outbuilding and any structure on any erf or in respect of any unit, including gardens and pavements;
 - 7.1.7 The access to and egress from any of the erven or units;

- 7.1.8 The determination and enforcement of security measures in respect of the Property;
- 7.1.9 The placing or fixing of ornamentation, embellishments or signage upon the outside of any building, outbuilding or structure of any nature, including the power to remove any such objects;
- 7.1.10 The conduct of any persons upon the Property for the prevention of damage, injury or nuisance of any nature to any member;
- 7.1.11 The control and collection of refuse;
- 7.1.12 Subject to approval by the Company at each General Meeting, the determination of any fees, deposits or levies required for the implementation and/or enforcement of this Memorandum and/or the Rules, including the fee for the Clearance Certificate contemplated by Article 5.6 and any fees levied in terms of the Architectural Requirements;
- 7.1.13 The recovery of any costs or expenditure incurred by the Company in implementing and enforcing any Rules;
- 7.1.14 The furtherance and promotion of any of the objects of the Company and/or for the better management of the affairs of the Company and/or for the advancement of the communal interest of members and/or residents of the Property.

8. COMPANY'S POWER TO ENFORCE ITS RULES:

- 8.1 In order to enforce any of the Rules made by the Directors in terms hereof and for the repayment of any debt due to the Company, the Directors may:
 - 8.1.1 Give notice to the person (which shall include any member, occupant or visitor) concerned requiring him to remedy any breach thereof or make payment within such reasonable period as the Directors may determine; and/or
 - 8.1.2 Take or cause to be taken such steps (including legal proceedings) as they may consider necessary to remedy the breach of the Rule of which the member may be guilty or to recover the debt, and debit the cost of so doing to the member concerned; and/or
 - 8.1.3 Impose a system of fines or other penalties. The amounts of such fines shall be reviewed and confirmed at each Annual General Meeting of the Company.
- 8.2 The provisions of Articles 7.1 and 8.2, and any Rules, fines or penalties in terms thereof, shall apply to the owners or occupiers of any unit, insofar as such Rule, fine or penalty shall apply in respect of the communal interest of all members or is not provided for in the conduct or management rules of

any Sectional Title Scheme on the Property. The provisions of Articles 7.1, 8.1 and any Rules, fines or penalties in terms thereof, insofar as the same may conflict with any provision of any conduct or management rule of any Sectional Title Scheme on the Property, shall prevail.

- 8.3 Any breach of any Rules by the members of any member's household or his guests or lessees or employees, contractors or sub-contractors, shall be deemed to have been committed by the member himself but without prejudice to the foregoing, the Directors may take or cause to be taken such steps against the person actually committing the breach as they may deem fit.
- 8.4 In the event of the Directors instituting any legal proceedings against any member or resident of the Property for the enforcement of any of the rights of the Company in terms hereof, the Company shall be entitled to recover all legal costs so incurred from the person concerned, calculated as between attorney and own client.
- 8.5 Any fine or penalty imposed upon any person in terms of the Rules shall be paid to the Company within such period as may be specified by the Directors in the notice imposing the fine or penalty. Failing the declaration of a dispute in terms of Article 8.6, such fine or penalty shall be immediately due for payment and such person shall have forfeited his right to refer the matter for determination by a Disciplinary Committee in terms of Article 8.6.
- 8.6 In the event of any person disputing the fact that he has committed a breach of any Rule, he shall provide written notification of such dispute to the Directors within the period specified in terms of the notice given in terms of Article 8.1.1. A Disciplinary Committee of at least 3 (Three) persons shall as soon as is reasonably possible thereafter be appointed by the Board of Directors and shall adjudicate upon the issue at such time and in such manner and in accordance with such procedure (provided that natural justice shall be observed) as the Board of Directors may direct. The Disciplinary Committee shall be constituted in the manner described in Articles 27.14 and 27.15.
- 8.7 Any fine imposed upon any person shall be deemed to be due by the person to the Company and shall be recoverable by ordinary civil process.
- 8.8 Notwithstanding anything to the contrary herein contained, the Directors may, in the name of the Company, enforce the provisions of any Rule by civil application or action in a Court of competent jurisdiction and for this purpose may appoint such attorneys and counsel as they may deem fit.
- 8.9 The Disciplinary Committee appointed in terms of Article 8.6 may impose such fine or penalty as it may deem fit, subject to the provisions of Article 8.3. This may include the suspension of any member, with or without a fine. Any person affected by such a fine or penalty shall have a right of appeal to an appeal tribunal comprising the Chairperson and two members (not being persons who constituted the Disciplinary Committee) appointed for this

purpose by the Board of Directors. The decision of the appeal tribunal shall be final.

8.10 The Company may in a general meeting itself make any Rules or confirm any Rules which the Directors may make and may in general meetings vary or modify any Rules made by it or by the Directors from time to time.

8.11 The Company may sue its Members to recover fines and any outstanding levies.

8.12 No person may commence with the construction of any building or structure upon the Property or any additions or alterations to such building or structure, unless he has submitted to the Directors for examination and approval the plans for such building, structure, alteration or addition as are required and approved in terms of the by-laws of the local authority having jurisdiction over the Property and any such additional plans or information for such building, structure, alteration or addition as the Directors may require or as may be required in terms of the Architectural Requirements. The Directors shall have the power:

8.12.1 To charge a reasonable fee for the examination and approval of building plans, subject to the approval of such fee at each Annual General Meeting of the Company;

8.12.2 In approving any plans, to lay down such reasonable conditions as they may deem fit.

8.13 Whenever they consider the appearance of any land or building vested in a member or members is such as to fail to comply with the Architectural Requirements, the Directors may serve notice on such member or members to take such steps as may be specified in a notice to eliminate such unsightly or injurious condition or failure. In the event of the member or members failing within a reasonable time to be specified in such notice, to comply therewith, the Directors may take such steps as may be necessary, and recover the cost thereof from the member or members concerned, which costs shall be deemed to be a debt owing to the Company.

9. SECURITY:

9.1 The Directors may from time to time make Rules relating to security, access to and egress from the Caribbean Beach Estate and any of the erven or units.

9.2 Members, occupants, guests, employees, building contractors, sub-contractors and any other persons shall only access and exit the Caribbean Beach Estate from such controlled security points established for that purpose by the Directors. No person may erect, construct or make allowance for access to or exit from the Caribbean Beach Estate in the perimeter boundary of the Estate, unless with the prior written permission of the Directors who may grant such permission on such terms and conditions relating to security and other matters as they may deem fit.

9.3 In the event of the Company electing to provide security equipment and a security service and/or other services for members on the Property, all members shall reasonably be obliged:

9.3.1 To permit the installation of any equipment on the erven for the purpose of such services as may be determined by the Company from time to time;

9.3.2 To make payment of the charges raised by the Company in respect of such services;

9.3.3 To abide by such terms and conditions as may be laid down by the Company from time to time in respect of such equipment and services.

10. ALTERATION OF MEMORANDUM OF INCORPORATION:

10.1 Notwithstanding any alterable Provision to the contrary, this Memorandum may be amended only if the proposed amendment is preceded by a Special Resolution passed at a properly quorate meeting of Members.

10.2 If this Memorandum is amended then the Board must file a Notice of Amendment of the Memorandum in accordance with the Act and the amendment will take effect on the date the Notice of Amendment is filed or such later date as is specified in the Notice of Amendment.

10.3. The Board, or any individual authorised by the Board, may alter this Memorandum in a manner necessary to correct a patent error in spelling, punctuation, reference, grammar or similar defect on the face of the document by providing written notice of the proposed alteration to each Member. If none of the Members raise any objection to the proposed alteration to the effect that the proposed alteration exceeds the authority provided for in this Article 10 within five Business Days of receiving the notice of the proposed alteration, the Board may file the required Notice of Alteration. If any Member objects to the proposed alteration on the grounds aforesaid, the proposed alteration must be preceded by a Special Resolution.

10.4. The Board must publish a copy of the relevant alteration or amendment to the Memorandum to each Member.

10.5 Any amendments to this Memorandum shall be submitted to the South African Revenue Services.

11. MATTERS RESERVED FOR GENERAL MEETING:

The Directors shall not be entitled to exercise the following powers on behalf of the Company, unless with the prior authorisation of the Company in general meeting:

11.1 The sale or alienation of any immovable property, or portion thereof, belonging to the Company;

- 11.2 The hypothecation, mortgage, lien or any encumbrance upon such immovable property, or any portion thereof, whether to secure a debt or otherwise;
- 11.3 The borrowing of any sum of money or the provision of any guarantee, suretyship, intercession or other form of security;
- 11.4 The incurring of any Operational or Capital Expenditure in excess of R100 000-00 (One Hundred Thousand Rand) per expense, if not budgeted for;
- 11.5 The determination of or amendment of the budgeted number of permanent and casual employees of the Company;
- 11.6 Any amendment of or variation to the Company's approved Financial Policy and Delegation of Authority Matrix;
- 11.7 The initiation of any disciplinary proceedings against the Chairperson in his capacity as such;
- 11.8 Any other matters reserved for approval by the members at Annual General Meetings of the Company in terms of Articles 15.1 and 15.2;
- 11.9 Any other matters reserved for approval by the members in terms of the Company's approved Financial Policy and Delegation of Authority Matrix.

12. GENERAL MEETINGS:

- 12.1 The Company shall hold general meetings to be known and described in the notices calling such meetings as Annual General Meetings of the Company. Such meetings shall deal with and dispose of the matters prescribed in terms of Article 15.1, and shall be held within no more than 6 (Six) months after the end of every financial year of the Company, and within not more than 15 (Fifteen) months after the date of the last preceding such meeting of the Company.
- 12.2 All general meetings of the Company other than Annual General Meetings shall be called Extraordinary General Meetings. The Directors may, whenever they deem fit, convene an Extraordinary General Meeting. The Directors shall also convene an Extraordinary General Meeting on the requisition of members holding not less than 5% the total voting rights of all members having at the date of the requisition a right to vote at general meetings of the Company.
- 12.3 The Directors shall, within 10 (ten) days of the lodging of the requisition referred to in Article 12.2, issue a notice to members convening an Extraordinary General Meeting of the Company for a date not less than 15 (Fifteen) and not more than 24 (Twenty Four) days from the date of the notice. In the event of any failure on the part of the Directors to convene

such a meeting, the requisitionists may themselves convene such a meeting, on the terms set forth in Section 61(3) of the Act.

12.4 Annual General Meetings and Extraordinary General Meetings shall be held at such time and place as the Directors shall appoint or at such time and place as the Directors may determine from time to time.

12.5 A Members' requisition for a meeting must:

12.5.1 be in writing to the Directors;

12.5.2 describe the specific purpose for which the meeting is to be held;
and

12.5.3 be made by, or signed by no less than 5 % (five) percent of the Members of the Company entitled to vote on the agenda item for the meeting.

13. NOTICE OF MEETINGS:

13.1 Annual General Meetings and meetings called in order to pass a special resolution must be called for at least fifteen (15) business days before the meeting.

13.2 Ordinary Meetings or any other meeting must be called for on at least ten (10) business days' notice.

13.3 Notice of meetings must be published by any medium approved by the Directors.

13.4 Other General Meetings of the Company may be held from time to time as necessary.

13.5 The Directors or Members may call for such a meeting in terms of the procedures set out in the Act.

13.6 Participation in General Meetings of the Company by electronic communication as provided for in Section 63 (2) of the Act will not be allowed.

13.7 The accidental omission to give notice of any meeting to any particular member or members shall not invalidate any resolution passed at any such meeting.

14. VERIFICATION OF RIGHT TO ATTEND MEETING:

14.1 A person wishing to attend or participate in a Member's meeting (whether as a proxy or Representative or Member), must present reasonably satisfactory identification to the Secretary of the meeting at least fifteen

minutes before the time scheduled for the start of the meeting. The Secretary must be reasonably satisfied that the right of the person to attend and vote has been reasonably verified. For the purposes of this Article, the following forms of identification shall be reasonably satisfactory: a valid identity document, driver's license or passport (or a certified copy of any of these documents), accompanied by a power of attorney, letter of authority or other instrument appointing the proxy or person to attend the meeting on behalf of a Shareholder.

14.2 In the event that the identification process is not completed by the time that the meeting is scheduled to begin, then the commencement of the meeting shall be delayed until the identification process is complete.

15. BUSINESS AT AN ANNUAL AND EXTRAORDINARY GENERAL MEETING:

15.1 The Annual General Meeting shall deal with and dispose of all matters prescribed by the Act, including the following:

15.1.1 The consideration of the Directors' report;

15.1.2 Presentation of the annual financial statements;

15.1.3 The appointment of Directors in terms of this Memorandum, or the ratification of any such appointment;

15.1.4 The consideration of the report of the Auditor's, the appointment of the Auditor's, and the approval of the auditing fees.

15.1.5 The consideration and approval of the fees, deposits, penalty levies and interest or late payment fees on arrear levies, payable in terms of this Memorandum, the Rules or the Architectural Requirements;

15.1.6 The consideration and approval of the Rules (including fines or penalties) and any amendments thereto;

15.1.7 The consideration and approval of the Company's Debt Collection Policy or any amendment thereof;

15.1.8 The consideration and approval of the Company's strategic plan or any amendment thereof;

15.1.9 The consideration and approval of any charter pertaining to a Portfolio Committee established in terms of Articles 18.5 and 27.14;

15.2 The Extraordinary General Meeting shall deal with and dispose of the following matters:

- 15.2.1 The consideration and approval of the Company's Operating and Capital Expenditure budgets for the new financial year and the resultant levies;
- 15.2.2 The consideration and approval of the Company's budgeted number of permanent and casual employees for the new financial year;
- 15.2.3 The consideration of any other matters raised at the meeting, including any resolutions proposed for adoption by such meeting and the voting upon any such resolutions; provided that written notice of any such matter shall have been given to the Company by any member entitled to vote, present in person or by proxy, not less than 5 (Five) days before the appointed date for the meeting.

16. PROCEDURE AT GENERAL AND ANNUAL GENERAL MEETINGS:

- 16.1 All business conducted at a meeting, whether at an Annual General Meeting or Extraordinary General meeting, will be considered ordinary business and would be resolved by ordinary resolution as contemplated in Section 65 of the Act unless it is special business.
- 16.2 A Special resolution of Members is required for the business prescribed in Section 65 (11) of the Act, and must be supported by at least 75 % of the Members and proxies present at the meeting ("special business").
- 16.3 No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business. Subject to the provisions of Section 64(1) and 64(2) of the Act, the quorum shall be 5% (Five Percent) of the members entitled to vote present in person or by proxy.
- 16.4 The Chairperson of Directors shall be entitled to take the chair at any general meeting. If there be no Chairperson or Deputy Chairperson, or if at any meeting he shall not be present within 10 (Ten) minutes after the time appointed for holding the meeting, or is unwilling to act, the Directors may choose a Chairperson, and in default of their doing so, the members present shall choose one of their number to be Chairperson.
- 16.5 If there is no quorum within 30 (thirty) minutes of the scheduled start time, the meeting shall stand adjourned, until a date, place and time appointed by the Chairperson, which shall not be earlier than 5 (five) business days nor later than 15 (fifteen) business days after the scheduled date of the original meeting. (Section 64 (6) of the Act).
- 16.6 If there is no quorum present within 30 (thirty) minutes of the scheduled start time of the adjourned meeting, the Members present in person or by proxy will constitute a quorum and the meeting may proceed.

- 16.7 A quorum of Members at a General Meeting may make a motion, asking the Chairperson of a meeting to adjourn it at any time. The procedures and time frames provided in Sections 64 (10) to (12) of the Act, will apply.
- 16.8 The agenda at an adjourned meeting must not differ in any material respect from the agenda for the original meeting and no other business may be conducted other than the unfinished business of the original meeting.
- 16.9 Meetings of the Company are to be convened and conducted in accordance with the Act.
- 16.10 The Chairperson of a general meeting may, with the consent of the meeting, adjourn the same from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. The Chairperson shall adjourn a meeting if the provisions of Section 64(4) of the Act have been complied with.
- 16.10.1 At any general meeting, each resolution must be voted upon separately and shall be decided on a show of hands or a poll requested by members in terms of Article 17.3. Any ordinary resolution (that is a resolution other than a special resolution) or the amendment of an ordinary resolution shall be carried on a simple majority of all votes cast. In the case of equality of votes for and against any resolution, the resolution shall be deemed to have been defeated.
- 16.10.2 The members shall, for every general meeting of the Company, appoint a Scrutiny Committee for the purpose of verifying and counting votes. Such Scrutiny Committee shall consist of 3 (Three) members who shall not be Directors of the Company. Any duly appointed Scrutiny Committee shall not be a Portfolio Committee for the purposes of Article 18.5
- 16.11 Unless any member present in person or by proxy at a general meeting has, before the closure of the meeting, objected to any declaration made by the Scrutiny Committee as to the result of any voting at the meeting, or to the propriety or validity of the procedure of such meeting, such declaration by the Scrutiny Committee shall be deemed to be a true and correct statement of the voting and a meeting shall in all respects be deemed to have been properly and validly constituted and conducted and an entry in the minutes to that effect that any motion has been carried or lost, with or without a record of the number of votes recorded in favour of or against such motion, shall be conclusive evidence of the votes so recorded.
- 16.12 A resolution in writing signed by all of the members of the Company or their duly appointed agents shall (except in cases where a meeting is

prescribed by the Act) be as valid and effectual as if it had been passed at a meeting of the Company duly convened and held; provided that such resolution is duly inserted in the minute book of meetings of the Company.

17. VOTES OF MEMBERS:

- 17.1 Subject to the provisions of Articles 5.4, 17.2 and 17.5, every member present in person or by proxy at a general meeting of the Company shall be entitled to one vote on a show of hands.
- 17.2 Any member who is the registered owner of more than one erf or unit shall, be entitled to exercise a vote for each and every erf and/or unit registered in his name.
- 17.3 Members, or their proxies, may call for a poll on any vote, either before or on declaration of the result of a vote. A minimum of three Members, or their proxies, must support the call for the poll. A call for a poll may be withdrawn.
- 17.4 The Chairperson of the meeting will direct how the poll will take place. A demand for a poll on a resolution does not mean that the meeting must be interrupted. Other business must continue.
- 17.5 Save as expressly stated in this Memorandum, no person other than a member duly registered and who shall have paid every levy and other sum, if any, which shall be due and payable to the Company and shall have complied with the provisions of this Memorandum and any Rule enacted in terms of this Memorandum and who is not under suspension, shall be entitled to be present or to vote on any question, either personally or by proxy, at any general meeting.
- 17.6 Votes may be given either personally or by proxy. Such proxy need not be a member of the Company.
- 17.7 The instrument appointing a proxy shall be handed to the Chairperson or secretary of the Board of Directors, at least 24 (Twenty Four) hours before the meeting and be tabled at the meeting at which the person named in the instrument proposes to vote. The instrument appointing a proxy shall be valid for a period of 12 (Twelve) months from the date of its execution.
- 17.8 Every instrument of proxy shall be in the form depicted in terms of Annexure "A" ("Form of Proxy") to this Memorandum. The Scrutiny Committee appointed in terms of Article 16.10.2 shall ensure that each instrument of proxy is in accordance with this Memorandum, Annexure "A" hereto, and any applicable provisions of the Act.

- 17.9 A member at any meeting of the Company shall be limited to a maximum of 3 (three) proxies in regard to the number of proxies per vote he may present and exercise, in addition to his or her own vote/s.
- 17.10 A vote given in accordance with the terms of a proxy, shall be valid notwithstanding the death of the principal, or revocation of the proxy, provided that no intimation in writing of the death or revocation shall have been received by the Directors at any time before a vote is taken in respect of which the proxy exercises such vote.
- 17.11 The Chairperson does not have a casting vote. If the number of votes is identical, the resolution is defeated.
- 17.12 If a Member has an objection to the manner in which the meeting was conducted or votes were recorded, he must raise the objection before the close of the meeting. The Secretary must record the Members' objection.
- 17.13 If no objection is raised, the meeting is seen as having been in all respects properly and validly constituted and conducted, and the note of the outcome of any vote to have been correct.

18. APPOINTMENT OF DIRECTORS AND COMPOSITION OF BOARD:

- 18.1 Unless and until otherwise determined by the Company in general meeting, there shall be a Board of Directors of the Company which shall consist of not less than 4 (Four) and not more than 10 (Ten) natural persons.
- 18.1.1 At each Annual General Meeting, at least one third of the Directors must stand down. The longest standing of the Directors must stand down.
- 18.2 The number of longstanding Directors to stand down is determined by dividing the number of Directors currently serving by three, rounding any fractional result up to the nearest whole number and subtracting the number of any other retiring Directors.
- 18.3 A Director must be a natural person, and must be an individual or co-owner or Representative or their spouse. A Director however, by accepting his appointment to office as such, shall be deemed to have agreed to be bound by all the provisions of this Memorandum and shall sign and execute and return to the Company any Director's Code of Conduct prescribed by the Board of Directors from time to time.
- 18.4 Subject to the provisions of Articles 19, 20, 21 and 23, the Directors shall be appointed by the members at an Annual General Meeting of the Company, pursuant to the procedure set forth in Article 18.8.

18.5 In effecting any appointment of a Director in terms of this Memorandum, the members shall ensure that a Director is appointed for each of the following portfolios (or such other portfolio/s as the members in general meeting may determine):

18.5.1 Chairman;

18.5.2 Finance;

18.5.3 Marketing and Communication;

18.5.4 Security;

18.5.5 Building and Technical;

18.5.6 Golf;

18.5.7 Restaurant and Entertainment;

18.5.8 Marina.

18.6 The appointment of any Director in terms of this Memorandum shall be based upon such person's qualifications, expertise and/or experience, in relation to any portfolio which requires the appointment of a new Director or the re-appointment of an existing Director.

18.7 The procedure for the appointment of Directors at an Annual General Meeting shall be as follows:

18.7.1 The Directors shall, in terms of the notice convening the Annual General Meeting, inform the members of the impending expiry of a term of office (which shall be determined in accordance with Article 19.1) of any appointed Director and the portfolio to which such appointment relates. The notice convening the Annual General Meeting shall furthermore notify the members of the procedure to be followed for the nomination and appointment of Directors in terms of this Article 18.8 and the right of re-appointment of an existing Director in terms of Article 18.9;

18.7.2 Subject to Articles 18.3 and 19.2, any member may be nominated for appointment as a Director in respect of a particular portfolio, provided that such nomination is in writing and by any 2 (Two) members of the Company other than the member nominated;

18.7.2.1 Such nomination will not be valid unless:

18.7.2.2 It is delivered to the office at least 10 (Ten) days before the Annual General Meeting; and

18.7.2.3 It is accompanied by a Curriculum Vitae detailing the nominee's qualifications, expertise and experience; and

18.7.2.4 It identifies the portfolio to which the nomination relates.

18.8 The list of candidates, in respect of each designated portfolio, shall be presented for election by the members at the Annual General Meeting;

18.8.1 The list of candidates and the Curricula Vitae of all nominees shall be open for inspection by the members at the office from at least 5 (Five) days before the Annual General Meeting;

18.8.2 The members shall, in respect of Articles 18.5, and 18.7, appoint a Director or Directors from the candidate list, or in respect of an existing Director or Directors who have been nominated for re-appointment in terms of Article 18.9;

18.8.3 Each appointment of a Director for a portfolio identified in terms of Article 18.8 shall be voted only on a poll, by the members in terms of Articles 16.11 and 17. The person with the majority of votes shall be appointed as the Director for the identified portfolio. Notwithstanding the provisions of Article 16.11, in the event of an equality of votes, the candidates concerned can be given the option to withdraw their nomination, elect an unoccupied Portfolio or be nominated as Director without portfolio.

18.8.4 The Scrutiny Committee appointed for the Annual General Meeting in terms of Article 16.12 shall verify and count all votes and shall declare the outcome of the voting in respect of each appointment.

18.9 Nothing in this Memorandum shall prevent an existing Director (including any Director appointed in terms of Articles 20, 21 or 23) from being nominated for re-appointment, provided that he is duly nominated for appointment in terms of Articles 18.10.2. The nomination of an existing Director for re-appointment shall be subject to Articles 18.8.4.

18.10 The members at the Annual General Meeting may appoint any Director or Directors as they deem fit, subject to the provisions of Articles 18.1, 18.3, 18.4 and 19.

18.11 Except as otherwise herein provided, the Chairperson shall preside at all meetings of the Board of Directors and all general meetings of Members and, in the event of his not being present within 10 (ten) minutes of the scheduled time for the start of the meeting or in the event of his inability or unwillingness to act, the vice-Chairperson shall act in his stead, or failing the vice-Chairperson, a Chairperson appointed by the meeting.

19. ROTATION OF DIRECTORS:

19.1 Any person who has served 3 (Three) terms of office of 2 (two) years each as a Director (whether cumulative or successive) shall not be eligible for re-appointment as a Director for a period of 2 (Two) years, calculated from the date upon which such person last held office.

20. REMOVAL AND/OR DISQUALIFICATION OF DIRECTORS:

20. A Director shall be deemed to have vacated his office upon:

20.1 him profiting by his office or having an interest in any contract with the Company, without the prior written consent of the Company in terms of Article 24.

20.2 his estate is sequestrated or he files a petition for the surrender of his estate or an application for an administration order, or if he commits an act of insolvency as defined in the insolvency laws for the time being in force, or if he makes an arrangement or composition with his creditors generally; or

20.3 he is declared a lunatic or becomes of unsound mind; or

20.4 he resigns his office by notice in writing to the Company; or

20.5 him being removed from office as provided for in Section 71 of the Act; or

20.6 he is otherwise removed in accordance with any provisions of this Memorandum; or

20.7 in the event of him being a Member of the Company, him being disentitled to exercise a vote in terms of this Memorandum or any Rule made in terms hereof; or

20.8 In the event of his Membership of the Company being terminated.

20.9 Violent or abusive behaviour of a Director.

21. VACANCIES ON THE BOARD OF DIRECTORS:

21.1 In the event of any vacancy in respect of the Board of Directors, whether occasioned by the death, resignation, disqualification or removal of a Director, the Directors shall be entitled to appoint a replacement Director, subject to the provisions of Article 21.3.

21.2 The Directors shall have the power at any time to appoint an additional Director, provided that such appointment is subject to Articles 18.1, 18.3, and 18.6.

21.3 Any Director appointed in terms of Articles 21.1 or 21.2 shall serve office until the next Annual General Meeting whereupon his appointment must be ratified by the members. Such a Director shall be entitled to be nominated for re-appointment in terms of Article 18.9.

22. DIRECTORS MAY ACT NOTWITHSTANDING VACANCIES ON BOARD:

The continuing Directors may act notwithstanding any vacancy in their body, but if and so long as their number is reduced below the minimum number laid down in Article 18.1, they may act only for the purpose of increasing the number of Directors to that number or for the purpose of summoning a general meeting of the Company, but for no other purpose.

23. APPOINTMENT OF NEW DIRECTORS BY THE COMPANY IN GENERAL MEETING:

Notwithstanding the provisions of Article 23, the members may by ordinary resolution appoint a Director to fill a vacancy on the Board of Directors or may appoint an additional Director, subject to the provisions of Articles 18.1, 18.3, 18.4, 18.5, and 18.6.

24. INTEREST OF DIRECTORS:

A Director may not:

24.1 Hold any other office or place of profit in the Company; or

24.2 Act by himself or by his firm in a professional capacity for the Company; or

24.3 Have any direct or indirect interest in any contract or an arrangement entered into or on behalf of the Company; unless the Company in general meeting shall have provided its prior approval in respect of any such office, place of profit, appointment or interest and subject to such terms and conditions as may be determined by the Company in general meeting.

25. REMUNERATION OF DIRECTORS:

The Directors shall not be entitled to remuneration for their services as such, provided that if any Director shall be required to perform extra services, or shall be otherwise specially occupied about the Company's business, or shall incur reasonable *bona fide* expenses in or about the performance of his duties as a Director, he shall be entitled to receive a remuneration to be fixed by the members at an Annual General Meeting and reimbursement for such expenses.

26. DIRECTORS' EXPENSES:

Directors shall be entitled to be repaid all reasonable and *bona fide* expenses incurred by them respectively in or about the performance of their duties, as

Directors. Save as aforesaid, Directors shall not be entitled to any remuneration for the performance of their duties in terms hereof.

27. PROCEEDINGS OF DIRECTORS:

27.1 The Directors may meet together for the dispatch of business, adjourn and otherwise regulate their meetings as they deem fit, but at least 4 (Four) times a year. The quorum of Directors necessary for the transaction of business may be fixed from time to time by the Directors: provided that:

27.1.1 Unless and until the quorum is so fixed by the Directors, it shall be 4 (Four) Directors;

27.1.2 The quorum shall not in any circumstances be less than 4 (Four) Directors.

27.2 A Director may at any time convene a meeting of the Directors. A Director who is not at any time in the Republic of South Africa shall not, during such time as he is absent therefrom be entitled to notice of any meeting. The Board of Directors may, for the purpose of this Article or for the purpose of giving notice of any general meeting or generally in regard to the administration of the meetings of the Board of Directors or the Company, appoint any person as the secretary. Such person need not be a member of the Company.

27.3 Questions arising at any meeting of Directors shall be decided by a majority of votes and, in the case of an equality of votes, the Chairperson shall not have a second or casting vote.

27.4 The Chairperson shall be entitled to preside over all meetings of Directors. If no Chairperson is present at any meeting within 15 (Fifteen) minutes of the time appointed for the holding of the same, the Directors present shall choose one of their number to be the Chairperson of such meeting.

27.5 A meeting of the Directors at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions by or under the Articles of the Company for the time being vested in or exercisable by the Directors generally.

27.6 When a resolution of the Board is called for, the Secretary must record in writing:-

27.6.1 the proposed resolution;

27.6.2 the manner in which the vote on the proposed resolution was cast; and

27.6.3 whether the resolution was approved or not.

27.7 Resolutions of the Board may be:

- 27.7.1 passed by a show of hands or a confidential poll vote;
- 27.7.2 passed in counterpart, which may include the submission of a Directors vote by electronic communication, provided the motion for such vote was circulated beforehand to all Directors;
- 27.7.3 passed on a round-robin basis or in any combination of the above.
- 27.8 Resolutions adopted by the Board are effective as of the date of the resolution.
- 27.9 If the number of Directors is below the minimum number required in terms of this Memorandum, the Directors may not act, except in an emergency or to vote to appoint additional Directors as may be necessary to bring the number of Directors to the minimum number prescribed in this Memorandum.
- 27.10 The General Manager or Managing Agent of the Company shall be the Secretary of the Board of Directors and the Company.
- 27.11 In the event of all Directors resigning at once, the Secretary shall call for a General Meeting within 10 (ten) days, for the purpose of electing Directors and Chairperson.
- 27.12 In the event that the Board of Directors takes an ultra vires decision or acts outside its powers, the Secretary may report such inappropriate decision or action to the Board of Directors with a request to withdraw and rescind such decision or action. Should the Board fail to comply with such demand, the Secretary may call for a General Meeting of Members to address the matter.
- 27.13 If no office bearers are present within five minutes of the start of the General Meeting, the Directors present must elect one of them to hold office for the duration of that particular meeting.
- 27.14 The Directors shall appoint Portfolio Committees which shall be designated in accordance with the portfolios determined in terms of Article 18.6, save that there shall be no Portfolio Committee appointed in respect of the Chairperson Portfolio;
- 27.14.1 Portfolio Committees, (Finance and Security Standing Portfolio Committees excluded), shall be ad-hoc committees appointed by the Board to assist or provide expertise on specific projects or to provide general help in assisting the Board to achieve its goals from time to time save and except the Finance and Security Portfolio committees that shall be a standing committee;
- 27.15 The Portfolio Committees appointed by the Directors in terms of Article 27.14 shall be established subject to the following:

- 27.15.1 Subject to Article 18.6, each Portfolio Committee shall consist of the appointed Portfolio Director, such other member or members as the Directors may determine and, if deemed necessary by the Directors, no more than one person who need not be a Director or member;
- 27.15.1.1 The Directors shall have the right to appoint the Chairman of the Golfing section of the St James Sports Club as Director of the Golf Portfolio;
- 27.15.1.2 The appointment of a Director of the Golf portfolio appointed in terms of article 27.15.1.1 shall be subject to the provisions of Article 21.3;
- 27.15.2 Any appointment by the Directors of Portfolio Committee members shall be on the basis of the appointee's expertise, qualifications and/or experience in relation to such Portfolio Committee's area of responsibility;
- 27.15.3 Each Portfolio Committee shall at all times be chaired by the appointed Portfolio Director;
- 27.15.4 The Directors shall develop and implement charters for each Portfolio Committee created in terms of Article 18.6, specifying the powers and functions of each such committee and charters for ad-hoc Portfolio Committees that shall specify their remit and expected final date to report to the Board;
- 27.15.5 The Directors may from time to time revoke any delegation of powers or any appointment made to a Portfolio Committee;
- 27.15.6 Every Portfolio Committee shall, in the exercise of any delegated powers, conform to any conditions that may from time to time be imposed upon it by the Directors;
- 27.15.7 The meetings and proceedings of every Portfolio Committee shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Directors;
- 27.15.8 Notwithstanding any delegation of powers, the Directors shall remain liable for the acts or omissions of any Portfolio Committee appointed in terms of Article 18.6.
- 27.16 The Chairperson shall have such powers and functions as are designated in terms of these Articles, the Company's approved Financial Policy and Delegation of Authority Matrix, or any such powers and functions as are designated to him by the members in general meeting or by the Board of Directors.

28. POWERS OF DIRECTORS:

- 28.1 Subject to the provisions of Article 11, the management of the business of the Company shall be vested in the Directors, and the Directors, in addition to the powers and authorities expressly conferred upon them in terms of these Articles, may exercise all such powers and do all such acts and things as may be exercised or done by the Company including the right of appointment and dismissal of employees and of the managing agent provided that the Directors shall not cause the Company to undertake business or do any act not falling within the general scope of the objects set out in the Memorandum.
- 28.2 In the exercise of their powers, in terms of the Act and these Articles, the Directors shall at all times act reasonably.
- 28.3 All notices or communications by the members to the Directors shall be in writing and addressed to the Chairperson. The Chairperson may in his discretion delegate the authority to deal with any such communication or notice to any other Director, Portfolio Committee, officer or employee of the Company.
- 28.4 The Directors shall at all times have the right to engage, or terminate engagement, on behalf of the Company, the services of accountants, attorneys, advocates, architects, engineers, a managing agent and any other professional firm or person or other employees whatsoever for any reasons deemed necessary by the Directors and on such terms as the Directors shall decide.
- 28.5 The Directors may delegate such of their powers to a managing agent as they determine subject to any restriction imposed or direction given at any general meeting of the Company. Notwithstanding any such delegation of powers, the Directors shall remain liable for all acts or omissions of the managing agent.
- 28.6 Without derogating from the provisions of Article 18.6, the Directors shall appoint a Building and Technical Portfolio Committee which shall consist of the appointed Portfolio Director, such other member or members as the Directors may determine from time to time, and a practicing professional architect duly qualified to practice as such on his own account in the Republic of South Africa, should the Directors regard this as necessary. The purpose of this Portfolio Committee will be to apply and enforce such Rules, regulations and guidelines as are set forth in the Architectural Guidelines.

29. REGISTERS:

- 29.1 The Company shall keep at the places prescribed by the Act and maintain in proper form and in the manner prescribed by the Act all such registers as are required by the Act.

29.2 In addition, the Company's register of members shall be kept updated with each member's e-mail address and telephone contact details, to enable the Company to despatch notices as contemplated by Article 32.

29.3 The Company shall not be entitled nor obliged to disclose the e-mail addresses or telephone contact details of any members to any person, including another member. Upon the written request of any member, the Company may despatch any notice or communication on behalf of such member to any other member or members. Such request shall not be unreasonably refused.

30. ACCOUNTS:

30.1 The accounting records of the Company shall be kept at the office of the Company or at such place or places as the Directors deem fit.

30.2 The Directors shall from time to time determine and at what times and places, and under what conditions or regulations the accounting records of the Company, or any of them, shall be open to the inspection of the members. No request from a member to inspect such records shall be unreasonably withheld.

30.3 At each Annual General Meeting the Directors shall lay before the Company annual financial statements containing the balance sheet, statements and reports referred to in Section 61(8) of the Act, made up to a date and not more than 6 (Six) months before the meeting.

30.4 The report of the Directors shall comply with Section 30(3)(b) of the Act.

31. AUDITORS:

31.1 The duly appointed Auditors of the Company shall, subject to the provisions of the Act, hold office until another appointment or appointments to the office shall be made at an Annual General Meeting of the Company, and the provisions of Section 90(1) and 90(7) of the Act shall apply to and be complied with in connection with any appointment proposed to be made, or not made of an Auditor or Auditors of the Company. The remuneration of the Auditor or Auditors shall be determined by the Company in general meeting.

31.2 Refer to Section 90 of the new Companies Act of 2008;

31.2.1 A Director, officer or employee of the Company;

31.2.2 A Director, officer or employee of any company performing secretarial work for the Company;

31.2.3 A partner or employer or employee of a Director or an officer of the Company;

31.2.4 A person who by himself or his partner or employee habitually or regularly performs the duties of secretary or bookkeeper of the Company;

31.2.5 An incorporated entity;

31.2.6 A person who at any time during the financial year was a Director or officer of the Company;

31.2.7 Not qualified to act as such under any legislation regulating the conduct of Auditors.

32. NOTICES:

32.1 All notices intended or required to be given by the Company to any member of the Company shall be given in writing either personally, by post addressed to the member at his address registered with the Company or by electronic notice via any medium approved by the Directors.

32.2 Each member of the Company shall notify in writing to the Company an address, which shall be his registered address within the meaning of the last preceding Article and if he has not named such an address he shall be deemed to have waived his right to be served notices.

32.3 Any notice sent by post shall be deemed to have been sent on the day on which the letter, envelope or wrapper containing the same is posted, and in proving such service it shall be sufficient to prove that the letter, envelope or wrapper containing the notice was properly addressed and put in the post. Any notice sent by electronic medium shall be deemed to have been received at the expiration of 24 (Twenty Four) hours after the time it was sent and such notice shall be deemed to have been sent and served on the day on which the Company releases such electronic communication and any record of the transmission, whether physical or electronic, shall be sufficient to prove proper giving of such notice.

32.4 Any notice sent by any means approved by the Directors to a member shall, notwithstanding that such member was then deceased, and whether or not the Company has notice of his death, be deemed to have been duly delivered.

33. INDEMNITIES:

33.1 Every Director and officer of the Company shall be indemnified out of the funds of the Company against all liability incurred by him as such Director, officer or Auditor, in defending any proceedings, whether civil or criminal, in which judgment is given in his favour, or in which he is acquitted, or in respect of any proceedings which are abandoned or in connection with any application under Section 77(9) & (10) of the Act in which relief is granted to him by the Court.

33.2 No Director, officer or employee of the Company shall be liable for the acts, receipts, neglects or defaults of any other Director or officer or employee, or for loss or expense happening to the Company through the insufficiency or deficiency of any security in or upon which any of the monies of the Company shall be invested, or for any loss or damage arising from the bankruptcy, insolvency or acts of any persons with whom any monies, securities, or effects shall be deposited, or for any loss or damage occasioned by any error of judgment or oversight on his part, or for any other loss, damage or misfortune whatever which shall happen in the execution of the duties of his office, or in relation thereto.

33.3 The indemnity set forth in Article 33.2 shall not apply in the event of any negligence, default, breach of duty, breach of trust or breach of contract, on the part of any Director, officer or employee of the Company.

34. WINDING-UP:

The winding-up of the Company by the members shall only be carried into effect after 75% (Seventy Five Percent) of the members present have supported the motion at an Annual General Meeting or at a special meeting and shall be carried out in accordance with the provisions of Article 16.2 of the Memorandum.