

REPUBLIC OF SOUTH AFRICA

COMPANIES ACT, 2008

**MEMORANDUM OF INCORPORATION**

**Name of Company: CHAMPAGNE SHARE BLOCK LIMITED**

**Registration Number: 1956/003056/06**

("the Company")

**Incorporation**

- (1) The Company is incorporated as a Share Block Profit Company, as defined in the Companies Act, 2008.
- (2) The Company is incorporated in accordance with, and governed by-
  - (a) The unalterable provisions of the Companies Act, 2008 that are applicable to Profit companies;
  - (b) The alterable provisions of the Companies Act, 2008 that are applicable to Profit companies, subject to any limitation, extension, variation or substitution set out in this Memorandum; and
  - (c) The provisions of this Memorandum of Incorporation.

**NOTE 1**

This Memorandum of Incorporation contains statutory provisions of the Share Blocks Act in **Annexure 1** that shall apply to the Company.

**NOTE 2**

The Memorandum of Incorporation contained in Form CoR 15.1 B of the Companies Regulations, 2011 shall not apply to the Company.

This MOI was adopted in accordance with a proposal by the Board issued on ..... 20..... and adopted by a special resolution taken by the voting Members at a general meeting of the Company held on ..... 20.....

## TABLE OF CONTENTS

1.	INTERPRETATION.....	4
2.	PURPOSE AND OBJECTS OF THE COMPANY.....	8
3.	POWERS AND CAPACITY OF THE COMPANY.....	8
4.	CONDITIONS.....	9
5.	MEMORANDUM OF INCORPORATION AND COMPANY RULES .....	9
6.	SHARE CAPITAL .....	9
7.	LIEN ON SHARES .....	13
8.	TRANSFER AND TRANSMISSION OF SHARES .....	14
9.	MEMBERSHIP LEVIES .....	15
10.	GENERAL MEETINGS.....	15
11.	NOTICE OF GENERAL MEETINGS .....	16
12.	PROCEEDINGS AT GENERAL MEETINGS .....	17
13.	VOTES OF MEMBERS AT GENERAL MEETINGS .....	18
14.	RESOLUTION PASSED BY SIGNATURE OF ALL MEMBERS .....	20
15.	RECORDS OF GENERAL MEETINGS .....	20
16.	PROXIES.....	20
17.	ELECTION OF DIRECTORS .....	24
18.	DISQUALIFICATION AND REMOVAL OF DIRECTORS AND ALTERNATE DIRECTORS .....	26
19.	POWERS AND DUTIES OF DIRECTORS.....	27
20.	PROCEEDINGS OF DIRECTORS .....	29
21.	RECORDS OF DIRECTORS' MEETINGS .....	30
22.	NOTICES.....	31
23.	WINDING-UP .....	31
24.	INDEMNITY.....	32
25.	LIMITATION OF LIABILITY OF DIRECTORS .....	32
26.	ARBITRATION.....	32

**ANNEXURE 1 – SHARE BLOCKS ACT STATUTORY PROVISIONS**

**ANNEXURE 2 – SHARE REGISTER**

**ANNEXURE 3 – CALENDAR**

**ANNEXURE 4 – USE AGREEMENT**

## 1. INTERPRETATION

In the interpretation of this MOI and unless contrary to or excluded by the subject or context:

- 1.1 any word herein signifying:
  - 1.1.1 the singular shall include the plural and vice versa;
  - 1.1.2 the masculine shall include the feminine and the neuter;
- 1.2 any word herein which is defined in the Act and is not defined in article 1.6 shall bear that statutory meaning in this MOI;
- 1.3 any word, phrase or sentence herein which is not defined in the Act or in article 1.6 shall bear its usual meaning;
- 1.4 each term, power or authority herein shall be given the widest possible interpretation;
- 1.5 phrases as defined in the Share Blocks Act shall have the meanings so assigned and words importing Persons shall include those legal entities defined in article 1.6.15;
- 1.6 each of the following words and expression herein shall have the meaning stated opposite it and, where applicable, shall include the word or expression stated opposite it:
  - 1.6.1 "Act" shall mean the Companies Act, 71 of 2008, as amended from time to time;
  - 1.6.2 "Board" shall mean the Board of Directors for the time being of the Company elected in terms of article 17;
  - 1.6.3 "Company" shall mean this Company;

**Champagne Share Block Limited  
Memorandum of Incorporation**

---

- 1.6.4 "Buildings" means the buildings erected on the immovable property described below and known as "CHAMPAGNE SPORTS":
- The farm Mirador No. 17579, Registration Division FS, situate in the province of KwaZulu Natal, in extent 141,5088 hectares;
- 1.6.5 "Chairman" shall mean the Chairman of the Board for the time being of the Company elected in terms of article 17.13;
- 1.6.6 "Director" shall mean a director for the time being of the Company elected in terms of article 17;
- 1.6.7 "Electronic Communication" shall bear the same meaning as set out in section 1 of the Electronic Communication and Transaction Act, 25 of 2002;
- 1.6.8 "General Meeting" shall mean any general meeting of the Company or any adjournment thereof, including an annual general meeting convened in terms of article 10.1 as the case be;
- 1.6.9 "Income Tax Act" shall mean the Income Tax Act, 58 of 1962, as amended from time to time;
- 1.6.10 "Member" shall mean the holder of Shares being Members of the Company referred to in article 6.11;
- 1.6.11 "MOI" shall mean the Memorandum of Incorporation of the Company as contained in this document, as duly amended from time to time;
- 1.6.12 "Month" means a calendar month;

- 1.6.13 "Office" shall mean the registered office for the time being of the Company;
- 1.6.14 "Period" means the numerical Friday on which a share block holder's period of occupation begins in respect of the relevant portion of the Company's buildings, commencing at 14h00 on the Friday specified and terminating at 10h00 hours on the following Friday, all such periods being reflected on **Annexure 3** hereto and the calendar of all periods attaching to all share blocks in the capital of the Company as compiled by the Directors annually in advance, with the following provisos, namely:
- (i) Period number 1 shall mean the week starting on the first Friday of the Year and all further periods shall follow consecutively.
  - (ii) The time between each period of use shall be a service period during which the Company shall have occupation of the said portions of the Company's building and property for the purpose of cleaning the same for subsequent occupation unless the relevant share block holder is entitled to two or more periods of use in which event there shall be no intervening service period between each such period of use.
  - (iii) The Company shall be entitled in any Year in which there is a 53rd Friday to an additional period of seven days commencing from such 53rd Friday at the time aforesated and terminating at the aforesated time, on the same terms and

conditions as those applicable to any other period.

- 1.6.15 "Person" shall include any natural person, company or body corporate, a statutory body, a partnership or an association of persons, as the case may be, having the legal capacity required in terms of the laws of the Republic;
- 1.6.16 "Republic" shall mean the Republic of South Africa;
- 1.6.17 "Share" shall mean that set out in Section 1 of the Share Blocks Act and relates to the share block granting a right of use to the holder thereof;
- 1.6.18 "Share Blocks Act" shall mean the Share Blocks Control Act No.59 of 1980, as amended, and the regulations promulgated from time to time in regard thereto;
- 1.6.19 "Share Block Developer" is as defined in Section 1 of the Share Blocks Act and its successor in title and assigns;
- 1.6.20 "Sign" shall include the reproduction of signature lithography, printing with an india-rubber stamp or any other electronic communication process partly the one and partly the other process and "signature" has the corresponding meaning;
- 1.6.21 "the Statutes" means the Companies Act, the Share Block Act and the Timesharing Act, as may be applicable, and every other Act for the time being in force concerning companies and affecting the Company;

- 1.6.22 "Timesharing Act" shall mean the Property Timesharing Control Act No. 75 of 1983, as amended, and the regulations promulgated from time to time in regard thereto;
- 1.6.23 "Use Agreement" shall mean any agreement conferring a right to, or an interest in, the use of immovable property in respect of which a share block scheme is operated, and is **Annexure 4** attached hereto;
- 1.6.24 "Writing" shall include printing, typewriting, lithography or any other electronic communication process, or partly one and partly the other;
- 1.6.25 "Year" means a calendar year.

## **2. PURPOSE AND OBJECTS OF THE COMPANY**

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

## **3. POWERS AND CAPACITY OF THE COMPANY**

- 3.1 The Company has the powers and capacity of a Person.
- 3.2 Notwithstanding the omission from this MOI of any provision to that effect, the Company may do anything which the Act, the Share Blocks Act and the Timesharing Act empowers a Company to do.
- 3.3 The Company is restricted in its powers and capacity in terms of the provisions of the Share Blocks Act and other provisions for the control of the business of the Company, and these are recorded in **Annexure 1** hereto.



#### **4. CONDITIONS**

- 4.1 The Company shall ensure that the whole of its activities are directed to the furtherance of its main and stated objects.
- 4.2 The Company shall utilise its assets and income to advance its stated objects for which it has been established.

#### **5. MEMORANDUM OF INCORPORATION AND COMPANY RULES**

- 5.1 Save for correcting patent errors in spelling, punctuation, reference, grammar or similar defects, which the Board is empowered to do in terms of Section 17(1) of the Act, all other amendments of the MOI shall be effected in accordance with Section 16(1) of the Act.
- 5.2 This MOI does not restrict, limit or qualify the power of the Board to make, amend or repeal any necessary or incidental rules relating to the governance of the Company in respect of matters that are not addressed in the Act or this MOI, in accordance with the provisions of sections 15(3) to 15(5) of the Act.
- 5.3 If the Board makes any rules, it must file and publish a copy of those rules in the manner prescribed in the Act.
- 5.4 If the Board alters the MOI or any rules made by it, in terms of Section 17(1) of this Act, it must publish a notice of such alteration in the manner prescribed by the Act.

#### **6. SHARE CAPITAL**

- 6.1 The authorized and issued share capital of the Company is R250000.00 (Two Hundred and Fifty Thousand Rand) divided into 125000 (One Hundred and Twenty Five Thousand) issued ordinary par value Shares of R2.00 (Two Rand) each, of which 125000 (One Hundred and Twenty Five Thousand)

Shares are apportioned among 4951 (Four Thousand Nine Hundred and Fifty One) share blocks in accordance with **Annexure 2** hereto.

6.2 The Shares comprising each share block:

6.2.1 Shall confer on the holder thereof from time to time the right to use and occupy that portion of the Company's Buildings and property as specified in **Annexure 3** and in the Use Agreement entered into between the Company and such holder, **Annexure 4** hereto, for the period specified in **Annexure 3** and subject to the terms and conditions of **Annexure 4**;

6.2.2 Oblige the holder thereof from time to time to lend to the Company as a fixed loan, on the terms and conditions set out in the Use Agreement, the amount specified in **Annexure 2**.

6.3 Upon acquisition of Shares, the Member acquired the right to, and usage interest as referred to in the Use Agreement.

6.4 None of the Shares in the capital of the Company which are not apportioned among the share blocks referred to in sub-article 6.1 above may be issued otherwise than on the authority of a special resolution of the Members of the Company and subject to the proviso that if they are so issued, such Shares shall be apportioned among the share blocks, and the Shares comprising each such share block shall confer on the holder the rights referred to in sub-article 6.2.1 above, subject to the terms and conditions set out in and referred to in that sub-article.

6.5 All Shares of the Company shall:

6.5.1 Confer a right to vote at any meeting of the Company;

6.5.2 Confer the same vote as every other Share in the Company;

6.5.3 Confer a right to an interest in the use of the Buildings in accordance with the provisions of the **Annexures 3 and 4** hereto.

- 6.6 Save as is otherwise hereinafter provided for and subject to the provisions of the Share Blocks Act and without prejudice to any special rights previously conferred on the holder of existing Shares in the Company, any Share may be issued with such special rights or subject to such restriction as the Company may from time to time determine.
- 6.7 If at any time the share capital is divided into different classes of Shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class but always subject to the conditions of article 6.4 above) may be varied with the consent in writing of the holder of three-fourths of the issued Shares of that class or with the sanction of a resolution passed at a separate General Meeting of the holders of the Shares of the class, and the provisions of Section 65 of the Act shall *mutatis mutandis* apply to the said resolution and meeting as if the resolution were a special resolution. To every such separate General Meeting the provisions of this MOI relating to General Meetings shall *mutatis mutandis* apply save that the necessary **quorum shall be two (2) Persons representing at least thirty three and one third percent (33.3%) of the voting rights** that are entitled to be exercised by Members present in person or by proxy of all the issued Shares of the class. This article does not curtail the power of the Company to vary the rights attached to any Share which has not been issued, subject to the provisions of article 6.4 above being adhered to.
- 6.8 The Company may from time to time by special resolution increase the share capital by such sum divided into Shares of such amount, or may increase the number of its Shares of no par value to such number, as the resolution shall prescribe.
- 6.9 New Shares shall be subject to the same provisions as to transfer, transmission and otherwise as the Shares in the original share capital.
- 6.10 The Company may by special resolution:

- 6.10.1 consolidate and divide all or any of its share capital into Shares of larger amount than its existing Shares or consolidate and reduce the number of the issued Shares of no par value;
  - 6.10.2 increase the number of its issued no par value Shares of smaller amount than is fixed by this MOI;
  - 6.10.3 sub-divide its existing Shares or any of them into Shares of smaller amount than is fixed by this MOI;
  - 6.10.4 cancel any Shares which at the date of the passing of the resolution, have not been taken by any Person, or which no Person has agreed to take;
  - 6.10.5 reduce its share capital, stated capital, any capital redemption fund or any share premium account in any manner and with, and subject to, any incident authorized and consent required by law;
  - 6.10.6 convert any of its Shares whether issued or not into Shares of another class.
- 6.11 The Company shall maintain at its registered office a Share register of the Members of the Company and the registration, transfer, issue and certification of Shares shall be in accordance with the provisions of Sections 50 and 51 of the Act.
- 6.12 Every Person whose name is entered in the Share register shall be entitled to one certified copy of a certificate for all the Shares attached to the share block/s and use rights registered in his name or to several certified certificates in respect of each of the share blocks. Every original Member shall be entitled to one certified copy of a Share certificate free of charge but for every subsequent certificate the Directors may make such charge as from time to time they may think fit; provided that if a Share certificate is defaced, lost or destroyed, it may be renewed on the payment of such fee, and on such terms, if any, as to the evidence and indemnity as the Directors may think fit.
- 6.13 Share certificates shall be issued under the authority of the Directors and as prescribed by the Act.

## 7. LIEN ON SHARES

- 7.1 The Company has a first and paramount lien and a pledge on every Share for the amounts due to it by the holder of such Share whether payment has become due or not. The amounts so due to the Company shall include the costs of any acts performed or proceedings instituted by the Company in its efforts to recover such amounts.
- 7.2 The Company shall not be obliged to recognise the pledge by a Member of any Share in the Company to a third party but as soon as an amount becomes due and payable by a Member to the Company, all Shares held by such Member shall from that moment become pledged by such Member to the Company.
- 7.3 In the event of such Member holding the original Share certificate, then in such event, the Member shall hold the certificate relating to the pledged Share as agent for the Company. A Share shall remain so pledged until the amount due has been settled or the Share has been realised as provided in article 7.5.
- 7.4 Notwithstanding anything to the contrary contained in this MOI the Company shall, upon the issue or replacement of a Share certificate to a Member, retain possession of the Member's original Share certificate/s and shall hold the same in pledge as security for all and any amounts which may be or become owing by the Member to the Company.
- 7.5 The Company shall be entitled to realise any Share on which it has a lien in terms of article 7.1 and any Share becoming pledged to it in terms of article 7.2 and or article 7.3 and/or article 7.4 by realising such Share in the following manner:
- 7.5.1 the holder of the Share shall be given 15 business days notice in writing in accordance with article 22;
- 7.5.2 the notice shall state the amount of the claim, demand payment thereof within the said period of notice and advise the Member that if

- the amount due remains unpaid the Share shall be sold to recover so much of the debts as may be realised by the sale;
- 7.5.3 the sale shall be by way of a tender process or in such other duly publicised manner as in the *bona fide* opinion of Directors would realise a more favourable price in the circumstances.
- 7.6 The net return of any such sale shall be applied in respect of the amount due to the Company and the Member shall remain liable for any shortfall. In the event of an over recovery the credit balance, if any, shall be paid to the Member upon demand.
- 7.7 On any sale as aforementioned the Directors may enter the name of the purchaser in the Share register of the Company.
- 7.8 Except as herein further provided, an affidavit by a Director or the secretary of the Company that the Share has been duly sold in accordance with the provisions of the preceding sub-article shall be conclusive evidence of the facts therein stated as against all Persons laying claim to such Shares or the proceeds thereof, and such affidavit and the receipt by the Company of the purchase price of Shares shall be conclusive proof of the rights to such Shares.

## **8. TRANSFER AND TRANSMISSION OF SHARES**

- 8.1 No Share in the capital of the Company shall be capable of being held independently from all the other Shares contained in the same share block, and no Share may be transferred except simultaneously with and to the same transferee as the whole of the other Shares included in the same share block, and together with the transfer, cession and assignment of:
- 8.1.1 the relevant portion of the loan obligation allocated to the share block in question, and
- 8.1.2 the Use Agreement pertaining to the share block in question and the assumption by the transferee of all the transferor's obligations thereunder.

8.2 Save as otherwise provided in this MOI or in the terms of the issue of any class of Shares:

8.2.1 Prior to the transfer of Shares to any transferee, the levies and any other amounts due and payable to the Company by the Member must be settled in full, unless otherwise resolved by the Directors.

8.2.2 Save for the transfer of Shares by a Member or by his executors or administrators or other legal representatives to the spouse or any descendant or ascendant of such Member, no Shares may be transferred without the prior written consent and approval of the Directors of the Company, which consent shall not be unreasonably withheld.

8.2.3 Notwithstanding anything to the contrary in this sub-article, no consent by the Directors shall be necessary for the transfer of any Shares held by the Share Block Developer.

## **9. MEMBERSHIP LEVIES**

It is recorded that substantially the whole of the Company's funding shall be derived from Member levies contribution in accordance with the provisions of Section 13 of the Share Blocks Act and the Use Agreement, the levies being currently exempt from taxation in terms of Section 10(1)(e) of the Income Tax Act.

## **10. GENERAL MEETINGS**

10.1 The Company shall in each year hold an annual General Meeting; provided that:

10.1.1 not more than 15 (fifteen) months shall elapse between the date of one annual General Meeting and that of the next; and

10.1.2 not more than 9 (nine) months shall elapse between the date of the end of the Company's financial year and the date of the annual General Meeting.

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

## **11. NOTICE OF GENERAL MEETINGS**

- 11.1 Subject to the provisions of the Act:
- 11.1.1 not less than 15 business days notice in Writing shall be given to all Members;
- 11.2 The notice period as provided for in article 11.1 shall be exclusive of the day on which the notice is served or deemed to be served and inclusive of the date of the meeting.
- 11.3 The notice of a General Meeting shall state-
- 11.3.1 the place, day and hour of that meeting; and
- 11.3.2 the matters which will be considered, and may be voted on, at such meeting.
- 11.4 A meeting of the Company shall, notwithstanding the fact that it is called by shorter notice than that specified in this article, be deemed to have been duly called if it is so agreed by all of the Members present having a right to attend and vote at the meeting.



- 11.5 The inadvertent omission to give notice of a meeting to, or the non-receipt of a notice of a meeting by any Person entitled to receive such notice, shall not invalidate the proceedings at that meeting.
- 11.6 As may be appropriate at the discretion of the Directors, and available, the Company may provide for participation by Members by electronic communication.

## **12. PROCEEDINGS AT GENERAL MEETINGS**

- 12.1 Members must present reasonably satisfactory identification before attending and participating in the meeting.
- 12.2 The annual General Meeting shall deal with and dispose of all matters prescribed by the Act, including the presentation of the Directors' report, annual audited financial statements, the audit committee report, the social and ethics committee report, if applicable, the election of Directors, the appointment of an auditor and the election of an audit committee, and may deal with any other business laid before it.
- 12.3 Subject to the provisions of the Act, 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. Save as herein otherwise provided, subject to the provisions of Section 64 (3) of the Act, **a quorum at any General Meeting shall be no less than 3 (three) Persons representing at least 1% (one percent) of the share capital**, and who are entitled to vote and who are present in Person or by proxy at the commencement and throughout the meeting.
- 12.4 If within half-an-hour after the time appointed for the meeting a quorum is not present, the meeting, if convened upon the requisition of Members, shall be dissolved, in any other case it shall stand adjourned to a date 7 (seven) business days later and if at such adjourned meeting a quorum is not present within half-an-hour after the time appointed for the meeting, the Members present in Person and by proxy shall be a quorum.

- 12.5 The Chairman shall preside as Chairman at every General Meeting of the Company.
- 12.6 If at a General Meeting there is no Chairman or the Chairman is not willing to act or is not present within 15 (fifteen) minutes after the time appointed for holding the meeting, 1 (one) of the Directors present shall be Chairman of the meeting.
- 12.7 Subject to the provisions of the Act, the Chairman of the meeting may, with the consent of the majority of Members present at any meeting at which a quorum is present (and shall if so directed by the meeting) adjourn the meeting, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting at which the adjournment took place.

### **13.VOTES OF MEMBERS AT GENERAL MEETINGS**

- 13.1 Every Member who is represented either in Person or by proxy at a General Meeting shall have 1 (one) vote per Share held by such Member.
- 13.2 At a General Meeting a resolution put to the vote of the meeting shall be decided on a show of hands, in which case the Members or their proxy shall have one vote for all Shares held, and in the event of a poll the Member or his proxy shall have one vote for every Share held.  
A poll may be called or demanded (before or after the declaration of the result of the show of hands) by:
- 13.2.1 the Chairman of the meeting; or
  - 13.2.2 by at least 5 (five) Members present in Person or by proxy having the right to vote at meetings; or
  - 13.2.3 by any Member or Members present in Person or by proxy having the right to vote at the meeting and representing not less than 10% (ten percent) of the total voting rights of all Members having the right to vote at the meeting.

- 13.3 Any demand for a poll may be withdrawn.
- 13.4 The poll shall be taken in such a manner as the Chairman of the meeting directs and the results of the poll shall be deemed to be the result of the meeting.
- 13.5 Where a poll is not demanded a declaration by the Chairman of the meeting that a resolution has been passed as well as the making of an entry to that effect in the book containing the minutes of the proceedings of General Meetings, shall be conclusive evidence of the fact, without proof of the number or proportion of the votes recorded in favour of or against such resolution, that the resolution was so passed.
- 13.6 In the case of an equality of votes, the Chairman of the meeting shall not have a second casting vote unless the Members otherwise determine in the General Meeting.
- 13.7 For an ordinary resolution to be adopted at a Members meeting, it must be supported by more than 50% of the Members who voted on the resolution, as provided in Section 65 (7) of the Act.
- 13.8 For a special resolution to be adopted at a Members meeting, it must be supported by at least 75% of the Members who voted on the resolution, as provided in Section 65 (9) of the Act.
- 13.9 A special resolution adopted at a Members meeting is required in addition for;
- 13.9.1 Issue of Shares.
  - 13.9.2 Variation of rights attached to the Shares when the share capital is divided into different classes.
  - 13.9.3 Alienation of the Company's immovable property.
  - 13.9.4 Alteration of the share capital.
  - 13.9.5 As may be required in terms of the Act, the Share Blocks Act, the Timesharing Act and this MOI.
  - 13.9.6 The dissolution or winding up of the Company.

- 13.10 In the case of joint holders, the vote of the Person whose name appears first in the register of Members and tenders a vote, whether in Person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders.

#### **14.RESOLUTION PASSED BY SIGNATURE OF ALL MEMBERS**

- 14.1 Subject to the provisions of Section 65 (7) of the Act, an ordinary resolution in Writing signed by the majority of Members of the Company entitled to attend and vote at a General Meeting shall be as valid and effective as if it had been passed at a General Meeting properly held on the date on which the last signature is affixed.
- 14.2 Such resolution may consist of several documents in the same form, each of which is signed in terms of this article, by sufficient Members to constitute a quorum and shall be deemed (unless a statement to the contrary is made on that resolution) to have been passed on the closing date stated in the notice which shall be no less than 20 (twenty) business days after the posting date.

#### **15.RECORDS OF GENERAL MEETINGS**

- 15.1 The Directors shall cause a record to be made of the proceedings at every General Meeting, including all resolutions passed at such meetings and shall cause such record and all resolutions passed to be inserted in a book provided for that purpose, or in electronic format.
- 15.2 Any copy of any record or resolution referred to in article 15.1, which purports to be signed by any Director or the Chairman, shall be *prima facie* evidence of the matters stated herein.

#### **16.PROXIES**

- 16.1 A Member may appoint a proxy to attend a General Meeting on the Members behalf.

- 16.2 The instrument appointing a proxy shall be in Writing and signed by the appointer or by his agent duly authorised in writing or, if the appointer is a Person other than a natural person, accompanied by a resolution of its Directors or other governing body authorising the Person named in the proxy to act as its representative at any meeting of the Company.
- 16.3 The holder of a general or special power of attorney, whether he is himself a Member or not, given by a Member, shall be entitled to attend meetings and to vote, if duly authorised under the power to attend and take part in the meeting.
- 16.4 The instrument appointing a proxy to vote at a meeting of the Company shall be deemed also to confer authority to demand or join in demanding a poll, and for the purpose of Section 63 (7) of the Act, a demand by a proxy shall be the same as a demand by a Member.
- 16.5 The instrument appointing a proxy and the power of attorney or the other authority, if any, under which it is signed, shall be deposited at the Office not less than 48 (forty-eight) hours before the time for holding the meeting at which the Person named in the instrument proposes to vote and in default of complying herewith, the instrument of proxy shall not be treated as valid.
- 16.6 No instrument appointing a proxy shall be valid after the expiration of 12 (twelve) months from the date when it was signed, unless so specifically stated in the proxy itself and no proxy shall be used at an adjourned meeting which could not have been used at the original meeting.
- 16.7 The instrument shall be in the following format:

**"CHAMPAGNE SHARE BLOCK LIMITED"**

I/We \_\_\_\_\_ of \_\_\_\_\_  
 being a Member of CHAMPAGNE SHARE BLOCK LIMITED, holding  
 \_\_\_\_\_ number of Shares, representing  
 \_\_\_\_\_ votes, hereby appoint \_\_\_\_\_ of  
 \_\_\_\_\_ or failing him, \_\_\_\_\_  
 of, \_\_\_\_\_ or failing him the Chairman of the Meeting as my  
 proxy to vote for me and on my behalf at the Annual General Meeting (as the case may be)  
 of the Company to be held on the \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_ and at any  
 adjournment thereof as follows:

	In favour of	Against	Abstain
Resolution to _____			
Resolution to _____			
Resolution to _____			

(If columns 1, 2 or 3 are not completed, then my proxy may vote or abstain from voting as he deems fit)

\* (Indicate instruction to proxy by way of a cross in space provided above).

**SIGNED THIS \_\_\_\_\_ DAY OF \_\_\_\_\_ 20\_\_\_\_\_.**

\_\_\_\_\_  
**SIGNATURE**

**Champagne Share Block Limited**  
**Memorandum of Incorporation**

---

**Note 1:** A Member entitled to attend and vote is entitled to appoint a proxy to attend, speak and vote in his stead, and such proxy need not also be a Member of the Company.

**Note 2:** This Proxy shall be binding upon the Member until such time as the Member personally withdraws it and it is limited to the voting on the special and ordinary resolutions referred to herein. Unless otherwise instructed, the proxy will vote as he thinks fit. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend, speak and vote in his stead. The proxy nominated need not be a Member of the Company.

Any alteration or correction made to this form of proxy (excluding the deletion of alternatives) must be initialled by the signatory. Documentary evidence establishing the authority of a Person signing this form of proxy in a representative capacity (i.e. on behalf of a Company, Close Corporation or Trust) must be attached to this form.

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

Emailed and facsimile copies of this proxy form must be duly verified before the commencement of the meeting to be eligible for acceptance. If any one of the requirements contained herein is not fulfilled, the proxy form and/or the nomination of the proxy will be null and void.

Proxy holders must present reasonably satisfactory identification before attending and participating in the meeting.

## **17. ELECTION OF DIRECTORS**

- 17.1 Not less than three (3) Directors shall be appointed and at each annual General Meeting one half (1/2) of the Directors shall retire from office.
- 17.2 Nominations for Directors must be submitted to the Company's Office not less than forty eight (48) hours before the meeting provided that nominations may be made at the meeting if approved by a majority attending the meeting and with the consent of the nominee/s.
- 17.3 The Directors to retire every year shall be those who have been longest in office since their last election, but as between Persons who become Directors in the same day, those to retire shall, unless they otherwise agree among themselves, be determined by lot. A retiring Director shall be eligible for nomination and re-election.
- 17.4 In the event of there being an uneven number of Directors on the Board, the Directors shall determine which Directors in longest office since their last election shall retire.
- 17.5 The Members of the Company other than the Share Block Developer shall, if they:
- 17.5.1 do not exceed ten (10) in number, have the right to appoint at least one of the Directors of the Company; and
  - 17.5.2 exceed ten (10) in number, have the right to appoint at least two (2) of the Directors of the Company.
- 17.6 The Company shall not fail to take steps to ensure the appointment of the Director or Directors referred to in article 17.5, and, notwithstanding anything to the contrary contained in any law, a Share Block Developer shall not be entitled to vote on a proposed resolution to remove, under the provision of article 18.1.8, any Directors so appointed.



- 17.7 In the event of any Person howsoever being entitled to appoint the majority of the Directors of the Company, that Person or his representative shall guarantee compliance with any obligation of the Company specified in this MOI.
- 17.8 The Share Block Developer shall, subject to the provisions of article 17.5 above, have the right to appoint the majority number of Directors of the Company for so long as he is the holder of any of the Company's issued Shares and for so long as he is guarantor of the Company's bond obligations.
- 17.9 Subject to the provisions of Section 66 (2)(b), the Company may from time to time in a General Meeting increase or reduce the number of Directors.
- 17.10 Provided that the Board of Directors shall comprise not less than three (3) Directors, any casual vacancy occurring on the Board of Directors may be filled by the Directors, but the Director so appointed shall be subject to retirement at the same time as if he had become a Director on the day on which the Director in whose stead he is appointed was last elected as Director.
- 17.11 The appointment of 2 (two) or more Persons as Directors of the Company by a single resolution shall not be moved unless a resolution that it shall be so moved has first been agreed to by the meeting without any vote against it.
- 17.12 In the event that the resolution referred to in article 17.11 is not moved each Person nominated as a Director shall be voted in individually.
- 17.13 The Directors may elect a Chairman of their meeting and determine the period for which he is to hold office, but if no such Chairman is elected, or if at any meeting the Chairman is not present within five (5) minutes after the time appointed for holding the same, the Directors may elect one of the other Directors to be Chairman of the meeting.
- 17.14 Each Director shall have the power to nominate with the approval of the Board, any Person whether he is a Member or not, to act as alternate Director

in his place during his absence or inability to act as such Director, and on such appointment being made, the alternate Director shall, in all respects, be subject to the terms, qualifications and conditions existing with reference to the other Directors of the Company. A Director whilst also acting as an alternate Director, shall at any meeting of the Directors be entitled to two (2) votes.

17.15 The alternate Directors, whilst acting in the stead of the Directors who appointed them, shall exercise and discharge all the powers, duties and functions of the Directors they represent. The appointment of an alternate Director shall be revoked, and the alternate Director shall cease to hold office, whenever the Director who appointed him ceases to be a Director or gives notice to the secretary of the Company that the alternate Director representing him has ceased to do so.

## **18.DISQUALIFICATION AND REMOVAL OF DIRECTORS AND ALTERNATE DIRECTORS**

18.1 In addition to the provisions of Section 69 of the Act any Director or alternate Director shall cease to be a Director of the Company on the happening of any of the following events:

18.1.1 his estate is finally sequestrated;

18.1.2 he files a petition for the surrender of his estate as insolvent;

18.1.3 he is placed under curatorship by any court of competent jurisdiction;

18.1.4 he delivers a notice of his resignation at the Office with effect from:

18.1.4.1 the date on which that notice is delivered; or

18.1.4.2 any later date stated in that notice to which the Directors agree;

18.1.5 if he fails to attend meetings of Directors, without prior apology and/or without good cause for 6 (six) consecutive Months without appointing an alternate to represent him;

18.1.6 if he is directly or indirectly interested in any contract or proposed contract with the Company and fails to declare his interest and the nature thereof in the manner required by the Act;

18.1.7 passes, publishes or causes to be published any information to the press or media, directly or indirectly, which information is confidential or which information will bring the reputation of the Company in disrepute and/or intends to be detrimental to the Company in any way;

18.1.8 if, the Director is removed by an ordinary resolution in a General Meeting of Members in accordance with Section 71 of the Act.

18.2 Neither a Director nor an alternate Director shall be disqualified from acting as such if he is not a Member of the Company.

## **19. POWERS AND DUTIES OF DIRECTORS**

19.1 The business of the Company shall be managed by the Directors who may pay all expenses of the Company, and may exercise all such powers of the Company as are required by the Share Blocks Act, or by this MOI, to be exercised by the Company in a General Meeting.

19.2 A Director may himself act, or any firm of which he is a Member be appointed by the Board to act, in a professional capacity (other than as auditor) for the Company, or any other Company in which the Company is interested, and he or his firm shall be entitled to reasonable remuneration for those professional services.

19.3 A Director may be employed by or hold any office of profit under the Company or under any subsidiary or holding Company in conjunction with the office of Director, other than that of auditor of the Company or of any subsidiary Company, and any remuneration paid to him shall be in addition to any Director's fees paid by the Company.

19.4 The Directors may exercise the voting powers conferred by the Shares held by the Company in any other Company or exercisable by them as Directors of that other Company in any manner they deem fit, notwithstanding any financial interest which they may have in the exercise of those voting powers.

- 19.5 A Director, including a Person who is to become a Director, shall not be disqualified by his office from entering into contracts, arrangements or dealings with the Company, nor shall any contract, arrangement or dealing with the Company be voided, nor shall a Director be liable to account to the Company for any profit arising out of any contract, arrangement or dealing with the Company by reason of such Director being a party to or interested in or deriving profit from any such contract, arrangement or dealing and being at the same time a Director of the Company or by reason of the fiduciary relationship thereby established, but the nature of his interest shall be declared by him in accordance with the provisions of the Act.
- 19.6 A Director shall not be deemed to be interested in any contract or arrangement merely because his alternate or a Director for whom he is an alternate is so interested.
- 19.7 A Director shall not be disqualified by his office from holding any financial interest or office in any other Company or business which has similar interests to those of the Company or any of its subsidiaries or which is engaged in a business of a similar nature to the business carried on by the Company or by any of its subsidiaries.
- 19.8 In terms of the Act, the Directors will be paid reasonable reimbursement for expenses incurred in advancing the objects of the Company and may receive Directors remuneration as determined in a General Meeting of shareholders by special resolution.
- 19.9 The Directors may subject to the provisions of the Statutes, from time to time, in their discretion, raise or borrow from the Members or other Persons any sum or sums of money for the purposes of the Company, provided that the amounts in the aggregate so raised or borrowed from time to time shall not exceed such amount as may be determined by the Company in a General Meeting from time to time.
- 19.10 The Directors may raise or secure the repayment of such monies in such manner and upon such terms and conditions in all respects as they think fit.

19.11 The Share Block Developer shall be entitled to cause the Company to borrow from any third party for the purposes of financing the erection of the improvements to the land referred to in **Annexure 2** to this MOI.

## **20. PROCEEDINGS OF DIRECTORS**

20.1 At the commencement of each year, the Directors shall determine the number of Directors' meetings to be held in that year.

20.2 Any Director is at all times entitled to convene a meeting of the Directors by giving ten (10) business days notice to all Directors, or such shorter notice as may be agreed to by all the Directors.

20.3 The quorum necessary for the transaction of any business of Directors:

20.3.1 shall not be less than two (2) Directors if there are three (3) Directors in office, and three (3) Directors if there are more than three (3) Directors in office.

20.3.2 If any Director has or any Directors have been appointed in terms of the provisions of article 17.5, the number of Directors required for a quorum at any meeting of the Directors of the Company, shall include that Director or at least one of those Directors, as the case may be.

20.4 The Directors may participate in a meeting of the Directors by means of conference telephone or similar equipment by means of which all Persons participating in the meeting can hear each other at the same time and any such participation in a meeting shall constitute presence in Person at the meeting.

20.5 All resolutions and actions of the Directors shall be by way of a majority of votes. In the event of an equality of votes, the Chairman shall not have a second or casting vote and the resolution shall be deemed not to have been passed.

- 20.6 Subject to the provisions of Section 75(5) of the Act, a Director may not vote in respect of any contract or proposed contract with the Company in which he is interested, or any matter arising there from.
- 20.7 Subject to the provisions of the Act, a resolution in Writing signed by a majority of Directors, shall be as valid and effective as if it had been passed at a meeting of the Directors duly called and constituted. Any such resolution may consist of several documents in a like form, each signed by one or more of the signatories to the resolution. A resolution of Directors passed in terms of this article shall be placed in the minute book of the Company and shall be noted at the next succeeding meeting of Directors and shall be signed by the Chairman of that meeting, whereupon the provisions of Section 73(8) of the Act shall be deemed to apply to the resolution.
- 20.8 All acts done by any meeting of the Directors or a committee of Directors or by any person acting as a Director shall, notwithstanding that it be afterwards discovered that there was some defect in the appointment of any such Directors or Person acting as aforesaid or that they are or any of them were disqualified, be as valid as if every such Person had been duly appointed and were qualified to be a Director.
- 20.9 If within half an hour after the time appointed for a meeting, a quorum of Directors is not present, then the meeting shall stand adjourned to a day not earlier than five (5) working days, and not later than ten (10) working days after the date of the meeting, as may be decided, and if at such adjourned meeting a quorum is not present within half an hour after the time appointed for the meeting, the Directors present shall form a quorum.

## **21.RECORDS OF DIRECTORS' MEETINGS**

- 21.1 The Directors shall cause minutes to be made of all appointments of officers made by the Directors, the names of the Directors present at each meeting of the Directors and all resolutions passed by the Directors at all meetings of the Directors.

21.2 Minutes of any resolution and proceedings mentioned in article 20.7 appearing in one of the minute books of the Company shall be proof of the facts therein stated if signed by-

21.2.1 the Chairman of the meeting to which it relates; or

21.2.2 any Person present at the meeting and appointed by the Directors to sign in the Chairman's place; or

21.2.3 the Chairman of a subsequent meeting of the Directors.

21.3 Any extracts from or copy of those minutes purporting to be signed by the Chairman of that meeting or any Director shall be *prima facie* proof of the facts therein stated.

## **22.NOTICES**

22.1 A notice may be given by the Company to any Member in accordance with Regulation 7 of the Companies Act.

22.2 Notice of every General Meeting shall be given to the auditor, for the time being, of the Company.

22.3 Any notice shall be deemed to be served in accordance with Annexure 3 (Table CR3) of the Regulations of the Companies Act.

## **23.WINDING-UP**

23.1 Upon dissolution of the Company, the assets which remain after payment of the debts and liabilities of the Company and the costs of liquidation, shall be applied as follows:

23.1.1 To repay to the Members the amount paid up on the Shares respectively held by the Members.

23.1.2 To repay to the Members all amounts paid in respect of the Company's loan obligation, providing that such refund shall be reduced by the amount that any such Member is in arrear with any

debt due to the Company as at the date of winding up of the Company.

23.1.3 The balance remaining after the payments referred to in sub-articles 23.1.1 and 23.1.2 shall be paid to the Members in proportion to the number of Shares held by each Member to the total issued share capital.

## **24. INDEMNITY**

Subject to the provisions of Section 77 of the Act, the members of the Board and officers of the Company shall be indemnified by the Company against all proceedings, costs and expenses incurred by reason of any claim made against them in connection with their conduct of the affairs of the Company.

## **25. LIMITATION OF LIABILITY OF DIRECTORS**

Each Director, alternate Director, manager, executive officer and other officer of the Company, and person employed by the Company as its auditor, shall be indemnified by the Company against any liability incurred by him from time to time in that capacity in defending any proceedings (whether civil or criminal) in which judgement is given in his favour or in which he is acquitted or in respect of any of those proceedings which are abandoned or in connection with any application made under Section 78 of the Act in which relief is granted to him by a Court of competent jurisdiction.

## **26. ARBITRATION**

26.1 In the event of any dispute or difference arising between the Company and/or Directors and/or the Members (hereinafter referred to as "the parties") as to the interpretation of the Use Agreement and/or any other agreement between the parties and/or the Statutes and/or the rights and/or obligations of the parties arising from the MOI, such dispute or difference shall be referred to an arbitrator who shall settle the dispute in terms of and subject



to the principles and conditions of the Arbitration Act No. 42 of 1965 as amended.

- 26.2 The arbitrator shall be appointed by agreement between the parties, provided that in the event of the parties failing to agree on the appointment of an arbitrator within 14 (fourteen) days after receipt of the notice to do so, the party requesting arbitration proceedings may request the Chairperson, for the time being, of the Society of Advocates of the High Court of South Africa of the High Court Division in which the Buildings are situate, to appoint an arbitrator.
- 26.3 The decision of the arbitrator shall be final and binding and may be made an order by any court to whose jurisdiction the parties to the dispute are subject.

**The provisions of the Share Blocks Control Act No. 59 of 1980 control the business of the Company in the following Sections:**

1. **Section 3 – Application of certain laws in respect of share block companies**

2. **Section 5 – Restrictions on the operation of a share block scheme**

3. **Section 7 – Main Objects**

- to operate a share block scheme in respect of immovable property owned or leased by it.
- a Member shall be entitled to use a specified part of the immovable property in accordance with the Use Agreement entered into between the Member and the Company.

4. **Section 8 and 8A – Sectional Title Register**

The Company shall have the power to perform any act and incur any expenditure to effect the opening in terms of **Section 12** of the Sectional Titles Act 1986, as amended, from time to time of a sectional titles register in relation to its immovable property.

5. **Section 10 – Rights attaching to shares in a Share Block Company**

The Shares shall confer the same vote as every other Share of the Company, and the Shares shall confer a right to, or interest in, the use of the immovable property.

6. **Section 11 – Offer of sale of shares**

Share Block Company Shares may be offered to the public for sale if, in lieu of compliance with any other requirements, such offer is accompanied by a statement that any proposed purchaser of any such Shares is required to enter into a contract referred to in Section 17 in respect of such Shares and that a copy of the contract

required to be entered into is available for inspection free of charge at an address indicated in the statement.

7. **Section 12 – Directors and Developer Directors**

Refer to Articles 17.5 and 17.6 of this **MOI**.

8. **Section 13 - Levy Fund and Trust Accounts**

8.1 The Company shall establish and maintain a levy fund sufficient in the opinion of its Directors for the repair, upkeep, control, management and administration of the Company and of the immovable property in respect of which it operates the share block scheme, for the payment of rates and taxes and other local authority charges on the said immovable property, any charges for the supply of electric current, gas, water, fuel, sanitary and any other services to the said immovable property, and services required by the Company, for the covering of any losses suffered by the Company for the payment of any premiums of insurance and of all expenses incurred or to be incurred to effect the opening under **Section 12** of the Sectional Titles Act of a sectional title register in relation to the said immovable property, and for the discharge of any other obligation of the Company.

8.2 The Members shall contribute to the levy fund as agreed between them and the Company and failing such agreement in proportion to the number of Shares held by each Member to the total of the issued Shares.

8.3 The Company shall open and maintain with a bank or similar registered financial institution/s a separate account which shall be styled the Levy Fund Account and into which shall be deposited all Members' contributions to the levy fund, or alternatively, shall entrust such contributions to a practitioner (as defined in the Share Blocks Act) or an estate agent.

9. **Section 14 – Loan Obligation**

9.1 Each Member of the Company shall be liable for that portion of the Company's loan obligation as agreed upon between the Company and the Members and in the absence of such agreement then in the proportion of each Member's Shares to the total number of issued Shares of the Company.

9.2 All monies paid by Members to the Company in respect of the Company's loan obligation shall either:

9.2.1 be deposited by the Company into a separate account, styled the Share Blocks Control Act Section 15(3) Trust Account, which shall be opened and maintained by the Company with a registered financial institution; or

9.2.2 be entrusted to a practitioner (as defined in the Share Blocks Control Act) or an estate agent.

9.3 If any monies referred to in **paragraph 9.2** are not immediately required to be applied in reduction of the Company's loan obligation they may be invested in a separate savings or other interest bearing account with any registered financial institution or other institution designated by the Minister of Finance, which account shall be styled the Share Block Control Act Section 15(3) Trust Account.

9.4 The monies paid to the Company in terms of **paragraph 9.2** shall be applied for the sole purpose of the redemption of the Company's loan obligation unless otherwise decided upon by the Members by resolution passed as contemplated in **paragraphs 9.5 and 9.6**.

9.5 **Borrowing Powers**

9.5.1 The Company shall not increase its loan obligations or encumber any of its assets unless the increase or encumbrance has been approved by a resolution of at least seventy-five percent (75%) in number of

the Members, excluding the Share Block Developer, having the right to vote at the relevant meeting and holding in the aggregate at least seventy-five percent (75%) of the total number of votes of all the Members, excluding the number of votes held by the Share Block Developer.

9.5.2 The provisions of the Act relating to notice and registration of a special resolution shall *mutatis mutandis* apply in respect of the resolution referred to in **paragraph 9.5.1** above.

9.5.3 The provisions of **paragraph 9.5.1** shall not apply:

9.5.3.1 in respect of an encumbrance which secures an existing liability comprised in the Company's loan obligation;

9.5.3.2 where at the time the Shares of the Company were offered for subscription or sale, it was disclosed to all Members of the Company and to the person to whom the Shares were offered that the Company contemplated increasing its loan obligations or encumbering its assets on stated terms and conditions and the Company has acted in accordance with such disclosure.

9.6 Subject to **paragraph 9.5** and to the provisions of any agreement existing from time to time between the Company and any shareholder or shareholders:

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

9.6.2 the Directors may raise or secure the repayment of such sum or sums in such manner and upon such terms and conditions in all respects as they think fit and in particular by the issue of bond, perpetual or redeemable, secured or unsecured debentures, or any mortgage,

charge or other security on the undertaking of the whole or in part of the property of the Company, both present and future.

10. **Accounting Records**

10.1 The Directors shall cause such accounting records as are prescribed by the provisions of the Share Blocks Control Act to be kept, including such accounting records as are referred to in **paragraphs 10.1.1 and 10.1.2** hereunder and also such other accounting records as are necessary fairly to present the state of affairs and business of the Company and to explain the transactions and financial position of the trade or business of the Company.

10.1.1 The Directors shall ensure that such accounting records as are necessary fairly to reflect and explain the state of affairs in respect of the moneys received and expended by or on behalf of the Company in respect of the levy fund, referred to in **paragraph 8**, are kept.

10.1.2 The Directors shall keep separate books, accounting records and financial statements such as are necessary to fairly reflect and explain the state of affairs in respect of all moneys paid to the Company by Members in reduction of the Company's loan obligation and the Directors shall ensure that the Company's books and accounting records relating to these moneys are balanced at least every six months and that these books, accounting records and financial statements are audited by the Company's auditors at least once annually.

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

11. **Annual Financial Statements**

11.1 The Directors shall from time to time in accordance with the provisions of **the Act** cause to be prepared and laid before the Company in General Meeting such annual financial statements, group financial statements and group reports, if any, together with such financial statements prepared in terms of **paragraph 10**.

11.2 A copy of the financial statements, group annual financial statements and group reports which are laid before the Company in an annual General Meeting shall be in accordance with the provisions of the Act.

12. **Audit**

An auditor shall be appointed as required in terms of the provisions of the Share Blocks Act.

13. **Use Agreement (Annexure 4).**

# A

## ANNEXURE 2

### SHARE CAPITAL AND LOAN OBLIGATION

1. The holders for the time being of the ordinary “A” shares, hereinafter referred to as the Share Block Developers, shall be entitled to acquire and develop additional properties and to dispose of share blocks in such additional properties upon the same terms and conditions as the existing share blocks and subject to the same terms and conditions contained in the existing Use Agreement, and also be entitled to do any act which in their opinion will improve or enhance the value of the property owned by the Company.
2. The holders of A shares (the Share Block Developer) contemplate that the Company’s loan obligation will be increased from time to time for the purpose of erection of further accommodation or recreation or other improvements on the land and for this purpose the holders of A shares and the Company shall be entitled to increase the loan obligation to give effect hereto on the basis that:-
  - 2.1 the holder of B shares is obliged to permit the Share Block Developer to exercise his rights as aforesaid;
  - 2.2 the holders of B shares irrevocably authorise the Company to increase its loan obligation by an amount equal to the costs of the improvements and to allocate the amount thereof pursuant to this MOI and the provisions of the Share Blocks Control Act;
  - 2.3 the holders of B shares acknowledge and understand that the common property will be utilised from time to time to give effect to the Share Block Developer’s rights in this regard and the Member shall have no claim against the Share Block Developer in this regard;
  - 2.4 the Share Block Developer shall be entitled in its discretion to allocate share blocks to the improvements in order to confer upon the holder of such share blocks in time sharing interest or any other interest in respect of such improvements and the holders of B shares agree to the Share Block Developer so acting hereby irrevocably appointing the Share Block Developer as their agent to attend any General Meeting of the Company and to vote for a motion in terms of which such allocation is made or confirmed.



**Champagne Share Block Limited**  
**Annexure 2 – Schedule of Shares & Loan Obligations**

---

- 2.5 The improvements will be effected as and when the Share Block Developer in its discretion so decides and the scheme will be limited to a maximum of 300 (THREE HUNDRED) hotel beds and an additional 95 (NINETY-FIVE) chalets;
- 2.6 The Share Block Developer in its discretion may effect the improvements in such phases as it deems appropriate; and
- 2.7 From the time that the Share Block Developer exercises its rights in terms of this article, the right to occupy such part of the common property as the Share Block Developer may require for the erection of the improvements shall vest in the Share Block Developer without any charge whatsoever.
- 2.8 As from the date the improvements have been erected and a certificate issued in regard thereto in terms of section 7(1) of the Time Sharing Act, the holder thereof, (including the Share Block Developer) shall be liable for payment of the levy in respect thereof.
- 2.9 The improvements shall be deemed to be complete for all purposes upon the issue of a certificate by an architect to the effect that the chalets are complete and suitable for occupation in terms of section 7.1 of the Time Sharing Act.
- 2.10 In event of any dispute as to whether the improvements have been completed or as to the quality thereof, such dispute shall be referred to the seller's architect who shall act as an expert and not an arbitrator, and whose decision shall be final and binding on all persons, irrespective of whether they were parties to the dispute.
- 2.11 It is further recorded that the nature of the property is such as to allow and is conducive to the subdivision of the property into two portions, namely the portion on which the time share development is situated and the remainder of the property including the filling station and the hotel complex. The Company shall in its discretion be entitled at some future date to apply for the approval of such subdivision and to in fact transfer the remainder of the property including the hotel and filling station to a separate company which will operate and manage the hotel and filling station, subject however to the specific condition that simultaneously with such transfer a servitude be registered granting to the property owned by the Company a perpetual servitude of traversing rights for the purposes of the enjoyment of all other facilities on the remainder of the property. The granting and

registration of such servitude shall be effected at no cost to the Company and any selling price shall be applied in reduction of the loan obligation of the Company.

2.12 The purchaser hereby agrees to and accepts the provisions of article 2.11 and hereby irrevocably appoints the seller as his agent to attend any General Meeting of the Company and to vote for a motion by special resolution, sanctioning the subdivision, the sale and transfer of that portion of the property referred to in article 2.11 on the terms and conditions set out in article 2.11.

2.13 Unless the context otherwise indicates reference to “seller” in this article shall mean the holder for the time being of the A shares and all the other unissued shares in the company.

### **ALLOCATION OF LOAN OBLIGATION**

3. 3.1 In this article:

3.1.1 “Loan Obligation” has the meaning assigned to it by the Share Blocks Act;

3.1.2 “Sellers Loan Obligation” means the loan obligation of the company owing or to be owing to the Share Block Developer.

3.1.3 “Completion” means upon the issue of a certificate in respect of the improvements in terms of section 7(1) of the Timesharing Act.

3.2 The seller’s loan obligation shall be allocated to Members in the proportion which the number of Shares, in a particular class, comprising a share block held by a Member, bears to the total number of issued Shares of the particular class, in the Company from time to time.

3.3 Whereas it is contemplated that improvements will be erected on the land, and that such improvements will be financed in terms of the sellers loan obligation, and that on completion of the improvements relating to or arising from or financed by a particular sellers loan obligation:

3.3.1 the Share Block Developer shall be entitled in its discretion to allocate share blocks to the improvements in order to confer upon the holder of such share blocks, a time-sharing interest in respect of such improvements and the Member agrees to the Share Block Developer so acting, hereby irrevocably

**Champagne Share Block Limited**  
**Annexure 2 – Schedule of Shares & Loan Obligations**

---

appointing the Share Block Developer as his agent to attend any General Meeting of the Company and to vote for a motion by special resolution in terms of which such allocation is confirmed:

3.3.2 subject to article 3.2 and simultaneously with 3.3.1 that the said sellers loan obligation shall be allocated proportionally between the holders of the Shares in the Company.

3.4 The moneys owing to each Member in respect of the loan obligation allocated to him shall:

3.4.1 constitute a loan to the Company;

3.4.2 not be repayable to that member of the Company unless the Company at its option elects to do so;

3.4.3 be repayable to the member in the event of the Company being wound up; and

3.4.4 be free of interest.

3.5 Any loan made or assumed by any Member to the Company pursuant to the preceding articles shall be deemed to be ceded to the Company as security for any outstanding obligation by the Member to the Company from time to time provided that the Company shall not be entitled, in realising such loan for the purpose of enforcing its security, to dispose or alienate it unless disposition or alienation is made simultaneously with the disposition of the relevant share block owned by the said Member or to which the Member is entitled in terms of the company's lein referred to in these articles.

3.6 Subject to the cession in favour of the Company in article 3.5, any such loan may be ceded by the Member to a third party, provided that such cession:

3.6.1 is made to the person to whom the said shareholder has sold his Share Block and timesharing interest; and

3.6.2 is consented to by the Directors of the Company, which consent shall not be unreasonably withheld.

Champagne Share Block Limited  
Annexure 2 – Schedule of Shares & Loan Obligations

---

**B**

**CHAMPAGNE SHARE BLOCK LIMITED  
SUMMARY OF SHARE CAPITAL**

	<b>NUMBER OF S/BLOCKS</b>	<b>TOTAL SHARES</b>
Shares marked "A"	106	54416
Shares marked "B"	4845	70584
<b>TOTAL</b>	<b>4951</b>	<b>125000</b>

**KEY TO ATTACHED**

BR	Bedroom
Year	Whole year in perpetuity
MW	Midweek - Monday to Friday A.M.
WE	Weekend - Friday to Monday A.M.
X	Denotes Unit number

**Champagne Share Block Limited**  
**Annexure 2 – Schedule of Shares & Loan Obligations**

**SHARES MARKED AS 'A'**

DESCRIPTION	NUMBER OF S/BLOCKS	PERIOD	SHARE BLOCKS NUMBERED	SHARES
Conference rooms	5	Year	150, 156 - 159	5076
Restaurant and Bar	9	Year	151, 160 - 167	7000
Hotel rooms	28	Year	152, 179 - 205	3264
Other hotel buildings	10	Year	153, 210 - 218	5076
Other hotel facilities	10	Year	230 - 239	2550
Sewerage plant	1	Year	168	76
Sporting facilities	10	Year	154, 219 - 217	8076
Vacant land	3	Year	155, 228 - 229	10000
Staff suites	10	Year	240 - 245, 206 - 209	2550
Exclusive owned suites	20	Year	246 - 255, 169 - 178	10748
<b>SUB TOTAL</b>	<b>106</b>			<b>54416</b>

**SUB-SCHEDULE TO SHARES MARKED AS "A" ABOVE FOR FRACTIONAL UNITS**

SUITE NO	NO. OF S/BLOCKS	PERIOD	SHARE CERT NO	S/BLOCK NO.	"A" SHARES	SHARES TOTAL	SHARE RANGE
248	1	P1-P13	5051	248P1 --> 248P13	16	208	115917-116124
		FW1-FW37			16	592	116125-116716
		FW38-FW39			23	46	116718-116762
249	1	P1-P13	5052	249P1 --> 249P13	16	208	116763-116970
		FW1-FW37			16	592	116971-117562
		FW38-FW39			23	46	117563-117608

**NOTES:**

- 1) 2 FW WEEKS WILL BE RESERVED FOR MAINTENANCE NOMINATED AS FW38 AND 39 BEING FLEXI WEEKS
- 2) THE A SHARES ARE EXPRESSED AS SHARES OF THE WHOLE COMPANIES CAPITAL
- 3) THE LOAN OBLIGATIONS IS THE AMOUNT REPRESENTED IN THE ACCOUNTS OF THE DEVELOPER AS AT 31 DECEMBER 2015 BEING THE AMOUNT OF R9 237 170 /2 LESS R1692 R4 616 893 EXCL VAT.
- 4) THE ABOVE SCHEDULE IS A SUB SCHEDULE OF THE MAIN SCHEDULE OF SHARES WITH SHARE CERTIFICATE 5051 AND 5052 AND SHARE BLOCK NUMBER WILL BE E.G. 248P1, OR E.G. 248FW1. THIS REPRESENTS PART OF A MAIN SHARE BLOCK. THIS NUMBERING PROVIDES THAT THE SHARE CERTIFICATE NUMBERS ARE DISTINCTIVE IN RELATION TO ALL OTHER SHARE CERTIFICATES.
- 5) THE SHARE CERTIFICATE NUMBER WILL BE LABELLED AS 5051/1 - 5051/52

**Champagne Share Block Limited**  
**Annexure 2 – Schedule of Shares & Loan Obligations**

**SHARES MARKED AS 'B'**

<b>SUITE NO.</b>	<b>TYPE</b>	<b>UNITS</b>	<b>NO. OF S/BLOCKS</b>	<b>PERIOD</b>	<b>SHARE BLOCKS NUMBERED</b>	<b>SHARES PER S/BLOCK</b>	<b>TOTAL SHARES</b>
51	2BR	1	12	P1 - P12	XP1 - XP12	12	144
			6	HF1 - HF6	XHF1 - XHF6	12	72
			33	MF1 - MF33	XMF1 - XMF33	12	396
52	2BR	1	12	P1 - P12	XP1 - XP12	12	144
			6	HF1 - HF6	XHF1 - XHF6	12	72
			33	MF1 - MF33	XMF1 - XMF33	12	396
53	2BR	1	12	P1 - P12	XP1 - XP12	12	144
			6	HF1 - HF6	XHF1 - XHF6	12	72
			33	MF1 - MF33	XMF1 - XMF33	12	396
54	2BR	1	12	P1 - P12	XP1 - XP12	12	144
			18	HF1 - HF18	XHF1 - XHF6	12	216
			21	MF1 - MF21	XMF1 - XMF33	12	252
55	2BR	1	12	P1 - P12	XP1 - XP12	12	144
			18	HF1 - HF18	XHF1 - XHF18	12	216
			21	MF1 - MF21	XMF1 - XMF21	12	252
56	2BR	1	12	P1 - P12	XP1 - XP12	12	144
			18	HF1 - HF18	XHF1 - XHF18	12	216
			21	MF1 - MF21	XMF1 - XMF21	12	252
57	2BR	1	12	P1 - P12	XP1 - XP12	12	144
			18	HF1 - HF18	XHF1 - XHF18	12	216
			21	MF1 - MF21	XMF1 - XMF21	12	252
58	2BR	1	12	P1 - P12	XP1 - XP12	12	144
			18	HF1 - HF18	XHF1 - XHF18	12	216
			21	MF1 - MF21	XMF1 - XMF21	12	252
59	2BR	1	12	P1 - P12	XP1 - XP12	12	144
			18	HF1 - HF18	XHF1 - XHF18	12	216
			21	MF1 - MF21	XMF1 - XMF21	12	252
60	2BR	1	12	P1 - P12	XP1 - XP12	12	144
			18	HF1 - HF18	XHF1 - XHF18	12	216
			21	MF1 - MF21	XMF1 - XMF21	12	252
61	2BR	1	12	P1 - P12	XP1 - XP12	12	144
			18	HF1 - HF18	XHF1 - XHF18	12	216
			21	MF1 - MF21	XMF1 - XMF21	12	252
62	2BR	1	12	P1 - P12	XP1 - XP12	12	144
			18	HF1 - HF18	XHF1 - XHF18	12	216
			21	MF1 - MF21	XMF1 - XMF21	12	252
63 - 64	2BR Split	2	24	P1 - P12	XP1 - XP12	12	288
			36	HF1 - HF6	XHFMW1 - XHFME18	12	432
			42	MF1 - MF21	XFMFW1 - XMFWE21	12	504

Champagne Share Block Limited  
Annexure 2 – Schedule of Shares & Loan Obligations

SHARES MARKED AS 'B' (continued)

SUITE NO.	TYPE	UNITS	NO. OF S/BLOCKS	PERIOD	SHARE BLOCKS NUMBERED	SHARES PER S/BLOCK	TOTAL SHARES
65 - 80	2BR	16	192	P1 - P12	XP1 - XP12	12	2304
			288	HF1 - HF6	XHF1 - XHF18	12	3456
			336	MF1 - MF21	XMF1 - XMF21	12	4032
101	1BR	1	12	P1 - P12	XP1 - XP12	8	96
			6	HF1 - HF6	XHF1 - XHF6	8	48
			33	MF1 - MF33	XMF1 - XMF33	8	264
102	1BR	1	12	P1 - P12	XP1 - XP12	8	96
			18	HF1 - HF6	XHF1 - XHF18	8	144
			21	MF1 - MF21	XMF1 - XMF21	8	168
81 - 100	3BR	20	240	P1 - P12	XP1 - XP12	16	3840
			360	HF1 - HF6	XHF1 - XHF18	16	5760
			420	MF1 - MF21	XMF1 - XMF21	16	6720
103 - 104	3BR	2	24	P1 - P12	XP1 - XP12	16	384
			36	HF1 - HF6	XHF1 - XHF18	16	576
			42	MF1 - MF21	XMF1 - XMF21	16	672
105 - 127	3BR	23	276	P1 - P12	XP1 - XP12	16	4416
			414	HF1 - HF6	XHF1 - XHF18	16	6624
			483	MF1 - MF21	XMF1 - XMF21	16	7728
128	3BR Split	1	12	P1 - P12	XP1 - XP12	16	192
			18	HF1 - HF6	XHFMW1 - XHFME18	16	288
			21	MF1 - MF21	XMFMW1 - XMFWE21	16	336
129 - 143	3BR	17	204	P1 - P12	XP1 - XP12	16	3264
			306	HF1 - HF6	XHF1 - XHF18	16	4896
			357	MF1 - MF21	XMF1 - XMF21	16	5712
SUB TOTAL		95	4845				70584

## A RULES

1. Peak Season – in each successive year means Time Modules P1 to P12 inclusive so that;
2. Time Modules P1 and P2 coincide with two successive weeks in the Autumn school holidays, as determined in 11 below.
3. Time modules P3 to P5 inclusive coincide with three successive weeks in the winter school holidays, as determined in 11 below.
4. Time modules P6 coincides with one week in the spring school holidays as determined in 11 below, which week shall include the mid-term break.
5. Time module P7 immediately succeeds Time Module P6.
6. Time Modules P9 – P11 inclusive coincide with three successive weeks in the summer school holidays as determined in 11 below, provided that Time Module P11 shall not terminate before the 2<sup>nd</sup> of January or after 8<sup>th</sup> January in the same calendar year; and
7. Time Module P8 immediately precedes Time Module P9, and Time Module P12 immediately succeeds Time Module P11.
8. High Flexi Season – Time Modules HF1 to HF18 inclusive being the time in a year other than in Peak Season, but being either classified “Red Weeks” or during government school holidays.
9. Medium Flexi Season – Time Modules MF1 to MF21 inclusive being all the time modules in a year other than in peak Season or High Flexi. One week is reserved as the maintenance week.
10. Pre-booked Flexi Week – In the event of a pre-booked Flexi Week coinciding with a peak period week, or if the week in question is a Medium Flexi Week and it coincides with a High Flexi Week, the pre booking would become null and void for that particular year.
11. School holidays – the vacation periods of Public Schools as fixed by the Education Department of; *Delete provinces that are not applicable.*
  - A. GAUTENG
  - B. THE FREE STATE
  - C. KWAZULU NATAL
  - D. EX-CAPE PROVINCE REGIONS
12. Midweek (MW)                    four days of week commencing 2pm Monday and ending at 10am on the Friday immediately thereafter.
13. Weekend (WE)                    three days of week commencing 2pm Friday and ending at 10am on the Monday immediately thereafter.
14. It is recorded that RCI have awarded Red Week status to MF weeks as well as HF weeks.  
Thus MF weeks are currently Red Weeks on the RCI exchange system.
15. The directors may amend this calendar to accommodate changes to school holidays
16. Flexi weeks vary both as to time and unit available



The following denotes:

P1	1 <sup>ST</sup> EASTER WEEK
P2	2 <sup>ND</sup> EASTER WEEK
P3	1 <sup>ST</sup> JULY WEEK
P4	2 <sup>ND</sup> JULY WEEK
P5	3 <sup>RD</sup> JULY WEEK
P6	1 <sup>ST</sup> OCTOBER WEEK
P7	2 <sup>ND</sup> OCTOBER WEEK
P8	1 <sup>ST</sup> DECEMBER WEEK
P9	2 <sup>ND</sup> DECEMBER WEEK
P10	3 <sup>RD</sup> DECEMBER WEEK
P11	4 <sup>TH</sup> DEC/JAN WEEK
P12	WEEK AFTER P11
HF	HIGH FLEXI
MF	MEDIUM FLEXI
MFMW	MEDIUM FLEXI MID-WEEK
MFWE	MEDIUM FLEXI WEEKEND
HFMW	HIGH FLEXI MID-WEEK
HFWE	HIGH FLEXI WEEKEND

**Champagne Share Block Limited**  
**Annexure 3 – Timshare Calendar**

**B SPECIMEN - FLEXI CALENDAR FOR YEAR 2019**

WEEK	NTL	TVL	OFS	CP	RCI	OCC DATE		KWAZULU NATAL FSSMTWT	GAUTENG	FREE	WESTERN	
						DAY IN	DAY OUT		NORTH PROV	STATE	CAPE	
									MPUMALANGA FSSMTWT	FSSMTWT	FSSMTWT	
1	P12	P12	P12	P12	*	04-Jan	-	11-Jan	*****	*****	*****	*****
2	HF	HF	HF	HF	*	11-Jan	-	18-Jan				
3	HF	HF	HF	HF		18-Jan	-	25-Jan				
4	MF	MF	MF	MF		25-Jan	-	01-Feb				
5	MF	MF	MF	MF		01-Feb	-	08-Feb				
6	MF	MF	MF	MF		08-Feb	-	15-Feb				
7	MF	MF	MF	MF		15-Feb	-	22-Feb				
8	MF	MF	MF	MF		22-Feb	-	01-Mar				
9	HF	HF	HF	HF		01-Mar	-	08-Mar				
10	HF	HF	HF	HF		08-Mar	-	15-Mar				
11	P1	P1	P1	P1	*	15-Mar	-	22-Mar	*****	*****	*****	*****
12	P2	P2	P2	P2	*	22-Mar	-	29-Mar	*****	*****	*****	*****
13	HF	HF	HF	HF		29-Mar	-	05-Apr	****	****	****	****
14	HF	HF	HF	HF		05-Apr	-	12-Apr				
15	HF	HF	HF	HF		12-Apr	-	19-Apr				
16	HF	HF	HF	HF		19-Apr	-	26-Apr				
17	HF	HF	HF	HF		26-Apr	-	03-May				
18	MF	MF	MF	MF		03-May	-	10-May				
19	MF	MF	MF	MF		10-May	-	17-May				
20	MF	MF	MF	MF		17-May	-	24-May				
21	MF	MF	MF	MF		24-May	-	31-May				
22	HF	HF	HF	HF		31-May	-	07-Jun				
23	HF	HF	HF	HF		07-Jun	-	14-Jun				
24	P3	P3	P3	P3	*	14-Jun	-	21-Jun	*****	*****	*****	*****
25	P4	P4	P4	P4	*	21-Jun	-	28-Jun	*****	*****	*****	*****
26	P5	P5	P5	P5	*	28-Jun	-	05-Jul	*****	*****	*****	*****
27	HF	HF	HF	HF		05-Jul	-	12-Jul	****	****	****	****
28	HF	HF	HF	HF		12-Jul	-	19-Jul				
29	HF	HF	HF	HF		19-Jul	-	26-Jul				
30	MF	MF	MF	MF		26-Jul	-	02-Aug				
31	MF	MF	MF	MF		02-Aug	-	09-Aug				
32	MF	MF	MF	MF		09-Aug	-	16-Aug				
33	MF	MF	MF	MF		16-Aug	-	23-Aug				
34	MF	MF	MF	MF		23-Aug	-	30-Aug				
35	MF	MF	MF	MF		30-Aug	-	06-Sep				
36	MF	MF	MF	MF		06-Sep	-	13-Sep				
37	HF	HF	HF	HF		13-Sep	-	20-Sep				
38	P6	P6	P6	P6	*	20-Sep	-	27-Sep	*****	*****	*****	*****
39	P7	P7	P7	P7		27-Sep	-	04-Oct	****	****	****	****
40	HF	HF	HF	HF		04-Oct	-	11-Oct				
41	MF	MF	MF	MF		11-Oct	-	18-Oct				
42	MF	MF	MF	MF		18-Oct	-	25-Oct				
43	MF	MF	MF	MF		25-Oct	-	01-Nov				
44	MF	MF	MF	MF		01-Nov	-	08-Nov				
45	MF	MF	MF	MF		08-Nov	-	15-Nov				
46	MF	MF	MF	MF		15-Nov	-	22-Nov				
47	HF	HF	HF	HF		22-Nov	-	29-Nov				
48	HF	HF	HF	HF		29-Nov	-	06-Dec	***	***	***	***
49	P8	P8	P8	P8	*	06-Dec	-	13-Dec	*****	*****	*****	*****
50	P9	P9	P9	P9	*	13-Dec	-	20-Dec	*****	*****	*****	*****
51	P10	P10	P10	P10	*	20-Dec	-	27-Dec	*****	*****	*****	*****
52	P11	P11	P11	P11	*	27-Dec	-	03-Jan	*****	*****	*****	*****

**AGREEMENT OF SALE AND USE AND OCCUPATION**

**Between**

**CHAMPAGNE SPORTS AND RACKET CLUB (PROPRIETARY) LIMITED**

(hereinafter referred to as "the SELLER")

and

**CHAMPAGNE SHARE BLOCK LTD**

(hereinafter referred to as "the COMPANY")

And the purchaser:

Name : .....

Address : .....

Tel. No. : .....

(hereinafter referred to as "the MEMBER")

**WHEREAS:**

- A. The COMPANY owns the property being THE FARM MIRADOR NO. 17658 IN EXTENT 141,5088 (ONE FOUR ONE comma FIVE ZERO EIGHT EIGHT) hectares.
- B. The SELLER owns the share blocks in the COMPANY as depicted on annexure "B".
- C. Each share block in the COMPANY entitles the holder thereof to occupy a specific portion of the immovable property for a specific period annually in perpetuity. It is understood that although the period is specific, it is determined by a calendar issued annually in terms of the rules in Annexure C. In addition the units other than peak weeks, are interchangeable and the owner may book any unit of the same size within their time module right. This applies across all units "new" or "existing".

**NOW THEREFORE IT IS AGREED:**

1. **The Schedule:**

In this agreement, unless inconsistent with the context, the following words and expressions shall have the meanings assigned to them, and the schedule shall form an integral part of the agreement:

- 1.1 "the suite" shall mean suit No:..... with a maximum occupancy of ..... persons;
- 1.2 "purchase price" shall mean the sum of R..... payable by a deposit of R..... and the balance of the purchase price is to be paid in consecutive monthly instalments of not less than R..... commencing on the ..... and payable on the first day of each succeeding month thereafter.....
- 1.3 "rate of interest" shall mean the current Wesbank interest rate for personal loans from time to time.
- 1.4 "share block" shall mean share block No: ..... consisting of ..... Shares of R2,00 each in the capital of the COMPANY, and which entitles the MEMBER to occupy the suite for that period.
- 1.5 "allocated portion of loan account" means that proportionate share of the COMPANY'S long term obligations which, by agreement, attaches to the share block (as depicted on Annexure "B") and which amount is included in the purchase price as defined above.

**Champagne Share Block Limited**  
**Annexure 4 – Use Agreement**

---

- 1.6 "annual occupation period" shall mean the week ..... depicted on the calendar attached at Annexure "C", which week commences at 2pm on the first day thereof and terminates at 10am on the last day thereof.
- 1.7 "levies" shall mean the sum of R ..... per annum, paid annually in advance and adjusted from time to time as provided for in Clause 14.
- 1.8 "the movables" shall mean those items specified on Annexure "D" hereto.
- 1.9 "common areas" shall mean all those area of the property which are not specifically set aside for the exclusive use of any one person, inclusive of the business portion occupied by the hotel
- 1.10 "maintenance week" shall mean the specified week in each operational year to be determined by the COMPANY from time to time.
- 1.11 "the manager" shall mean CHAMPAGNE SPORTS AND RACKET CLUB (PTY) LTD or any other party lawfully appointed by the COMPANY in terms of Clause 11.1 hereof.
- 1.12 "occupation date" shall mean .....
- 1.13 "The Club" shall mean CHAMPAGNE SPORTS AND RACKET CLUB, a club properly constituted in accordance with the Constitution of Champagne Sports and Racket Club herein.

**SALE AGREEMENT**

**2. Agreement:**

- 2.1 Subject to the condition precedent set out in clause 6.4, the SELLER hereby sells and the MEMBER hereby purchases:
  - 2.1.1 The share block which will entitle the holder thereof to occupy the suite, for his exclusive use and enjoyment, without paying rent, for the annual occupation period from the occupation date, and
  - 2.1.2 The proportionate share of the SELLER'S credit loan account in the COMPANY which is included in the allocated portion of the loan account.
- 2.2 Simultaneously herewith, the SELLER cedes, assigns and delegates to the MEMBER all the SELLER'S rights, title, interest and obligations attaching to the allocated loan and to the SELLER'S use and occupation of the suite for the occupation period. The MEMBER hereby accepts the above the COMPANY likewise consents thereto.

**3. Payment of Purchase Price:**

- 3.1 The MEMBER hereby undertakes to pay to the SELLER the purchase price, free of exchange and without any deduction or set off, at the SELLER'S elected address.
- 3.2 The MEMBER shall pay interest on the balance of the purchase price owing at the defined rate of interest calculated and payable monthly in advance.
- 3.3 All payments shall be appropriated firstly to interest and thereafter to capital and the MEMBER may accelerate any payment.

**Champagne Share Block Limited**  
**Annexure 4 – Use Agreement**

---

**4. Security:**

- 4.1 As security for the due fulfilment of all his obligations assumed hereunder, the MEMBER hereby cedes, assigns and pledges to the SELLER all his rights, title and interest in and to the share block, the allocated loan account and his right to use and occupy the suite.
- 4.2 Until such time as the MEMBER has paid the purchase price in full, the MEMBER hereby irrevocably nominates, constitutes and appoints, the SELLER as his agent in *rem suam*, to execute the MEMBER'S voting rights and confirms all action taken by the SELLER hereunder.
- 4.3 Notwithstanding the above, whilst the MEMBER duly fulfils all his obligations to the SELLER hereunder the cession of the MEMBER'S rights to the use and occupation of the suite will be suspended.

**5. Transfer of Ownership:**

- 5.1 Registration of transfer of the share block (and the loan account) into the name of the MEMBER shall be done upon payment of the deposit. Sectional title registration shall not be applied for.
- 5.2 The MEMBER shall sign all documents necessary to give effect to this agreement and shall pay upon request all costs thereof, including transfer costs and stamp duty.

**6. Member's Acknowledgements:**

The MEMBER acknowledges that:

- 6.1 He is aware that the business portion of the property is occupied by CHAMPAGNE SPORTS AND RACKET CLUB (PTY) LTD under a use and occupation agreement so as to operate the business of an hotel and that the other shareholders of the COMPANY have no rights thereto save as may be permitted by the Liquor Act.
- 6.2 The following documents have been made available to him and that he understands the content and where relevant will observe the contents of the provisions thereof:
  - 6.2.1 This agreement, with the schedules at Annexure "A", "B", "C", "D";
  - 6.2.2 The Constitution of the Club as set out herein.
  - 6.2.3 The Memorandum and Article of Association of the COMPANY.
  - 6.2.4 The latest Financial Statements of the COMPANY.
  - 6.2.5 Additional units are to be built on the site amongst existing units as well as on other parts of the property and property to be acquired.
- 6.3 He is aware that he shall have no right to demand repayment of the allocated portion of the loan account.
- 6.4 It is a condition precedent that the MEMBER shall acquire membership of the club, failing which this agreement shall be null and void, notwithstanding signature hereto.
- 6.5 He is aware of and accepts the provisions of Articles 97 and 98 relating to the rights of the holders for the time being of the "A" shares.
  - 6.5.1 The purchaser is aware that the share capital of the Company is divided into:
    - 6.5.1.1 Class "A" shares which relate to the business portions of the Company's property, namely conference rooms, restaurant and bars, hotel rooms, other hotel buildings, sporting facilities and vacant land and the rights which attach those shares are those set out in articles 97 and 98 of the Articles of Association.

**Champagne Share Block Limited**  
**Annexure 4 – Use Agreement**

---

6.5.1.2 Class "B" shares which relate to time share units which have been constructed as at the date of agreement together with such additional time share units as may be constructed in the future, identification of which shares are set out in Annexure "B" of the agreement.

6.6 The Purchaser furthermore acknowledges that the cost of construction of the buildings to which the "A" shares relate has been borne by the SELLER who upon their completion shall in accordance with the provisions of articles 97 and 98 determine their value for the purposes of allocating a portion of the loan obligation of the Company to such improvements.

**7. Warranties:**

7.1 The SELLER warrants that all contributions to the levy fund which are due and payable by the SELLER to the COMPANY have been duly paid, including those amounts in respect of the suite up to the occupation date.

7.2 The COMPANY warrants that, save as is provided for herein, no amendment to the conditions of use pertaining to any suite shall be made without the prior consent of at least 75% (seventy five percent) in number of the COMPANY'S members.

**8. Occupation:**

8.1 The MEMBER shall have the right to the use and enjoyment in common with other members of the COMPANY of those areas deemed to be common areas subject, however, to such terms and conditions as may reasonably be imposed by the manager and subject to the constitution of the club.

8.2 The suite shall only be used by the MEMBER or his invitees for residential purposes and that the number of occupants shall not exceed the number enumerated in Annexure "B".

8.3 The MEMBER shall not be entitled to occupy the suite in the event of him being in arrears with any payment in terms of this agreement.

8.4 The manager will endeavour to let the suite for the MEMBER, at the MEMBER'S request, for a 20% (twenty percent) service fee.

**9. Movables:**

9.1 The suite shall be equipped with movables as described in Annexure "D" which shall not be removed therefrom by the MEMBER.

9.2 The MEMBER shall be obliged to exercise reasonable care therefor and in the event of it being established by the management, in its sole discretion, at the end of the annual period of occupation, that any of the movables are damaged or missing, the MEMBER shall be liable therefor and shall pay upon request the cost of replacement or repair thereof.

**10. Use of Suite by Others:**

The MEMBER may let or part with occupation of the said suite provided:

10.1 That he shall accept liability for any loss or damage suffered by the COMPANY consequent upon any act or omission of any occupant of the suite.

10.2 That the intended occupant agrees in writing to abide by the same obligations as are applicable to the MEMBER.

**Champagne Share Block Limited**  
**Annexure 4 – Use Agreement**

---

**11. Management:**

- 11.1 It is recorded that the COMPANY has entrusted the general management of the complex to CHAMPAGNE SPORTS AND RACKET CLUB (PTY) LTD, under the management agreement. The directors of the COMPANY, elected by the shareholders in terms of the COMPANY'S Articles of Association, will ensure that the manager performs this function satisfactorily.
- 11.2 Insofar as the Member is not permanently present in the suite, he hereby grants an irrevocable power of attorney to the SELLER to represent him as his attorney and agents at all meetings of the COMPANY except where the MEMBER is personally present or has nominated a proxy in terms of the COMPANY'S Articles of Association.
- 11.3 The COMPANY shall be entitled to determine rules and regulations governing the occupancy of the suites, provided that these are not in conflict with this agreement.
- 11.4 If the manager, in his sole discretion, decides that repairs, replacements or renovations to the building, movables or any part thereof are rendered necessary by reason or any act of omission by any occupier of the suite or visitor thereto, the MEMBER shall be liable for the cost of repairing or replacing the relevant asset.
- 11.5 The MEMBER shall have no claim against the COMPANY if any movable or fixture in the suite is in a defective state, it being agreed that the MEMBER acquires the suite for the occupation period on a voetstoets basis. The COMPANY will however, endeavour to take all reasonable steps to remedy such defects within a reasonable time after having been given notice thereof.

**12. Exclusion of Liability:**

- 12.1 Any items brought onto the property by the MEMBER shall be done so at his sole risk.
- 12.2 The COMPANY shall not be responsible for any loss, damage or injury to any occupant or guest which may be sustained in or about the property by any reason of any act whatsoever, or neglect, on the part of the COMPANY or the COMPANY'S servants including any damage or injury that may be sustained by reason of any portion of the property being in a defective state.

**13. Company's Responsibilities:**

The COMPANY shall:

- 13.1 Maintain the entire property, from the levy fund, inclusive of the interior of the suites and the movables therein, in a good and sound condition and when necessary, replace, repair or renovate the same.
- 13.2 Ensure that all its assets are adequately insured against all risks for replacement value.
- 13.3 Always be entitled to reasonable access to the suites but shall use its best endeavours to procure that all maintenance work is performed during the maintenance week.

**14. Levies:**

- 14.1 The levies shall be used by the COMPANY to pay for all those items specified at Section 13 of the Share Blocks Control Act No. 59 of 1980.
- 14.2 Levies are not refundable.
- 14.3 The levies are determined by agreement between the COMPANY and its members.
- 14.4 The MEMBER records he is aware that as from the effective date he shall be obliged to make payment to the COMPANY from time to time of the amount calculated by the COMPANY as being the MEMBER'S contribution towards the expenses incurred by the COMPANY for the administration of the land and

**Champagne Share Block Limited**  
**Annexure 4 – Use Agreement**

---

buildings. For the purposes of this paragraph, the expenses of administration shall include all disbursements of whatsoever nature which the COMPANY shall in its discretion deem necessary or desirable for the preservation of the property and its amenities, including all costs of maintenance for which the MEMBER is not liable in terms of this agreement, insurance of the building against fire and other insurances, which the COMPANY may deem prudent to effect, and the payment of wages to any servants which the COMPANY may reasonably decide to employ for the purposes of maintaining the common property. The COMPANY shall also be entitled to include in the amount levied charges for the administration of the property and such administration charges will continue to be payable until such time as the Body Corporate (if any) is established. The levy payable by the MEMBER in terms hereof shall be payable 60 days before occupation and yearly thereafter in advance on the 1<sup>st</sup> day of January of each and every year to the COMPANY.

14.5 As at the effective date, the annual levy payable in respect of the share blocks purchased in terms of this agreement is R.....

**15. Additional Suites:**

A sufficient number of additional share blocks in the COMPANY'S share capital have been authorised and may be issued to the SELLER so as to enable not more than 100 (one hundred) additional suites to be erected by the SELLER on the balance of the property. The SELLER shall advance the funds required and the COMPANY'S total loan obligations shall be increased by the amount so advanced to it. The increased loan obligation of the COMPANY shall not be allocated to MEMBERS acquiring share blocks which relate to existing suites, but shall be allocated in toto to members acquiring share blocks which relate to such additional suites. Once the share blocks which relate to such additional suites have been alienated by the SELLER, the COMPANY shall assume the control and the management of the relevant suites mutatis mutandis in accordance with this agreement.

**16. Cession and Assignment:**

The MEMBER shall only be entitled to cede his right to the use and occupation of the suite and to his allocated portion of the fixed loan account:

- 16.1 Simultaneously and together with the transfer of the share block to which the use of the suit is indivisibly linked.
- 16.2 If the proposed transferee agrees to honour all the MEMBER'S obligations to the COMPANY.
- 16.3 Subject to the relevant provisions of the COMPANY'S Articles of Association and with the COMPANY'S prior consent and in such form and upon such conditions as the COMPANY may stipulate.
- 16.4 Subject to the prior written consent being obtained from the SELLER if the purchaser still owes money to the SELLER.

**17. Damage to the Building:**

Should the property and/or suites and/or the movables be destroyed by fire, storm, earthquake, riot or political disturbances or any other cause, the COMPANY agrees that it will as soon as it is practicable, repair and rebuild the same and replace the movables of the suite being unfit for occupation. The COMPANY, however, reserves to itself the right to change or vary the construction of the property or the suite on such rebuilding or repairing but the MEMBER shall have the same accommodation, as regards the position and area of the suite, enjoyed by him prior to the destruction in such altered and varied construction. In the event of any damage to the property which renders it valueless or substantially reduces the value of any right of occupation of the MEMBER, it shall be the duty of the COMPANY to make good such damage as soon as is reasonably possible. There shall, however, be no obligation on the part of the COMPANY to compensate the MEMBER for any loss of occupation or use resulting from such damage to the property of the suite. Notwithstanding the above, the COMPANY shall not be bound to expend any more in fulfilling any



**Champagne Share Block Limited**  
**Annexure 4 – Use Agreement**

---

of its said obligations than that sum which it receives from its insurance arising from any of the aforesaid contingencies.

**18. Liquor Act:**

And any legislation affecting this agreement promulgated subsequent to the signing hereof.

The parties hereto record and agree that in the event of any amendments being required to this agreement so as to comply with the requirements of the National Liquor Board and the Hotel Board or the requirements of any subsequent legislation introduced, this agreement and the documents connected hereto or arising herefrom shall be amended only insofar as is strictly necessary to comply with the requirements of the aforementioned Act or regulations. To that end the MEMBER hereby appoints the SELLER irrevocably and in *rem suam* as his duly authorised agent to agree to all amendments required and to sign all the requisite documentation to give effect thereto and the parties shall be bound thereby.

**19. Jurisdiction and Costs:**

In the event of it being necessary for the COMPANY or the SELLER to take any legal proceedings against the MEMBER hereunder, the COMPANY or the SELLER shall, at its option, be entitled to take such legal proceedings in the Supreme Court or Magistrate's Court, notwithstanding the fact that such proceedings which might arise may be out of the jurisdiction of such Magistrate's Court and in either of the foregoing events, the MEMBER shall be liable for attorney and client costs and for any collection charges incurred by the COMPANY or the SELLER. This clause shall be deemed to constitute the written consent in terms of Section 45 of the Magistrate's Court Act of 1944.

**20. Breach:**

In the event of the MEMBER committing a breach of any of the terms of this agreement and remaining in default for a period of sixty (60) days and thereafter having been called upon to remedy such breach, remains in default for a further period of fourteen days from the date of such notice, then in addition to, and without prejudice to any other rights which the SELLER or the COMPANY may have in law in terms of this agreement, they shall be entitled either:

- 20.1 to enforce the relevant provisions of this agreement, and
- 20.2 to declare the whole balance of the purchase price owed by the MEMBER to the SELLER in terms of this agreement, inclusive of interest, to be immediately due and payable, or
- 20.3 to cancel this agreement, sell the shares and reoccupy the suite;
- 20.4 in the event of 20.3 being necessary, the MEMBER hereby consents:
- 20.5 to the inclusion in the damages of the SELLER/COMPANY legal costs on the attorney and client scale and the costs of restoring the suite to its original condition; and
- 20.6 to the SELLER performing whatever is necessary to give effect hereto for which purpose the MEMBER hereby appoints the SELLER irrevocably and in *rem suam* as his duly authorised attorney and agent.

**21. Entire Contract:**

This agreement constitutes the entire contract between the parties and no warranties or representations, whether express or implied, not stated herein shall be binding on the parties and no agreement to vary the terms and conditions of this agreement shall be binding on the parties unless reduced to writing and signed by the parties. No relaxation or indulgence which the SELLER and/or the COMPANY may show to the MEMBER shall in any way prejudice or be deemed to be a waiver of his rights hereunder.

**Champagne Share Block Limited**  
**Annexure 4 – Use Agreement**

---

22. **Voetstoets:**

Save as is specifically recorded herein, the shares and allocated loan accounts are sold and purchased voetstoets without any warranties or representations either express or implied and with all defects, if any latent or patent. The MEMBER acknowledges that he is acquainted with the property and the items hereby bought and sold.

23. **Notices:**

Any notices required to be given by either party to the other in terms of this agreement shall be deemed to be duly received by such party, either if such notice is delivered personally to that party, or, within seventy two hours after posting of such notices by pre-paid registered post to the address reflected on the first page of this agreement being the respective parties' *domicilia citandi et executandi* for all purposes hereunder.

24. Notwithstanding the provisions of clause 21, the SELLER warrants that the suite and the complex will be completed and will provide facilities corresponding substantially with what is depicted in its information brochures and advertising material.

25. Payment of the purchase price of any portion thereof to the SELLER'S agent shall be deemed to be a payment to the SELLER as provided for in clause 3.1

Dated at ..... this ..... day of ..... year .....

AS WITNESSES:

1. ....

2. ....  
MEMBER/PURCHASER

Dated at ..... this ..... day of ..... year .....

AS WITNESSES:

1. ....

2. ....  
duly authorised representative of the COMPANY

Dated at ..... this ..... day of ..... year .....

AS WITNESSES:

1. ....

2. ....  
duly authorised representative of the SELLER