

Companies and Intellectual Property Commission

Republic of South Africa Memorandum of Incorporation unique to



THE CLIFTON HILL HOME OWNERS ASSOCIATION (RF) NPC

Registration No. 2004/013121/08

(which is referred to in the rest of this Memorandum of Incorporation as “the Company”)

The long standard form of Memorandum of Incorporation for Non-Profit Companies with Members, Form CoR15.1E, as amended from time to time, shall not apply to the Company.

The Memorandum of Incorporation is in a form unique to the Company, as contemplated in Section 13(1)(a)(ii) of the Companies Act, 71 of 2008, as amended.

Adoption of Memorandum of Incorporation

This Memorandum of Incorporation was adopted by a Special Resolution of the Members passed on the 19 November 2012 and in substitution for the existing Memorandum and Articles of Association of the Company.

1. DEFINITIONS AND INTERPRETATION

In this Memorandum of Incorporation, unless the context otherwise requires: –

1.1. “the Act” means the Companies Act No. 71 of 2008 as amended and any Regulations in force thereunder from time to time;

1.2. “the Allied Businesses” means the privately owned businesses, operating within the confines of the Lifestyle Centre;

1.3. “the Board” means the Board of Directors of the Company;

1.4. “the Common Areas” and/or “Estate Property” means those portions of the land which have been transferred by the Developer to the Company or otherwise acquired by the Company;

- 1.5. "Body Corporate" means a Body Corporate as defined in Section 1 of The Sectional Titles Act;
- 1.6. "the Company" and/or "the Association" means The Clifton Hill Home Owners Association (RF) NPC, Registration No. 2004/013121/08;
- 1.7. "Creche" means the privately owned educational and child-minding facility within the Estate;
- 1.8. "the Development" means an upmarket residential estate incorporating stand-alone dwellings and sectional title developments established on the land;
- 1.9. "Directors" means the Directors of the Company;
- 1.10. "Domestic employee" means any person employed and registered with the Association, by a member to work on such member's property;
- 1.11. "Dwelling unit/s" means in relation to the Estate, a unit or any structure erected on any Erf/Erven;
- 1.12. "Electronic Communication" has the meaning set out in Section 1 of the Electronic Communications and Transactions Act, No. 25 of 2002;
- 1.13. "Erf" means a freehold subdivision of the land registered in the name of a member or upon which a sectional title scheme has been established; "erven" is the plural term;
- 1.14. "Estate" means the Development;
- 1.15. "Estate Manager" means the person or legal body appointed from time to time by the Board, to undertake the management of certain specific functions within the Estate on behalf of the Association;
- 1.16. "the Guidelines" means any architectural design guidelines, landscaping guidelines and any other guidelines applicable from time to time;
- 1.17. "House Rules" means the rules made by the Directors from time to time in terms of Article 13;
- 1.18. "Improvements" means all structures erected on any property, including but not necessarily limited to those matters governed by any architectural design guidelines, as amended from time to time;
- 1.19. "In writing or written" means and includes words printed, handwritten, typed, represented or reproduced in any mode in a visible form;
- 1.20. "Land" means the area of land previously described as Portion 1 of Erf 673 Hillcrest, Registration Division FT, Province of Kwazulu-Natal, in extent 52,3638 hectares) on which the development is situated;

- 1.21. "Lifestyle Centre" means the facilities including the Allied Businesses and gym, squash court and indoor swimming pool ;
- 1.22. "Member" means an owner as referred to in article 1.25 ; provided that in the case of joint owners or legal persona the nominated person as provided for in article 7 shall be deemed to be the representative member;
- 1.23. "Memorandum" means the Memorandum of Incorporation for the time being of the Company;
- 1.24. "Office" means the registered office of the Company for the time being;
- 1.25. "Owner" means a natural or legal person who has acquired registered title in the Kwazulu-Natal Deeds Registry of an erf, a unit or an undivided share in an erf or unit;
- 1.26. "Property" means in relation to the Estate, any erf or unit;
- 1.27. "Sale Agreement" means the agreement entered into between the Developer and individuals which resulted in the individuals becoming owners as defined herein;
- 1.28. "Sectional Titles Act" means The Sectional Titles Act No. 95 of 1986 (as amended) together with the regulations applicable from time to time;
- 1.29. "Services" means water, sewerage, refuse removal, provision of security and such other utilities or services as are provided within the Estate or which may be required;
- 1.30. "Sporting facilities" shall incorporate but not be limited to the following: the Hall, outdoor Swimming Pool, Tennis Courts, sports field and jungle gyms;
- 1.31. "the Statutes" means The Companies Act and any other Act for the time being in force concerning companies and affecting the Company;
- 1.32. "Tenant" means any person entitled to occupy a dwelling unit in the Estate;
- 1.33. "Unit" means a sectional title unit as defined under the provisions of the Sectional Titles Act;
- 1.34. a reference to a Section by number refers to the corresponding Section of the Act;
- 1.35. a reference to a Regulation by number refers to the corresponding Regulation in the Regulations;
- 1.36. words that are defined in the Act bear the same meaning in this Memorandum as in the Act;
- 1.37. an expression which denotes:-
- 1.37.1. any gender includes the other genders;
- 1.37.2. a natural person includes a juristic person and vice versa; and
- 1.37.3. the singular includes the plural and vice versa;

1.38. any reference to a notice shall be construed as a reference to a written notice, and shall include a notice which is transmitted electronically in the manner and form permitted in terms of the Act and/or the Regulations;

1.39. any reference to “days” shall be construed as calendar days unless qualified by the word “business” in which instance a “business day” will be any day other than a Saturday, Sunday or public holiday as Gazetted by the Government from time to time.

2. INCORPORATION AND NATURE OF THE COMPANY

2.1. The Company is a pre-existing non-profit Company with members as defined in the Act and, as such, continues to exist as a non-profit Company as if it had been incorporated and registered in terms of the Act, as contemplated in item 2 of the Fifth Schedule to the Act, and this Memorandum replaces and supersedes the Memorandum and Articles of Association of the Company applicable immediately prior to the filing hereof.

2.2. The Company is incorporated in accordance with and governed by –

2.2.1. the unalterable provisions of the Act, that are applicable to non-profit companies;

2.2.2. the alterable provisions of the Act, that are applicable to non-profit companies, subject to the limitations, extensions, variations or substitutions set out in this Memorandum; and

2.2.3. the provisions of this Memorandum.

3. THE OBJECTS AND POWERS OF THE COMPANY

3.1. The objects of the Company are:-

3.1.1 to promote, advance and protect the interests of the members generally;

3.1.2 to manage the Estate;

3.1.3 to ensure acceptable aesthetic landscaping and architectural standards;

3.1.3.1 for the construction of residential buildings in the Estate;

3.1.3.2 for the on-going maintenance of the Estate;

3.1.4 to maintain and administer all property vested in the Company.

4. MEMORANDUM AND COMPANY RULES

4.1. Subject to article 6.2 below, this Memorandum may be amended only by Special Resolution adopted at a members’ meeting or in terms of a Court Order.

4.2. Amendments to the Memorandum may be proposed by the Board or by members entitled to exercise at least 10% (TEN PERCENT) of the voting rights.

4.3. The Board shall nevertheless have the power to alter this Memorandum to the extent necessary to correct patent errors in spelling, punctuation, reference, grammar or similar defects as envisaged in section 17 of the Act. A notice of any such alteration must be sent to each member at least 10 business days prior to the filing of the notice of alteration with the Commission.

4.4. The authority of the Company's Board of Directors to make Rules for the Company, as contemplated in section 15(3) to (5) is not limited.

4.5. The Board must publish any Rules made in terms of section 15(3) to (5) by delivering a copy of those Rules to each member using any of the delivery methods contemplated in section 6 of the Act.

4.6. The Board must publish a notice of any alteration of the Memorandum or the Rules, made in terms of section 17(1) of the Act, by delivering a copy of those alterations or Rules to each member using any of the delivery methods contemplated in section 6 of the Act.

5. OPTIONAL PROVISIONS OF THE ACT

5.1. In terms of section 84(1)(c)(ii) of the Act, the Company elects voluntarily to appoint an auditor and to have its annual financial statements audited by such auditor.

5.2. The Company may voluntarily elect to appoint a Company Secretary.

5.3. As the Company will be audited voluntarily, the Company does not have to comply with the provisions of Chapter 3 of the Act. The appointment, remuneration and duties of the auditor shall be determined by the Board of Directors and approved by the members.

6. MEMBERSHIP

6.1. Membership of the Company shall be obligatory for an owner.

6.2. This provision may never be altered by the members.

6.3. Subject to article 6.3.6 below, membership of the Association shall cease upon:

6.3.1. a member ceasing to be an owner;

6.3.2. upon the issue of a final order of sequestration or liquidation of a member;

6.3.3. upon the voluntary winding-up or deregistration of a member;

6.3.4. upon the death of a member, or upon the member being declared insane or incapable of managing his affairs;

6.3.5. in the case of the Developer, upon termination of the Development Period;

6.3.6. in the event of a member ceasing to be a member in terms of articles 6.3.2, 6.3.3 or 6.3.4, the legal representative of such member shall, for all purposes be recognized and be bound as if he were the member under this Memorandum.

7. MEMBERS OF THE COMPANY

7.1. The Company shall maintain at its registered office a register of members of the Company as provided in section 24(4)(a) of the Act. The register of members shall be open to inspection, as provided in section 26 of the Act.

7.2. In the event of any property being owned in undivided shares by more than one owner, such co-owners shall nominate one amongst them to be the representative member for the purposes of this Memorandum.

7.3. Where the owner is a legal persona, being either a trust, close corporation or company, the trustees, members or directors as the case may be, shall appoint one amongst them to be the representative member for the purposes of this Memorandum.

7.4. Where the owners are married in community of property the owners shall appoint one of them to be the representative member for the purposes of this Memorandum. Alternatively an owner may appoint his/her Spouse or partner if legally cohabiting in terms of a written cohabitation agreement.

7.5. No person may become an owner without first being accepted as a member. The rights and obligations of membership shall commence on the day upon which a person becomes a registered owner and subject to article 6.3 shall cease on the day when the person ceases to be a registered owner.

7.6. Each property is subject to the condition of title that neither the erf, a unit nor an undivided share in an erf or unit shall be transferred without the prior written consent of the Company, and a clearance certificate has been issued by the Company to the effect that the provisions of its Memorandum (previously the Articles of Association) have been complied with.

7.7. Any person desiring to take transfer of an erf or unit shall complete a prescribed membership application form and shall sign an undertaking to agree to be bound by:-

- (a) the Memorandum and any Company Rules as contemplated in sections 15(3) to (5) of the Act;
- (b) the House Rules of the Company;
- (c) the Guidelines;
- (d) any other requirements of the Company, as amended and updated from time to time Upon compliance with all of the requirements of the Company applicable to existing and prospective members in terms of this Memorandum, the Company Rules, the House Rules and any Guidelines, the Company will issue a certificate consenting to the applicant becoming a member with effect from the date upon which such applicant becomes a registered owner. The Company will be entitled to charge the applicant a reasonable fee for its services in ensuring that existing and prospective members have complied with all of the requirements of the Company.

7.8. The liability of members as members of the Company shall be limited to an amount of R1,00 together with such other amounts as may be owing by such member to the Company from time to time from whatever cause arising.

8. RIGHTS AND DUTIES OF MEMBERS

8.1. Members' authority to act

8.1.1 If, at any time, every member of the Company is also a director of the Company, as contemplated in section 57(4) of the Act, the authority of the members to act without notice or compliance with any other internal formalities, as set out in that section is not limited or restricted by this Memorandum.

8.2 Members' right to Information

8.2.1 In addition to the rights to access information set out in section 26(1) of the Act, a member of the Company has no further rights to information.

8.3 Representation by concurrent proxies

8.3.1 The right of a member of the Company to appoint Persons concurrently as proxies, as set out in section 58(3)(a) of the Act, is not limited, restricted or varied by this Memorandum.

8.4 Authority of proxy to delegate

8.4.1 The authority of a member's proxy to delegate the proxy's powers to another person, as set out in section 58(3)(b) of the Act, is not limited or restricted by this Memorandum.

8.5 Requirement to deliver proxy instrument to the Company

8.5.1 The requirement that a member must deliver to the Company a copy of the instrument appointing a proxy before that proxy may exercise the member's rights at a members meeting, as set out in section 58(3)(c) of the Act, is not varied by this Memorandum.

8.6 Deliberative authority of proxy

8.6.1 The authority of a member's proxy to decide, without direction from the member, whether to exercise, or abstain from exercising any voting right of the member, as set out in section 58(7) of the Act, is not limited or restricted by this Memorandum.

8.7 Record date for exercise of Member rights

8.7.1 If, at any time, the Company's Board fails to determine a record date, as contemplated in section 59 of the Act, the record date for the relevant matter is as determined in accordance with section 59(3) of the Act.

8.8 Rights and Duties of Members

8.8.1 All members shall abide by the Memorandum and adhere to the Rules as contemplated in Section 15(3) to (5) of the Act, House Rules and Guidelines applicable from time to time.

8.8.2 The functions, duties and powers of all Bodies Corporate of Sectional Title Schemes within the Estate, shall be assigned to the Company as contemplated in sections 37 and 38 of the Sectional Titles Act, the company shall be entitled to delegate to any Body Corporate such rights as it deems necessary or expedient.

9. MEMBERS MEETINGS

9.1 Requirement to hold meetings

9.1.1 The Company is required to hold members meetings in addition to those specifically required by the Act.

9.1.2 The Company must convene an Annual General Meeting of its members once in every calendar year within 6 (six) months after the end of its financial year, but no more than 15 (fifteen) months after the date of the previous Annual General Meeting, or within an extended time allowed by the Companies Tribunal, on good cause shown.

9.1.3 An Annual General Meeting convened in terms of article 9.1.2 must, at a minimum, provide for the following business to be transacted:

- (a) the consideration of the Chairperson's report;
- (b) the election of directors;
- (c) the consideration of any other matters referred to the meeting including any resolutions proposed for adoption by such meeting, and the voting upon such resolutions;
- (d) the consideration of the accounts of the Company for the preceding financial year;
- (e) the consideration of the report of the auditors and confirmation of the appointment of the auditors for the ensuing financial year;
- (f) the consideration and approval, with or without amendment of the budget and estimated levies for the current financial year.

9.2 Members' right to requisition a meeting

9.2.1 The right of members to requisition a meeting, as set out in section 61(3) of the Act, may be exercised by at least 10 (ten)

percent of the voting rights entitled to be exercised in relation to the matter proposed to be considered at the meeting.

9.3 Location of members meetings

9.3.1 The Company's Board shall determine the location of any members meeting, and the Company is authorised to hold any such meeting provided that such meeting shall be in the Republic.

9.4 Notice of Members meetings

9.4.1 An Annual General Meeting and a meeting called for the passing of a special resolution shall be called by giving at least twenty-one (21) calendar days' notice in writing to each member. Any other general meeting, other than one called for the passing of a special resolution, shall be called by giving at least fourteen (14) calendar days' notice in writing to each member. In each case the notice shall be exclusive of the day on which it is given and shall specify the place, the day and hour of the meeting. In the case of special business, the notice shall state the general nature of that business, and in the case of a special resolution, the terms and effect of the resolution and the reasons for it. A general meeting of the Company which is called by shorter notice than that specified in this clause shall be deemed to have been duly called if it is so agreed:

- (a) in the case of a meeting called as the Annual General Meeting, by all the members entitled to attend and vote thereat; and
- (b) in the case of any other general meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than 95% of the total voting rights of all members.

9.4.2 The notice may be posted or hand delivered or it may be transmitted electronically in a manner and form such that the notice can conveniently be printed by the recipient. In addition a notice transmitted electronically must comply with Regulation 7(4) of the Regulations.

9.5 Electronic participation in Members meetings

9.5.1 The authority of the Company to conduct a meeting entirely by electronic communication, or to provide for participation in a meeting by electronic communication, as set out in section 63 of the Act, is not limited or restricted by this Memorandum.

9.6 Quorum for Members meetings

9.6.1 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. Unless a general meeting determines that there shall be a greater quorum, a quorum for a general meeting shall be at least 10 (TEN) members personally present and entitled to vote and entitled to exercise in aggregate at least 25% (TWENTY FIVE PERCENT) of all of the voting rights in the Company.

9.6.2 If within half an hour from the time appointed for the holding of a general meeting a quorum is not present, the meeting shall stand adjourned to a date not earlier than 7 (SEVEN) days and not later than 21 (TWENTY ONE) days after the date of the adjourned meeting at the same place and time or such other place as the chairperson of the meeting shall appoint, and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for holding the meeting, the members present shall be a quorum.

9.6.3 Where a property is owned in undivided shares or the owner is a legal persona, the co-owner, trustee, member or director, as the case may be, who is not the representative member, shall be entitled to attend any meeting of the Company, provided that such person being present at any meeting shall not be considered for the purposes of establishing a quorum for such meeting or voting thereat, unless they hold a valid proxy in their favour.

9.7 Adjournment of Members meetings

9.7.1 Where a meeting has been adjourned as aforesaid, the company shall upon a date not later than 3 (THREE) days after the adjournment, publish a notice in an English newspaper circulating in the Hillcrest area stating:

9.7.1.1 the date, time and place to which the meeting has been adjourned;

9.7.1.2 the matter before the meeting when it was adjourned; and

9.7.1.3 the ground for the adjournment.

9.8 Members resolutions

9.8.1 For an ordinary resolution to be adopted at a members meeting, it must be supported by more than 50% (FIFTY PERCENT) of the voting rights exercised on the resolution, as provided in section 65(7) of the Act.

9.8.2 For a special resolution to be adopted at a members meeting, it must be supported by at least 75% (SEVENTY FIVE PERCENT) of the voting rights exercised on the resolution, as provided in section 65(7) of the Act.

9.8.3 A special resolution adopted at a members meeting is not required for a matter to be determined by the Company, except for those matters set out in sections 65(11) to (12) of the Act.

9.8.4 At every general meeting:

9.8.4.1 Subject to articles 9.8.4.5 and 12.8a resolution put to the vote shall be decided on a poll and every member present or represented by proxy, shall have one vote.

9.8.4.2 In the case of an equality of votes, the chairperson of the meeting shall be entitled to a casting vote.

9.8.4.3 Unless any member present in person or by proxy at a general meeting shall, before closure of the meeting, have objected to any declaration made by the chairperson of the meeting as to the result of any voting at the meeting, or to the propriety or validity of the procedure at such meeting, such declaration by the chairperson shall be deemed to be a true and correct statement of the voting and the meeting shall in all respects be deemed to have been properly and validly constituted and conducted and an entry in the minutes to the effect that any motion has been carried or defeated, with or without a record of the number of votes recorded in favour of or against such motion, shall be conclusive evidence of the votes so recorded.

9.8.4.4 The parent or guardian of a minor, and the curator bonis of a lunatic member, may vote at any general meeting in respect thereof in the same manner as if he were the member: Provided that before the time of holding the meeting at which he proposes to vote he shall satisfy the directors that he is such parent, guardian or curator, or that the directors have previously admitted his right to vote in respect of the membership.

9.8.4.5 Subject to article 9.6.3 every member present at a meeting of the Company, either in person or by proxy, shall be entitled to one vote only, provided that where a member is the registered owner of more than 1 (ONE) property within the Estate, he shall have 1 (ONE) vote in respect of each property owned by him.

9.9 Representation by Proxies

9.9.1 The instrument appointing a proxy shall be in writing under the hand of the appointer or of his agent duly authorised in writing, or, if the appointer is a body corporate, under the hand of an officer or agent authorised by the body corporate. A proxy need not be member of the Company. 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 that power to attend and take part in the meetings and to give or withhold written consent on behalf of a member to a decision contemplated in section 60 of the Act.

9.9.2 The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a not a real certified copy of such power or authority, shall be deposited at the registered office of the Company not less than 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. No instrument appointing a proxy shall be valid after the expiration of 6 (SIX) 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.

9.9.3 The instrument appointing a proxy shall be in the following form or as near thereto as circumstances permit or in such other form as the directors may approve:

THE CLIFTON HILL HOME OWNERS ASSOCIATION (RF) NPC

E S T A T E

I, of
..... being a member of
..... hereby appoint
.....

of

or failing him.....

10.2.1 will have been adopted if it is supported by persons entitled to exercise sufficient voting rights for it to have been adopted as an ordinary or special resolution, as the case may be, at a properly constituted members' meeting; and

10.2.2 if adopted, will have the same effect as if it had been approved by voting at a meeting.

10.3 Within 10 (ten) business days after adopting a resolution in accordance with the procedures provided in this article, the Company shall deliver a statement describing the results of the vote, consent process, or election to every member who was entitled to vote on or consent to the resolution.

11 DIRECTORS AND OFFICERS

11.1 Composition of Board Of Directors

11.1.1 The number of directors, the manner of their election and retirement and their terms of office, may be determined by the members in general meetings from time to time, provided the number of directors thereafter shall not be less than 7 (SEVEN).

11.1.2 If at any time the number of directors is reduced below 7 (SEVEN), the continuing directors may act only to increase the number of directors to 7 (SEVEN) or to call a meeting for that purpose.

11.1.3 Directors shall be elected at the Annual General Meetings of the Company and upon election shall hold office for 2 (TWO) years whereupon they shall be required to resign, however this shall not preclude them from being re-elected for further 2 (TWO) year periods..

11.1.4 All directors must satisfy the qualification and eligibility requirements set out in section 69 of the Act.

11.1.5 The authority of the Company's Board to fill any vacancy on the Board on a temporary basis is not limited or restricted by this Memorandum.

11.1.6 Only a member may be elected as a director of the Company.

11.1.7 The office of director shall be vacated if the director:

11.1.7.1 Ceases to be a director by effluxion of the period of appointment; or

11.1.7.2 Becomes prohibited from being a director by virtue of any provision of the Act or this Memorandum; or;

11.1.7.3 Resigns his office by notice in writing to the company and the Registrar; or

11.1.7.4 becomes insolvent or surrenders his estate; or

11.1.7.5 is found to be lunatic or of unsound mind; or

11.1.7.6 is absent for 3 (THREE) consecutive meetings of the directors without obtaining prior leave of absence; or

11.1.7.7 Ceases to be an owner.

11.2 Alternate Directors

11.2.1 Any director may obtain leave of absence by resolution of the majority of directors, and such director may thereupon appoint an alternative to act for him during his absence with all the powers and privileges enjoyed by him, but subject to the terms, qualification and conditions applicable to the other directors.

11.2.2 The appointment of such alternate director shall not, however, be valid unless confirmed by a resolution of the majority of directors of the Board.

11.2.3 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 Company that the alternate director representing him has ceased to do so.

11.3 Remuneration of Directors

11.3.1 The directors of the Company shall not derive any remuneration from the Company for their services to the Company as directors. The directors shall however, be paid all traveling expenses and other expenses properly expended by them in and about the business of the Company.

11.3.2 If any director commits a breach of article 11.3.1, he shall forthwith cease to be a director and shall not be eligible for re- election.

11.4 Authority Of The Board

11.4.1 The authority of the Company's Board to manage and direct the business and affairs of the Company, as set out in section 66(1) of the Act, is not limited or restricted by this Memorandum.

11.4.2 Subject to the express provisions hereof, the Board shall be responsible for the fulfilment of the objects of the Company as defined in article 3 hereof and to manage and control the business and affairs of the Company. The directors shall have full powers in the management and direction of such business and affairs including the right of appointment and dismissal of the Estate Manager and may exercise all such powers of the Company and do all such acts on behalf of the Company as may be exercised and done by the Company and as are not by the Act or by this Memorandum required to be exercised or done by the Company in general meeting, subject, however, to such Rules as may have been made by the Company in general meeting or as may be made by the directors from time to time.

11.4.3 Save as specifically provided in these presents, the Board shall at all times have the right to engage on behalf of the Company the services of accountants, auditors, attorneys, advocates, architects, engineers and managing agents and any other professional firm or person or other employees whatsoever for any reason deemed necessary by the Board and on such terms as the Board shall decide.

11.4.4 A director may himself act, or any firm of which he is a member may act, in a professional capacity (other than auditor) for the Company, or any other company in which the Company is interested, however neither he nor any firm of which he is a member shall be entitled to remuneration for those professional services.

11.4.5 An Estate Manager may be appointed by the Company upon such terms and conditions as may be determined by the Directors. The main function of such Estate Manager will be to administer the affairs of the Estate in accordance with directions given to the Estate Manager by the Board.

11.4.6 The Board shall have the power to formulate House Rules and amend the same from time to time in respect of the management, control and administration of the Estate and the Estate Property, and for the purposes of giving proper effect to the provisions of this Memorandum.

11.4.7 The Board shall have the power to impose reasonable fines or other suitable penalties on those members who fail to comply with the provisions of this Memorandum or the House Rules.

11.4.8 The Board on behalf of the Company may, pursuant to its rights, obligations and duties in terms of this Memorandum and as provided for and contemplated hereunder, incur such expenditure as may be necessary or requisite to enable it to give proper effect to the provisions of this Memorandum, the House Rules and any Guidelines.

11.4.9 The Board shall have the power to enter into income agreements in respect of the Estate Property and other contracts of similar nature, subject to such limits and restrictions imposed by the Company in general meeting from time to time.

11.4.10 The Company in a general meeting shall have the right to limit and restrict the powers of the directors provided that no resolution of the Company shall invalidate any prior act of the directors which would otherwise have been valid.

11.5 Board of Directors Meeting

11.5.1 The authority of the Company's Board to consider a matter other than at a meeting, as set out in section 74 of the Act, is not limited or restricted by this Memorandum.

11.5.2 The right of the Company's directors to requisition a meeting of the Board, as set out in section 73(1) of the Act, is not limited or restricted by this Memorandum.

11.5.3 The authority of the Company's Board to conduct a meeting entirely by electronic communication, or to provide for participation in a meeting by electronic communication, as set out in section 73(3) of the Act, is not limited or restricted by this Memorandum.

11.5.4 The authority of the Company's Board to determine the manner and form of providing notice of its meetings, as set out in section 73(4) of the Act, is not limited or restricted by this Memorandum.

11.5.5 If all of the directors of the Company acknowledge actual receipt of the notice, are present at a meeting, or waive notice of the meeting, the meeting may proceed even if the Company failed to give the required notice of that meeting, or there was a defect in the giving of the notice.

11.5.6 The quorum necessary for the transaction of the business of the directors shall be at least 4 (FOUR) directors.

11.5.7 Each director has one vote on a matter before the Board. A majority of the votes cast on a resolution is sufficient to approve that resolution; and in the case of a tied vote, the chairperson shall have a second or casting vote.

11.5.8 Where a person is an alternate director to more than one director, or where an alternate director is also a director in his personal capacity, he shall have a separate vote on behalf of each of the directors he is representing.

11.5.9 The directors may elect a chairperson of their meetings and determine the period, not exceeding one year, for which he is to hold office, but if no such chairperson is elected, or if at any meeting the chairperson is not present within 15 (FIFTEEN) minutes after the time appointed for holding the same, the directors present may elect one of their number to be chairperson of the meeting.

11.6 Indemnification of Directors

11.6.1 The authority of the Company's Board to advance expenses to a director, or indemnify a director, in respect of the defence of legal proceedings, as set out in section 78(4) of the Act, is not limited or restricted by this Memorandum.

11.6.2 The authority of the Company's Board to indemnify a director in respect of liability, as set out in section 78(5) of the Act, is not limited or restricted by this Memorandum.

11.6.3 The authority of the Company's Board to purchase insurance to protect the Company, or a director, as set out in section 78(6) of the Act, is not limited or restricted by this Memorandum.

11.7 Officers and Committees

11.7.1 The Board may appoint any officers it considers necessary to better achieve the objects of the Company.

11.7.2 The authority of the Company's Board to appoint committees of directors, and to delegate to any such committee any of the authority of the Board, as set out in section 72(1) of the Act, or to include in any such committee persons who are not directors, as set out in section 72(2)(a) of the Act, is not limited or restricted by this Memorandum.

11.7.3 The authority of a committee appointed by the Company's Board, as set out in section 72(2) (b) and (c) of the Act is not limited or restricted by this Memorandum.

11.7.4 A committee may meet and adjourn as it thinks fit.

11.7.5 Questions arising at any meeting shall be determined by a majority of votes of the committee members present and in the event of an equality of votes the chairperson shall have a casting vote. There shall be established under article 11.7 a finance committee which shall consist of at least 3 (THREE) members.

12 LEVIES

12.1 The Finance Committee shall establish a levy fund sufficient in their opinion for:

12.1.1 generally the repair, control, upkeep, management and administration of all of the Estate Property (the repair, control and upkeep, of the interior and exterior of any dwelling units are specifically excluded from the Levy and are the responsibility of each owner);

12.1.2 the provision of security services for the Estate;

12.1.3 the payment of rates, taxes and other charges on the Estate levied by the Local Authority or any other Services Authority;

12.1.4 any charges to the Company for the supply and monitoring of electric current, water, fuel, sanitary, refuse removal and any other services to and on the Estate;

12.1.5 any matter arising from the provisions of article 34;

12.1.6 any services required by the Company to enable it to carry out its main and ancillary objects;

12.1.7 for the covering of any losses suffered by the Company;

12.1.8 for the payment of any insurance premiums;

12.1.9 for the maintenance and upkeep of the Company's sporting equipment and/or facilities;

12.1.10 all other expenses incurred or to be incurred in relation to the Estate Property; and

12.1.11 for the discharge of any other obligation of the Company;

12.1.12 for the maintenance and upkeep of the irrigation systems and pumps within the Estate Property;

12.1.13 for the discharge of any other obligation of the Company.

12.2 By no less than thirty days prior to the end of the financial year, the Finance Committee shall prepare an itemised estimate of anticipated income and expenses of the Association for the ensuing financial year and present the proposed budget to the Board of Directors. The Board shall determine the amount estimated to be required to be levied upon the Members during the ensuing financial year and in this regard it is specifically recorded that the levies in respect of Members owning residential property and those owning property utilised for commercial purposes, namely the Creche and Lifestyle Centre need not necessarily be equivalent;

12.3 The levies to be imposed on Members as determined by the Board will apply for the ensuing financial year subject to any variations determined by Members at the Annual General Meeting.

12.4 The amount levied upon each member under the provisions of article 12.3, shall be paid by such member to the Association monthly in advance, on the first day of each and every month, for the duration of the member's ownership of his property, subject to the terms and provisions of this Memorandum.

12.5 The levy fund shall be utilised for the purposes referred to in article 12.1.

12.6 Any member who ceases to be a member, notwithstanding such cessation of membership, shall still remain liable for the payment of all levies attributable to him during his period of membership of the Compaq

12.7 Any amount due by any member, whether in respect of a levy or any other amount falling due for payment under this Memorandum, which remains unpaid after the same has fallen due, shall bear interest as from the due date of payment to the actual dated payment is received, at the rate of interest charged by the Standard Bank of South Africa Limited on its prime overdraft rate plus 3% (THREE PERCENTUM) per annum calculated monthly in arrears.

12.8 Unless a dispute has been referred to the Company's Auditors in terms of article 12.9, a member in arrears with the payment of any levies due in terms of this article 12, shall be precluded from voting or participating at any meeting of the members of the Company. Two days before the scheduled date of a general meeting of members, the Estate Manager or a person designated by the directors shall prepare a list of defaulting members. Any defaulting member appearing on the list shall be entitled to remedy his default and upon submission of proof thereof to the satisfaction of the Directors prior to the meeting shall become entitled to vote thereat.

12.9 Should there be any dispute between a member and the Company concerning the amount of any levy payable by such member, the dispute shall be referred to the Company's auditors whose decision shall be final and binding upon both the member and the Company.

12.10 The Board shall on the recommendation of the finance committee have the power to impose special levies on owners arising from extra-ordinary expenditure which was not available to be included under article 12.4 and shall be empowered to determine how such special levies are to be paid.

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12.11 A member shall not be entitled to a refund of any pre-paid amount standing to the credit of his levy account, unless he has ceased to be an owner.

12.12 All contributions levied under the provisions of this Memorandum shall be due and payable on the passing of a resolution to that effect by the directors and may be recovered by the Company instituting an action in any court (including any Magistrate's Court) of competent jurisdiction from the members liable for the payment of such contributions.

12.13 The Company may establish a Levy Stabilisation or Special Levy Fund for the purpose of payment of any extraordinary expenditure or expenditure of a capital nature which might be incurred by the Company in the carrying out its main objects and the provisions of this

Memorandum, in which event whenever any property is sold, alienated or otherwise disposed of the new owner shall be obliged to pay a once-off admission fee/joining contribution into the Levy Stabilisation Fund in such amount as determined by the Board from time to time and the ex-owner shall not be entitled to a refund of any levy stabilisation contribution paid by him. In the case of a deemed alienation of property by juristic persons a further contribution to the Levy Stabilisation Fund shall, upon alienation, become due by the juristic person, notwithstanding that the juristic person remains the owner of the property. The object, in this regard, shall be to ensure that where there is a material change in the beneficial ownership or controlling interest of the juristic person shall become liable for a further contribution to the Levy Stabilisation Fund on the same basis that would have applied if the juristic person had become a "new owner" of the property. An alienation of property by a juristic person shall be deemed:

12.13.1 In the case of a company, where all or the majority of the shares in a company are transferred or otherwise disposed of;

12.13.2 in the case of a close corporation, where all or the majority of the members interests in the close corporation are transferred or otherwise disposed of;

12.13.3 in the case of a trust, where all or a majority of the trusts loan creditors or beneficiaries are varied or substituted or any trustee of the trust is changed; and this in consequence of or attendant upon the conclusion of any agreement for the payment of consideration with regard to the property held by that juristic person.

12.14 Notwithstanding the provisions of article 12.13 above, a sale, alienation, disposal or deemed disposal shall not attract a levy stabilisation fund contribution should such sale, alienation, disposal or deemed disposal arise as a result of:

12.14.1 Testate or intestate succession;

12.14.2 Divorce or dissolution of a marriage or union and the property or share therein is acquired by a "spouse" as defined in the Transfer Duty Act No. 40 of 1949;

12.14.3 A joint owner of property acquiring a defined portion of any property allotted to him upon partition of the property or who acquires the sole ownership in the whole or a portion of the property;

12.14.4 An amalgamation transaction in terms of Section 44 of the Income Tax Act No. 58 of 1962;

12.14.5 the acquisition of a property within the estate by an existing member of the Company and who is still a member at the time that application is made to the Company for its consent to transfer of the property being acquired and provided that this exclusion shall not apply to the ownership of more than one property by a member (ie this exclusion shall not apply where additional properties are acquired by a person but rather to a situation where one property is sold in order to acquire another property on the Estate and there is no discontinuation of membership of the Company envisaged);

12.14.6 Any other transaction which the Members in general meeting in their sole and absolute discretion agree to exempt from the payment of the levy stabilisation fund contribution.

13.15 Any income other than anticipated income referred to in article 12.3, which is earned by the Company, shall be paid into the Levy Stabilisation or Special Levy Fund.

13 HOUSE RULES AND GUIDELINES

13.1 Subject to any resolution passed by the members at a General Meeting of the Company, the directors may from time to time make House Rules and Guidelines-

13.1.1 for the management, control, administration and use of the Estate

13.1.2 To give effect to the provisions of this Memorandum.

13.2 The House Rules shall not be restricted to but shall provide for:

13.2.1 The control or alienation of a member's property;

13.2.2 The use and allocation of membership cards to co-owners and legal persona;

13.2.3 The use control and allocation of membership and/or access cards for the use of the Lifestyle Centre, Sporting Facilities, Allied Businesses, and any other Estate facilities;

13.2.4 The control of vehicles and general rules relating to road usage;

13.2.5 The parking of caravans, boats, trailers and trucks;

13.2.6 The use and allocation of parking areas for owners and guests;

13.2.7 The use of roads, pathways and Estate Property;

13.2.8 The control of access and egress into the Estate;

13.2.9 The general use by members of the Estate Property;

13.2.10 the control of vegetation, flora and fauna within the Estate;

13.2.11 the control of dams, ponds, streams and water features;

13.2.12 the control of water furrows, reservoirs, pump houses, irrigation systems and water pipes;

13.2.13 the preservation of the natural environment;

13.2.14 the control of domestic refuses containers and removal of refuse;

13.2.15 the right to keep animals;

13.2.16 the admission of visitors;

13.2.17 the occupation by members of dwelling units;

13.2.18 the placing of movable objects outside of dwelling units including the power to remove such objects;

- 13.2.19 the storage of flammable and other harmful substances;
- 13.2.20 the use of property and dwelling units within the Estate;
- 13.2.21 the letting by a member of his dwelling unit;
- 13.2.22 the use of property by co-owners and their rights relating thereto;
- 13.2.23 the conduct of any persons within the Estate;
- 13.2.24 the maintenance of each member's property and dwelling unit;
- 13.2.25 the use and control of any business premises;
- 13.2.26 the employment and conduct of domestic employees;
- 13.2.27 the control of the sewerage infrastructure, vapour-transpiration systems and pumps;
- 13.2.28 the control of the street lights, the lighting system, street name-posts, directional boards, Company's sign boards and light fittings;
- 13.2.29 the control and use of the Company's entertainment areas;
- 13.2.30 the control and management of the Company's gardening services;
- 13.2.31 the use and control of post boxes;
- 13.2.32 the procedure to be followed to enforce a breach of House Rules by a member;
- 13.2.33 the imposition of fines and other penalties on members who contravene the House Rules;
- 13.2.34 such other matters as may in the opinion of the directors require to be regulated from time to time in order to maintain and achieve the concept of an Estate Development.

13.3 Any other matter which the directors consider to be in the interests of or for the promotion of the interests of the members.

13.4 The directors shall take all necessary steps to ensure that the House Rules and Guidelines are complied with by the members.

13.5 The directors may take such action as they consider necessary against any member who breaches the provisions of this Memorandum, the House Rules or Guidelines or any other requirements of the Company. The Directors may impose a fine or other penalty which will be a debt owing by the member to the Company. The Directors shall formulate from time to time a schedule of the amount of the fines or other penalties in respect of any breach of the Memorandum, or the House Rules or Guidelines.

13.6 The directors shall be empowered to apply to Court, including the Magistrate's Court for an order to enforce any decision of the directors. The directors may instruct attorneys and advocates to act on behalf of the Company.

13.7 In any action instituted against a member, a member shall be liable for and shall pay all legal costs incurred by the Company on the attorney and client scale, including collection commission.

13.8 All House Rules and Guidelines made by the directors pursuant to this article are to be reasonable and are to apply equally to all members.

13.9 The Board shall not have the power to amend any House Rule where at a general meeting a specific restriction or guideline has in respect thereof been imposed and approved by the members..

13.10 Any breach of the House Rules or Guidelines shall be deemed to be a breach of this Memorandum.

13.11 The Board shall give notice of breach to the member concerned in the manner authorised and after providing the member with an opportunity to refute such allegation, shall adjudicate upon such issue, and where necessary, impose such fine or other penalty as is deemed pertinent.

13.12 Any member found guilty of a breach of the House Rules and for which a fine is imposed, shall have the cost thereof debited to such member's levy account, which amount shall be deemed to be a debt owing by such member to the Company.

13.13 In the event of a breach of the House Rules by any member's guests, invitees or other persons occupying the members property, such breach shall be deemed to have been committed by the member himself and the Board shall be entitled to take such action as they may deem fit against such member.

14 NATURE AND AMENITY OF THE ESTATE

14.1 The Company, in order to procure strict compliance with the nature and amenity of the Estate, shall control the right to erect or build any dwelling unit or other structure on any Property, which dwelling unit or other structure shall strictly adhere to any Guidelines applicable from time to time, and be subject to such rights of control which have been conferred upon the Company and which may have been registered against each member's title deeds to his property.

14.2 The Company's right of control shall include any extension or addition to any existing dwelling unit or other structure, which when erected or constructed is visible from the outside of the building.

14.3 Any owner wishing to erect or build any dwelling unit or structure on his property, shall submit to the relevant Committee, such approved plans, drawings, fees and ancillary documents as may be necessary in the opinion of the Board for it to grant approval thereto, provided the Committee:

14.3.1 In its sole discretion may approve, refuse or require such amendments to be made to such application as may be deemed necessary to comply with the nature and amenity of the Estate;

- 14.3.2 May grant its approval subject to such conditions that it deems applicable;
- 14.3.3 Must grant its approval in writing and the chairperson shall be required to sign the same;
- 14.3.4 May determine from time to time, the prescribed fee to be paid by the members when submitting any application for approval in terms of this article;
- 14.3.5 May increase floor coverage of the building or structure on the property to the maximum permitted by the Local Authority, subject to the Town Planning Scheme in operation in respect of the Township;
- 14.3.6 Without affecting the generality of the foregoing, no member or Body Corporate shall, without the prior written approval of the Board:
- 14.3.6.1 Change the colour of the exterior walls, roof, exterior of any doors and window frames, or any exterior fixtures or fittings of any dwelling unit;
- 14.3.6.2 replace or remove any pergolas, blinds, shutters or ornaments attaching to or upon the exterior walls or surfaces of the dwelling unit or other structure provided a member shall be entitled to renew such existing items as may require replacement, either with identical items or where this is not possible, items of a similar nature or appearance;
- 14.3.6.3 Make any additions or extensions to any Section;
- 14.3.6.4 Erect any additional buildings, structures or fences whether of a temporary or permanent nature upon any member's property;
- 14.3.6.5 Remove any external fixture, fittings, doors, windows;
- 14.3.6.6 Demolish any portions of any Section or other surface;
- 14.3.6.7 Erect or rebuild any structure which has been demolished;
- 14.3.6.8 Erect or build any lean-to, carport or awning;
- 14.3.6.9 Erect or build any structure from any material of whatsoever nature.
- 14.3.7 No member shall be entitled to erect any dwelling or structure on property other than within the designated area imposed or approved of by the Company from time to time.
- 14.3.8 The Company in exercising its rights of control under the provisions of this Memorandum, shall be bound by and strictly adhere to the Building Design Code annexed to the Sale Agreement, .

15 RULES OF THE BODY CORPORATE OF SECTIONAL SCHEMES

- 15.1 The statutory Body Corporate Management and Conduct Rules and any amendments thereto, shall be subject to the approval of the Board.
- 15.2 The Board's right to determine from time to time, the Rules applicable to such Sectional Schemes, shall be subject to the provisions of the Sectional Titles Act.

15.3 No rule shall be repealed, substituted, adopted or amended without the prior written consent of the Board first being had, and obtained.

15.4 The Company's House Rules and this Memorandum shall at all times be observed by, applicable to and binding upon those members of Body Corporates within the Estate, and shall be adopted as the Rules applicable to the Body Corporates.

16 PROVISION OF SERVICES

16.1 The Company shall be entitled, from time to time, to enter into contracts with third parties for the provision of services to the Estate.

16.2 The cost of providing such services shall be included in the amount of the levy payable by the members to the Company.

17 ROADS AND ESTATE PROPERTY

Members and their invitees shall be entitled to use all Estate Property as well as the roads on the Estate, subject to such conditions as the directors may impose from time to time, provided that at all times members shall have the right to vehicular and pedestrian ingress and egress from the Estate to a public road.

18 MAINTENANCE OF DWELLING UNITS

18.1 Notwithstanding anything to the contrary herein or elsewhere stated members shall be personally responsible for the repair and maintenance of the exterior and interior of their dwelling units.

18.2 Upon receipt of written notice given by the Board, a member shall undertake such repairs or maintenance to his dwelling unit as may be specified in such notice.

18.3 In the event of failure by such member to timeously comply with the above notice, the Board shall be entitled to effect such repairs and maintenance and any costs so incurred, shall be a debt due to the Company by the member and shall be payable on demand.

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19 OCCUPATION OF DWELLING UNITS

19.1 Occupation of dwelling units shall at all times, be in compliance with the House Rules and the number of persons occupying a dwelling unit shall be determined by the Board, from time to time.

19.2 Members wishing to let their dwelling units, shall do so subject to such Rules and conditions as the Company may, from time to time, impose, provided that any intended lessee shall

be subject to written approval by the Company and it shall be stipulated in such lease agreement that the lessee agrees to be bound by the provisions of this Memorandum and the House Rules.

20 INFRASTRUCTURE SERVICES / SEPTIC TANKS AND EVAPO-TRANSPARATION AREAS

20.1 Members shall be obliged to consent to the provision, establishment, maintenance and repair of services required for infrastructure of the Estate or in respect of Estate Property, which shall be effected at the cost of the Company.

20.2 Where such services are required to be laid across, within or along the boundary of any property, or in such place or places as the Company may determine from time to time, the members and all lessees and other occupiers shall consent to the Company or such persons duly authorized by it, to enter upon the property for the purpose of providing, establishing, maintaining and/or repairing such services, which rights may be contained in and set forth in every member's title deed to his property.

20.3 Municipal Servitudes may encroach into the boundaries of even or be located within the Estate Property;

20.4 The sewage system within the Estate to deal with the disposal of sewage comprises septic tanks, soak pits and vapour- transpiration areas and no member shall be entitled to interfere with or prevent the disposal thereof or the Company's right to ensure the successful operation of the system.

20.5 In the event that the Company elects to pump or suction any member's septic tank, the Company shall be entitled to enter upon such member's property with the necessary equipment and machinery as may be required to carry out such work.

20.6 The maintenance, upkeep and repair of each member's septic tank and evapo-transpiration area (within its property) shall be borne solely by each member himself.

21 SECURITY OF ESTATE / ACCESS

21.1 The Company shall be obliged to secure the perimeter of the Estate on a 24-hourly basis.

21.2 The Company shall be entitled to prohibit ingress to and egress from the Estate or Estate Property to any person other than to members, their lessees, any of the foregoing persons' guests or invitees or any other duly authorized persons.

21.3 The Company shall be entitled to provide such other security measures as it deems appropriate for the safety of the members.

21.4 The Company may in its sole discretion, deny access to the Estate to any person, not being a member, or request such person to leave the Estate, if in its opinion such person constitutes a security risk.

21.5 The Company shall be obliged to implement an access system in terms of which access and egress to and from the Estate can at all times be strictly and effectively controlled so as to ensure maximum security to all persons within the Estate.

21.6 No member shall be entitled to refuse to be bound by the provision of any access system implemented by the Company.

22 ENFORCEMENT OF OBLIGATIONS OF MEMBERS

22.1 Should any member or any member's lessee fail to perform any obligation incumbent upon them within the time period of any notice requesting compliance, the Company shall be entitled, at its discretion, to incur such expenditure as it deems necessary or requisite to procure actual compliance therewith.

22.2 The costs incurred by the Company shall be payable on demand by the member concerned.

23 RESPONSIBILITY OF MEMBERS FOR THEIR GUESTS, LESSEES OR INVITEES

Every member shall be strictly responsible and accountable to the Company for their employees, guests, lessees and other invitees, whilst any such person is within the Estate.

24 CONSERVATION AND ENVIRONMENT

24.1 The Company and all members under the guidance of the Estate Manager, shall ensure that no cultivation of exotic species of vegetation, or damage, destruction or removal of any indigenous vegetation, occurs or takes place within any conservation area.

24.2 The Company shall be responsible for the adoption and management of any Environmental Management Plan or Guidelines.

25 USE OF LIFESTYLE CENTRE AND SPORTING FACILITIES

25.1 The Lifestyle Centre shall not be capable of being converted into Sectional Title ownership by the owner thereof;

25.2 The owner of the Lifestyle Centre shall be bound by this Memorandum and any House Rules by virtue of ownership of property within the Estate.

25.3 The Gym shall be for the exclusive use of members and third parties, residing outside of the Estate, who have entered into valid contracts with the Gym owner ("External Members");

25.4 The number of External Members shall be determined by the Board on an annual basis but shall not exceed 250 External Members;

25.5 The Board shall at all times have access to the details of External Members and in the event of any such External Members contravening this Memorandum or any House Rules, the Board shall have the right to demand that the Gym owners immediately terminate such contracts;

25.6 The nature of business, hours of operation and extent of the Allied Business shall at all times be subject to the prior written approval of the Board and if at any time any such business operation is varied to any material extent then the operator thereof shall be required to obtain the prior written consent thereto from the Board. In granting or refusing its consent the Board shall be mindful of the Town Planning Appeals Board Judgement dated 25 June 2009 under Appeal No. 3131 in the matter between Legends Lifestyle Centre (Pty) Ltd and the Confederation of Mist belt Ratepayers Association (Connemara).

25.7 The sale of the Gym and Allied Businesses shall be subject to ratification by the Board and any purchaser shall be bound to comply with this Memorandum and the House Rules.

25.8 Only members and tenants shall be entitled to use the Sporting Facilities;

25.9 No guest or member's invitee shall be entitled to use any of the Sporting Facilities unless in the presence of or accompanied by a member or tenant;

25.10 Any member whose tenant, guest or invitee commits a breach of the provisions of the above provision shall be responsible and accountable to the Company as if the member had personally committed such breach;

25.11 Where the owner is a legal persona, being either a trust, close corporation or company, the Board, entirely at its discretion, shall permit in addition to the representative member, a maximum member of trustees, members or directors to utilize the Sporting Facilities by reference to the number of bedrooms in such owner's dwelling unit multiplied by two, provided the Board shall be entitled from time to time, to repeal or amend the aforementioned number as it deems necessary;

26 USE OF CRECHE

26.1 The Crèche shall be privately owned.

26.2 The owner of the Crèche shall be bound by this Memorandum and any House Rules by virtue of ownership of property within the Estate;

26.3 Subject to article 26.3 third parties, residing outside of the Estate, who has entered into valid contracts with the Crèche owner ("External Parents"), shall be entitled to use of the Creche;

26.4 In the event of any limitation on the number of children who can attend the Crèche then, and in this event, the children of members, shall without exception, have preference to External Parents;

26.5 The number of External Parents shall be determined by the Board on an annual basis;

26.6 The Board shall at all times have access to the details of External Parents and in the event of any such External Parents contravening this Memorandum or any House Rules, the Board shall have the right to demand that the Crèche Owners immediately terminate such contracts;

26.7 The sale of the Creche shall be subject to ratification by the Board and any purchase shall be bound to comply with this Memorandum and the House Rules.

27 DOMESTIC EMPLOYEES

27.1 The Company shall be entitled to control the employment of domestic employees within the Estate and impose such terms and conditions thereto as the Company may deem necessary, from time to time, subject always to the provisions of any applicable laws as may be in force at such time.

27.2 Every member shall strictly adhere to the Company's requirements and criteria relating to the employment of domestic employees.

27.3 Not more than 2 (Two) domestic employees shall be entitled to reside on any member's property.

28 RESALE OF MEMBER'S PROPERTY

28.1 The consent to sell or transfer property within the Estate must first be obtained in writing from the Company or their duly appointed nominee;

28.2 The selling/transferring owner must have satisfactorily settled all his levies and other obligations to the Company prior to consent being given.

28.3 The transferee must agree to become a member of the Company and must be accepted by the Company prior to consent being given.

28.4 An owner wishing to dispose of a property within the Estate and who requires the services of an Estate Agency in regard to such disposal must arrange the sale through a duly accredited Estate Agency.

28.5 In granting its consent the Company shall be entitled to charge a consent administration fee in an amount to be determined by the Board from time to time as well as recover an amount to be determined by the Board from time to time from the estate agents commission which is to be paid to the Company's Levy Stabilisation Fund as an estate agents administration contribution.

29 WATER/ELECTRICITY PAYMENT BY MEMBERS

29.1 The supply of water/electricity to the dwelling units is provided by the relevant Service Authority and is individually metered.

29.2 Every member shall be obliged to make payment to the relevant Service Authority of a water/electricity connection fee and a water/electricity meter charge.

29.3 The calculation of the consumption of electricity by members and their payment in respect thereof, shall be controlled by the relevant Service Authority.

30 LEASING OF COMPANY'S FACILITIES

The Board shall be entitled to make decisions regarding the leasing of any of the Company's facilities or Estate Property to third parties and any revenue generated from these leasing activities shall accrue to the Company.

31 MINUTES

31.1 The Directors shall in terms of the Act cause Minutes to be kept:

31.1.1 of all appointments of officers;

31.1.2 of names of directors present at every meeting of the Company and at every meeting of the directors, and

31.1.3 of all proceedings at all meetings of the Company and/or the directors.

31.2 Such minutes once they are approved as a true record of proceedings, shall be signed by the chairperson of the meeting at which the proceedings took place or by the chairperson of the following meeting.

32 ACCOUNTING RECORDS

32.1 The directors shall cause such accounting records as are prescribed by the Act to be kept. Accounting records shall be deemed to be proper if they represent fairly 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.

32.2 The accounting records shall be kept at the Office or at such other place or places as the directors think fit, and shall always be open to inspection by the members.

33 DIVIDENDS AND RESERVES

No dividends shall be paid to the members of the Company.

34 ANNUAL FINANCIAL STATEMENTS

34.1 The directors shall from time to time, in accordance with the Act, cause to be prepared and laid before the Company in general meeting such financial statements as are prescribed by the Act.

34.2 A copy of the audited financial statements shall be laid before the Company in Annual General Meeting and shall, not less than 15 (fifteen) business days before the date of the meeting, be sent to every member of the Company: Provided that this clause shall not require a copy of those documents to be sent to any person of whose address the Company is not aware.

35 BORROWING POWERS

The Company may in its discretion from time to time raise or borrow any sum or sums of money for the purposes of the Company and may raise or secure the repayment of such moneys in such manner and upon such terms and conditions in all respects as it thinks fit and in particular may mortgage or bind its undertaking and property or any part thereof whether outright

or as security for any debt, liability or obligation of the Company, provided that the Company may only mortgage or bind its undertaking and property if authorised to do so by special resolution of its members.

36 NOTICES

36.1 All notices shall be given by the Company to each member in writing in any manner authorised by the Act and the Regulations thereto, and particularly Table CR3 annexed to the Regulations to the Act.

36.2 Any notice sent by any means permitted in Table CR3 annexed to the Regulations shall be deemed to have been delivered as provided for that method of delivery in such Table.

36.3 Each member of the Company:-

36.3.1 shall notify in writing to the Company an address within the Republic of South Africa for the purposes of receiving written notices from the Company by post and if he has not named such an address, it shall be considered sufficient for the Company to serve notice at the property owned by the member; and

36.3.2 shall notify in writing to the Company an email address and/or facsimile number; which address shall be his address for the purposes of receiving notices by way of electronic communication.

36.4 Subject to article 36.5 below the failure to give notice to any member or the failure of any member to receive a notice shall not vitiate any proceedings of the Company.

36.5 Notice of every General Meeting shall be given in any manner authorized to every member of the Company except those members who have not supplied to the Company an address for the giving of notices to them.

37 ENFORCEMENT OF OBLIGATIONS OF MEMBERS

Should any member or any lessee of a member, employee, guest or invitee, authorised representative or other person duly authorised by a member or lessee fail to perform any obligation incumbent upon him, if applicable, within the period of any notice given for compliance, the Company shall be entitled, but not obliged, to do such things and incur such expenditure as is, in the opinion of the Company, necessary and/ or requisite to procure compliance. The costs thereby incurred by the Company shall be a debt due by the member concerned, which shall be payable on demand.

38 DETERMINATION OF DISPUTES

Should a dispute arise between a member and the directors of the Company, either the member or the directors may refer the dispute to an Arbitrator for determination in terms of the provisions of the Arbitration Act of 1965. If the parties are unable to agree upon the appointment of an Arbitrator, either party may refer the matter to the President for the time being of the Kwazulu-Natal Law Society or its successor with a request that the President nominate an Arbitrator to whom

the dispute will be referred. The decision of the Arbitrator will be final and binding upon both the member and the Company.

39 DISCLAIMER OF RESPONSIBILITY

39.1 The Company shall not be liable for any injury to any person, damage to or loss of any property, to whomsoever it may belong, occurring or suffered, upon the Estate regardless of the cause thereof nor shall the Company be responsible for any theft of property occurring on the Estate. Members hereby acknowledge that they shall not, under any circumstances have any claim or right of action whatsoever against the Company for damages, loss or otherwise, nor be entitled to withhold or defer payment of any amount due by them for any reason whatsoever.

39.2 The Company and/or its agents shall not be liable to any member or any of the member's lessees, or their respective employees, agents, servants, invitees or customers or any member of the public dealing with the member or any lessee for any injury or loss or damage of any description which the member or any such other person aforesaid may suffer or sustain whether directly or indirectly in or about the Estate, regardless of the cause thereof.

39.3 The members hereby indemnify the Company and its employees, servants and agents and lawful invitees and hold them harmless against all claims by any person arising from any injury or loss or damage as contemplated in this article 42.

40 MISCELLANEOUS

40.1 The Company may sue or be sued in any court of law by its corporate name. All powers of attorney, bonds, deeds, contracts and other documents which may have to be executed shall be signed by any 2 (two) of the directors for the time being duly authorized so to do by a resolution of the directors.

40.2 Every director, manager, secretary or other official or servant of the Company shall be indemnified by the Company against, and it shall be the duty of the directors, out of the funds of the Company, to pay all costs, losses, and expenses which any such official or servant may incur or become liable for by reason of any contract entered into, or act or deed lawfully done by him as such officer or servant, or in any way in the discharge of his duties, including traveling expenses.

E S T A T E