

REPUBLIC OF SOUTH AFRICA

COMPANIES ACT, 2008

MEMORANDUM OF INCORPORATION

Name of Company: LEGACY PRIVATE RESIDENCIES SHARE BLOCK LIMITED

Registration Number: 2006/027487/06

("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 2 March 2018 and adopted by a special resolution taken by the voting Members at a general meeting of the Company held on 11 May 2018.

TABLE OF CONTENTS

1.	INTERPRETATION	4
2.	PURPOSE AND OBJECTS OF THE COMPANY	7
3.	POWERS AND CAPACITY OF THE COMPANY	8
4.	CONDITIONS	8
5.	MEMORANDUM OF INCORPORATION AND COMPANY RULES	8
6.	SHARE CAPITAL.....	9
7.	LIEN ON SHARES	12
8.	TRANSFER AND TRANSMISSION OF SHARES	13
9.	MEMBERSHIP LEVIES	14
10.	GENERAL MEETINGS	15
11.	NOTICE OF GENERAL MEETINGS	15
12.	PROCEEDINGS AT GENERAL MEETINGS	16
13.	VOTES OF MEMBERS AT GENERAL MEETINGS	17
14.	RESOLUTION PASSED BY SIGNATURE OF MEMBERS	19
15.	RECORDS OF GENERAL MEETINGS	20
16.	PROXIES	20
17.	ELECTION OF DIRECTORS	23
18.	DISQUALIFICATION AND REMOVAL OF DIRECTORS AND ALTERNATE DIRECTORS.....	26
19.	POWERS AND DUTIES OF DIRECTORS	26
20.	PROCEEDINGS OF DIRECTORS	28
21.	RECORDS OF DIRECTORS' MEETINGS	30
22.	NOTICES	30
23.	WINDING-UP.....	31
24.	INDEMNITY	31
25.	LIMITATION OF LIABILITY OF DIRECTORS	31
26.	ARBITRATION	32
27.	FINES	32
28.	SUSPENSION	32
29.	MANAGEMENT REGULATIONS.....	33

ANNEXURE 1 – SHARE BLOCKS ACT STATUTORY PROVISIONS

ANNEXURE 2 – SHARE REGISTER

ANNEXURE 3 – CALENDAR

ANNEXURE 4 – USE AGREEMENT

ANNEXURE 5 – MANAGEMENT REGULATIONS

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;

- 1.6.4 "Buildings" means the buildings erected on immovable Property as described on **Annexure 2** to this MOI;
- 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 "Fractional-Ownership" an annually recurring right of use for fractional-ownership residential purposes in respect of a Fractional Ownership Unit for the week sequence as more fully described in the Occupation Roster forming part of **Annexure 3** of the MOI;
- 1.6.9 "Fractional-Ownership Unit" a unit acquired in terms of the main object of the company;
- 1.6.10 "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;
- 1.6.11 "Income Tax Act" shall mean the Income Tax Act, 58 of 1962, as amended from time to time;
- 1.6.12 "Member" shall mean the holder of Shares being Members of the Company referred to in article 6.11;

- 1.6.13 "MOI" shall mean the Memorandum of Incorporation of the Company as contained in this document, as duly amended from time to time;
- 1.6.14 "Month" means a calendar month;
- 1.6.15 "Office" shall mean the registered office for the time being of the Company;
- 1.6.16 "Period" is as defined in **Annexure 3** to this MOI.
- 1.6.17 "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;
- 1.6.18 "Republic" shall mean the Republic of South Africa;
- 1.6.19 "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;
- 1.6.20 "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;
- 1.6.21 "Share Block Developer" MagicBreakaways Leisure Developments (Pty) Ltd and its successor in title and assigns;
- 1.6.22 "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;

- 1.6.23 "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;
- 1.6.24 "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;
- 1.6.25 "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;
- 1.6.26 "Writing" shall include printing, typewriting, lithography or any other electronic communication process, or partly one and partly the other;
- 1.6.27 "Year" means a calendar year.
- 1.6.28 "Management Regulations" such regulations, directions, procedures, rules or the like, made by the Directors or the Managing Agent in terms of the Use Agreement and referred to in Article 29.

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 R2 000.00 (Two Thousand Rand) divided into 200 000 (Two Hundred Thousand) issued par value Shares of R0.01 (One cent) each, divided into classes of Shares and apportioned into share blocks as reflected on **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 and as 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 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 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

- 9.1 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.
- 9.2 The costs for which the levy is raised consists of two basic categories in respect of each class of Shares and one category to which all the classes of Shares will contribute, namely:
 - 9.2.1 costs to be borne exclusively by holders of Fractional-ownership Interests in particular share block, sectional title, freehold title or leasehold title schemes which will generally comprise a proportionate share of the levy raised upon the Company by the Trustees of the

particular Home Owners Associations and Body Corporate in terms of the provisions of the Share Blocks and Sectional Titles Act; and

- 9.2.2 common costs to be borne by holders of all share blocks, which relates to issues such as the maintenance of the corporate existence of the Company and the operation of the Companies internal exchange mechanisms.

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 Company's financial year end 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) Members 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, the Directors present shall nominate one of their number to act as 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 3 (three) 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 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 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:

“LEGACY PRIVATE RESIDENCIES SHARE BLOCK LIMITED”

I/We _____ of _____
 being a Member of LEGACY PRIVATE RESIDENCIES 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

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) nor more than ten (10) 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.
- 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 ten (10) 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 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.

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 three (3) Directors.
- 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 have a second or casting vote.
- 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 on an equitable basis as determined by the Directors.

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.

27.FINES

The Directors of the Company are expressly authorised to impose fines against defaulting Members provided that fines must be reasonable and without affecting the generality of the foregoing, fines shall be likened to a penalty claimed by an injured party arising out of breach of contract in terms of the Conventional Penalties Act of 1962. The Directors shall be entitled to suspend a defaulting Members right to vote.

28.SUSPENSION

The Directors shall be entitled to suspend a member's right to utilise his Fractional-ownership Interest, if such a member is in default of any of his obligations in terms of the Use Agreement.

29. MANAGEMENT REGULATIONS

- 29.1 The Directors and or the managing agent, if any, may make such regulations, lay down such procedures or make such rules as they in their discretion may decide provided that such regulations are reasonable.
- 29.2 The Management Regulations shall be binding on a Holder or any other occupier of any Improvement. It shall be the duty of a Holder to ensure compliance with the Management Regulations by any tenant, occupyee, invitee or guest.
- 29.3 The current Management Regulations are set out in Annexure "5" hereto and the Directors and the managing agent with the consent of the Directors, reserve the right to repeal, add to, vary or make further Management Regulations as they in their discretion may decide, provided that such regulations are reasonable and apply equally to all Holders of Share Blocks put substantially to the same use.

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).**

SHARES AND LOAN OBLIGATIONS

A. DEFINITIONS

1. The Share Schedule is explained as follows:
 - 1.1 The Share Block Number in respect of the A Shares is made up of 6 digits:
 - a) the first second and third digits identify the share blocks by reference to their number;
 - b) the fourth and fifth digits are an abbreviation of the words "Share Block" i.e. SB; and
 - c) the sixth digit refers to the LETTER OF THE Week Sequence.
 - 1.2 The Share Block Number in respect of the B, C, D, E, F, G, H, I, J, K, L, M, N, O, P, Q, R, S, T and U class Shares is made up of 4 (four) digits:
 - a) the first and second digits identify the share blocks by reference to their number; and
 - b) the third and fourth digits are an abbreviation of the words "Share Block" i.e. SB.
 - 1.3 The Share Blocks are allocated in terms of and as set out in this Annexure.
 - 1.4 The Directors may at any time, in their discretion, amend or alter the commencement time and termination time of any Time Module (but not the day of commencement or the day of termination of any Time Module).
 - 1.5 The Directors shall be entitled to vary the Occupation Roster at their discretion for a particular year so as to achieve a more equitable distribution of weeks in a week sequence in their discretion.
2. In any Year where a 53rd time Module arises, the right of utilisation in respect of such 53rd Time Module shall accrue to the Share Block Developer and the Share Block Developer shall be entitled to the occupation and possession of such 53rd Time Module as if he were an owner of a Fractional Ownership Interest in respect thereof. The Share Block Developer shall be liable to pay the levy in respect of such 53rd Time Module unless such 53rd Time Module is made available to the Company by the Share Block Developer for the purposes of the Company effecting maintenance or renovations to the Unit, in which instance the Share Block Developer shall not be obliged to pay a levy in respect of such 53rd Time Module.

Legacy Private Residences Share Block Limited
Annexure 2 – Share Register

Share Block Number	Erected or Not Erected (where applicable)	Area of Land	Shares per Week Sequence	Total Shares Per Unit	Class of Share
001SB A – M OR ALTERNATIVELY 001SB A – Z	Erected	Unit 263 in the resort known as Kruger Park Lodge	56 28	728 728	A A
004SB A – M OR ALTERNATIVELY 004SB A – Z	Erected	Unit 267 in the resort known as Kruger Park Lodge	56 28	728 728	A A
006SB A – M OR ALTERNATIVELY 006SB A – Z	Erected	Unit 615 in the resort known as Kruger Park Lodge	56 28	728 728	A A
NU01	n/a	To be dealt with in terms of the Articles of Association of the Company	To be allocated	5096	A
002SB A – M OR ALTERNATIVELY 002SB A – Z	Erected	Unit 40 in the resort known as Wilderness Dunes	56 28	728 728	B B
NU02	n/a	To be dealt with in terms of the Articles of Association of the Company	To be allocated	6552	B
003SB A – M OR ALTERNATIVELY 003SB A – Z	Erected	Unit 57 in the resort known as Castleburn	56 28	728 728	C C
NU03	n/a	To be dealt with in terms of the Articles of Association of the Company	To be allocated	6552	C
005SB A – M OR ALTERNATIVELY 005SB A – Z	Erected	Unit 15 in the resort known as Elements Private Golf Reserve	56 28	728 728	D D
NU04	n/a	To be dealt with in terms of the Articles of Association of the Company	To be allocated	6552	D
007SB A – M OR ALTERNATIVELY 007SB A – Z	To be erected	Unit 13 in the property known as Elephant Point	56 28	728 728	E E
NU05	n/a	To be dealt with in terms of the Articles of Association of the Company	To be allocated	6552	E

Legacy Private Residencies Share Block Limited
Annexure 2 – Share Register

NU06	n/a	To be dealt with in terms of the Articles of Association of the Company	To be allocated	7280	F
NU07	n/a	To be dealt with in terms of the Articles of Association of the Company	To be allocated	7280	G
NU08	n/a	To be dealt with in terms of the Articles of Association of the Company	To be allocated	7280	H
NU09	n/a	To be dealt with in terms of the Articles of Association of the Company	To be allocated	7280	I
NU10	n/a	To be dealt with in terms of the Articles of Association of the Company	To be allocated	7280	J
NU11	n/a	To be dealt with in terms of the Articles of Association of the Company	To be allocated	7280	K
NU12	n/a	To be dealt with in terms of the Articles of Association of the Company	To be allocated	7280	L
NU13	n/a	To be dealt with in terms of the Articles of Association of the Company	To be allocated	7280	M
NU14	n/a	To be dealt with in terms of the Articles of Association of the Company	To be allocated	7280	N
NU15	n/a	To be dealt with in terms of the Articles of Association of the Company	To be allocated	7280	O
NU16	n/a	To be dealt with in terms of the Articles of Association of the Company	To be allocated	7280	P
NU17	n/a	To be dealt with in terms of the Articles of Association of the Company	To be allocated	7280	Q
NU18	n/a	To be dealt with in terms of the Articles of Association of the Company	To be allocated	7280	R
NU19	n/a	To be dealt with in terms of the Articles of Association of the Company	To be allocated	7280	S
NU20	n/a	To be dealt with in terms of the Articles of Association of the Company	To be allocated	7280	T
NU21	n/a	To be dealt with in terms of the Articles of Association of the Company	To be allocated	54400	U

TOTAL SHARES

A CLASS	7280
B CLASS	7280
C CLASS	7280
D CLASS	7280
E CLASS	7280
F CLASS	7280
G CLASS	7280
H CLASS	7280
I CLASS	7280
J CLASS	7280
K CLASS	7280
L CLASS	7280
M CLASS	7280
N CLASS	7280
O CLASS	7280
P CLASS	7280
Q CLASS	7280
R CLASS	7280
S CLASS	7280
T CLASS	7280
U CLASS	54400
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	200000
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B. ALLOCATION OF SHARES

3. The A class Shares comprising the share blocks numbered 01SB as set out in Annexure 2 shall confer on the holder for the time being of each such share block, a Fractional-ownership Interest in the buildings, arising from the Use Agreement, until either the Company is liquidated or the said share blocks are cancelled, whichever event occurs first.

The said Fractional-ownership Interest consists of:

- 3.1 the right to or interest in the recurrent and annual exclusive use, possession and occupation of the relevant buildings for Fractional Ownership residential purposes; and
- 3.2 the right to or interest in the recurrent, annual and exclusive use of the Movables used in conjunction with the right referred to in the Article above; and
- 3.3 the right to, or interest in the recurrent annual use in common with other holders, of the common property and common facilities and improvements in the Buildings more fully described in this Annexure in terms of the applicable management and conduct rules, the Use Agreement and the management regulations,
4. The A, B, C, D, E, F, G, H, I, J, K, L, M, N, O, P, Q R, S, T and U class Shares comprising the share blocks NU01, NU02, NU03, NU04, NU05, NU06, NU07, NU08, NU09, NU10, NU11, NU12, NU13, NU14, NU15, NU16, NU17, NU18, NU19, NU20 and NU21 shall confer upon the Share Block Developer such Interest in such form as the Share Block Developer may in its discretion decide, of such Accommodation as may form part of the Scheme from time to time pursuant to the rights of the Share Block Developer set out in Article 6.3 of this Annexure.
- 4.1 In addition to the rights of the Share Block Developer referred to above, the Share Block Developer shall have the right to:
- 4.1.1 sub-divide share blocks NU01 to NU21 into such further share blocks as it may from time to time in its sole and absolute discretion decide;
- 4.1.2 confer on the holders of such sub-divided share blocks such type of interest and right of use as the Share Block Developer in his sole and absolute discretion may from time to time decide;

- 4.1.3 determine the class of Shares comprising such sub-divided share blocks including but not limited to an existing class of shares; and
- 4.1.4 determine the degree and the manner of the contribution to the Levy pertaining to such shares.
- 4.2 All holders irrevocably agree to the Share Block Developer so acting, hereby irrevocably appointing the Share Block Developer or its nominee and as their agent to attend any General Meeting of the Company, or any adjournment thereof, to:
 - 4.2.1 vote in favour of a motion by special resolution proposed by the Share Block Developer in terms of which share block/s, is/are subdivided into such further share blocks as the Share Block Developer may decide;
 - 4.2.2 vote in favour of a motion by special resolution proposed by the Share Block Developer in terms of which Shares are allocated to such subdivided share blocks as the Share Block Developer in its discretion may decide;
 - 4.2.3 vote in favour of a motion by special resolution proposed by the Share Block Developer in terms of which the shares comprising the sub-divided share blocks are converted to such class of Shares as the Share Block Developer may in his sole and absolute discretion determine; and
 - 4.2.4 vote in favour of a motion by special resolution in terms of which the Company's MOI are amended in order to give effect to:
 - i) the subdivision of share block/s;
 - ii) the allocation of further Shares to such sub-divided share blocks; and
 - iii) the manner and degree of the contribution to the levy in relation to any new class of Shares created; and
 - 4.2.5 vote in favour of any other resolution proposed by the developer that the developer in his sole and absolute discretion may decide is necessary to enforce and/or implement his rights in terms of this Article; and
 - 4.2.6 sign consent to the aforesaid resolutions being passed.
- 4.3 The Share Block Developer has the discretion to also consolidate or subdivide any of the share blocks where the Share Block Developer is the holder of the Shares comprising such share blocks. Any consolidation or subdivision of share blocks whether such consolidation or subdivision is done in respect of

all or any of the share blocks, shall entitle the Share Block Developer to create as many share blocks as the Share Block Developer may decide in order to confer upon the holders of such consolidated share blocks a Fractional-ownership Interest or any other interest in respect of the improvements which may be erected on any area of the Land

All holders irrevocably agree to the Share Block Developer so acting, hereby irrevocably appointing the Share Block Developer or its nominee, as the agent to attend any general meeting of the Company, or any adjournment thereof, to:

- 4.3.1 vote for a motion by special resolution in terms of which any share block is consolidated or subdivided into such further share blocks as the Share Block Developer may decide;
- 4.3.2 vote for a motion by special resolution in terms of which share blocks are allocated to such consolidated or subdivided share blocks as the Share Block Developer in its discretion may decide;
- 4.3.3 vote for a motion by special resolution in terms of which the Company's MOI is amended in order to give effect to the consolidation or subdivision of any share blocks and the allocation of further Shares to such consolidated or subdivided share blocks; and
- 4.3.4 sign consent relating to the consolidation or subdivision of any share block and the allocation of share blocks to such consolidated or subdivided share blocks.

ALTERNATIVELY:

The holders hereby consent in terms of the Act to such resolutions being passed. The holders hereby appoint the Share Block Developer or its nominee as their lawful attorney and agent to give such consent in terms of the said Act.

C. ALLOCATION OF LOAN OBLIGATION

5. In this Article:

- 5.1 "Loan Obligation" means the total amount owing from time to time by the Company, excluding any amount owing by the Company in respect of its share capital, the aggregate of the amounts transferred in terms of the Companies Act to the reserves and provisions of the Company and any debt to be discharged from monies in the Levy fund referred to in Article 9 of the MOI

- 5.2 “Sellers Loan Obligation” means the Loan Obligation of the Company owing or to be owing to the Share Block Developer;
- 5.3 “Completion” means upon the issue of a certificate in respect of the improvements in terms of Section 7(1) of the Time-Sharing Act in respect of an improvement to be utilised for the purpose of conferring a Fractional-ownership Interest, or where such improvement is utilised for any other interest, upon the issue of a certificate by the developer; and
- 5.4 “Third Party Loan Obligation” means the Loan Obligation of the Company owing or to be owing to any third party and arising out of monies lent or advanced or to be lent and advanced by a third party to the Company, upon such terms and conditions as are not more onerous than loans granted by a Deposit-Taking Institution against Security of a first mortgage bond over Land in respect of rural immovable property.
6. The Loan Obligation shall be allocated as follows:
- 6.1 The Loan Obligation allocated to ordinary A and B class Shares that confer a Fractional-ownership Interest alienated by the Developer shall be limited to the amount of loan obligation allocated to such shares on the date such shares were alienated. No further loan obligation shall be allocated to ordinary A class Shares from any source subject to the provisions set out below.
- 6.2 Seller’s Loan Obligation arising from any source may be allocated and re-allocated by the Share Block Developer to any class of Shares owned by the Share Block Developer at the Share Block Developer’s sole and absolute discretion, provided that:
- 6.2.1 the Share Block Developer shall advise the Company from time to time but at least once annually of the allocation of the Seller’s Loan Obligation to Shares owned by him; and
- 6.2.2 the Share Block Developer shall advise the Company on the transfer of Shares from the Share Block Developer to third parties of the amount of the Seller’s Loan Obligation allocated to such Shares; and
- 6.2.3 no further loan obligation shall be allocated by the Share Block Developer to such alienated Shares after such alienation; and
- 6.2.4 shares may not be alienated by the Share Block Developer for an amount less than the amount of the allocated loan pertaining to such share block.

6.2.5 the obligation allocated to the particular Shares alienated by the Developer shall be limited to the amount of the Loan Obligation allocated to such Shares on the date such Shares were alienated and arising out of the acquisition of sectional title units in a particular scheme.

6.3 In terms of Section 14(6) of the Share Blocks Act, the Loan Obligation of the Company may be increased and/or the Company's assets may be encumbered from time to time at the option and discretion of the Share Block Developer to finance the acquisition of Buildings. These may be financed by the third Party Loan Obligation or the Seller's Loan Obligation. The increase or encumbrance shall be for an amount equivalent to the actual costs incurred by the Company in acquiring the Buildings.

6.4 Third party Loan Obligation thus arising in terms of this Article shall be allocated proportionately to such share blocks of any class to which the improvements relate.

Any Seller's Loan Obligation arising in terms of the provisions of this Article shall be allocated as provided for in Article 6.2 of this Annexure.

6.5 On Completion of the improvements, the Seller's or Third Party Loan Obligation shall be allocated in terms of Article 6.3 of this Annexure.

6.6 The monies owing to each holder in respect of the Loan Obligation allocated to him shall:

6.6.1 constitute to a loan to the Company.

6.6.2 not be repayable to that holder by the Company unless the holders by Special Resolution elect to do so and further shall not be repayable unless the assets of the Company fairly valued exceed the liabilities of the Company after such proposed payment and the Company has the resources to make such payment;

6.6.3 be repayable to the holder in the event of the Company being wound up subsequent to the payment of all other creditors; and

6.6.4 be free of interest.

6.7 Any loan made or assumed by any holder 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 holder 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 of such loan, unless such

disposition is made simultaneously with the disposition of the relevant share block and the relevant Fractional-ownership interest or other interest owned by the said.

6.8 Subject to the cession if favour of the Company in Article 7 of the MOI any such loan may be ceded by the holder to a third party, provided that such cession:

6.8.1 is made to the person to whom the said share holder has disposed his share block and Fractional-ownership Interest or other interest; and

6.8.2 except in the case of the Share Block Developer, is consented to by the Directors of the Company in terms of the MOI.

The consent of the Directors of the Company for the pledge of any Shares in the Share Block Developer's favour is not required.

6.9 The Share Block Developer in its discretion, may effect the improvements in such phases as it deems appropriate.

6.10 From the time that the Share Block Developer exercises its rights to erect the improvements, the right to occupy such part of the common property and the remainder of the land as the Share Block Developer may require for the erection of the improvements, shall vest in the Share Block Developer without any consideration whatsoever.

6.11 From the date the improvements have been erected and share blocks allocated thereto in terms of Article 4.1 of this Annexure and a certificate issued in regard thereto in terms of Article 6.13 of the MOI, the holder of such share block shall be liable for payment of the levy in respect thereof in terms of Article 9 of the MOI.

6.12 The improvements shall be deemed to be completed for all purposes upon the issue of a certificate contemplated in Article 5.3 of this Annexure.

6.13 The Company may increase its Loan Obligation and/or encumber any of its assets in order to finance the erection of the improvements. The increase or encumbrance shall be for an amount equivalent to the actual costs incurred by the Company in erecting the improvements and on terms and conditions as are not more onerous than those applicable to the third party loan Obligation.

6.14 In the event of any dispute as to whether the improvements have been completed or as to the quality thereof, such dispute shall be referred to an architect appointed by the Share Block Developer, 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.

- 6.15 The holder acknowledges being aware that it is possible that on occupation of the building for his time module or on occupation of the improvements, the other improvement on the land may not be complete and ready for occupation and as a result thereof he may suffer inconvenience. A holder shall have no claim whatsoever against the Company or the Share Block Developer in this regard.

1. DEFINITIONS

In this Annexure, unless the context otherwise indicates the following words and expressions shall have the meanings assigned to them:

- 1.1 Year** – a year which commences at 12h00 on that Friday in which Week S10 commences and finishes on the same Friday in the following year.
- 1.2 Time Module** – subject to Article 1.4 of Annexure 2, means a period of 7 (seven) consecutive days commencing on a Friday at 12h00 and ending on the following Friday at 12h00, during which period the Holder may annually utilise his Fractional Ownership Interest, provided that the Holder shall only be entitled to utilise his Fractional Ownership Interest during a time module from 16h00 on the commencement date thereof until 10h00 on the termination date thereof and subject to the further provisions of the Use Agreement.
- 1.3 Season Time Module** – subject to the provisions of these Articles and the Use Agreement, means a period of 7 (seven) consecutive days in Season Time.
- 1.4 Season Time** – the School Holiday periods of a school governed by the Gauteng Department of Education or its successors in title. Season time in each successive year means Season Time Modules S1 to S12 inclusive so that:
- 1.4.1 Season Time Modules S1 to S2 inclusive, coincide with 2 (two) successive weeks in the autumn school holidays;
 - 1.4.2 Season Time Modules S3 to S5 inclusive, coincide with 3 (three) successive weeks in the winter school holidays;
 - 1.4.3 Season Time Modules S6 coincides with 1 (one) week in the spring school holidays;
 - 1.4.4 Season Time Module S7 to S10 inclusive, coincide with 4 (four) successive weeks in the summer school holidays provided that Christmas Day falls within Season Time Module S9 and New Years Day falls within Season Time Module S10;
 - 1.4.5 Season Time Module S11 immediately precedes Season Time Module S7 and Season Time Module S12 immediately succeeds Season Time Module S10.
- 1.5 General Time Module** – subject to the provisions of these Articles and the Use Agreement, means a period of 7 (seven) consecutive days in General Time.
- 1.6 General Time** – subject to the provisions of these Articles and the Use Agreement, in each successive year means 36 (thirty six) Time Modules, which do not fall within Season Time or Maintenance Time. Subject to the provisions of Article 2 of Annexure 2, Time Modules in each Year are consecutively numbered so that General Time Modules G13 coincide with the first General Time Module in a Year and General Time Modules G52 coincides with the last General Time Module in a Year, provided that 4 (four) General time Modules in a year shall be deemed to be Maintenance Time.
- 1.7 Maintenance Time Module** – subject to the provisions of these Articles and the Use Agreement, means a period of 7 (seven) consecutive days in Maintenance Time.

- 1.8 Maintenance Time** - subject to the provisions of these Articles and the Use Agreement in each successive year means 4 (four) Maintenance Time Modules, being the Time Modules allocated by the Directors in terms of the Occupation Roster for maintenance of the unit.
- 1.9 Floating Time** – subject to the provisions of these Articles and the Use Agreement in each successive year means 1 (one) General Time Module in each week sequence in the 4 (four week) Occupation Rotation Roster that automatically falls into the Companies Internal Exchange Pool and shall be reserved by Holders on a first come first served basis.
- 1.10 Fractional Ownership Interest** – a right of use for residential purposes in respect of a Fractional Ownership Unit for the week sequence as more fully described in the Occupation Roster, conferred by the MOU and Use Agreement of the Company on the owner of a share block comprising a class of ordinary shares.
- 1.11 Week Sequence** – All the weeks of any year have been divided into 12 (twelve) groups of 4 (four) weeks, alternatively all the weeks of any year have been divided into 24 (twenty four) groups of 2 (two) weeks and such group of weeks shall be known as a Week Sequence.
- 1.12 Occupation Roster** – Subject to the provisions of the MOI and the Use Agreement mean either the 4 week occupation rotating calendar roster or the 2 week fixed occupation roster which rosters shall be used for the allocation of week sequences to Holders.
- 1.12.1 Occupation Rotation Roster - for the purpose of identification each 4 (four) Week Sequence is allocated an alpha character A, B, C, D, E, F, G, H, I, J, K, L, M.

The Week Sequences contain the weeks as set out in the following table of columns (identified by the roman numerical characters (i) to (xii) where each Week Sequence contains the Weeks in the columns below the Week Sequence for the year 2007:

Single week occupation rotation roster

A	B	C	D	E	F	G	H	I	J	K	L	M	Week Sequence
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)	(xi)	(xii)	Maintenance	Column Number
S1	S9	S3	S11	S4	S2	S7	S10	S6	S12	S5	S8	G17*	Week Numbers
G14	G15*	G16	G13	G19	G20	G21*	G22	G23*	G24*	G25	G26	G18*	
G27*	G28	G29	G30	G52	G32*	G33	G34	G35	G36	G37	G38*	G50*	
G39	G40	G41*	G42*	G43*	G44	G45	G46*	G47	G48	G49*	G31	G51*	

* Floating Time

Or alternatively the Two week rotation occupation roster:

Legacy Private Residences Share Block Limited
Annexure 3 - Calendar

A	B	C	D	E	F	G	H	I	J	K	L	M	Week Sequence
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)	(xi)	(xii)	Maintenance	Column Number
S12	G15	G13	G17*	G23	G19	G21*	G25	S2	G31*	G33	G28*	G29*	Week Numbers
G27*	G16*	G14*	G18	S1	G20*	G22	G26	G24	G32	S3	S6	G30*	
G40	G34	S4	G36	G49*	G38	S8	G45	G42*	S11	G51*	G44	G47*	
G41	G35	S5	G37	G50	G39	S9	G46*	G43	S7	G52	S10	G48*	

* Floating Time

For each Year following 2007, each Week Sequence shall contain the Weeks in the column numbered one greater than the previous Year, except where the Week Sequence containing the Weeks in column (xii) in the previous Year shall contain the weeks listed in column (i). (i.e. in the year 2008 Week Sequence A shall contain the Weeks listed in column (ii) and Week Sequence L shall contain the weeks listed in column (i), and in the year 2009 Week Sequence A shall contain the Weeks listed in Column (iii) and Week Sequence L shall contain the weeks listed in column (ii)).

In compiling the Occupation Rotation Roster, the Company has endeavoured to ensure that each Week Sequence shall contain at least one Season Week. If in any particular Year any Week Sequence contains more than one Season Week and any other Week Sequence contains no Season Week, the Directors shall be entitled to vary the Occupation Rotation Roster at their discretion for that particular Year so as to achieve a more equitable distribution of weeks in their opinion.

1.12.2 Fixed Week Roster - for the purpose of identification, each 2 (two) Week Sequence is allocated an alpha character a, b, c, d, e, f, g, h, i, j, k, l, m, n, o, p, q, r, s, t, u, v, w, x, y, z where each Week Sequence contains the Weeks in the columns below for the year 2007:

a	b	c	d	e	f	g	h	i	j	k	l	m	Week Sequence
												Maintenance	Column Number
S10	G13	G17	G19	G21	S1	S2	G25	G27	G29	G31	S3	G15	Week Numbers
S12	G14	G18	G20	G22	G23	G24	G26	G28	G30	G32	G33	G16	

n	o	p	q	r	s	t	u	v	w	x	y	z	Week Sequence
												Maintenance	Column Number
S4	G34	G36	G38	G40	G42	S6	G45	G47	G51	S11	S8	G49	Week Numbers
S5	G35	G37	G39	G41	G43	G44	G46	G48	G52	S7	S9	G50	

USE AGREEMENT

Between:

LEGACY PRIVATE RESIDENCIES SHARE BLOCK LIMITED
("the Company")

and

MAGICBREAKAWAYS LEISURE DEVELOPMENTS (PROPRIETARY) LIMITED
("the Holder")

1. DEFINITIONS AND INTERPRETATION

Unless the context otherwise indicates in this Use Agreement:

- 1.1 For all purposes of this Use Agreement, any act or omission on the part of any occupant of any Accommodation including a lessee, sub-lessee or occupant or user of the Accommodation or invitee of the Holder, shall be deemed to be the act or omission of the Holder.
- 1.2 The words and expressions in this Use Agreement shall bear the meanings assigned to them in the Articles of Association of the Company, the Share Blocks Act, and the Time-Sharing Act.
- 1.3 The headings of the respective clauses in this Use Agreement are for reference purposes only, and shall not be taken into account in the interpretation of this Use Agreement.
- 1.4 The singular shall include the plural and vice versa. Any gender shall include the other genders.
- 1.5 Any notices for all purposes of this Use Agreement shall be:
 - 1.5.1 in writing;
 - 1.5.2 sent by registered post or delivered;
 - 1.5.3 addressed to the respective party at his *domicilium citandi et executandi* referred to in 11; and
 - 1.5.4 deemed to be received by the party to whom it is addressed at the time of delivery thereof, or on the 4th (fourth) day following the posting thereof in the Republic, as the case may be.
- 1.6 A certificate by the Company or managing agent or their agent whose designation need not be proved, shall be prima facie proof that a Purchaser is in arrear with the payment of the Service Fee or otherwise in breach of his obligations in terms of this Agreement.

2. UTILISATION OF FRACTIONAL-OWNERSHIP INTERESTS

In the case of a fractional-ownership interest in respect of a time module the Holder shall either:

- 2.1 exercise his right to utilise his Fractional-ownership Interest himself in accordance with the management regulations; or
- 2.2 lease his Fractional-ownership Interest to a third party which lease shall be subject to and in accordance with the Management Regulations.
- 2.3 exchange his Fractional-ownership Interest by means of the Companies internal Exchange mechanisms or with an approved external Exchange company, in accordance with the management Regulations.

3. USE OF FRACTIONAL-OWNERSHIP, BUSINESS INTEREST OTHER INTERESTS

The Fractional-ownership Interests shall be used for Fractional-ownership Residential Purposes only and for no other purposes whatsoever without the prior written consent of the Directors.

Legacy Private Residencies Share Block Limited
Annexure 4 - Use Agreement

4. THE MOVABLES/REFURBISHMENT ETC

- 4.1 It is recorded that the Accommodation is or will be furnished with the Movable and that the ownership thereof vests in the Company.
- 4.2 The Holders of Fractional-ownership Interests shall be entitled to use the Movable in conjunction with their Interest and may accordingly not remove the Movable from the Accommodation.
- 4.3 The Company is entitled from time to time to replace the Movable in the Accommodation when necessary, provided that such replacement shall not result in a material change in the general nature or standard of the Movable.
- 4.4 If at any time any Accommodation is required to be refurbished or renovated, the following provisions shall apply:
- 4.4.1 The Company or the managing agent shall be entitled to have access to the relevant Accommodation, provided that the Company will use its best endeavours to ensure that such renovation is carried out with the least possible disturbance to the Holder. The Holder shall have no claim whatsoever against the Company in this regard.
- 4.4.2 The Holder shall have no claim against the Company in the event that the Holder cannot utilise his Interest but the Company will endeavour to provide the Holder at no cost with substantially equivalent "temporary accommodation" in other Accommodation and such cost, if any, to the Company shall be deemed to be part of the Levy fund; and
- 4.4.3 If any dispute arises as to whether the Holder is unable to utilise his Interest, the dispute shall be determined by the Company or managing agent who shall act as an expert and not an arbitrator and whose decision shall be final and binding on all persons irrespective as to whether they were parties to the dispute.

5. EXTENSIONS OF THE SCHEME (IMPROVEMENTS)

A Holder acknowledges being aware and it is recorded that the Share Block Developer has reserved the right to extend the Scheme by causing the Company to acquire further Accommodation in other schemes as provided for in the Articles of Association of the Company. The Holder specifically acknowledges being aware of the provisions of the Articles to this effect.

6. MANAGEMENT

- 6.1 The management, control and administration of the Land and the Scheme, including the Accommodation, Improvements and Movable and the utilisation of the Fractional-ownership Interests, shall be under the control of the Managing Agent who is appointed and employed in terms of a management agreement.
- 6.2 The Holder undertakes to observe and comply with the lawful directions of the Managing Agent at all times, and a failure to observe such directions, shall constitute a breach of this Agreement.
- 6.3 The Holder agrees that the Managing Agent shall be entitled at all times to lay down the terms and conditions of use and maintenance both in respect of the Accommodation, Improvements and of the Land generally including those relating to the care and upkeep of the Accommodation, the Movable, the use of radios, television sets and aerials, electrical appliances, fire places, recreational facilities, the use of the Land, the allocation and use of parking facilities, the parking and use of motor vehicles and any such matters as the Directors and/or managing agent deems fit for the general control, administration, use and enjoyment of the Land and Accommodation and Improvements for the general convenience, comfort and wellbeing of the users of the Land and from time to time vary, alter or amend same. In the event of there being any conflict between such Management Regulations and this Agreement, the provisions of such Management Regulations shall prevail.

7. OBLIGATIONS OF HOLDERS OF FRACTIONAL-OWNERSHIP INTERESTS

- 7.1 The Holder shall not make any alterations or additions or improvements of whatsoever nature to the Accommodation or Improvements.

Legacy Private Residencies Share Block Limited
Annexure 4 - Use Agreement

- 7.2 The Holder shall be obliged to keep the relevant Accommodation in a clean, tidy and hygienic condition.
- 7.3 The Holder shall utilise his Fractional-ownership Interest, and all facilities on the Land in such manner as will not cause damage, subject always to the Management Regulations in regard thereto.
- 7.4 If the Holder damages any part of the relevant Accommodation, Movables, Improvements and Land, whether accidentally, negligently or wilfully, the Holder shall be liable for the cost of repairing or replacing the same. The cost of such repair/s or replacements is/are part of that Holder's Service Fee.
- 7.5 If the Managing Agent is dissatisfied with the condition of the relevant Accommodation or the Movables, after use thereof, it may call upon that Holder forthwith to remedy such defective condition. Should the Holder fail to remedy the defect, the Company shall be entitled forthwith and without prejudice to any other right which it may have, to put the same in good order at the expense of the Holder and to recover such expense from the Holder. Any expenditure incurred is to be regarded as if it were part of that Holder's Service Fee.
- 7.6 Any property or persons brought on to the Land by the Holder shall be at the sole risk of the Holder who shall have no claim whatsoever against the Company for any loss suffered by the Holder in such a case, howsoever arising.
- 7.7 The Company shall not be responsible for, and the Holder indemnifies the Company against any loss, damage or injury which the Holder or any person utilising the Fractional-ownership which the Holder or such person may sustain in the relevant Accommodation or Land by reason of any act whatsoever or neglect on the part of the Company or the Company's servants, nor shall the Company be responsible for, and the Holder indemnifies the Company against any loss, damage or injury whatsoever which the Holder or any such other person may sustain by reason of the Accommodation or Land at any time falling into a defective state or by reason of repairs, renovations and/or maintenance work not been effected timeously or at all. The Holder shall not be entitled for any of the reasons aforesaid, or for any other reason whatsoever, to withhold any moneys due to the Company.

8. MAINTENANCE

Unless otherwise provided in the Articles of Association of the Company:

- 8.1 The Company shall maintain and repair the Accommodation, the Land and Movables in a good order and condition and from time to time, and as and when necessary, to renovate or replace the same.
- 8.2 The Company will endeavour to procure that all reasonable steps are taken to remedy any defect within a reasonable time.
- 8.3 The Company or their duly authorised agent including the Managing Agent shall be permitted to enter the relevant Accommodation at all reasonable times in order to inspect the same or effect repairs thereto. If the Holder is not personally present to open the relevant Accommodation and for any reason it is necessary, the Company shall be entitled to enter such Accommodation without being liable to any claim for any loss suffered by the Holder as a result thereof.

9. DAMAGE

- 9.1 In the event of the majority number of the Improvements being:
- 9.1.1 In the opinion of the Directors destroyed to the extent that the Accommodation or Improvements cannot be beneficially utilised, the Directors shall, subject to 9.4, in their discretion be entitled to elect whether or not to continue with this Agreement, provided that it shall notify the Holders not later than 3 (three) months after the date of the relevant damage to the Accommodation or Improvements of its decision; or
- 9.1.2 partially damaged or destroyed but so that the majority of the Accommodation or Improvements can be beneficially utilised, then this Agreement shall not terminate and the Company shall as soon as is reasonably practical, proceed to rebuild, repair or reinstate the destroyed or damaged portions of the relevant Accommodation or Improvements;

Provided that:

Legacy Private Residencies Share Block Limited
Annexure 4 - Use Agreement

- 9.1.2.1 the Company shall be obliged to expend only such amounts as it recovers from its insurers; and
- 9.1.2.2 the Company shall have the right to vary the form of construction of the relevant Accommodation provided the Holder has substantially the same Accommodation or Improvements in the same position, which the Holder hereby accepts.
- 9.2 The Holder shall have no claim against the Company for damages or compensation under any of the circumstances set out in 9.1 or upon the exercise by the Company of any of its rights in terms of 9.1:
- 9.2.1 arising by reason of his loss of his Interest whether such loss be permanent or temporary;
- 9.2.2 arising by reason of the fact that the relevant Accommodation or Improvements were not insured or adequately insured, even if such failure to insure or adequately insure arose from the negligence of the Company or any of its agents or employees, but always subject to Section 19 of the Share Blocks Act; and
- 9.2.3 arising out of the winding up of the Company consequent upon the destruction of the relevant Accommodation, save for claims (if any) especially provided for in the Company's Articles of Association.
- 9.3 No provision in 9.1 must be so interpreted to relieve the Holder of any liability to the Company if such damage or destruction referred to in this clause arises as a result of any negligence on the part of the Holder or arises from a breach of this Agreement by the Holder.
- 9.4 In the event of 9.1.1 applies the Company may only by special resolution be entitled to wind up the Company.

10. CESSION OF RIGHTS

The Holder shall only be entitled to cede his rights or assign his rights and obligations herein as provided for in the Articles of Association of the Company.

11. DOMICILIA

It is recorded that the Holder's *domicilium citandi et executandi* for all purposes of this Agreement shall be the Holder's address as furnished to the Company in terms of the Articles of Association of the Company. In regard to the Company, the Company's registered address shall serve the same purpose.

12. CONSENT

In so far as may be required by Law, including in terms of the Time-Sharing Act, a Holder hereby consents that the Land or part thereof may be utilised for the purposes of a Property Fractional-ownership Scheme.

13. SERVICE FEE

The service fee payable by a Holder to the Company shall be such amount as determined in accordance with the provisions of the Articles of Association of the Company.

14. TERMINATION

In the event that the Holder breaches any provision of this Agreement, and the Holder agrees that every breach shall be deemed to go to the root of this Agreement and in regard to every obligation of the Holder, time is of the essence, then without prejudice to any other remedies which the Company may have, the Company shall be entitled to:

- 14.1 Impose a fine on the Holder in such amount as the Directors may deem reasonable, but subject to the Articles of Association of the Company; and/or
- 14.2 Suspend the Holder's right to utilise his Fractional-ownership; or
- 14.3 Cancel this Agreement by giving the Holder notice thereof, in which event the Company shall be obliged to exercise its lien over the Shares comprising the share block, so that the Shares, the Holder's pro-rata

Legacy Private Residencies Share Block Limited
Annexure 4 - Use Agreement

share of the Company's loan obligation and the Fractional-ownership or Interest (which are not divisible) are disposed of pursuant to the lien in terms of the Articles of Association of the Company; provided that:

- 14.3.1 in the event that the Company suspends the Holder's right to utilise his Fractional-ownership, Interest, the Company may lease the Holder's Interest upon such terms and conditions as it deems fit and apply such income in payment of any indebtedness of the Holder to the Company;
- 14.3.2 a certificate by the Company or its authorised agent shall be prima facie proof that the Holder is in breach of his obligations in terms of this Agreement and of any amount due by the Holder to the Company; and
- 14.3.3 the Company shall not be entitled to exercise its rights in terms of 14.3 unless and until it shall have given the Holder 14 (fourteen) days notice to remedy the breach, provided that in the case of the positive malperformance, the Company shall have the right in its discretion to waive such a breach by the Holder.

14.4 The fine referred to in 14.1 shall be deemed to be part of that Holder's Service Fee.

15. DISPUTES

Save as is otherwise herein provided, any dispute, arising out of or in connection with this Agreement, including the cancellation thereof, except where an interdict is sought or urgent relief may be obtained from a Court of competent jurisdiction, must be determined *mutatis mutandis* in terms of Article 26 of the MOI of the Company.

16. LIEN

It is recorded that the Company has a lien over the Holders Shares in terms of the Articles of Association of the Company and in the protection of such lien, the Company shall retain for safe keeping, the original Share Certificates of the Holders, providing to each Holder a certified copy of the original held by the Company.

17. AMENDMENT, ADDITION OR REPEAL

It is recorded that the Company may by special resolution amend, repeal or add to the provisions of this Use Agreement.

18. CHOICE OF LAW

This Agreement shall in all respects and in regard to all the matters arising therefrom, be governed by the law of the Republic of South Africa.

19. GENERAL

19.1 **Warranties**

The parties confirm that this Agreement constitutes the entire contract between the parties and that there were no prior representations, including advertisements, notices, announcements, guarantees, warranties given either verbally or in writing by the Company or anyone acting on the Company's behalf which induced this Agreement, save in so far as are contained herein.

The parties warrant that the provisions of this Agreement correctly reflect the intentions of the parties and accordingly neither party shall be entitled to apply for the rectification of this Agreement.

19.2 **Indulgence**

No indulgence which the Company, or anyone acting on the Company's behalf, may show the Holder, and more particularly any act of the Company or anyone acting on the Company's behalf, in accepting any payment or guarantee after due date, or in accepting a lesser sum than the amount due, shall in any way prejudice the Company's rights or be construed as a waiver or novation of the Company's rights.

19.3 **Alterations**

No agreement or conduct at variance with or in addition to any of the provisions of this Agreement or any novation, including a novation or any variance which has a suspensive effect on the provisions of this Agreement, or any agreement relating to the postponement of any date, cancellation or renewal of this Agreement shall be binding on the parties hereto unless it is reduced to writing and signed by both the parties, unless any such agreements are provided for elsewhere in this Agreement and are effected in terms of such provisions. Utilisation of any interest or any payment shall not be construed as utilisation or payment in terms of any contract other than this Agreement.

19.4 **Jurisdiction**

The parties hereby consent to the jurisdiction of any Magistrate's Court having jurisdiction in terms of Section 28 of Act No. 32 of 1944, as amended, for all and any disputes directly or indirectly arising out of this Agreement. It shall, however, be in the Company's discretion to proceed in the Supreme Court.

19.5 **Cession of rights and surety ship**

19.5.1 Subject to this Agreement, the Holder shall not be entitled to either voluntarily or involuntarily pledge, cede, make over or assign his rights and/or obligations in terms of this Agreement without the prior written consent of the Directors of the Company.

19.5.2 It is agreed that where such consent is given to a transfer of rights and/or obligations, the Holder, by his signature to this Agreement shall be bound automatically as surety and co-principal debtor for the transferee's obligations in terms of this Agreement, with effect from the date such consent is given.

19.6 **Arrears**

All arrear amounts in terms of this Agreement, shall bear interest at the maximum rate per Year prescribed from time to time by the Usury Act, Act No. 73 of 1968 as if the amount in arrear was a principal debt in a money lending transaction in the respective category as defined in the said Act, which interest shall be calculated monthly in advance from the date that such amount became due.

19.7 **Separate and Severable**

The parties agree that if any provision of this Agreement is in conflict with any of the provisions of the Share Blocks Act or the Time Sharing Act or unenforceable for any other reason whatsoever, such provision shall be regarded as *pro non scripto* and of no force and effect: consequently such provision shall be deemed to be separate and severable from this Agreement without in any way affecting the validity of the remaining provisions of this Agreement.

LEGACY PRIVATE RESIDENCIES SHARE BLOCK LIMITED

MANAGEMENT REGULATIONS

1. DEFINITIONS

Unless the context otherwise indicates:

- 1.1. The words and expressions defined in the Memorandum of Incorporation of the Company shall herein bear the meanings assigned to them therein.
- 1.2. Company Accommodation – Means movable and immovable property acquired by the Company in Share Block Schemes, Sectional Title Schemes or Freehold Title and Leasehold Title.

2. CONTROL OF THE COMPANY ACCOMODATION

Subject to the Memorandum of Incorporation of the Company, control over the Property and the use to which the Property is put, shall vest in the directors of the Company, their successors in title, agents or assigns.

3. REGULATIONS: BOOKINGS AND USE OF COMPANY ACCOMODATION

3.1. Utilisation of company accommodation

3.1.1. Company accommodation may be used by Holders in the following manner:

- 3.1.1.1 Personal occupation and or use of allocated Time Module/s;
- 3.1.1.2 By exchanging Time Module/s within the Company for alternative Company Accommodation subject to payment of an Exchange Fee and or a Top-Up Service Fee as may required, either by the purchase of additional exchange credits or as may be determined by the Directors from time to time;
- 3.1.1.3 By exchanging Time Module/s through the Companies approved Exchange Organisation
- 3.1.1.4 By depositing their accommodation in the Company Rental Pool.

3.1.2. Personal use of allocated Time Modules.

3.1.2.1. Time Modules shall be available for use by the Holder or his guest in terms of the occupation roster. Reservations open from July1 every year,

3.1.2.2. Season Time Modules. The Season Time Modules are automatically booked and allocated to the Holder. The Holder must advise the company no less than 90 days (three months) prior to the commencement date of occupation of the Season time Module, that

he does not wish to occupy the Time Module, failing which the Holder is deemed to have occupied his Season Time Module.

3.1.2.3. General Time Modules. General Time Modules not classified as floating time are automatically booked for Holders and only released upon instructions from the Holder. The Holder must advise the company at least 90 days (three months) prior to the commencement date of occupation of the General time Module, that he does not wish to occupy failing which the Holder is deemed to have occupied his General Time Module.

3.1.2.4. Floating Time Modules. The directors shall allocate one General Time Module as a Floating Time Module. This floating time module is not booked for the Holder and becomes available to all Holders for reservation purposes. Each Holder shall be entitled to reserve 1 (one) Floating Time Module per year within his share class without payment of additional Service Fees. In the event that the Holder reserves accommodation outside of his share class, he may be required to pay an additional Top Up Service Fee.

3.2. Internal Exchange

3.2.1. In the event of the Holder notifying the Company timeously that he does not wish to occupy a Time Module allocated to him, then the Holder shall become entitled to an Occupancy Credits Allocation (the "Credits") and be able to utilise these Credits to exchange into other Company accommodation in the Companies Internal Exchange Program.

3.2.2. The company shall be entitled to allocate the Holders Time Module to another Holder.

3.2.3. Should the Holder not have sufficient Credits available to occupy alternative Company Accommodation then he shall be entitled to purchase additional Credits sufficient to obtain the required accommodation.

3.2.4. All cancellations must be made or confirmed in writing by the Holder.

3.2.5. The Holder (four week time module owner) is entitled to four free internal exchanges per annum. Holders of two-week time modules will only be entitled to two free internal exchanges per annum. The company shall charge the Holder the ruling Reservation Fee for all additional exchanges.

3.2.6. All bookings, exchanges and reservations shall be subject to availability, and must be confirmed in writing by the Company reservations office.

3.2.7. All bookings and reservations shall be made through the Company Reservations on a first-come, first-served basis.

3.2.8. Holder may elect to exchange his allocated, booked or reserved Time Module/s with the Companies approved Exchange Organisation. All bookings and reservations for external exchange are to be made 90 days prior to occupation date and are subject to availability.

3.2.9. Save for any pre-paid fees in terms of the Holders purchase agreement the Exchange Organisation reservation, exchange and membership fees are paid directly by the Holder, for his own account, in terms of the Rules, Regulations, Terms and Conditions of the Exchange Organisation and the Holder must undertake to abide by the rules of the Exchange Organization, over which the Company has no control.

3.3. Rental Pool

3.3.1. Holder may elect to deposit his allocated their Time Module in the Company Rental Pool. The Holder's account will be credited with a rental dividend calculated on the rental income less costs, obtained from the relevant accommodation in the particular Time Module.

3.3.2. The Holder must advise the company of his intention to participate in the rental program not less than 90 days prior to occupation date.

3.3.3. The Company will arrange for the Unit to be deposited into the Company Rental Pool. A separate rental pool is maintained by resort by time module.

3.3.4. All direct costs incurred by the Company including but not limited to travel agents commission, and any resort costs will be deducted off the rental dividend paid to the Holder. A management fee of 5% of the rental received will be payable to the Company.

4. OCCUPANCY CREDITS ALLOCATION

4.1. The Directors shall annually review the Credits Allocation of all the Company accommodation.

4.2. In determining the Credits Allocation, the directors shall take due cognisance of:

4.2.1. The resort demand rating which primarily linked to season, and location;

4.2.2. Resort grading;

4.2.3. Resort condition;

4.2.4. Condition and size of Unit;

4.2.5. Service Costs and Service's included

5. LAST MINUTE BREAKS RENTAL OPTIONS

5.1. Holders are entitled to utilize unreserved Company accommodation by renting the unit for the price of the Service Fee.

5.2. the Last Minute Break option is subject to availability, and is not available more than 21 days prior to the occupation date of a Time Module.

5.3. A Holder does not have to utilize his occupation Credits to make use of this option.

6. CONSOLIDATION OF OCCUPANCY CREDITS

6.1. The Company does not permit a Holder owning more than one Shareblock to consolidate his occupancy credits.

7. SERVICE FEES AND SPECIAL SERVICE FEES

The Holder shall be liable to pay an annual Service Fee, which shall comprise:

7.1. A service fee to cover the administration, internal exchange mechanisms and reservations cost of the company.

7.2. A service fee linked to the annual operational cost of the accommodation, including refurbishment costs, real and anticipated, allocated to the Holder. Housekeeping services are not always included in the service fees cost and may be raised as a separate charge by the resort on the occupants. The Holder will be responsible to pay housekeeping costs for any time module exchanged through an external exchange program.

7.3. Any Special Service Fee imposed by the Directors from time to time to cover the cost of any special service fee raised by a Body Corporate, Home Owners Association or Management Association particular to a shareholder Class or any group of Holder Class.

7.4. Unless Company Accommodation is reserved in advance, Service fees are due and payable by 30th September every year.

7.5. Holders paying their service fees by 30th November will be entitled to an early payment discount which amount will be determined by the Directors, at their sole and absolute discretion, annually.

7.6. Holders are not permitted to book or occupy Company Accommodation until the Service Fee is paid

8. ACCUMULATION OF OCCUPANCY CREDITS AND RESERVATIONS

8.1. Holders are not permitted to either accumulate occupancy credits for succeeding years or internally borrow occupancy credits from succeeding years.

8.2. Holders who are unable to utilize a Time Module in the current calendar year should deposit this with the external exchange company, failing which the Holder will forfeit his occupation for the particular Time Module if he has not otherwise used it.

9. TRANSFER OF OCCUPANCY RIGHTS

9.1. Holders are prohibited from alienating their occupancy rights in any manner whether temporary or permanently, including cession, exchange or transfer to any company, person or entity operating timeshare or fractional ownership exchange scheme or such similar scheme unless such scheme is a Company approved scheme.

10. GUEST CERTIFICATE

- 10.1. The Holder may nominate any other person to occupy Company Accommodation, which is his allocation, reservation or booking. The Holder must prior to occupation, notify the Company in writing and supply the full names and addresses of the nominee/s. The Holder shall be liable for all damages or loss incurred to the Company Accommodation or its contents, as if the Holder himself had caused the damage or loss.

11. INTEREST AND PENALTY CHARGES

- 11.1. In the event that any Holder shall have failed to pay any monies due to the Company on the due date, the Company shall be entitled to charge interest on the amount outstanding at the rate of interest as charged by the Standard Bank of SA on its overdraft loans from time to time.
- 11.2. The Company shall also be entitled to charge an administrative fee in respect of the cost of recovering any such monies, which fee shall be added to the amount outstanding on the due date and shall attract interest accordingly.

12. GENERAL RULES FOR THE USE OF COMPANY ACCOMODATION

- 12.1. The Conduct Rules and regulations regulate the Holders right of use of the Companies Accommodation.
- 12.2. The Holder, his invitees and his nominees shall always abide by the Management Rules, Regulations, Terms and Conditions governing any scheme in which the company has a property interest.
- 12.3. The Holder, his invitees and his nominees using any of the Company's Accommodation shall do so at their own risk.
- 12.4. Holders or any persons occupying Company Accommodation are:
- 12.4.1. not to use the Accommodation or permit the same to be used or carry on or allow being carried on therein any trade or business;
- 12.4.2. not to make or permit to be made to the Accommodation or any part thereof any material change or addition thereto whatsoever;
- 12.4.3. not to allow persons of improper character to reside in or frequent the Accommodation or any part thereof and not to use or permit the same to be used for any illegal or immoral purpose or for any purpose which shall be or tend to be a nuisance, damage, annoyance or inconvenience to the Property or the Owners Holders or Occupiers of any other Accommodation or Common Area on the Property;
- 12.4.4. not to hold or permit to be held on the Accommodation or any part thereof of any meeting for any religious purposes;

Legacy Private Residencies Share Block
Annexure 5 – Management Regulations

- 12.4.5. not to throw dirt, rubbish, rags, or other refuse into the sinks, baths, lavatory, cisterns, or waste, or soil pipes, or out of the windows of the Accommodation;
- 12.4.6. not to hang or expose or permit to be hung or exposed any washing or any clothes or materials on any part of the Accommodation so as to be visible from outside the Accommodation;
- 12.4.7. not keep in the Property any bird, dog or any other animal save with the written consent of Property owner or manager;
- 12.4.8. not play or use any wireless, or any other musical instrument of any kind or shall any singing be practiced in the Accommodation so as to cause annoyance to the Holders and occupiers of any other Accommodation comprised on the Property;
- 12.4.9. not to park or otherwise leave or permit to be parked or otherwise left any motor car or other motor vehicles or cycle or any obstructive objects in or upon any access road pathway or other common way or part of parts of the Property other than the designated parking areas.