

10th August 2018

Dear La Lucia Sands Owners,

I'm very excited to formally announce that the board has made the decision to proceed with a three-year full resort refurbishment. This follows the overwhelmingly positive feedback received from Owners regarding the amazing outcomes of unit 5 as well as responses to the draft resort refurbishment plans issued to you earlier this year.

The attached final refurbishment plan provides detail on what will be refurbished, when and at what cost. Please read through this document carefully.

In summary, we will be refurbishing the resort over a three-year period, starting January 2019 and with a completion date scheduled for the first quarter of 2021. The total cost of the refurbishment is estimated at R27 million. The bulk of the refurbishment cost will be funded by the raising of annual special levies of R5 000 per annum, over a three-year period. Discounts on these levies are offered for early settlement.

Your board understands that raising a special levy is never a simple matter, and we assure you that a great deal of thought and analysis went into this decision. In our fiduciary capacity as board members, we are ultimately responsible for balancing the requirement of continued sustainability of the resort, with the needs, wants and financial situation of Owners. This tricky balancing act requires us to move away from a "patch-job" approach to resort maintenance, to one where we get the resort fully up to speed and comparable to other fine resorts in our amazing vacation destination. The benefits of this are detailed in the refurbishment plan, but to highlight it briefly; a high-quality resort means Owners use their weeks (there is a higher demand), which results in levies being paid, which boosts reserves, which leads to continued reinvestment in the resort. This creates a cycle of sustainable resort management excellence, with Owner satisfaction levels consistently high.

Through careful budgeting, your regular annual levy increase for 2019 has been kept to a very moderate 5%. Your annual levy for 2019 as well as your 2019 special levy will be billed in October 2018. Please take note of the discount structures to gain the savings on offer.

Please chat to management on generalmanager@laluciasands.com or give them a call, any and all queries are welcome. With your support, La Lucia Sands can become the luxurious coastal retreat that you deserve it to be.

Best Regards

Deon Viljoen

Board Chairman

Affiliated to:

RCI[®]

Managed by:

FLM
FRONTLINE LEISURE MANAGEMENT

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Directors:

DN Phillips, DA Manthey,
PJ Lishman, BR Levy (Finance),
D Viljoen

SHAREBLOCK LEVIES FOR YEAR 2019

Special Levy 2019 (1 of 3)

Special levy (Excluding Discount)	R 5 000
Discount on special levy – if paid on or before 31 December 2018	R 500
Amount payable on or before 31 December 2018 (After Discount)	R 4 500

2019 Annual Levy per Week

Annual levy (Excluding Discount)	R 9 580
Discount on annual levy – if paid on or before 31 December 2018	R 1 940
Amount payable on or before 31 December 2018 (After Discount)	R 7 640

2019 Bi-Annual Levy per Week

Bi-Annual Levy (Excluding Discount)	R 4 790
Discount if paid before 31 st December 2018/30 th June 2019	R 770
Amount payable before 31 st December 2018/30 th June 2019 (After Discount)	R 4 020

This is an effective discounted increase of only 5.0%

PLEASE NOTE:

The discount is merely an incentive for early payment, it is non-negotiable and will not apply to payments made after the cut-off date/s.

IMPORTANT REMINDER: THE EARLY PAYMENT DISCOUNT CUT OFF DATES: 31 DECEMBER 2018 AND 30 JUNE 2019

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