

LA LUCIA SANDS SHAREBLOCK (PTY) LIMITED

(Registration No.1974/001166/07)

MINUTES OF THE ANNUAL GENERAL MEETING OF SHAREHOLDERS HELD AT THE RIVERSIDE HOTEL, 10 KENNETH KAUNDA ROAD, DURBAN NORTH, DURBAN ON WEDNESDAY, 14 DECEMBER 2016 AT 11H05

PRESENT:	Manthey, DA Phillips, DN Lishman, PJ Viljoen, DP Adams, H Bosch, A Wright, C O'Sullivan, M Jacobsen, L Jacobsen, T Lee, L	Chairman Director Director Director
IN ATTENDANCE:	Charlton, W Ritchie, A Spink, T Behrens, A Naicker, R Samuels, T O' Malley, C	Frontline Resort Management (Pty) Ltd Frontline Resort Management (Pty) Ltd La Lucia Sands Share Block (Pty) Ltd I-Exchange RCI Baker Tilly Morrison Murray Baker Tilly Morrison Murray
APOLOGIES:	Levy, BR Kemp, RA	Director Audit Partner, Baker Tilly Morrison Murray
BY INVITATION:	Lupton, JA Halse, JL	Highway Corporate Services (Pty) Ltd Highway Corporate Services (Pty) Ltd

1) OPEN AND WELCOME:

The Chairman welcomed those present to the Annual General Meeting ("AGM") for the year ended 31 December 2015.

The Chairman opened the meeting by advising that at mid-day on Monday, 12 December 2016 he had received a 13-page letter from Club Leisure Group ("CLG"), plus a similar letter from five of CLG's subsidiary or associated companies. The letter, which had been signed by Mr Lamont, had been addressed to the Chairman personally and he had had to read all six letters to ensure that they were all exactly the same in every respect.

The letter referred to matters going back to 2002 and mentioned people, legal firms and other companies involved during that time, who no longer had any dealings with the company. As he had had to be at an arbitration hearing for most of Tuesday, he had not had time to contact the people concerned or to do any research in to the various matters raised. The only person he had been able to contact was the previous Company Secretary, Clive Kneale.

He expressed surprise that the letters had only been delivered a day and a half

prior to the day of the AGM when the Notice of AGM had been sent out three weeks prior to the meeting, that the letters had not been circulated to all board members and that they had not also been sent to shareholders, since the matters included in the letters were intended to be raised at the AGM.

Mr H Adams, representing Flexi Holiday Club by proxy, pointed out that a letter from Attorneys, Hornby, Smyly, Glavovic Inc dated 26 February 2016 raising a number of issues had not been dealt with by the La Lucia Sands Board. He proposed that the AGM be postponed for 3 months so that the matters raised in the CLG letter and in Horney Smiley's letter could be dealt with. The proposal was seconded by Ms C Wright, representing Star Vacation Club, Stocks Leisure Vacation Club and Magic Breakaways Vacation Club by proxy.

Mr D Viljoen proposed that the Chair should address those issues that affected the holding of the AGM, so that the AGM could then proceed, and that the other matters would be dealt with in due time after the meeting. He pointed out that he and the Chairman had not seen the attorney's letter of 26 February 2016, which had been addressed to Norton Rose Fullbright, until the previous day. He also asked why a response to the letter had not been elicited from the Board or from Norton Rose in the months between the end of February 2016 and this AGM.

Ms C Wright again requested a postponement of the AGM but the Board ruled that a postponement was not in the best interests of all the shareholders, there was no reason why it should be postponed and therefore the meeting would proceed.

2) NOTICE:

The Chairman took the Notice of the Meeting as read and no objections thereto were raised.

3) ATTENDANCE, PROXIES AND APOLOGIES:

Those in attendance in person, represented or by way of proxy represented 688 ordinary shares, being 37.45% of the issued share capital of the Company.

PROXIES RECEIVED

INDIVIDUALS	197	in favour of various persons
TRAFALGAR HOLIDAY RESORT (PTY) LTD	3	in favour of A Bosch
STOCKS LEISURE VACATION CLUB	31	in favour of CA Wright
STAR VACATION CLUB	14	in favour of CA Wright
MULTI RESORTS OWNERSHIP PROPERTY TRUST	25	in favour of M O'Sullivan
MAGIC BREAKAWAYS VACATION CLUB	37	in favour of CA Wright
FLEXI HOLIDAY CLUB	20	in favour of H Adams
PAUL LISHMAN FAMILY TRUST	18	in favour of the Chairman
EASY HOLIDAYS TRUST	343	in favour of the Chairman

688

Apologies were received from B. Levy, a La Lucia Sands Share Block (Pty) Ltd director and R. Kemp, the audit partner of Baker Tilly Morrison Murray.

4) ESTABLISHMENT OF A QUORUM

As there were sufficient members personally present and entitled to vote, the Chairman declared the meeting properly constituted.

5) PRESENTATION OF THE MINUTES OF THE AGM HELD 14TH DECEMBER 2015

The minutes of the AGM held on the 14th of December 2015 were presented.

Mr H Adams advised that any approval of the minutes of the 2015 AGM would be invalid because they were not in fact "minutes" but just a record of the resolutions taken and the results of the voting thereon. The Chairman conceded that they were

not proper minutes but the proceedings of the AGMs had always been recorded that way in the past and that technically all matters required to be minuted, in terms of the requirements of the Companies Act, were in fact minuted. The Chairman gave his assurance to Mr H Adams that it was the Board's intention to change the format of the minutes for the current and future AGMs.

6) PRESENTATION OF OPERATIONAL REPORT

Mr W Charlton presented the operational report on screen and took the meeting through the presentation, highlighting the improvements and refurbishments carried out at the resort that the managing agents had been able to achieve with the limited resources available to them and in the short time since their appointment.

Lisa Jacobson advised that as a shareholder she was very appreciative of the improvements Frontline Resort Management had been able to effect since their appointment and thanked them for it.

7) PRESENTATION AND ACCEPTANCE OF AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

The Audited Annual Financial Statements for La Lucia Sands Share Block (Pty) Ltd for the year ended 31 December 2015 were presented. Ms A Ritchie, Financial Manager of Frontline Resort Management (Pty) Ltd, the managing agents, then dealt with questions from shareholders concerning the differences between the prior financial statements and the 2015 financial statements. She advised that there had been two major changes, one concerning the treatment of Property Plant and Equipment valuations and the other with the recording of expenses. Shareholders should therefore anticipate bigger losses for the 2016 financial period as the expenditure of the refurbishments would be reflected in the expenses.

ORDINARY RESOLUTION 1: ACCEPTANCE OF ANNUAL FINANCIAL STATEMENTS

THAT the annual financial statements for the year ended 31 December 2015 having been approved by the Board of directors and presented to shareholders as required by the Companies Act be accepted.

The resolution was passed on the poll of a majority of 79.9% of the votes cast in favour, 19.2% against and 0.9% abstentions.

8) APPOINTMENT OF AUDITORS

Mr H Adams raised the issue of the change of auditors and questioned why shareholders had not been advised of the resignation of Dama and Associates and the appointment of Baker Tilley Morrison Murray, since the appointment of auditors was the prerogative of the shareholders. He also pointed out that the necessary form CoR44 had not been filed with the CIPC as Dama and Associates were still reflected as the auditors.

Mr W Charlton acknowledged the fact that the return had not been filed on time but assured H. Adams that the CoR44 had now been filed.

Later in the meeting the Chairman advised that Dama and Associates had been asked to resign due to their lack of performance and the high level of their fees and the Board had taken the decision so that the 2015 audit could take place. It was normal practice for the Board to fill a vacancy and appoint new auditors, subject to ratification by shareholders at the next AGM.

ORDINARY RESOLUTION 2: APPOINTMENT OF AUDITORS

That Baker Tilly Morrison Murray be and are hereby appointed as auditors until the conclusion of the next annual general meeting.

The resolution was passed on the poll by a majority of 99.3% of the votes cast in favour and 0.7% abstentions.

9) ELECTION AND APPOINTMENT OF DIRECTORS

Mr H Adams asked by what authority the deadline of 1 August for the nomination of new directors at an AGM had become a requirement and stated that shareholders had not been made aware of the requirement and therefore had been unable to nominate new directors. He was advised that the requirement was in the new MOI. The Chairman conceded that shareholders should have been pre-warned of the requirement but advised that no shareholder had indicated at any time that they wished to nominate a new director and that if any shareholder present wished to nominate a new director at the meeting, that nomination would be accepted up to the commencement of the formal voting. There were no nominations for new directors.

ORDINARY RESOLUTION 3: APPOINTMENT OF MR P J LISHMAN

THAT Mr P J Lishman be and is hereby elected as a director of the Company.

The resolution was passed on the poll by a majority of 79.9% of the votes cast in favour, 18.9% against and 1.2% abstentions.

ORDINARY RESOLUTION 4: APPOINTMENT OF MR D P VILJOEN

THAT Mr D P Viljoen be and is hereby elected as a director of the Company.

The resolution was passed on the poll by a majority of 79.9% of the votes cast in favour, 18.9% against and 1.2% abstentions.

ORDINARY RESOLUTION 5: APPOINTMENT OF MR B R LEVY

THAT Mr BR Levy be and is hereby re-elected as a director of the Company.

The resolution was passed on the poll by a majority of 80.2% of the votes cast in favour, 19% against and 0.7% abstentions.

10) PRESENTATION AND ACCEPTANCE OF INSURANCE VALUES

Ms C Wright asked whether the Board intended to increase the company's public liability insurance cover to R100 million which had been requested in the CLG letter due to the unprecedented level of recent claims in the industry, mainly from overseas tourists. The cost of doing so would be minimal. The Board agreed that this would be done.

11) APPROVAL OF DIRECTORS REMUNERATION

The approval of the remuneration of directors for their services as such required a special resolution in terms of section 65(11)(h) and therefore a special resolution would be called for at the AGM.

SPECIAL RESOLUTION 1: REMUNERATION OF DIRECTORS

THAT the remuneration payable to the directors at the rate of R4 000 per meeting attended be approved.

The resolution was passed on the poll by a majority of 75.6% of the votes cast in favour, 20.3% against and 4.1% abstentions.

12) GENERAL:

1. Mr H Adams raised the concern over the use of pre-numbered proxy forms. He noted instances where their proxy forms submitted in the past had been disallowed due to some discrepancies. He asked for assurance that no proxies would be disallowed if the merits of said proxy were intact.

The Chairman confirmed that for this AGM any proxy form submitted, whether numbered or not, would be accepted and proxy forms would not be numbered in future.

2. Mr H Adams raised the question of legality of the Memorandum of Incorporation ("MOI"), contending that the version on the MOI on which the Board was relying to govern proceedings at the AGM had not been filed with the CIPC. Some debate followed. However, the Chairman advised that he had asked Clive Kneale about the MOI the previous evening at about 9 pm and Clive Kneale had assured him that all the amendments required in the Court Order had been made to the current MOI; that it had been filed with the CIPC and that confirmation in the form of the CIPC CoR15.2 confirmation letter had been received. It was agreed that a copy of the form CoR15.2 would be forwarded to Mr H Adams once it had been located.
3. Mr A Bosch pointed out that there had been an undertaking from the Chairman at the 2015 AGM to provide certain documents after the meeting but he had not in fact done so. He asked that it be recorded in the minutes of this meeting. It was agreed that this would be done.
4. It was also to be noted that CLG had requested that a copy of the CLG letter be circulated to all shareholders.
5. Mr H Adams requested that the detailed information that had been requested in items 5.5.1 to 5.5.12 of the CLG letter be addressed by the managing agents. Ms A Ritchie confirmed that a response in this regard would be forwarded to Mr H Adams by the end of January 2017.
6. Mr A Bosch raised the issue of the costs incurred by the company in respect of litigation subsequent to the financial year end but which had not been mentioned in the Directors' Report under Subsequent Events. The amounts were not insignificant and shareholders should be made aware of them as they affected the future sustainability of the company. He questioned why the auditors had not qualified their report due to the high level of legal costs.

The Board undertook to deal with all the outstanding items and Mr P Lishman remarked that shareholders have, and would continue to, see change in mindset of the Board moving forward, with the focus being more focused on matters resulting in uplifting the resort experience for shareholders as opposed to pursuing matters of litigation. The Board had moved a long way towards amicably resolving the issues raised by CLG but these would take a while longer to finalise. The outstanding matters would be dealt with one at a time.

The Chairman then advised that it was the Board's wish and intention to shift its focus in the coming year away from the legal matters that had dominated Board meetings for so many years, and to utilise the resources of the company on doing what was best for the shareholders and the company. Due to the CLG letter, however, he now found himself having to focus on legal matters again for the next few months until all the matters had been resolved.

CLOSURE:

In closing the meeting the Chairman thanked everyone for their attendance and thanked the CLG representatives for their change in attitude which boded well for the company and all its shareholders going forward.

There being no further business, the Chairman declared the meeting closed at 13h00.

SIGNED AS A CORRECT RECORD

D. Manthey

CHAIRMAN

25th February 2017

DATE: _____