

THE PENINSULA SHARE BLOCK LIMITED

Registration No. 1938/011635/06

MINUTES OF PART 1 OF THE 28th ANNUAL GENERAL MEETING OF "A" AND "B" CLASS MEMBERS OF THE COMPANY, HELD AT THE PENINSULA ALL-SUITE HOTEL, 313 BEACH ROAD, SEA POINT ON 25 MAY 2017 AT 12H00

Mr A M Schlesinger, the Chairman of the meeting, introduced himself, the members of the Board and Peninsula Management and welcomed all those present, including Ms M Basson who is a proxy nomination for Mr Amod, Mr F Daniells, Mr and Mrs M Moerat as well as Mr S Baradien and Ms R Naicker from RCI. Mr Abs joined the meeting via telephone from Germany.

As a quorum of three or more members was present, in terms of the Articles of Association of the Company, the meeting was declared duly constituted. The Chairman requested that the notice convening the Annual General Meeting be taken as read. This was seconded and agreed.

ITEM 1

ANNUAL FINANCIAL STATEMENTS

Item 1 was to consider the Annual Financial Statements for the year ended 31 December 2016. The Chairman invited Hugh Patrick, Chairman of the Audit Committee, to comment. Hugh Patrick ran through the balance sheet and income statement of the company. The chairman pointed out that no property appeared on the balance sheet, in accordance with the guide on financial reporting by share block companies. For accounting purposes, the property belongs to the shareholders and not the company. However, legally, the company still owns the land and buildings.

The only anomaly in administration expenses was a write back of legal expenses, accrued in 2015, but not used. Electricity, water and sewerage were over budget due to higher increases by the council than budgeted, with water having 3 increases in 2016 and this might get worse if the drought continues. Hugh Patrick also mentioned that the council had tried to reclassify the resort as a business, but management objected, stating that the company was a timeshare and not a commercial business, and succeeded in remaining a residential property for rates purposes, saving the company about R600K in annual rates. Guest entertainment was over budget, due to the Monday night cocktail parties, which is a very good PR exercise and generates good guest comments. Guest supplies and laundry materials were over budget due to a much busier hotel.

Hugh Patrick advised that the audit committee sits four times a year and for two of those meetings, the external auditors are invited to attend. At the October meeting, preparations for the audit, including audit fee increases, are discussed and at the February meeting, auditors report back on the audit. 2016 received a clean management report on the audit. Internal controls are also a function of the audit committee and Nick Dickson has taken this on board. There are plans to have the role players from the different units within Dream Hotels and Resorts auditing each other's units. Hugh Patrick thanked Weston Dickson and Nick Dickson, the other two members of the audit committee, for their time and efforts within the committee.

Members were then invited to raise questions concerning the Annual Financial Statements. Mr Abs questioned whether there were any disclosures of related parties and was directed to page 5 in the Directors' report and page 21 in the Notes to the Financial Statements, where these are disclosed.

As no other questions were raised by members, the Chairman noted that the Annual Financial Statements for the year ended 31 December 2016 had been duly considered and discussed.

ITEM 2

ORDINARY RESOLUTION NUMBER 1 - APPOINTMENT OF GRANT THORNTON AS AUDITORS OF THE COMPANY

Hugh Patrick advised that Grant Thornton do a great job as auditors and are quite reasonable in their fees. The Audit Committee recommended that the company retains Grant Thornton as the auditors for the next year.

As management and the board supported the appointment of Grant Thornton and there being no further comments or discussion on the subject, the Chairman proposed that Grant Thornton be appointed as the auditors of the company for the ensuing year. Voting took place by show of hands. This motion was seconded and carried without dissent.

ITEM 3

ORDINARY RESOLUTION NUMBER 2 – TO APPROVE THE RE-APPOINTMENT OF THE AUDIT COMMITTEE OF THE COMPANY, CONSISTING OF HUGH PATRICK (CHAIRMAN), WESTON DICKSON AND NICHOLAS DICKSON

In terms of Companies Act requirements, members of this committee are voted for individually. Hugh Patrick reiterated that he was appointed as a director of the company to represent the interests of the "A" class shareholders, as he is an "A" class shareholder himself. Voting took place by separate show of hands for Hugh Patrick, Weston Dickson and Nick Dickson. It was proposed to re-appoint Hugh Patrick as Chairman, Wes Dickson and Nick Dickson as members of the Audit Committee for the ensuing year. These motions were seconded and carried without dissent.

ITEM 4

ORDINARY RESOLUTION NUMBER 3 – TO APPROVE THE RE-APPOINTMENT OF THE SOCIAL & ETHICS COMMITTEE OF THE COMPANY, CONSISTING OF CHRIS GODENIR (CHAIRMAN), HUGH PATRICK, DI GORDON, VEE DE FREITAS, JAMIE PIETERS AND LWANDILE MAKUBALO

Chris Godenir advised that the Social & Ethics Committee became a statutory committee a few years ago, and ensures that the company follows good corporate governance, is compliant with health and safety, occupational safety, ethics management, social investment, environmental management, sustainability and all legislation set by the Government.

The Peninsula is very proud that it follows these practices as a way of life and culture rather than a legislative process. The company is currently a level 2 in the BEE rating, this could change in future as ownership now becomes compulsory in the BEE rating process, however there is no certainty how ownership will be rated in a share block company. The resort has a policy where staff are mostly promoted from within and not recruited from outside. The majority of staff have worked at the resort for many years and this assists in the continuity of its policies and procedures. Chris reiterated that he is very proud to be associated with the resort. The chairman commented that Chris Godenir and his team do more than is expected of them.

Once again, committee members have to be voted for individually. As there was no further discussion on the subject, the vote took place by separate show of hands. It was proposed to appoint Chris Godenir (Chairman), Hugh Patrick, Di Gordon, Vee de Freitas, Jamie Pieters and Lwandile Makubalo as members of the Social & Ethics Committee for the ensuing year. These motions were seconded and carried without dissent.

ITEM 5

REPORT BACK ON THE PROGRESS OF THE COMPANY IN OBTAINING NOMINATED E-MAIL ADDRESSES OF ALL SHAREHOLDERS FOR FORMAL COMMUNICATION FROM THE COMPANY

The chairman stated that obtaining nominated email addresses from owners has been a frustrating exercise, as owners are reluctant to give out email addresses. Only 566 owners have given the resort permission to email correspondence, which meant that 1683 envelopes still had to be posted. Mr Abs mentioned that he only received his posted communication on the 18th of May and that the post office stamp was dated 8 May 2017. Vee de Freitas advised that the envelopes were handed in to the post office on the 28th of April.

The decision was also made to email every owner with an email address on the system all the documentation pertaining to the AGM, including an email consent form. Vee de Freitas stressed that postage and printing for the AGM documents was about R40K. Mr Abs asked that the resort informs the owners of this cost and its effect on the levy increase and it was agreed to do it via the newsletter. The chairman stated that when the new MOI is adopted, the resort will be able to email documentation as long as there is an email address on the system.

The Report was noted by the meeting.

ITEM 6

FINAL REPORT BACK ON THE FAIRMONT RESIDENTIAL DEVELOPMENT, CARRIED OUT ON THE PROPERTY ADJACENT TO THE PENINSULA BY THE OWNER OF THAT PROPERTY, WHICH DEVELOPMENT INCLUDES COVERED PARKING FACILITIES, WORKSHOP, OFFICE AND STORE ROOMS FOR THE EXCLUSIVE USE OF THE PENINSULA

The Chairman reported that The Peninsula had effectively been able to cede portion of the unused development rights on the property and receive undercover parking bay facilities, which added considerably to the convenience of guests and the value of the property. Chris Godenir mentioned that the only outstanding issues were 1) the shade cloth over the open parking bays adjacent to Solomons Road (The reason for the delay is due to it being attached to a planning permission application for other work on the Fairmont property.) and 2) a small area of landscaping on the edge facing the resort. This development added 25 parking bays for the resort. The Peninsula is a member of the Fairmont body corporate and has a good relationship with them.

The Report was noted by the meeting.

ITEM 7

SPECIAL RESOLUTION NUMBER 1 – TO APPROVE THE CONVERSION OF THE COMPANY FROM A PUBLIC COMPANY TO A PRIVATE COMPANY IN TERMS OF THE COMPANIES ACT

The Chairman advised that this decision was in line with most of the substantial share block companies in the South African timeshare market. When the company was established, the law did not allow a private company to have more than 50 shareholders. The new Companies Act does not place a limit on the number of shareholders in a private company. Benefits of being a private company include that the annual registration fee is less and that there are less onerous disclosure and governance requirements. Even though private companies are not obliged to have an external audit, this will be a requirement of the company's new Memorandum of Incorporation. An important benefit as a private company will be that the company can prevent undesirable share transfers.

As there was no further discussion on the subject, it was agreed to convert the company from a public company to a private company. This motion was seconded and shareholders holding 13,940 shares in the company (equivalent to 34.80% of the total issued shares) voted in favour of the resolution. There were no opposing votes, so the resolution was passed unanimously. The company will be registered as a private company at the same time as the new MOI is registered.

ITEM 8

SPECIAL RESOLUTION NUMBER 2 – TO APPROVE THE ADOPTION, WITH OR WITHOUT AMENDMENT, OF THE TABLED MEMORANDUM OF INCORPORATION, IN SUBSTITUTION FOR THE EXISTING MEMORANDUM AND ARTICLES OF ASSOCIATION OF THE COMPANY, SUBJECT TO THE APPROVAL OF SPECIAL RESOLUTION NUMBER 1

The Chairman advised that the existing Memorandum and Articles of Association were written in 1988 and the contents are in some ways obsolete. There are numerous provisions that bear no relation to how The Peninsula is actually run. The new Companies Act prescribes that all companies need to adopt a new Memorandum of Incorporation ("MOI") which complies with the new law. Many of the provisions of the new MOI are to fulfill compliance with the new Companies Act and others are to streamline the management and administration of the company.

Mr Abs had contacted the board with questions and comments on the new MOI, many of which are valid and which the board is taking seriously, requiring some discussion. The chairman believes that certain of Mr Abs's concerns may require amendments to the MOI before it is finalized. One of the more important issues to be settled is the distribution of the proceeds should the building be destroyed and not rebuilt, a decision which requires shareholders' approval. The board believes that the fairest way to distribute the proceeds is pro-rata to the levies paid rather than pro-rata to the number of shares held. Mr Abs supports that view.

An issue raised by Mr Abs is the fact that owners of week 52 have a week 53 every 6 to 7 years at no extra cost except for an extra week's levy. This means that as the MOI is currently drafted, should the building be destroyed following the year in which a week 53 occurs, these owners would receive a double portion of the proceeds. The board agrees that this must be amended.

Another concern from Mr Abs was that in distributing proceeds pro-rata to levies paid, the board of directors might be able to manipulate the levy in order to create a large levy expense for certain shareholders in one year, giving them a disproportionate share of the distribution if the building was destroyed that year. The chairman committed to ensuring that an amendment would be made, to prevent any abnormally calculated levy being charged to any shareholder or group of shareholders. The relative levy weightings specified in the "A" Class use agreements would be recorded in the MOI. Mr Abs confirmed that he would be comfortable with that amendment.

Mr Abs asked to be included in the discussions regarding the amendments. The chairman committed that he would reply to Mr Abs's queries in writing.

The chairman then proposed that consideration of the new MOI be temporarily suspended and that, after the completion of the remaining agenda items, the current Annual General Meeting be adjourned, without having voted on Item 8 of the agenda (the adoption of the new MOI), until the required amendments are made and an amended version of the MOI is made available. A re-convened Part 2 of the meeting, at which the amended MOI is tabled, could then be held to complete the discussion and vote on Item 8. Those owners in attendance could either attend or call in via telephone conference. No other shareholders had raised concerns on the new MOI.

(See separate minutes of Part 2 of the meeting, held on 28 June 2017.)

ITEM 9

TO NOTE THE AMENDMENT OF THE "B" CLASS USE AGREEMENT BETWEEN THE COMPANY AND THE HOLDERS OF THE "B" CLASS SHARES IN THE COMPANY, SUBJECT TO THE APPROVAL OF SPECIAL RESOLUTION NUMBER 2

A draft of the new "B" Class Use Agreement had been published on The Peninsula's website for the information of shareholders, as the document does not need shareholders' approval, but is agreed between the board of directors and the "B" Class shareholder. The original "B" Class Use Agreement, signed in 1988, is even more out of tune with actual practice, than the Memorandum and Articles of Association. It contains a number of provisions that cannot practically be given effect to or are in contradiction to the way that The Peninsula is actually administered and managed.

Certain items in the draft agreement are still being finalized, including a provision that, should the control of the "B" Class shares change hands, the company has the right of first refusal, either itself or through a nominated party, to buy the shares and take over or make other arrangements for the management of The Peninsula. A similar clause still needs to be included, to deal with the management agreement. This will provide that, if the current management agreement, which is for a ten year period, is terminated or expires, the company or its nominee will have an option to buy the "B" class shares. Once this agreement is finalized and signed, it will be published on The Peninsula's website for a period of time.

The Report was noted by the meeting.

ITEM 10

ORDINARY RESOLUTION NUMBER 4 – TO APPROVE THAT ANY DIRECTOR OF THE COMPANY BE AUTHORISED, ON BEHALF OF THE COMPANY, TO DO ALL THINGS AND SIGN ALL SUCH DOCUMENTS AS MAY BE NECESSARY TO GIVE EFFECT TO THE AFOREGOING SPECIAL RESOLUTIONS AND ORDINARY RESOLUTIONS

The Chairman put this item to a vote via show of hands. This motion was seconded and carried without dissent.

ITEM 11

GENERAL

Water Crisis

Mr Daniells asked what management was doing to inform guests on the Peninsula's water saving efforts. Chris Godenir responded that although management cannot force guests to save water, there are notices in the foyer, floors and lifts of the hotel and in the welcome letter, informing guests of the expected usage limit per guest per day. To conserve water, bed linen is no longer changed during seven day stays and towels are only changed if the guest leaves them on the floor. There is also a plan in place to purchase two 20,000 litre tanks to store water in case the council turns the taps off. These tanks would be used to facilitate the delivery of water to the resort by tanker and then distributing it in 5 litre bottles to the units. Two bore holes had been drilled to pump water to the tanks on the roof, for the use of toilet flushing.

The water meter will be read daily and usage per guest will be calculated and compared to the previous day. These calculations will be displayed for the guests to see as a motivation to get guests to save water. Chris Godenir stressed that hotels have to juggle between attracting tourists and saving water. Sodick Baradien of RCI congratulated The Peninsula for winning the RADA award for the water saving initiative.

Thanks to the chairman

Weston Dickson thanked Alan Schlesinger on behalf of the directors and management for all his efforts and long hours spent on the MOI and the other agreements.

As there was no further business to be transacted at the meeting, the Chairman thanked the members for their attendance and declared the meeting adjourned. A date for the re-convened meeting would be set and communicated to attendees. The only business at the re-convened meeting would be the adoption of the new MOI.



CHAIRMAN

24 August 2017

DATE

THE PENINSULA SHARE BLOCK LIMITED
Registration No. 1938/011635/06

**MINUTES OF PART 2 OF THE 28th ANNUAL GENERAL MEETING OF "A" AND "B" CLASS MEMBERS
OF THE COMPANY, HELD AT THE DREAM HOTELS & RESORTS OFFICES,
310 MAIN ROAD, BRYANSTON, CONNECTED BY TELEPHONE WITH MR DANIELLS
AT PENINSULA ALL-SUITE HOTEL, 313 BEACH ROAD, SEA POINT
AND MR ABS IN GERMANY, ON 28 JUNE 2017 AT 11H00**

Mr A M Schlesinger, the Chairman of the meeting, introduced himself, the members of the Board and Peninsula Management and welcomed all those present or calling in.

Part 2 of the meeting was being held to complete the business of Part 1 of the meeting, which commenced in Cape Town on 25 May 2017 and which had been adjourned without having voted on Item 8 of the agenda (the adoption of a new MOI for the company). The only business of Part 2 of the meeting would be the adoption of the new MOI.

As a quorum of three or more members was present, in terms of the Articles of Association of the Company, the meeting was declared duly constituted. The Chairman requested that the notice dealing with Item 8 on the agenda of the meeting be taken as read for purposes of the re-convened Part 2 of the meeting. This was seconded and agreed.

The meeting noted that Item 8 (Special Resolution 2) was to approve the adoption, with or without amendment, of the tabled MOI. At Part 1 of the meeting, it had been stated that an amended MOI would be made available. This had been done and it was that amended MOI that was to be considered for adoption, again with or without amendment, at the current Part 2 of the meeting.

ITEM 8

SPECIAL RESOLUTION NUMBER 2 – TO APPROVE THE ADOPTION, WITH OR WITHOUT AMENDMENT, OF THE TABLED MEMORANDUM OF INCORPORATION IN SUBSTITUTION FOR THE EXISTING MEMORANDUM AND ARTICLES OF ASSOCIATION OF THE COMPANY, SUBJECT TO THE APPROVAL OF SPECIAL RESOLUTION NUMBER 1

The discussion of the new MOI during Part 1 of the meeting is reported in the minutes of that meeting.

The chairman stated that, before and after Part 1 of the meeting, there had been a lot of communication between Mr Abs and the chairman regarding the MOI and the other issues raised by Mr Abs. He suggested that when Mr Abs is in Cape Town next year, he should meet up with Chris Godenir, The Peninsula's general manager, who will gladly show him around and answer any questions.

Mr Abs stated that there is limited information accessible on the company's website for potential owners. The chairman stressed that information regarding the company, such as minutes of AGM's and special meetings and historical financial statements, are readily available on request.

An issue that had been raised by Mr Abs was the fact that the sectional title unit that the company had acquired in the Fairmont development was not referred to in the MOI, but he was willing to leave the MOI unchanged in that regard. (This was discussed later in the meeting, at which time it was agreed to make the necessary changes to the MOI. See below.)

The question was asked as to why, in terms of Clauses 12.7 and 12.8, the quorum for the meeting of the "A" Class holders needed to include the "B" Class holder. The chairman responded that it is a question of transparency and recognition of the inter-dependency of the two classes of shareholder. The "B" Class shareholder is affected by any decision made by the "A" Class shareholders and it is appropriate that the "B" Class shareholder attends those meetings. He stressed that the current Memorandum and Articles of Association and the new MOI specify that the only business of the "A" Class shareholders' meeting is to consider the levy statement, approve the insurance and to appoint "A" Class directors. Everything else is dealt with in a full "A" and "B" members meeting.

A second query was the hyphen apparently inserted in Clause 16.7. It was noted that this hyphen did not appear in the clean copy of the MOI.

A third query was whether a share block and a share had the same meaning and whether the shares comprised in each share block can confer certain rights on the holders. It was pointed out that the "B" Class share block is 16 shares, so a share block and a share differ from each other.

A fourth query was whether the wording in section 30.2, where seven time modules are referred to, should be improved as it could give the impression that a time module covers a full week. The chairman expressed that time modules can mean different numbers of days in different contexts. It was clear that the time modules for maintenance weeks are seven nights and not seven weeks.

The inclusion of Annexure "A" into the MOI is also a concern for Mr Abs as it does not appear to follow the definitions exactly. The chairman stated that Annexure "A" pre-dated the MOI by almost 30 years and that no changes have been made to it. It was felt that such changes could cause confusion where no confusion now exists.

Consideration was then given to Mr Abs' earlier question as to why the description of the Property did not include the Sectional Title Unit and Exclusive Use Area owned by The Peninsula in the neighbouring Fairmont development. After discussion, it was agreed that Clause 1.2.17 of the tabled draft MOI is to be amended to read as follows –

1.2.17. "Property" means –

1.2.17.1. Erf 1202 Sea Point West, in extent 5738 (five thousand seven hundred and thirty eight) square metres, held by the Company by certificate of Consolidated Title No, T45740/1993 together with all improvements, extensions and additions erected or to be erected thereon;

1.2.17.2. Section 1 The Fairmont as depicted on Sectional Plan SS149/2016 situate at Sea Point West, City of Cape Town, together with an undivided share in the common property, measuring 38 (Thirty Eight) square metres in extent and held by Deed of Transfer No. ST5974 / 2016; and

1.2.17.3. Exclusive Use Area Number BAS1 in the Fairmont Sectional Title Scheme comprising parking bays, stores and a workshop, measuring 690 (Six Hundred and Ninety) square metres, held by Notarial Deed of Cession No. SK1614 / 2016 S;

The special resolution adopting the new MOI was then put to the vote by means of a poll. It was passed by shareholders holding 13,884 shares in the company, equivalent to 34.66% of the total issued shares in the company. There were no opposing votes, so the resolution was passed unanimously. Vee de Freitas will ensure that the voting calculation form is included with the minutes.

Special resolution number 2, which was subject to the approval of special resolution number 1, was thus duly carried. As special resolution number 1 had been approved at Part 1 of the meeting, the new MOI was duly adopted.

The remaining items on the agenda had all been dealt with at Part 1 of the meeting.

The chairman agreed to be available for informal discussions regarding other aspects of The Peninsula immediately after the completion of Part 2 of the formal meeting.

As there was no further business to be transacted at the meeting, the Chairman thanked the members for their attendance and declared the meeting closed.



CHAIRMAN

24 November 2017

DATE