

THE PENINSULA SHARE BLOCK LIMITED

Registration No. 1938/011635/06

MINUTES OF THE 28th ANNUAL GENERAL MEETING OF "A" CLASS MEMBERS OF THE COMPANY, HELD AT THE PENINSULA ALL-SUITE HOTEL, 313 BEACH ROAD, SEA POINT ON 25 MAY 2017 AT 11H30

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. The chairman advised that Mr Abs was joining the meeting via telephone from Germany. The chairman requested those present to introduce themselves for the benefit of Mr Abs.

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 report of the Directors, Audit Committee and the Auditors insofar as they relate to the levy fund for the period ended 31 December 2016.

Members were invited to raise questions pertaining to the levy fund. As there were no queries, the Chairman invited Vee de Freitas, Financial Manager of The Peninsula All-Suite Hotel, to comment on the expenses that significantly differed from the budget in 2016. Vee De Freitas advised the expense lines that were hit hard were the municipal expenses such as water that was increased by 20% in January due to water restrictions, then again in July (annual increase) and by another 20% in December, (water restrictions).

The guest supplies, laundry, cleaning and guest entertainment were also over budget due to a busier hotel. Chris Godenir explained that the guest entertainment expense was over budget due to the popularity of the Monday night cocktail parties. This expense line is also used to compensate guests who have valid complaints.

Mr Abs questioned whether there was a reserve. The chairman explained that the reserve totaled R6.1 million at the commencement of the 2016 year. R7.9 million was transferred to the reserve in 2016, while R9 million was spent, leaving the reserve with a closing balance of R5 million. Chris Godenir then went on to explain how the capital expenditure program works, using a ten year capex plan. Every year, the board considers a new 10 year capital expenditure program and at the budget meeting, it has to take the balance of the reserve into account, before deciding on the levy increase for the next year. The program is designed to refurbish all the suites in a five year cycle and also allocates major maintenance to a specific year. The decisions regarding the spend of the reserve and levy increases are made at board level and not at shareholders meetings.

There were no further questions. According to the Companies Act, the annual financial statements are approved at board level and are considered and discussed at shareholders meetings. In terms of the notice of meeting of "A" members, the annual financial statements, together with the report of the Directors, Audit Committee and Auditors, insofar as they relate to the levy fund, were to be considered. The chairman noted that these reports, insofar as they relate to the levy fund for the year ended 31 December 2016, had been duly considered and discussed.

ITEM 2

INSURANCE

The Chairman advised that total sum insured covering buildings is R278 million, determined by projected building costs in the hotel industry. Hugh Patrick commented that research was done into building costs and the building insurance was adequate. Contents insurance is R29 million.

Business Interruption is insured for two years levies at R67 million, which means that for the two years of re-building, no levies would be payable by the shareholders. These would be covered by the insurance company.

Directors and Officers cover is R20 million, Public Liability R100 million and Passenger Liability R40 million. Fidelity cover will now be insured at R11.3 million as per the CSOS requirement. This amount is calculated taking the previous year's capital reserve and adding 25% of the current year's operational budget. This replaces the current R500K Fidelity insurance cover, costing an extra R500 per month.

The Directors sought authority to effect and maintain the insurance cover and amend it from time to time on the basis that such cover would generally not be less than the amounts referred to in the preceding paragraphs of this item. The motion was seconded and carried without dissent.

GENERAL

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 August 2017

DATE