

MINUTES OF THE ANNUAL GENERAL MEETING OF THE MEMBERS OF AVALONSPRINGS MOUNTAIN CHALET BODY CORPORATE

HELD ON 28 AUGUST 2013 AT 13H00 AT THE PENINSULA HOTEL, 313 BEACH ROAD, SEA POINT

The Chairman, Weston Dickson, opened the meeting by extending a warm welcome to everybody present; he introduced all Trustees and Avalon staff.

1. Notice / Quorum

The notice had been circulated within the required period and was taken as read. The Chairman confirmed a quorum was present and accordingly the meeting was declared properly constituted.

2. Apologies

Apologies were noted from G. Ekermans (628), R. Bee (608B), A. Amod (608H), A. Barkhan (608C), A. Burger (622), M. Prins (627) and R. Adams (608H)

3. Minutes of the last Annual General Meeting – 4 July 2012

The minutes of the previous Annual General Meeting had been circulated with the notice. As there were no comments or changes suggested, these minutes were signed as a true reflection of the meeting. This notion was proposed by Mr Hedley Adams and seconded by Mrs Di Gordon.

4. Chairman's Report

This had not been circulated with the notice, but copies were available at the door. The Chairman raised the following points:

- Demand for the Mountain Chalets remained high, with average occupancy for the year exceeding 80%.
- Heating the Jacuzzi's has previously been a problem. There are currently three inline heaters installed and hot top covers have been added. Consideration is being given to not heating the spa baths during winter months. However, the trustees would like to get some feedback before making any decisions.
- Golf Carts are still doing well, and to date, fewer problems are being encountered transporting guests to and from the Chalets.
- It was suggested previously that consideration be given to installing back doors into the chalets. This has been done successfully at chalets 603-608 and 612, 613.
- The laundry burnt down in October 2012 and a new one is in the process of being built near the entrance gate, incorporating the old admin office, and which should be completed by mid-September.
- The rental pool return is currently very positive, compared to other resorts, and owners can be very happy.
- New shade cloth has been installed on all the carport canopies, making a huge improvement.
- Levy increase for year ending 2014 was set at 11%. Two of the major expenses for the body corporate are electricity and salaries & wages. Salary increases for year end 2014 were negotiated and a 7% increase accepted. A Provident Fund was introduced for the staff, to which the company will contribute R75.00 per person.
- An agreement has been entered into with a company called Energy Optimizers to assist us with electricity savings over a 24 month period. The capital cost is R43, 000 with a monthly charge of R4000.00 split between the three entities. The capital cost mostly relate to the installation of meters to monitor the electricity demand.
- We are lucky that we are able to split certain costs between three entities, thereby reducing the levy cost.
- A 10 year Capex plan has been drawn up for the entire resort identifying those areas requiring work and which items need to be replaced. The cost of such work or replacement relating to each entity will be borne by them. Costs involving the common areas will be shared. The Budget meetings, scheduled for end October, will address some of the more serious work required. It is suggested that the pool area be redesigned in 2014/2015, as the Island pool is too small to meet the demand from the Chalets, Timeshare Body Corporate & Hotel.
- The Chairman advised that consideration is being given to provide an exchange facility for Chalet owners. There will be no cost to the Body Corporate; however owners who use the facility will pay on a usage basis. Details will be forwarded to the owners once finalized. Mr

Apperley is quite keen on the suggestion, and would like this fast tracked. RCI's membership fees are very high and, as a result, DVC & Flexi Club are in favour of incorporating the exchange facility.

5. Audited Annual Financial Statements for the year ended 28 February 2013

The full set of financials had been circulated with the notice of the meeting.

Income Statement

- Levies received amounted to just over R4 million. After all expenditure and also transferring R135, 200 towards the Refurbishment reserve fund, there was a slight loss of R3090.00.
- Some of the major costs were staff cost at just under R1.8 million; Electricity at just under R600, 000; Insurance at R312, 000 and repairs & maintenance at R363, 000.
- An insurance valuation was carried out on the entire resort to ensure we are properly insured. This was done by our insurers, Afgri Insurance.

Balance Sheet

- Cash in the bank is fairly high; however this is mainly levies paid in advance.
- The reserve fund is on the low side and consideration must be given to increasing this over the next 3-4 years.

As there were no further comments or queries, the annual financial statements were proposed by Mr Hedley Adams, seconded by Mrs Di Gordon and approved.

6. Forecast of Income & Expenditure for the year ending 28 February 2014

The budget was circulated with the notice. Although a surplus of just under R1000 was budgeted for, as at the end of June, there is a surplus of R136, 000. The Chairman believed we should be in line with the budget at year end. There is some concern regarding salary & wages as this will be over budget due to the Provident Fund not being taken into consideration when the budget was drawn up.

Rates & Taxes – there was a credit on these accounts due to our objection to the 2012 valuation. The Municipality re-valued the units at R1.4 million, therefore we will be charged accordingly in the future.

Subscriptions – DSTV were advised on numerous occasions that they had not billed the Chalets for their points used. They subsequently did an audit of the entire resort and realised their error. We will now be charged a monthly fee, which has been provided for in the budget.

As there were no comments or questions, the forecast of income & expenditure was proposed by Mr Hedley Adams, seconded by Mr Dawood Esack, and approved.

7. Insurance Replacement Values

The Chairman referred to page 2 of the financials for the insurance breakdown. The insured value of the property is currently as follows:

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| • Buildings (Fire and Allied Perils) | – R40 million |
| • Contents | – R4.7 million |
| • Business Interruption (18 months with escalation) | – R7.5 million |
| • Public Liability (applied to resort as a whole) | – R50 million |

8. Appointment of Auditors and approval of their fee

The auditors are PKF Inc (Cape Town) who is also audit the Hotel & Timeshare Body Corporate. It was proposed by the Chairman, seconded by Mr Hedley Adams, that PKF be reappointed and approved their fee of R20, 000.

9. Election of Trustees

As no new nominations were received, the re-election of Weston Dickson, Di Gordon, Dawood Esack and Hedley Adams was unanimously accepted.

10. Placing any directions or restrictions on the Trustees

To date no restrictions had been placed on the Trustees and it was agreed that this situation should continue.

11. Domicilium citandi et executandi

There has been no change in the Domicilium of the Body Corporate; therefore it remains at Avalon Springs Hotel, Uitvlucht Street, Montagu.

12. Special Business

No notice for any special business had been received; the Chairman requested any comments from the floor.

- Mr Rawoot congratulated the Trustees on doing a great job, which he believed will continue.
- The Chairman mentioned the E-Guest Questionnaires that are sent out to all guests at the resort and was pleased to see the good comments on the resort and on the staff.
- Mr Apperley suggested that all Jacuzzi's be taken out with two installed in a central place for use by all the Chalets. With two working Jacuzzi's, the managing agent could also investigate the option of a hot pool - for use by the Chalets only - where the old laundry was. This would be a more practical option for Chalet owners who would have their own pool and not have to go all the way down to the hot pools. Mr Rawoot agreed with Mr Apperley that a new pool be built, with consideration be given to weather proofing it. The Chairman stated this option had been investigated previously, but a lot of the owners were concerned with the noise factor a swimming pool would cause. Mr Apperley suggested enclosing the pool, which would assist in keeping the noise factor to a minimum. The Chairman advised all that they would consider this, and report back. Mr Apperley also stated that with an 80% occupation rate, the swimming pool would make the chalets even more sought after and usable for the chalet owners.

As all items on the Agenda had been attended to, the Chairman thanked his fellow Trustees and everyone present for their input. The meeting concluded at 13H45.

CHAIRMAN

DATE