

THE PENINSULA SHARE BLOCK PROPRIETARY LIMITED
Registration No. 1938/011635/07

MINUTES OF THE 34TH ANNUAL GENERAL MEETING OF “A” CLASS MEMBERS OF THE COMPANY, HELD VIA ZOOM WEBINAR AND IN PERSON AT THE PENINSULA HOTEL ON 25TH MAY 2023 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 attending the meeting. The meeting was being held in both electronic format and in person, in line with modern practice. He proceeded to explain that, in terms of the Company's Memorandum of Incorporation (“MOI”), voting at shareholder meetings is conducted by way of a show of hands, unless any shareholder demands a poll, either before or on the declaration of the results of the show of hands. For those who were attending the AGM for the first time, the Chairman outlined the reasons why the agenda points for the current meeting were reserved for the meeting of “A” Class Members. For those who were attending electronically, Nick Dickson explained the voting and questions procedure.

As a quorum of three or more members was present, in terms of the MOI 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 2022.

The Chairman invited Hugh Patrick, Chairman of the Audit Committee of The Peninsula All-Suite Hotel, to comment on the levy fund.

The audit committee meets four times a year and two of those meetings are attended by the external auditors. At the October meeting, the planning and cost of the upcoming audit is discussed and at the February meeting, the findings of the audit are reported back to the audit committee. The auditors had no concerns with the audit and issued an unqualified opinion. Anthea Faulds, who is in charge of the internal audit at Dream Hotels and Resorts, joined the committee in August 2022. Abdullah Davids, the compliance officer at the resort, is also invited to the meetings to report back on the internal audits and policies and procedures.

There has been no issues with the IT security. The resort is now covered against cybercrime. The management team was complimented for the remarkable achievement in getting through three years of Covid-19 pandemic challenges by finding alternative revenue sources and using employees to replace external artisans for the maintenance programme in order to prevent retrenchments.

The report of the Directors, Audit Committee and the Auditors insofar as they relate to the levy fund for the period ended 31 December 2022 was duly considered by all.

ITEM 2

INSURANCE

The chairman stated that insurance still remains a big issue since Covid-19 outbreak. The outbreak of the Covid-19 pandemic has prompted the insurance companies, by issuing a unilateral decree, to effectively exclude from the insurance cover items that were previously covered, such as cover for infectious diseases.

Vee de Freitas advised that Bryte is the new insurance company. Total sums insured covering buildings, including escalation and inflation of 8%, amount to R651 million. Contents are insured for R38 million. This is according to the latest external valuation, performed in September 2022.

Gross profit is insured at R25 million. This is to protect the business portion of the resort, owned by Peninsula Management.

Business Interruption is insured for two years levies at R102 million, which incorporates two years levies with inflation added to the second year. This is to ensure that, in the event of total or partial destruction, for the two years of re-building, no levies would be payable by the shareholders. The current wording is only applicable for material damage and not a defined event. In other words, should the policy have certain extensions such as prevention of access, for example, which would trigger a business interruption claim for the hotel revenue, it would exclude compensation for levies. Management believes the full extension of the policy should be covered for levies as it is for normal revenue and BI claims. Should a material damage event happen as per the policy, the worry is that the resort will end up in the same situation as most share blocks did with COVID where the insurers hide behind the Use Agreement/Share Block Control Act which obliges owners to pay their levies, irrespective of use or the ability to occupy. In other words, should directors insist owners still pay their levies, there is then no loss of income and hence no BI claim payable. With legal consultation, additional wording was inserted, which gives the directors in situations of defined events the ability to not charge owners levies in what would be considered reasonable situations.

A report was submitted to the insurers detailing as to what the directors' understanding of the legal status is if there ever is a claim and requested confirmation from the underwriters that they agree with the directors' opinion. The insurance company, however, is not willing to commit to it. The board believes that the company will have a strong case in the event of claims for loss of levy income as, even though the insurers did not confirm it, they continued charging the premium.

Directors and Officers cover is R20 million, Public Liability R150 million and Passenger Liability R40 million. Fidelity cover is insured at R21 million as per the CSOS requirement. By law, this amount is calculated taking the previous year's capital reserve and adding 25% of the current year's operational budget.

Most insurance companies are currently in correspondence with their clients advising that in case of a complete grid failure, they will not pay out. As long as the generator is operational, cover would be in place.

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. Voting took place and all were in favour.

The resolution was passed without dissent.

GENERAL

Mr Knopp enquired whether owners were still required to pay their full levies during the lockdown period. It was explained to him that owners were given three options, 1) pay the full levy and flexi the week to use at a future time up to week 48 of 2023, 2) pay full levy and spacebank with RCI or Dream Exchange, 3) pay 50% of levies (to cover fixed expenses) and forfeit the week. Alternative income sources were implemented, such as cleaning, laundry and maintenance services offered to people living in the area to help retain employees, who were brought back to work on a three day a week, due to social distancing restrictions. Those employees that worked in areas that were still not operating fully were brought back to work in the maintenance programme, replacing external artisans. This extended to almost a year after lockdown. Employees also received TERS payments from the government. After legal intervention, Hollard, the insurer during the lockdown period, paid out R1 million for infectious diseases, which was split equally between Peninsula Management and Peninsula Shareblock.

The one area that was overspent in the 2022 financial year was diesel consumption to operate the generator as loadshedding intensified in December 2022. As the levy budget for 2023 only R240K for diesel expense and with no end in sight for loadshedding, management agreed to institute a R60 per day surcharge to in-house guests when loadshedding reaches stages 2 and above. Those that do not wish to pay the surcharge will have no electricity in their unit during loadshedding. This action will prevent a high escalation of future levies.

Mr Knopp enquired as to whether a quorum was present. The chairman responded that there only needs to be three shareholders present either in person or by proxy, in which case, a quorum as present.

The management contract between Peninsula Shareblock and Peninsula Management has a long history and is modified from time to time to take account of real world circumstances to bring the agreement into line with practices that are already happening between the parties. The agreement

between Peninsula Management and Dream Hotels and Resorts is due for renewal in the next 18 months. The renewal process will start soon and will be reported back at the next AGM on the progress made and any dramatic changes made in the intervening period.

The trading identity of the hotel, which adds value to the timeshare investment, is driven by occupancies, rates and the quality of management. In order to maintain this to high standards, the hotel is marketed in affiliation to Dream Hotels and Resorts, which manages a large portfolio of hotels and resorts. The board is currently considering a proposal by Dream Hotels and Resorts to modernize the Peninsula logo. The Peninsula will still be the dominant lettering in the logo, bringing in some elements from the Dream Hotels and Resorts into the design of the logo. This affiliation will have value enhancing benefits for the hotel.

Consideration is being given to the age and length of service of the current board members and whether it is the appropriate time to introduce new blood onto the board. Shareholders are welcome at any time to nominate candidates and the board will make a decision to co-opt a director, who would then be subject to re-election at the next AGM.

As there was no further business to be transacted at the meeting, the Chairman thanked the members for their participation and declared the meeting closed at 12H12.



CHAIRMAN

31 August 2023

DATE