



Memorandum
Articles of Association
Scheme Regulations
Trust Deed



CLUB RESORTS INTERNATIONAL

MEMORANDUM OF ASSOCIATION OF A COMPANY NOT HAVING A SHARE CAPITAL

1. NAME

1.1 The name of the Company is :

CLUB RESORTS INTERNATIONAL MANAGEMENT ASSOCIATION
(Association incorporated under Section 21)

1.2 The shortened form of the name of the Association is

CRI
(Association incorporated under Section 21)

The financial year of the Association ends on the last day of December in each year.

2. THE MAIN PURPOSE WHICH THE ASSOCIATION IS TO PROMOTE IS

To fulfil the functions of a management association in pursuance of, and subject to the regulations to the Property Timesharing Control Act No 75 of 1983 in respect of the international leisure property occupation scheme known as "Club Resorts International", and to promote, advance and protect the communal interests of the Members of the Association, being the holders of Point Rights in the scheme, in accordance with the Articles and the Scheme Regulations.

3. THE MAIN OBJECT OF THE ASSOCIATION IS

To fulfil the functions of a management association in pursuance of and subject to the regulations to the Property Timesharing Control Act No 75 of 1983 in respect of the international leisure property occupation scheme known as "Club Resorts International", and to promote, advance and protect the communal interests of the Members of the Association, being the holders of Point Rights in the scheme, in accordance with the Articles and the Scheme Regulations.

4. ANCILLARY OBJECTS EXCLUDED

None of the ancillary objects referred to in Section 33(1) of the Act is excluded from the unlimited ancillary objects of the Association.

5. POWERS

5.1 The specific powers or part of any specific power of the Association, if any, which are excluded from the plenary powers set out in Schedule 2 to the Act are powers (o) and (s).

5.2 The specific powers or part of any specific powers or the Association set out in Schedule 2 to the Act which are qualified under Section 34 of the Act are :

5.2.1 the power set out in paragraph (k) which is amended to read as follows:

"To form and have an interest in any company or companies having the same or similar objects to the Association for the purpose of acquiring the undertaking of all or any of the assets or liabilities of that company or companies or for any other purpose which may seem, directly or indirectly, calculated to benefit the Association, and to transfer to any such company or companies the undertaking or all or any of the assets or liabilities of the Association".

5.2.2 The power set out in paragraph (l) which is amended to read as follows :

"To amalgamate with other companies having the same or similar objects to the Association:

5.2.3 The power set out in paragraph (m) which is amended to read as follows :

"To take part in any management, supervision and control of business or operations of any other company or business having the same or similar objects as the Association and to enter into partnerships having the same or similar objects as the Association:.

5.2.4 The power set out in paragraph (n) which is amended to read as follows :

"To remunerate any person or persons for services rendered in its formation or in the development of its business".

5.2.5 The power set out in paragraph (r) which is amended to read as follows :

"To pay gratuities and pensions and establish pension schemes in respect of its bona fide employees".

6. CONDITIONS

The special conditions which apply to the Association, and the requirements additional to those prescribed in the Act for their alteration are as follows:

6.1 The income and property of the Association however derived shall be applied solely towards the promotion of its main object and no portion thereof shall be paid or transferred directly or indirectly, by way of dividend, bonus or otherwise howsoever, to the members of the Association or to its holding company or subsidiary : provided that nothing herein contained shall prevent the payment in good faith of reasonable remuneration to any officer or servant or employee of the Association or to any member thereof in return for any services actually rendered to the Association.

- 6.2 Upon its winding-up, deregistration, or dissolution, the assets of the Association remaining after the satisfaction of all its liabilities shall be given or transferred to some other association or institution or associations or institutions having objects similar to its main object to be determined by the members of the Association on or before the time of its dissolution or, failing such determination, by the Court; subject to the provisions of clause 6.3 below.
- 6.3 Upon the winding-up, deregistration or dissolution of the Association, the remaining assets will be distributed to associations and/or institutions within the Republic of South Africa which are themselves exempt from tax.

7. PRE-INCORPORATION CONTRACTS (IF ANY)

None.

8. GUARANTEE

- 8.1 The liability of members is limited to the amount referred to in 8.2.
- 8.2 Each member undertakes to contribute to the assets of the Association in the event of it being wound-up while he is a member or within 1 (one) year thereafter, for payment of the debts and liabilities of the Association contracted before he ceases to be a member, and of the costs, charges and expenses of the winding-up and for the adjustment of the rights to the contributories amongst themselves an amount limited to R1,00 (one rand).

9. ASSOCIATION CLAUSE

We, the several persons, whose full names, occupations, residential, business and postal addresses are subscribed, are desirous of being formed into a company in pursuance of this Memorandum of Association and we respectively agree to become ordinary members of the Association.

ARTICLES OF ASSOCIATION
OF
CLUB RESORTS INTERNATIONAL MANAGEMENT ASSOCIATION
(Association Incorporated under Section 21)
Registration No. of Company:

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1. TABLES "A" AND "B"

The Articles of Table "A" or Table "B" contained in Schedule 1 to the Companies Act, 1973, shall not apply to the Association.

The Articles of the Association are as follows:

2. DEFINITIONS AND INTERPRETATION

2.1 In these Articles the following words shall, unless the context otherwise requires, have the following meanings:

Accommodation	means Units and/or Use Rights as hereinafter defined;
Acquisition Agreement	means any agreement pursuant to which a person acquires Point Rights, or applies for Membership and to purchase Point Rights from a Vendor Company conditional upon becoming a Member;
Act	means the Companies Act 1973 of the Republic of South Africa including any statutory modification or re-enactment thereof for the time being in force;
Annual General Meeting	has the meaning given to it in the Act;
Association	means Club Resorts International Management Association (Association Incorporated under Section 21);
Articles	means these Articles of Association (and where appropriate, includes the Memorandum of Association) as amended from time to time;
Auditors	means the Auditors from time to time of the Association;
Board	means the Board of directors of the Association as constituted from time to time;
Chairman	means the chairman from time to time of the Board appointed pursuant to Article 24;
Common Facilities	means facilities and amenities designated for common or communal use by occupiers of Accommodation in Resorts;
Conversion Point Rights	means Point Rights acquired by a Member pursuant to an Acquisition Agreement in terms of which the Member agreed to transfer or to assign Use Rights to a Trust in exchange for such Point Rights;
Extraordinary General Meeting	has the meaning given to it in the Act;
Financial Year	means the financial year of the Association;
Form of Surrender and Request	means a document in a form approved and issued by the Board by which a Member may request a surrender and transfer of his Point Rights;
General Meeting	means an Annual General Meeting or an Extraordinary General Meeting of the Members of the Association;
Intellectual Property Owner	means Club Resorts International (I.P.O.) (Proprietary) Limited registered number 98/09489/07 whose registered office is at 1 Crompton Street, Pinetown, Kwa-Zulu Natal, South Africa, or its nominee, assignee or successor in title;
Interest	means interest at the rate of 4% over the prime rate of the Association's Bankers or such other rate as may be specified by the Board from time to time;
Management Agreement	means the Management Agreement from time to time in terms of which the Management Company undertakes the general management of the affairs of the Association;
Levy/ies	means all and any sums which Members are liable to pay to the Association for purposes of the Levy Fund in accordance with these Articles in respect of the Scheme or the Scheme Accommodation;
Management Company	means the company appointed from time to time pursuant to the provisions of these Articles and the Management Agreement;

Levy Fund	means the fund established in terms of Articles 3.2.7 and 3.2.3.4;
Members	means the subscribers to the Memorandum of Association of the Company and such other persons as are from time to time admitted to Membership in accordance with the Articles;
Membership	means membership of the Association;
Membership Category/ies	means the different categories into which Members fall as a result of differences in the number or origin of their Point Rights and/or differences in the nature and extent of their rights and obligations to the Association, the Trusts and the other Members arising out of the provisions of the individual Acquisition Agreements, and subject to the relevant provisions contained in the Scheme Regulations;
Membership Certificate	means a certificate issued to a Member pursuant to Article 4.3;
Membership Fee	means a fee fixed at the discretion of the Board from time to time pursuant to Article 11.3;
Membership Register	means the register of Members maintained in accordance with the Act;
Memorandum	the Memorandum of Association adopted in respect of the Association together with these Articles;
Movables	means the furnishings, equipment, utensils and all other such things contained in and forming part of the Accommodation;
Notice	means any notice given in terms of these Articles which shall be given in compliance with article 41 (unless specifically provided to the contrary);
Occupancy Rights	means rights, exercisable against redemption of Points, to the exclusive use and occupation of Scheme Accommodation for the duration of a Time Module subject to and in accordance with the provisions of these Articles and/or the Scheme Regulations (as amended from time to time);
Ordinary Resolution	means a resolution passed, on a show of hands, by a simple majority of Members attending or represented by proxy and entitled to vote at a General Meeting, or, on a poll, by Members attending or represented by proxy and entitled to vote at the General meeting, who hold a simple majority of the total number of votes to which all the Members so attending are entitled on a poll;
Points	means the value units in which the extent of Occupancy Rights to which a Member is entitled are expressed in accordance with the provisions of these Articles and subject to the Scheme Regulations (as amended from time to time);
Points Grading	means, in relation to any Accommodation, the allocation of Points to Time Modules which allocation may vary according to the size and quality of the Accommodation and the season and demand for the relevant Time Module;
Point Rights	means the right of a Member to be credited each year with Points in accordance with the Point Rights Register;
Point Rights of Limited Duration	means Point Rights which arise from the introduction of Accommodation into the Scheme for a limited duration and which expire upon the removal of the said Accommodation from the Scheme;
Point Rights Certificate	means a certificate issued to a Member in terms of Article 5.5 specifying his Point Rights;
Point Rights Register	means the register maintained by the Association pursuant to Article 5.5 reflecting the nature, extent and duration of the Point Rights held by each Member;
Resorts	means holiday/leisure resort developments or properties throughout the world and where applicable shall include movable Accommodation;

Resort Points Value Guide	means any Schedule headed as such prepared or adopted by the Association which indicates the description of Accommodation in one or more Resorts (whether or not Accommodation in such Resorts is included in the Scheme) and the Time Modules and Points Grading attributable to each Unit comprised in that Accommodation;
Schedules	means such written Schedules issued in terms of these Articles from time to time, which may be contained in separate documents, comprising: <ul style="list-style-type: none"> (i) Scheme Accommodation Tables; (ii) Resort Points Value Guides; (iii) Annual estimates of Levies for the next ensuing Financial Year and the manner and method of calculation thereof; (iv) Such other information as the Scheme Regulations, the Board or the Intellectual Property Owner may from time to time prescribe;
Scheme	means the leisure property occupation scheme known as Club Resorts International conducted in terms of these Articles and the Scheme Regulations;
Scheme Accommodation	means any Accommodation, Title to which is vested in a Trust in accordance with the provisions of these Articles, and which is therefore included in the Scheme and available for occupation by Members in terms of these Articles and the Scheme Regulations;
Scheme Accommodation Tables	means the part of the Schedules which indicate the Scheme Accommodation, the number of Points in the Scheme relative to each Resort and descriptions of the Accommodation with reference to Units and Time Modules;
Scheme Methods	means the methodology of operation of the Scheme including, without limitation, the methods, know-how, technology, systems, documentation, computer programmes, software, copyright, trade marks, trade names, patents and all other intellectual property relating to the conduct of the Scheme in general and the Points system in particular;
Scheme Regulations	means such regulations as may be issued from time to time by or under authority of the Association or the Board pursuant to Articles 3.2.3 and 13.1.8;
Scheme Rights	means the Intellectual Property Owner's rights in the Scheme Methods and its right to operate the Scheme, including the right to introduce Accommodation into the Scheme and the right to grant licences to Vendor Companies to use and exploit the Scheme and the Scheme Methods;
Special Resolution	means a resolution passed, on a show of hands, by a majority of not less than seventy five per cent of the Members attending or represented by proxy and entitled to vote at a General Meeting, or, on a poll, by Members attending or represented by proxy and entitled to vote at the General meeting, who hold not less than 75% of the total number of votes to which all the Members so attending are entitled on a poll;
Special Levy/ies	means any expenses actually and necessarily incurred or reasonably expected to be incurred by the Association which were not included, or not adequately provided for, in the estimates prepared for purposes of determining the Levies attributed to Members for that Financial Year, and which are recoverable from Members by way of a Special charge in terms of Article 13.1.3;
Time Module	means, in relation to any Accommodation, a specified period of consecutive days shown in relation to that Accommodation in the relevant Resort Points Value Guide;
Title	means: <ul style="list-style-type: none"> (i) in respect of a Unit, legal title and without prejudice to the generality of the foregoing, includes registered freehold or

	sectional title, registered leasehold title, registered ownership of shares in a shareblock scheme, and vested rights under any contractual or club scheme, together with any rights attaching or pursuant to such legal title; and
	(ii) in respect of Use Rights means the vested and exclusive entitlement to a Use Right (as hereinafter defined) derived from a contractual arrangement with the holder of the registered title to the Unit;
Trust	any Trust which holds Title to Scheme Accommodation, and in respect of which the Association has been appointed the beneficiary;
Trust Deed	means any deed of trust in respect of a Trust in terms of which the Association has been appointed as beneficiary for the purpose of securing Scheme Accommodation for the benefit of the Association and its Members, as provided for in these Articles;
Trustee/s	means the Trustee/s for the time being of a Trust , who have been duly appointed and authorised in terms of the Trust Deed and the relevant statutory provisions;
Unanimous Resolution	means a resolution passed by all the members attending or represented by proxy and entitled to vote at a General Meeting;
Unit	means an accommodation unit which may comprise: <ul style="list-style-type: none"> (i) movable property such as an accommodation unit or units in a cruise ship, yacht, canal boat, barge, caravan or other movable from of abode; or (ii) immovable property comprising a residential unit or units such as a chalet, apartment, house, cottage, or suite; or (iii) any other structure intended for habitation by one or more persons primarily for leisure purposes, including if applicable the fixtures and fittings and Movables therein; or (iv) any real property right or any other contractual or personal right conferring the use of any of the properties described in (i) to (iii) above for a specified or specifiable period of the year.
Use Rights	means any rights of use and enjoyment of a Unit which are capable of cession and/or assignment , and where such rights of use and enjoyment are ceded and/or assigned or capable of being ceded and/or assigned to a Trust for purposes of the Scheme, but where the registered title to the Unit remains vested in the cedent/assignor of the rights so that the Trust's rights to the Unit are of a contractual nature;
Vendor Company	means any person which is licensed by the Intellectual Property Owner from time to time to use and commercially exploit the Scheme and the Scheme Methods by introducing Accommodation and/or Use Rights into the Scheme in accordance with the provisions of these Articles and the relevant Trust Deed and to be issued with and to market, sell or otherwise dispose of Point Rights in the Scheme;
Year	means a calendar year during which the Scheme is in operation.

2.2 Unless the context otherwise requires, words and expressions:

- 2.2.1 importing the singular shall include the plural and vice versa and words importing one gender only shall include the other,
- 2.2.2 denoting natural persons shall include legal persons and vice versa;
- 2.2.3 contained and not defined herein shall, if the context so admits, bear the same meaning as in the Act or any statutory modification thereof in force at the date at which these Articles are registered.

3. DUTIES AND POWERS OF THE ASSOCIATION: MANAGEMENT, MAINTENANCE, INSURANCE AND FINANCE

- 3.1 The Association shall control, manage and administer the Scheme in accordance with these Articles for the benefit of Members insofar as it lies within its competence and powers.
- 3.2 In order to procure and maintain the continued viability of the Scheme, and to ensure its effective administration for the benefit of the Members (without limitation to other powers or duties set out in these Articles and the Memorandum), the Association shall:

- 3.2.1 Ensure that there is at all times sufficient Scheme Accommodation so that Members can exercise their Occupancy Rights in accordance with the provisions of these Articles and the Scheme Regulations, and to this purpose the Association shall:
- 3.2.1.1 be entitled to consent to the appointment of the Association as beneficiary of such Trust/s as the Board, in consultation with the Intellectual Property Owner, may approve, subject to any such conditions as the Board may impose, including but not limited to conditions pertaining to provisions to be contained in the Trust Deeds of the relevant Trust/s, limitations on the powers of the Trustees, conditions regarding the creation of Point Rights in the Scheme in respect of Accommodation introduced by such Trust/s, and/or appropriate undertakings by the Association to confer Membership and to issue Point Rights to persons previously benefiting from such Trust/s;
 - 3.2.1.2 be entitled to enter into contractual arrangements with Vendor Companies wishing to introduce Accommodation into the Scheme by means of Trusts, and to issue to such Vendor Companies the Point Rights created in the Scheme as a result of the introduction of such Scheme Accommodation, and to allow the Vendor Companies to become Members of the Association, subject to the provisions of these Articles and the Scheme Regulations from time to time;
- 3.2.2 Comply with directions given from time to time by the Intellectual Property Owner with regard to the correct conduct of the Scheme and in particular the determination by the Intellectual Property Owner of the number of Points to be created in the Scheme as a result of the introduction of Accommodation into the Scheme and the determination of the Points Grading of Time Modules as provided for in these Articles;
- 3.2.3 be entitled from time to time to make Scheme Regulations which shall not conflict with these Articles, and which shall be binding on all Members :
- 3.2.3.1 governing and regulating the use and manner of use by Members and any persons occupying through them, of Scheme Accommodation;
 - 3.2.3.2 governing and regulating the exercise by Members of Occupancy Rights, including but not limited to regulations governing reservation procedures, reservation priority status of Members, and cancellation procedures and penalties;
 - 3.2.3.3 where Point Rights are owned by joint Members, regulating the exercise of the Occupancy Rights by them;
 - 3.2.3.4 subject to the provisions of these Articles, setting out the basis of calculation of Levies, Special Levies and Membership Fees, and the apportionment of Levies between Members, including the computation and nature of costs to be included therein, as well as terms of payment and procedures for the collection of Levies, Special Levies and Membership Fees;
 - 3.2.3.5 regulating or governing the introduction of Accommodation into the Scheme by Vendor Companies;
 - 3.2.3.6 setting out guidelines for the determination by the Intellectual Property Owner of Points Gradings, Points and Point Rights in respect of Accommodation introduced or which may be introduced into the Scheme and/or Time Modules and any variations to them which may be necessary;
 - 3.2.3.7 prescribing the information to be included in Schedules and the preparation and distribution of Schedules to Members;
 - 3.2.3.8 regulating or determining the rights of Members to use Point Rights which are not used in a previous Year or which the Member wishes to use in advance of the Year in which he would otherwise be entitled to them;
 - 3.2.3.9 describing and regulating Membership Categories pursuant to Articles 4.2 and Members' rights and obligations in respect thereof; and
 - 3.2.3.10 any other matters relating to the conduct or affairs of the Scheme which the Board may consider necessary or reasonable or in the interests of the Members, whether or not expressly provided for in these Articles.
- 3.2.4 Be responsible for the preparation and issue of the Schedules;
- 3.2.5 In respect of each Year, ensure that each Member is credited with the number of Points correlating to the Point Rights held by the Member as reflected in the Point Rights Register;
- 3.2.6 Subject to the conditions contained in the Articles, the Scheme Regulations and the relevant Trust Deeds, ensure that Members are entitled and able to use and occupy the Scheme Accommodation for the duration of Time Modules, against redemption by the Member concerned of the number of Points indicated on the Resorts Points Value Guide read with the Scheme Accommodation Tables in respect of such particular Time Modules and Accommodation for the year concerned, subject to such limitations on availability as may arise from time to time by reason of competing applications for the exercise of such Occupancy Rights;
- 3.2.7 Establish a Levy Fund which shall be used to provide for the control, management and administrative expenses of the Scheme, and, whether directly or indirectly, for the maintenance, repair and upkeep of the Scheme Accommodation, for the replacement, repair and upkeep of the Movable, the payment of all amounts owing in respect of the accommodation of staff, the supply of electric current, gas, water, fuel, sanitary and other services to the Scheme Accommodation, any premiums of insurance and for the discharge of any duty or other obligation of the Association, which fund may include a reserve in respect of maintenance;
- 3.2.8 Be entitled to purchase, hire or otherwise acquire movable property for the use of the Members in connection with the exercise of their Occupancy Rights, or for use by the Board or the employees or agents of the Association in connection with the control, management or administration of the Scheme;
- 3.2.9 Be entitled to appoint employees and agents to enable the Association to fulfil its duties and functions, including but not limited to the power to appoint a Management Company;
- 3.2.10 Be entitled to enter into agreements with other operators of resort accommodation schemes, within the Republic of South Africa or elsewhere, for purposes of enabling the members of the respective schemes to cross-utilise Accommodation within the schemes, or to exchange occupancy rights from one scheme to another or for any other purposes deemed to be for the benefit or advantage of the Scheme and the Members;

- 3.2.11 Be entitled to enter into agreements with exchange organisations or entities in order to enable Members to exchange Occupancy Rights in the Scheme for Accommodation which is not included in the Scheme;
 - 3.2.12 Procure insurance of any Scheme Accommodation to the extent that it is not, in the discretion of the Board, sufficiently insured or insured at all by the management of a Resort, for its full replacement value against such risks as the Board may determine from time to time and pay the premiums on any policies of insurance effected by it;
 - 3.2.13 Forthwith apply or procure that any insurance money received in respect of damage to the Scheme Accommodation be applied for rebuilding, reinstating and/or replacing the same, insofar as this may be effected;
 - 3.2.14 On the written request of any Member and payment of a reasonable administrative and copying fee, produce to that Member or any person authorised in writing by him, the policy or policies of insurance so effected and the receipt or receipts for the last premium or premiums in respect thereof;
 - 3.2.15 Procure the proper maintenance of the Scheme Accommodation and ensure that the Scheme Accommodation remains in a state of good repair insofar as it is within its power so to do;
 - 3.2.16 Procure compliance with any notice or order by any competent authority requiring any repairs to or work to be done in respect of any Scheme Accommodation or any part thereof insofar as it is within its power so to do;
- 3.3 The Association shall maintain accurate written records of all its financial transactions and affairs, and shall:
- 3.3.1 deposit all money received by it into a bank account in its name, or into a trust bank account operated by the Management Company;
 - 3.3.2 be entitled to invest moneys not needed for short-term liabilities in a savings or investment account with a bank or other duly registered financial institution in its name, or into an interest bearing trust account operated by the Management Company;
 - 3.3.3 be entitled to obtain additional finance for purposes of funding the cash-flow requirements of the Levy Fund by borrowing money on overdraft or otherwise, and securing the repayment of the loan.

4. MEMBERSHIP/MEMBERSHIP REGISTER/MEMBERSHIP CERTIFICATES

- 4.1 The Board shall, at its absolute discretion, have power to admit persons to Membership of the Association and may admit any person (not being a minor) who has applied to be a Member and who has agreed to acquire Point Rights and every person so admitted shall be entitled to have his name entered in the Membership Register. Every person who wishes to become a Member shall deliver to the Association an application for Membership in such form as the directors require, executed by him.
- 4.2 The rights and obligations of the individual Members *vis-a-vis* the Association, the Trusts and the other Members may vary in accordance with the provisions of these Articles and the Scheme Regulations, with reference *inter alia* to the Membership Category to which each Member belongs. The Membership Category in respect of individual Members may change from time to time in accordance with the provisions of the Scheme Regulations.
- 4.3 The Board shall maintain a Membership Register which shall reflect, in respect of each Member of the Association, his name, address, the date of his admission as Member and the date of termination of his Membership. This register shall be kept up to date and shall be held at the office of the Association.
- 4.4 Membership Certificates:
 - 4.4.1 may be issued to Members upon request and against payment of the applicable fee following entry of their names in the Membership Register;
 - 4.4.2 shall be in such form as the Board may from time to time specify;
 - 4.4.3 shall bear the signature of a Board member (or the Management Company if authorised on behalf of the Board);
 - 4.4.4 may, if defaced, lost or destroyed, be replaced on such terms (if any) as to evidence and indemnity and payment of the expenses reasonably incurred by the Association as may be determined by the Board (or the Management Company on its behalf), and (in the case of defacement) on delivery up of the old certificate.
- 4.5 In the case of joint Members, as described in Article 35, the senior of them shall be deemed to be the Member, seniority being determined by the order in which the names of the holders stand in the Point Rights Register. Joint Members shall be jointly and severally liable for all obligations of a Member;
- 4.6 Should a Member cease to be the holder of Point Rights or cease to be entitled to a Point Rights Certificate, he shall *ipso facto* cease to be a Member provided that any continuing or other obligation to the Association or a Vendor Company arising prior to such person ceasing to be a Member, shall continue to bind the Member until such obligation is extinguished;
- 4.7 A Member shall have no rights in respect of the Movables other than the right to use the Movables contained in Scheme Accommodation during his occupation of the Scheme Accommodation.
- 4.8 No person may acquire Point Rights unless he shall first or simultaneously become a Member of the Association.

5. POINT RIGHTS / POINT RIGHTS REGISTER / POINT RIGHTS CERTIFICATES

- 5.1 Determination of Point Rights
 - 5.1.1 Subject to the provisions of these Articles and the guidelines contained in the Scheme Regulations from time to time, the Intellectual Property Owner shall determine the number of Points applicable to all Scheme Accommodation introduced into the Scheme, which shall be capable of issue and allotment as Point Rights in accordance with the provisions of these Articles and the Scheme Regulations.
 - 5.1.2 The number of Point Rights issued to Members shall never exceed the number of Point Rights created in respect of Scheme Accommodation.
 - 5.1.3 Where additional Accommodation is introduced into the Scheme from a Resort in relation to which Scheme Accommodation already exists, the number of Points created in respect of such additional Accommodation shall be the same, *pro rata*, as that created in respect of the existing Scheme Accommodation in that Resort.

- 5.1.4 The number of Points created in respect of Accommodation in Resorts in relation to which Scheme Accommodation does not already exist shall be determined taking into account the relative standard of that Accommodation and the facilities of the Resort in which it is situated and the standard of Scheme Accommodation and facilities in Resorts in which the Scheme Accommodation is situated as well as the relative replacement cost of Scheme Accommodation.
- 5.1.5 Once determined, the number of Points created in respect of any Scheme Accommodation shall not be varied except in terms of Article 5.4 hereunder.
- 5.2 Vendor Companies
- 5.2.1 In consideration for introducing the Accommodation into the Scheme and subject to the provisions of the Trust Deed, the Articles and the Scheme Regulations, a Vendor Company shall be issued with the Point Rights created in respect of such Accommodation.
- 5.2.2 Vendor Companies shall be entitled to market, sell or otherwise dispose of Point Rights in accordance with these Articles, the Scheme Regulations, the relevant Trust Deed and the licence granted to them by the Intellectual Property Owner.
- 5.2.3 On expiry of the period of duration of a Member's entitlement to Point Rights, as specified in the Acquisition Agreement or on the Point Rights Certificate, such Point Rights shall, subject to the Association's rights in terms of Article 12, revert to the Vendor Company which introduced into the Scheme the Accommodation in respect of which such Point Rights were originally created, provided that such Accommodation is still in the Scheme.
- 5.2.4 Where in accordance with these Articles Point Rights should revert to a Vendor Company, and the Board, having made all reasonable enquiries, cannot identify the Scheme Accommodation in respect of which any such Point Rights were originally created and/or the Vendor Company to which the Point Rights were originally allocated (as the case may be), or if such Vendor Company cannot be traced or has been liquidated or has ceased trading, then those Point Rights shall, subject to the Association's rights in terms of Article 12, be allocated to the Intellectual Property Owner.
- 5.3 Points Grading
- 5.3.1 Upon the introduction of any Accommodation into the Scheme, the Intellectual Property Owner shall determine the Points Grading of that Accommodation, taking into consideration the provisions of Articles 5.3.3 and 5.3.4 below.
- 5.3.2 Points Grading of Accommodation shall be re-determined by the Board before the end of each Year for the following Year to take account of changes in the seasonal demand for Accommodation, but without altering the total number of Points allocated to the Scheme Accommodation for the Year.
- 5.3.3 Where additional Accommodation is introduced into the Scheme from a Resort in relation to which Scheme Accommodation already exists, the Points Grading of that additional Accommodation shall be the same, pro rata, as the Points Grading of the existing Scheme Accommodation in that Resort.
- 5.3.4 The Points Grading of Accommodation in Resorts in relation to which Scheme Accommodation does not already exist shall be determined taking into account the relative Points Grading of similar Scheme Accommodation which is in the same general location.
- 5.4 Variation of Points in respect of Accommodation
- 5.4.1 Notwithstanding the provisions of Articles 5.1 and 5.3, the Association may vary the Points Grading of specific Scheme Accommodation in specific Resorts to take into account any reduction or improvement in the quality of that Accommodation as compared with other Scheme Accommodation and/or any increase or decrease in demand for a specific Resort or group of Resorts. Any such variation shall be made so as to ensure that the total number of Points in the Scheme is not altered, notwithstanding that the Points Grading of the entire Year of certain Scheme Accommodation may increase while that of other Scheme Accommodation may decrease. In the event that the Points Grading of specific Scheme Accommodation in a specific Resort is varied, then the varied Points Grading will be referred to when calculating the number of Points to be issued in relation to any additional Accommodation at that Resort in accordance with Article 5.1.3.
- 5.4.2 A variation of Points Grading made by the Association in accordance with Article 5.4.1 above shall not be effective until it has been ratified by a Special Resolution of the Association and shall be made principally for the purpose of improving the quality and operation of the Scheme and furthering the collective enjoyment of the Scheme Accommodation by the Members (both present and future) taken as a whole.
- 5.5 Point Rights Register and Point Rights Certificates
- 5.5.1 The Association shall maintain a Point Rights Register and shall enter therein a description of the nature, extent and duration of the Point Rights allocated to and held by each Member. This register shall be kept up to date and shall be retained at the office of the Association.
- 5.5.2 Point Rights Certificates may be issued to Members upon request and against payment of the applicable fee following entry of their names in the Point Rights Register, and shall bear the signature of a Board member (or the Management Company if duly authorised on behalf of the Board).
- 5.5.3 Point Rights Certificates shall be designated "Not Transferable" and shall not be capable of transfer or cession without recourse to and the consent of the Association (or the Management Company on behalf of the Association, if so authorised), and subject to compliance with the provisions contained in or referred to in these Articles.
- 5.5.4 A replacement Point Rights Certificate may be issued to a Member upon request and against payment of the applicable fee who disposes of part only of his Point Rights subject to the provisions of Article 4.4.4 mutatis mutandis.

6. TRANSFER OF POINT RIGHTS

- 6.1 Conversion Point Rights shall not be capable of being sold or otherwise disposed of by the Member unless Title to the Unit from which such Use Rights derive is transferred to a Trust or on other conditions that may be imposed by the Board or the Management Company on behalf of the Board.
- 6.2 Subject to Articles 6.3 and 6.4, any Member may bequeath, sell or otherwise dispose of Point Rights, which are not Conversion Point Rights, to any person (a "Transferee") provided that -
- 6.2.1 he has paid all amounts which may be owing by him to the Association or Vendor Company; and
 - 6.2.2 he is not in breach of any of the provisions of these Articles; and
 - 6.2.3 the Transferee has applied for Membership of the Association; and
 - 6.2.4 the prior consent to or subsequent ratification of the disposal by the Board has been granted in writing.
- 6.3 In the event of a Member wishing to transfer all of his Point Rights:
- 6.3.1 he shall not in any way dispose of his Point Rights unless the proposed Transferee is a Member or has agreed to apply for Membership of the Association, and any transfer or disposition shall be subject to the transferee being admitted to Membership;
 - 6.3.2 he shall deliver his Point Rights Certificate and Membership Certificate to the Association or Management Company on its behalf together with the prospective transferee's application for Membership (if applicable), and a Form of Surrender and Request duly executed by him and by the Transferee and, upon payment of the applicable fee and approval by the Board of the Transferee's application for Membership, the Association shall:
 - 6.3.2.1 procure that the transferor's Membership is cancelled and that the Transferee is admitted to Membership; and
 - 6.3.2.2 procure that the Transferee's details are entered in the Membership Register and the Point Rights Register; and
 - 6.3.2.3 procure that the Transferee is issued with a Point Rights Certificate and a Membership Certificate;
- 6.4 In the event of a Member wishing to sell or dispose of part only of his Point Rights, the provisions of Article 6.3. shall apply mutatis mutandis in respect of such part provided that he shall not be entitled to dispose of fractions of Point Rights or any number of Point Rights lower than the minimum number of Point Rights transferable which shall be determined from time to time by the Board. On acceptance by the Association of the Form of Surrender and Request, the Management Company shall be instructed to issue or procure the issue of a new Point Rights Certificate in favour of the Transferee, and an amended or new Point Rights Certificate in the name of the existing Member reflecting the balance of Point Rights still held by him, and the Point Rights Register shall be amended accordingly.
- 6.5 The transferor of Point Rights shall remain a Member and be entitled to the Point Rights with concomitant rights and obligations until the Transferee is registered as a Member and his name is entered in the Point Rights Register and a Point Rights Certificate and a Membership Certificate have been issued in favour of the Transferee.
- 6.6 A prospective Transferee with a vested legal right to the Point Rights of a deceased or insolvent Member shall, within six months of such vesting, deliver the relevant Point Rights Certificate to the Association or Management Company together with such evidence of the Member's death or insolvency and the Transferee's entitlement to the Point Rights as the Board may require and a completed application for Membership and an application for transfer in a form approved by the Board from time to time and upon payment of the applicable fee and approval of the Transferee's application for Membership, the Association shall:
- 6.6.1 procure that the Transferee is admitted to Membership of the Association; and
 - 6.6.2 procure that the Transferee's details are entered in the Membership Register and the Point Rights Register; and
 - 6.6.3 procure that the Transferee is issued with a Point Rights Certificate and a Membership Certificate.
- 6.7 Notwithstanding the provisions of Article 6.6, the Association shall not be obliged to transfer the Point Rights of a deceased or insolvent Member to any person claiming legal right to transfer thereof unless all contributions to the Levy Fund, Membership Fees and/or any other liabilities to the Association or the Vendor Company in respect of such Point Rights have been paid or secured. If any such liabilities remain outstanding and the person claiming a right to the transfer of the Point Rights does not accept liability to pay the outstanding Levies, Membership Fees or liabilities within a period of not more than 6 months from the date of notification to him of such liabilities, the Association shall be entitled to implement the security provisions of Article 12.
- 6.8 In the event of a Member being deceased or insolvent, and no person having claimed title to the Point Rights within a period of two years from the date of death or insolvency of the Member, then the Point Rights shall revert to the Vendor Company in terms of Article 5.2.3 subject to the Association's rights in terms of Article 12.
- 6.9 No transferee of Membership or Point Rights shall have any greater rights than those enjoyed by the transferor, and the membership or title of the transferee shall be subject to any limitations which applied to the transferor.

7. CESSATION OF MEMBERSHIP

- 7.1 A Member shall cease to be a Member:
- 7.1.1 when he ceases to be the registered holder of Point Rights; or
 - 7.1.2 on his withdrawal as Member of the Association in terms of Article 7.2.
- 7.2 A Member may at any time withdraw from the Association by giving at least 28 days clear notice to the Association, provided that such withdrawal shall not in any way affect the Association's rights against such Member which accrued or

arose as a result of circumstances existing prior to the date on which he ceases to be a member, and provided further-
more that he also ceases to be the registered holder of Point Rights.

- 7.3 If a Member ceases to be a Member his Point Rights shall, except as provided in Articles 5.2.4, 6.2, 6.6, and Article 12.2 revert to the Vendor Company which introduced the Scheme Accommodation into the Scheme in respect of which those Point Rights were created.
- 7.4 Upon the Member ceasing to be a Member, neither he nor any of his successors, executors, personal representatives, trustees or liquidators shall have any claim upon or interest in or rights to the funds or other property of the Association or of the Trusts.
- 7.5 Notwithstanding termination of Membership for any reason, the Association shall be entitled to claim from any Member or his estate any Levies, Membership Fees and other sums due by him, together with Interest from the date upon which such amounts are due and payable until the date of payment in full.

8. POINT RIGHTS OF LIMITED DURATION

- 8.1 Point Rights of Limited Duration shall be allocated in respect of any Accommodation introduced into the Scheme, Title to which will not be held by a Trust in perpetuity (whether by reason of the expiry of such Accommodation, its reversion to a third party or for any other reason whatsoever).
- 8.2 Point Rights of Limited Duration shall be recorded as such, together with their date of expiry, on the Point Rights Register. They shall exist only for a period equal to the period during which Title to the Scheme Accommodation in respect of which they are allocated is vested in a Trust. Upon removal of such Scheme Accommodation from the Scheme the Point Rights shall expire for all purposes.
- 8.3 Upon the expiry of Point Rights of Limited Duration, the Member entitled to such Point Rights shall cease to be the registered holder thereof, the Point Rights Register shall be amended accordingly and the provisions of Article 7.1 shall apply if appropriate.

9. OCCUPANCY RIGHTS

- 9.1 Title to the Scheme Accommodation shall vest in a Trust in accordance with the provisions of the Trust Deed and subject to the provisions of these Articles.
- 9.2 Ownership of Point Rights shall entitle a Member to Occupancy Rights against redemption of Points as indicated from time to time in the Schedules.
- 9.3 Occupancy Rights shall be exercisable during a Time Module, and:
 - 9.3.1 in respect of any Scheme Accommodation, the duration of available Time Modules shall be shown on the Resorts Points Value Guide together with the number of Points which must be redeemed in order to exercise the Occupancy Rights in respect of each such Time Module;
 - 9.3.2 the Points Grading of Scheme Accommodation shall be determined in terms of Articles 5.3 and 5.4 and the Scheme Regulations.

10. DUTIES OF MEMBERS OCCUPYING ACCOMMODATION

A Member, or any person occupying Scheme Accommodation through a Member, shall:

- 10.1 when occupying Scheme Accommodation, permit any person authorised in writing by the Board (or the Management Company on its behalf), at all reasonable times on notice, except in case of emergency when no notice shall be required, to enter the Scheme Accommodation for purposes of inspection, maintenance and repair or to ensure that the provisions of these Articles are being observed;
- 10.2 not have any claim whatsoever against the Association as a consequence of any disturbance or interference with his Occupancy Rights should the operations referred to in Article 10.1 amount to a disturbance, interference or deprivation of the Occupancy Rights, save that the Board may, at its discretion, refund to the Member some or all of the Points used by him for the exercise of such Occupancy Rights;
- 10.3 use Common Property in such a manner as not to interfere unreasonably with the use and enjoyment thereof by other Members or other persons lawfully entitled thereto;
- 10.4 not use Scheme Accommodation or permit it to be used in such a manner or for such purpose as will cause a nuisance to other Members or to any other persons lawfully entitled to the use thereof or of the Common Property or of the Resorts, and shall ensure compliance with the Scheme Regulations by any person occupying through him, including servants, guests and any member of the family of any Member or occupant;
- 10.5 not use the Scheme Accommodation or permit it to be used in such a manner or for such purpose as shall be injurious to the reputation of the Scheme or the Resort;
- 10.6 exercise reasonable care in the use of the Movables, the Scheme Accommodation and the Common Facilities;
- 10.7 for the duration of his occupation of Scheme Accommodation, be responsible for loss or damage caused to the Scheme Accommodation, the Common Facilities or to the Movables as a result of negligence or willful acts or neglects by him, any members of his family, his guests or invitees to the property.
- 10.8 not, while exercising Occupancy Rights, contravene or permit the contravention of any law, by-law, ordinance, proclamation, regulation or the conditions of any licence relating to or affecting the Resort, the Scheme Accommodation or the Common Property or the carrying on of business in such buildings or the conditions of title applicable thereto;
- 10.9 not make any alterations or cause any damage to the Scheme Accommodation.

11. LEVIES, SPECIAL LEVIES AND MEMBERSHIP FEES

- 11.1 Members shall be liable for payment to the Association of the Levies and Special Levies raised pursuant to Article 13 in respect of Point Rights registered in their names at the time when the resolution by the Board in terms of which such Levies are raised, is passed, or during any period in which levies are payable.
- 11.2 The Association shall be entitled to include in the Levies payable by individual Members any costs and charges solely

- attributable to that Member arising from his exercise of Occupancy Rights or specific services rendered at his instance or on his behalf;
- 11.3 Each Member shall furthermore be liable to pay to the Association an annual Membership Fee which shall be determined by the Board, in terms of the Scheme Regulations from time to time, and which shall be charged to each Member in accordance with his Membership Category, regardless of whether or not he reserves Scheme Accommodation or exercises Occupancy Rights during that year.
- 11.4 A certificate at any time issued under the hand of a Board member or by the Management Company if authorised on behalf of the Board certifying any amount payable by a Member in terms of these Articles, shall be prima facie evidence of any amount so due by a Member, whether in respect of Levies, Special Levies, Membership Fees or any other charges due to the Association.
- 11.5 The Association shall be entitled to charge Interest on overdue Levies, Special Levies and Membership Fees.
- 11.6 Any contributions, costs or charges levied under Article 11 or 13 shall be due and payable at such time as shall be specified by the Board, and may be recovered by action in any court of competent jurisdiction from persons who are Members at the time such contributions are levied as reflected in the Membership Register.

12. SECURITY

- 12.1 Each Member shall be deemed to have ceded and assigned to the Association by way of security all his rights to and arising out of his Point Rights for the due and punctual performance by him of his obligations under these Articles;
- 12.2 Should any debt due from a Member to the Association be due and payable but remain unpaid despite demand for payment, the Association shall be entitled to exercise all rights pertaining to the Member's Point Rights to the extent necessary to recover such debt.
- 12.2.1 More particularly, should a Member:
- 12.2.1.1 fail to pay any amount due and owing to the Association within twenty-eight days following the issue of a notice of demand by the Association to the Member to pay such amount; or
- 12.2.1.2 be in breach of any of his obligations to the Association where such breach is capable of being remedied and fail to remedy the same within twenty-one days following the issue of a notice of demand by the Association to the Member requiring him to remedy the breach; or
- 12.2.1.3 be in breach of any of his obligations to the Association, which breach is not capable of being remedied either within the period of notice contemplated above or at all; or
- 12.2.1.4 being a company, or other corporate body, be wound up or cease to trade or be unable to pay its debts as and when they fall due, or should a receiver, administrator or manager be appointed in respect of some or all of the undertakings of the Member; or
- 12.2.1.5 being an individual, be provisionally or finally sequestrated, or enter into any arrangement with his creditors or have a receiver or trustee appointed over some or all of his assets or become subject to any other form of insolvency proceedings; then the Association shall be entitled, without prejudice to any other rights which it may have and subject only to any prior ranking rights of the Vendor Company in terms of an Acquisition Agreement,
- 12.2.2 then the Association shall have the right;
- 12.2.2.1 to declare all amounts owing by the Member to the Association, whether then due and payable or not, as being immediately due and payable and the Member shall in such event be liable to make immediate payment of such amounts; and/or
- 12.2.2.2 to obtain possession of the Point Rights Certificate and the Membership Certificate from such Member and/or to remove his name as registered holder of Point Rights from the Point Rights Register in which case the provisions of Article 7.1 shall apply, provided that, should a Member fail or refuse to deliver the Point Rights Certificate and/or the Membership Certificate, the Association or Management Company on its behalf shall be entitled to cancel such Certificate/s and to issue a new Certificate/s in replacement thereof; and/or
- 12.2.2.3 as agent for and on behalf of the Member, without being under an obligation to do so, to rent or let Scheme Accommodation during any relevant Time Module by redeeming the Member's Points for Occupancy Rights, and to collect all rental and moneys payable under such rent or letting and to set off against or deduct from such moneys any sums whatsoever that may be owed by the Member to the Association; and/or
- 12.2.2.4 to cancel or sell or dispose of or realise in any other manner and on such terms and conditions as the Board may in its discretion deem fit, the Member's Point Rights.
- 12.3 The Member irrevocably appoints the Chairman of the Board, with power of substitution, on its behalf as his lawful attorney and agent in his name, place and stead to sign all and any documents and do all and any such things as may be required or requisite to give effect to the provisions of this Article 12.
- 12.4 Nothing contained in this Article 12 or Article 5.5.3 shall be construed as prohibiting Members from ceding or pledging their Point Rights Certificates to third parties as security for loans or advances to Members or to discharge their obligations in terms of Acquisition Agreements concluded with a Vendor Company, subject to the Association's prior rights under these Articles, and in such event the Member shall be responsible to notify such third party of the prior security created by Article 12.1, and shall notify the Association (or the Management Company on its behalf) in writing of the name and address of the cessionary or pledgee in the form required from time to time by the Management Company;
- 12.5 References in this Article 12 to the indebtedness from time to time of the Member shall be deemed to include Interest on such indebtedness and the legal costs of the Association (on an attorney and own client basis) incurred in connection with the recovery of all sums due from the Member for which costs the Member shall be deemed to have indemnified the Association.

13. POWERS AND DUTIES OF THE BOARD

- 13.1 The Association shall appoint a Board who shall, unless specifically provided otherwise herein or in the Act, exercise the powers and fulfill the duties of the Association on behalf of the Association in accordance with the provisions of these Articles, which shall include the power and/or duty:
- 13.1.1 to establish a Levy fund sufficient in the opinion of the Board for the purposes of Article 3.2.7;
 - 13.1.2 to prepare or procure preparation of, prior to the end of each Financial Year, an estimate of the anticipated income and expenditure of the Association for the ensuing Financial Year for purposes of the Levy Fund. Such estimates shall be prepared in accordance with generally accepted accounting principles and shall take into account any financial forecasts provided by the Auditors and may include provision for such contingencies and other charges as the Board may regard appropriate including such sums over and above the actual or envisaged expenses in respect of the Financial Year as the Board may deem necessary or prudent for the purposes of establishing a reserve fund against long term or extraordinary expenses. Once approved by the Board, the total amount estimated shall be allocated to Members as the Levy for the forthcoming Year;
 - 13.1.3 from time to time to impose Special Levies upon the Members or call upon them to make special contributions to the Levy Fund in respect of all such expenses which are not included in any estimates made in terms of Article 13.1.2 and such Special Levies and contributions may be made payable in one sum or by such instalments and at such time or times as the Board shall think fit;
 - 13.1.4 to realise the amounts determined in terms of Articles 13.1.2 or 13.1.3 above by levying contributions on Members pro rata in accordance with the Point Rights held by Members or as may be otherwise provided by the Scheme Regulations;
 - 13.1.5 to require from Members that they make contributions to the Levy Fund for the purposes of satisfying any claims against the Association whenever the Association shall deem it necessary, and to charge interest, and to determine the rate of interest, payable by any Members who fail to pay Levies or Special Levies or Membership Fees by the date on which they fall due;
 - 13.1.6 to open and operate current accounts and/or savings or other interest-bearing accounts with a bank/s or registered financial institution/s;
 - 13.1.7 to appoint such employees or agents as it may deem fit;
 - 13.1.8 to make Scheme Regulations as contemplated in Article 3.2.3 and for the purposes of enforcement of any such regulations, the Board may take such action, including the issue of proceedings or the imposition of a reasonable financial penalty by way of liquidated damages, as it may deem fit.
 - 13.1.9 to enter into such agreements as it may consider necessary in connection with the control, administration and management of the Scheme for the benefit of Members and to do all such things as may be necessary to give effect thereto;
 - 13.1.10 to maintain or ensure the maintenance of the Scheme Accommodation;
 - 13.1.11 to borrow moneys required by it in the performance of its duties or the exercise of its powers and in pursuance of its business, including but not limited to the power to borrow on overdraft such funds as are reasonably required from time to time to provide for the adequate cash flow requirements of the Levy Fund;
 - 13.1.12 to secure the repayment of moneys borrowed by it and the payment of interest thereon;
 - 13.1.13 to invest any surplus moneys of the Levy fund remaining after giving effect to the provisions of this clause for the benefit of the Levy fund;
 - 13.1.14 where appropriate to enter into agreements with any authority or any person or body for the supply to the Scheme Accommodation of electric current, gas, water, fuel, sanitary and other services;
 - 13.1.15 where appropriate to enter into agreements with any party for the provision of amenities or services in respect of the Scheme Accommodation;
 - 13.1.16 to do all things reasonably necessary for the enforcement of these Articles and the Scheme Regulations and generally in relation to the control, management and administration of the Scheme;
 - 13.1.17 to deny any Member the use of any Scheme Accommodation for any period during which such Member is in arrears in payment of any moneys due by such Member to the Association, or during which such Member is otherwise in breach of any of his obligations under these Articles;
 - 13.1.18 to prohibit the transfer of any Point Rights or the exercise of any Occupancy Right by any Member unless all moneys due to the Association by that Member have been paid or provision has been made to the satisfaction of the Association for payment thereof;
 - 13.1.19 to delegate to one or more of the Board members such powers and duties as the Board may deem fit, and at any time to revoke such delegation;
 - 13.1.20 generally to do or perform, or cause to be done or performed, any act deemed necessary for the furtherance of the objects of the Association, including the right to prohibit, restrict or control use of any of the Scheme Accommodation or any part thereof as may from time to time be necessary or expedient.
- 13.2 The Board shall have the right to delegate to a Management Company any of its duties, powers and obligations in terms of these Articles and, unless otherwise stated herein, the duties and powers of the Association may be fulfilled and exercised by the Board as fully and effectually as if exercised by the Association.
- 13.3 The Board shall:
- 13.3.1 use all reasonable endeavours to procure appropriate insurance in terms of which any loss of moneys belonging to the Association or for which it is responsible, sustained as a result of an act of fraud or dishonesty committed by any person in the service of the Association or any director will be made good up to a total sum as determined by the Association from time to time.
 - 13.3.2 keep a record of the Scheme Regulations in force from time to time;
 - 13.3.3 shall on the application of a Member supply to such Member a copy of the Scheme Regulations in force and may require him to pay a reasonable charge therefore;
 - 13.3.3.1 keep minutes of their proceedings and all resolutions passed in a minute book;

- 13.3.3.2 cause a record to be kept of all minutes of meetings or resolutions passed by the Members in a minute book kept for that purpose;
- 13.3.3.3 keep all minute books, or microfilmed or other copies thereof;
- 13.3.3.4 on the written application of a Member make the minutes of meetings of the Association, or copies thereof, available for inspection by such Member subject to the recovery of the reasonable costs from such Member;
- 13.3.4 cause proper accounts and records to be kept in accordance with the Act;
- 13.3.5 on the application of any Member, make all or any of the accounts and records referred to in Article 13.3.4, or copies thereof, available for inspection by such Member subject to the recovery of the reasonable costs from such Member;
- 13.3.6 cause all accounts and records, whether microfilmed, computerised or other copies thereof, to be retained for a period of at least 7 years after completion of the transactions, acts or operations to which they relate;
- 13.3.7 cause to be prepared and shall lay before every Annual General Meeting for consideration in terms hereof, audited accounts in accordance with the Act;
- 13.3.8 further cause to be prepared and shall lay before every Annual General Meeting for consideration a report signed by the Chairman reviewing the affairs of the Association during the past year;
- 13.3.9 prior to the first General Meeting appoint an Auditors of the Association and fix his remuneration;
- 13.3.10 generally perform any such other duties as may be required to be performed by the Association.

14. ELECTION OR APPOINTMENT OF BOARD

- 14.1 There shall be no less than two and no more than seven directors. It shall not be necessary for a director to be a Member of the Association.
- 14.2 At the first General Meeting of the Association held after the adoption of these Articles:
 - 14.2.1 the Members (other than any Vendor Company) shall elect up to four directors;
 - 14.2.2 the Intellectual Property Owner shall appoint up to three directors.
- 14.3 After the first General Meeting of the Association;
 - 14.3.1 up to four directors shall be elected by the Members (other than the Vendor Company) at each Annual General Meeting and shall hold office until the next Annual General Meeting, but shall be eligible for re-election;
 - 14.3.2 the Intellectual Property Owner shall be entitled to appoint up to three directors on notice in writing to the Association lodged at the office of the Association, who shall hold office until they cease to hold office for any of the reasons set out in Article 21.

15. NOMINATIONS OF DIRECTORS

Nominations by Members for the election of the directors referred to in Articles 14.2.1 or 14.3.1 shall be given in writing, accompanied by the written consent of the person nominated, so as to be received at the office of the Association not later than 7 days before the Annual General Meeting, provided that, should there be no or insufficient nominations before the meeting, nominations may be called for and accepted at the Meeting.

16. VACANCY ON BOARD AND CO-OPTION

- 16.1 The Board may fill any vacancy in its number caused by a director ceasing to be a director which director was appointed in terms of Articles 14.2.1 or 14.3.1.
- 16.2 Any director so appointed shall, subject to Article 21, hold office until the next Annual General Meeting when he shall retire and be eligible for re-election as though he had been elected at the previous Annual General Meeting.
- 16.3 Any vacancy in the Board caused by a director, who was appointed in terms of Articles 14.2.2 or 14.3.2, ceasing to be a director, may be filled by a director nominated by the Intellectual Property Owner, who shall hold office in terms of Article 14.3.2.

17. ALTERNATE DIRECTORS

- 17.1 A director may appoint in writing any other director, or any other person, reasonably acceptable to the Board, whether or not such other person is a Member, to act as an alternate director in his stead and may remove from office an alternate director so appointed by him.
- 17.2 An alternate director shall have the power and be subject to the duties of the director by whom he was appointed.
- 17.3 An alternate director shall cease to be an alternate director if his appointor ceases to be a director.

18. REMUNERATION OF DIRECTORS

- 18.1 The Association shall reimburse directors all disbursements and expenses actually and reasonably incurred by them in carrying out their duties and exercising their powers.
- 18.2 The Association may remunerate directors at such rate as may be approved by the Association in General Meeting, provided always that an alternate director shall look for his remuneration, if any, to his appointor and not to the Association unless the Association be instructed in writing by the appointor to pay any portion of his remuneration to such alternate director.

19. VALIDITY OF ACTS OF BOARD AND COMMITTEE MEMBERS

Any act performed by the Board or a committee of the Board shall, notwithstanding that after the performance of the act it is discovered that there was some defect in the appointment or continuance in office of any director, be as valid as if every such person had been duly appointed or had duly continued in office.

20. INDEMNITY

- 20.1 Every director, agent or other officer or servant of the Association is hereby indemnified by the Association against all costs, losses, expenses and claims which he may incur or become liable for by reason of any act done by him in the discharge of his duties, unless such costs, losses, expenses or claims are caused by the negligence, willful default or fraudulent act of such person;
- 20.2 The indemnity referred to in Article 20.1 shall apply in favour of any Management Company appointed in terms of these Articles insofar as the Management Agreement does not provide otherwise;
- 20.3 The Board may at its discretion and on such terms as it thinks fit purchase and maintain for the Association or for any director, secretary or other manager or officer other than the Auditors of the Association insurance against any liability which might by virtue of any rule of law attach to such director, secretary, or other manager or officer in relation to any negligence, default, breach of duty or breach of trust in relation to the Association or its business or affairs or to any subsidiary and against such liability as mentioned in Article 20.1.
- 20.4 Subject to the provisions of the relevant Trust Deed, the Association shall
- 20.4.1 indemnify the Trustees against all liabilities which they may incur as a result of or arising out of any breach by the Association of its duties in terms of the Articles; and
- 20.4.2 pay on demand all expenses, costs and charges relating to the Scheme Accommodation, including but not limited to the costs relating to the Scheme Accommodation and set out in Article 3.2.7.
- 20.5 Neither the Association nor any of its directors, officers, employees or agents shall be responsible for any loss or damage which a Member may sustain by reason of any act or omission on the part of the Association, or any of its directors, officers, employees or agents, whether such act or omission amounts to a breach of the Association's powers or duties in terms of these Articles or the Scheme Regulations, or is due to fault or negligence on the part of the Association or any person aforesaid.

21. DISQUALIFICATION OF DIRECTORS AND REMOVAL FROM OFFICE

A director shall cease to hold office as such

- 21.1 if by notice in writing to the Association he resigns from his office; or
- 21.2 he is, or may be, suffering from mental or physical disorder of such a nature as shall render him, in the opinion of the remaining directors, acting on reasonable grounds, incapable of fulfilling his duties as director; or
- 21.3 if his estate is provisionally or finally sequestrated or if he makes any arrangement or composition with his creditors generally; or
- 21.4 if he is convicted of an offence which involves dishonesty; or
- 21.5 if, in the case of a director elected pursuant to Articles 14.2.1 or 14.3.1, he is removed from his office by Ordinary Resolution of the Members (excluding any Vendor Company) at a General Meeting of the Association, (provided however that the intention to vote on such removal from office is specified in the notice convening the meeting), in which event the Members (excluding any Vendor Company) shall be entitled to appoint another director in his place to hold office for the unexpired part of his term of office; or
- 21.6 if, in the case of a director appointed by the Intellectual Property Owner pursuant to Article 14.2.2 or 14.3.2, the Intellectual Property Owner lodges a notice at the office of the Association terminating his appointment; or
- 21.7 if he is or becomes disqualified from being appointed or acting as a director of a company by virtue of any provision of the Act or he becomes prohibited by law from being a director; or
- 21.8 if he shall for more than two consecutive meetings of directors have been absent without permission of the directors and the directors resolve that his office be vacated.

22. MEETINGS OF THE BOARD

- 22.1 The Board may give notice convening meetings, meet together for the despatch of business, adjourn and otherwise regulate their meetings as they think fit.
- 22.2 A director may and the secretary at the request of a director shall at any time convene a meeting of the Board by giving to the other Board members not less than twenty one days' written notice of a meeting proposed by him, which notice shall specify the reason for calling such a meeting, provided that in cases of urgency such shorter notice as is reasonable in the circumstances may be given and in any event if all of the directors indicate their willingness to accept shorter notice of a meeting then the meeting shall be validly convened upon such notice.
- 22.3 A meeting of the directors may, subject to notice of it having been given or dispensed with in accordance with these Articles, be for all purposes deemed to be held when a director is, or directors are, in communication by telephone, television or some other audio visual medium with another director or other directors and all of those directors agree to treat the meeting as properly held, provided always that the number of the said directors participating in the communication constitutes a quorum of the board as stipulated by these Articles. A resolution made by a majority of the said directors in pursuance of this Article 22.3 will be as valid as it would have been if made by them at an actual meeting duly convened and held.
- 22.4 A resolution in writing, signed or approved by letter, telegram, confirmed facsimile, tele-message or telex by all the directors will be as valid and effective as if it had been passed at a meeting of directors, or (as the case may be), a committee of directors duly convened and held. The resolution may consist of several documents in the same terms each signed by one or more directors; but a resolution signed by an alternate director need not also be signed by his

appointor and, if it is signed by a director who has appointed an alternate director, it need not be signed by the alternate director in that capacity.

23. QUORUM OF BOARD

- 23.1 Until the holding of the first General Meeting of the Association, a quorum at a meeting of the Board shall be two of the directors appointed or holding office on adoption of these Articles.
- 23.2 After the first General Meeting of the Association a quorum at a meeting of the Board shall be two directors, of whom one shall have been appointed pursuant to Article 14.2.1 or 14.3.1 and one pursuant to Article 14.2.2 or 14.3.2.
- 23.3 If the number of directors falls below the number necessary to form a quorum, the remaining directors may continue to act but only for the purpose of convening a General Meeting of Members to elect further directors.
- 23.4 If at any meeting of the Board a quorum is not present within thirty minutes of the appointed time of the meeting, such meeting shall stand adjourned to the next business day at the same time and the Board members then present shall form a quorum.

24. CHAIRMAN OF BOARD AND SECRETARY

- 24.1 At the commencement of the first meeting of the Board after each Annual General Meeting, the directors shall elect a Chairman from among their number who shall hold office as such until the next Annual General Meeting and who shall have a casting as well as an ordinary vote.
- 24.2 The Association may at a General Meeting in respect of which the requisite notice of special business has been given, remove the Chairman from his office as such. A Chairman shall relinquish his office as such if he becomes disqualified to be a Board member in terms of Article 21.
- 24.3 If any Chairman elected in terms of Article 24.1 above vacates his office as Chairman or no longer continues in office by virtue of the provisions of Article 24.2, the Board shall elect another Chairman who shall hold office as such for the remainder of the period of office of the first-mentioned Chairman and who shall have the same rights of voting.
- 24.4 If any Chairman vacates the chair during the course of a meeting or is not present or is for any other reason unable to preside at any meeting, the Board members present at such meeting shall choose another Chairman for such meeting who shall have the same rights of voting as the Chairman.
- 24.5 Subject to the provision of the Act, the secretary shall be appointed by the directors for such term, at such remuneration and upon such conditions as they may think fit; and any secretary so appointed may be removed by them.

25. VOTING BY BOARD

- 25.1 All matters at any meeting of the Board shall be determined by a majority of the votes of the directors present and voting.
- 25.2 No directors shall be disqualified from voting in respect of any contract or proposed contract or any litigation or proposed litigation involving the Association by virtue of any interest he may have therein, provided he declares in writing the nature and extent of his interest which must thereupon be noted in the minutes of the meeting unless the majority of the directors present at the meeting decide to the contrary.
- 25.3 The chairman appointed in terms of Article 24 shall have a casting vote.

26. SIGNING OF INSTRUMENTS

Any instrument signed on behalf of the Association shall be valid and binding if it is signed by two directors, one director and the secretary, or by a director and the Management Company (if the latter has been authorised by the Board to sign the instruments on behalf of the Company).

27. MEETINGS OF MEMBERS GENERAL MEETINGS WHEN AND WHERE TO BE HELD

- 27.1 Annual General Meetings of the Association shall be held in terms of section 179 of the Act, in Cape Town or elsewhere if so determined by the Board.
- 27.2 The Board may, whenever it thinks fit and shall upon request in writing made either by the Trustees of any Trust or by Members holding Point Rights representing 10% (ten per cent) of the total number of Point Rights in the Scheme at that time, convene a General Meeting.
- 27.3 If the Board fails to issue a notice convening a meeting so requested within 14 (fourteen) days of receipt of the request by the Trustees or the Members concerned, the Trustees or the Members concerned shall be entitled themselves to call the meeting. The provisions of section 181 of the Act shall apply (*mutatis mutandis*) in respect of any general meeting requisitioned by the Trustees or Members in terms hereof.

28. NOTICE OF GENERAL MEETINGS

- 28.1 At least twenty one days' notice of every General Meeting specifying the place, the date and the hour of the meeting and the general nature of the business to be transacted, and in the case of an Annual General Meeting, specifying the meeting as such, shall be given to all Members, the Management Company, the Trustees, the secretary, the directors and the Auditors.
- 28.2 The Management Company, secretary, Auditors and Trustees shall have the right to attend the General Meetings and to speak at such meetings, but shall not, in their capacity as such, be entitled to vote thereat.
- 28.3 The notice referred to in Article 28.1 shall be deemed to have been sufficiently given and delivered if dispatched in accordance with the provisions of Article 41.
- 28.4 The notice referred to in Article 28.1 shall be accompanied by copies of the documents referred to in Article 13.3.7 and 13.3.8 when it is given in respect of an Annual General Meeting.
- 28.5 Inadvertent omission to give the notice referred to in Article 28.1 hereof to or the non-receipt of such notice by any

person entitled to such notice shall not invalidate the proceedings at any such meeting.

29. ANNUAL MEETINGS

The business which shall be transacted at an Annual General Meeting is

- 29.1 the election of the Board in terms of Article 14.2.1 and 14.3.1;
- 29.2 the appointment or re-appointment of the Auditors of the Association;
- 29.3 the consideration of the estimate referred to in Article 13.1.2 and the accounts and reports referred to in Articles 13.3.7 and 13.3.8;
- 29.4 the consideration of the schedule of replacement values of any Scheme Accommodation which, in the opinion of the Board, is to be insured by the Association in terms of Article 3.2.12;
- 29.5 any other business of which due notice has been given in terms hereof.

30. QUORUM

- 30.1 No business shall be transacted at any General Meeting unless a quorum is present in person or by proxy at the time when the meeting proceeds to business.
- 30.2 A quorum at a General Meeting shall be three Members present in person or by proxy and entitled to vote upon the business being transacted.
- 30.3 If within half an hour from the time appointed for a General Meeting a quorum is not present, the meeting shall stand adjourned until the same day in the next week at the same place and time, and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting, the Members present in person or by proxy and entitled to vote shall be a quorum.

31. CHAIRMAN OF GENERAL MEETINGS

- 31.1 The Chairman, if any, of the Board shall preside as chairman at every General Meeting of the Association.
- 31.2 If there is not such a Chairman, or if at any General Meeting the Chairman of the Board is not present within fifteen minutes after the time appointed for the holding of the meeting, or if he is unwilling to act as chairman, the directors present shall elect one of their number to be chairman. If no director is willing to act as chairman, or if no director is present within fifteen minutes after the time appointed for holding the meeting, the Members present shall choose one of their number to be chairman.

32. VOTING AT GENERAL MEETINGS AND POLLS

- 32.1 At any General Meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless, either prior to or on the declaration by the chairman of the result of the show of hands, a poll is demanded by any person entitled to vote at such a meeting.
- 32.2 Unless a poll be so demanded a declaration by the chairman that a resolution has on the show of hands been carried shall be conclusive evidence of that fact without proof of the number or proportion of votes recorded in favour of or against such resolution.
- 32.3 A demand for a poll may be withdrawn.
- 32.4 A poll, if demanded, shall be taken in such a manner as the chairman thinks fit, and the result of the poll shall be deemed to be a resolution of the meeting at which such poll was demanded.
- 32.5 In the case of an equality of votes, whether on a show of hands or on a poll, the chairman shall be entitled to a casting vote in addition to any other vote he may have.

33. VOTES

- 33.1 Subject to Article 33.3, on a show of hands each Member present and entitled to vote shall have one vote. Joint Members as contemplated in Article 4.5 shall be deemed to be one Member and shall have one vote.
- 33.2 Subject to Article 33.3, on a poll each Member present in person or by proxy and voting at the meeting shall be entitled to one vote for each Point Right to which he is entitled.
- 33.3 No resolution (whether conditional or unconditional) of the Association:
 - 33.3.1 to appoint or terminate the appointment of the Management Company; or
 - 33.3.2 to appoint or terminate the appointment of any Trustee; or
 - 33.3.3 to terminate the Membership of the Intellectual Property Owner; or
 - 33.3.4 to wind-up the Association;
 - 33.3.5 to amend Article 14; or
 - 33.3.6 to amend this Article 33.3

shall be passed unless the Intellectual Property Owner votes in favour thereof.

34. NO VOTE IN CERTAIN CIRCUMSTANCES

Except in cases where a Special Resolution or a Unanimous Resolution is required under these Articles, a Member shall not be entitled to vote at any General Meeting if:

- 34.1 any Membership Fee, Levies or Special Levies payable by him have not been duly paid; or
- 34.2 he has persisted in breach of any of the Scheme Regulations, or of any of the terms of these Articles notwithstanding notice in writing from the Board or Management Company to refrain from or remedy such breach.

35. JOINT VOTERS

- 35.1 Where two or more persons are registered as the joint holders of Point Rights, they shall be deemed to constitute one Member, and any one of them, whether in person or by proxy, may vote at a General Meeting as if he is the sole holder thereof.
- 35.2 If more than one of such joint holders are present at a General Meeting in person or by proxy, only that holder who is present whose name appears first in the Point Rights Register in respect of the Point Rights may vote.

36. PROXIES

- 36.1 Votes at a General Meeting may be cast either personally or by proxy, whether on a poll or on a show of hands.
- 36.2 An instrument appointing a proxy shall be in writing, in a form approved by the Board executed by or on behalf of the appointor and shall be deposited at the office of the Association or such other place as may be specified from time to time by the Board, not less than 48 hours before the time for the holding of the meeting at which the person named in the instrument proposes to vote, and in default of compliance herewith the instrument of proxy shall not be treated as valid.
- 36.3 A proxy need not be a Member.

37. AMENDMENT

- 37.1 The provisions of these Articles may, save as set out in Article 37.2 and 33.3, be amended or added to by way of a Special Resolution of the Members.
- 37.2 The provisions of Articles 14, 33.3 and this Article 37.2, may be amended or added to only by way of a Unanimous Resolution of the Members.

38. NO REFUNDS OR DISTRIBUTION OF PROFITS OR ASSETS

- 38.1 No Member shall be entitled to a refund of Levies or Special Levies or Membership Fees lawfully levied upon him and paid by him.
- 38.2 No portion of the capital or divisible profits of the Association shall be distributed to any Member or any other person except in accordance with the Act.

39. APPOINTMENT, POWERS AND DUTIES OF MANAGEMENT COMPANY

- 39.1 Notwithstanding anything to the contrary herein contained, the Board may from time to time and shall in any event if properly required by the Members in General Meeting, appoint in terms of a written contract a Management Company to manage and administer the Scheme and the Scheme Accommodation and to exercise such powers and duties as may be entrusted to it, including the power to collect Levies and Membership Fees.
- 39.2 Any Management Company so appointed shall:
- 39.2.1 keep full records of its administration and shall report to the Board and the Trustees on all matters which in its opinion may materially adversely affect the value or amenity of the Scheme Accommodation or the Scheme;
 - 39.2.2 attend all meetings of the Members and the Board;
 - 39.2.3 be entitled to, and the Board shall from time to time furnish such Management Company with, copies of the minutes of all meetings of the Members and the Board.

40. ACCOUNTS

Subject to Article 13.3.5, no Member shall (as such) have any right of inspecting any accounting records or other book or document of the Association except as conferred by statute or authorised by the directors or by Ordinary Resolution of the Association.

41. NOTICES

- 41.1 Any notice required to be given pursuant to these Articles shall be in writing and shall be delivered by hand or addressed to the addressee by pre-paid post and shall be deemed to have been received 7 days after the date of its posting.
- 41.2 Notice may be given by the Association to any Member, either personally or addressed to such Member at his address as recorded in the Membership Register.
- 41.3 A Member present, either in person or by proxy, at any meeting of the Association shall be deemed to have received notice of the meeting and, where requisite, of the purposes for which it was called.

42. DISSOLUTION

- 42.1 Subject to the provisions of the Act, the Association shall continue in existence without limit as to time unless terminated by a Special Resolution of Members and subject to compliance with the provisions contained in any Trust Deeds relating to the appointment of new beneficiaries for the Trusts, in which event after the provisions of the Trust Deeds have been complied with, the Association shall be wound up.
- 42.2 If the Association is wound up, the provisions of Clause 6 of the Memorandum shall apply and are hereby incorporated in these Articles as if repeated herein.

SCHEME REGULATIONS

OF

CLUB RESORTS INTERNATIONAL MANAGEMENT ASSOCIATION

(Association Incorporated under Section 21)

Promulgated in terms of Articles 3.2.3 and 13.1.8
of the Articles of Association

1. DEFINITIONS

In these Regulations, capitalised words shall, unless the context otherwise requires, have the meaning ascribed to them in the Articles of Association of Club Resorts International (Association incorporated under section 21)

2. MEMBERS' OBLIGATIONS

2.1 In addition to any other obligations, Members:

- 2.1.1 shall not use nor permit the use of any Scheme Accommodation in any manner or for any purpose which might adversely affect the reputation of the Resort concerned or of the Scheme;
- 2.1.2 shall not contravene or permit contravention of any law, bylaw, ordinance, proclamation, statutory regulation or condition of any licence relating to occupation of any building in which the Scheme Accommodation is situated;
- 2.1.3 shall not make any alterations to any Scheme Accommodation;
- 2.1.4 shall not do anything which may aesthetically detract from or alter any Scheme Accommodation;
- 2.1.5 shall permit persons authorised by the management of the Resort and/or the Board and/or the Management Company, access to any Scheme Accommodation including for the purpose of conducting inspections, carrying out maintenance, executing repairs or making alterations;
- 2.1.6 shall at no time permit occupation of any Scheme Accommodation by unauthorised persons, or by more persons than the maximum number prescribed in the Scheme Accommodation Tables for the Unit concerned;
- 2.1.7 shall not in any way alter or remove or tamper with any Movable contained in or outside of any Scheme Accommodation, or tamper or interfere with the Common Facilities;
- 2.1.8 shall not keep in or about any Resort any substances of a flammable nature or do or omit doing anything which act or omission may cause a fire hazard or may vitiate any fire insurance or constitute any other form of public hazard at any time;
- 2.1.9 shall inform a representative of the Management Company and the relevant Resort of any breakages which may occur or become apparent during their period of use of any Scheme Accommodation;
- 2.1.10 shall keep the Scheme Accommodation and all fixtures and fittings and Movable in the same good clean state and condition and repair as they were at the commencement of the period of occupation by the Member;
- 2.1.11 shall not keep any animals at the Scheme Accommodation unless permitted by the relevant Resort;
- 2.1.12 shall ensure that all furniture, equipment, effects and other Movable shall be left in the rooms or places in which they were at the commencement of the period of occupation by the Member;
- 2.1.13 shall at no time carry on or permit to be carried on from the Scheme Accommodation any profession, trade or business whatsoever;
- 2.1.14 shall not do or allow to be done any act or thing which may be a nuisance or annoyance to the occupiers of adjoining Units or other premises in the vicinity, including and in particular and without prejudice to the foregoing not use or play any electrical or musical instruments of any kind or practice any singing in the Scheme Accommodation between the hours of 11 pm and 9 am;
- 2.1.15 shall not affix or permit or suffer to be affixed or exhibited on or from the Unit or Scheme Accommodation so as to be visible outside the Scheme Accommodation any aerial or transmitter, flag, placard, sign or poster of any description.

2.2 Members shall also be obliged to comply with such rules or regulations as may be in force from time to time in respect of specific Units and/or Resorts and the occupancy of Accommodation and use of Common Facilities in such Resorts.

3. RISK

- 3.1 Members shall, whilst in occupation of a Unit/s in the Scheme Accommodation, be responsible for damage to such Unit/s, Scheme Accommodation and/or Movable.
- 3.2 The use of Scheme Accommodation, Common Facilities, Movable and services at Resorts shall be at the sole risk of the Members or persons using the same and the Association shall not be in any way responsible for any damage or loss of whatever nature sustained by any person whomsoever and whether consequent upon or caused by human or animal agency, natural phenomena or otherwise.

4. INDEMNITY

Each and every Member individually shall on taking occupation of any Unit/s in the Scheme Accommodation be deemed to indemnify and hold harmless the Association and the Trustees against any and all claims of whatsoever nature which may be brought against the Association or the Trustees by a Member, member of his family or any other person in respect of damage including all consequential damage and losses of whatsoever nature and howsoever arising, consequent upon the use of the Scheme Accommodation or the Common Facilities.

5. RESERVATION OF TIME MODULES

- 5.1 In order to qualify for reservation priority status as referred to in paragraph 5.6 below, Members shall be required to reserve Time Modules designated as peak seasons on the Resorts Points Value Guide at least 6 (six) months in advance of their intended occupation.
- 5.2 Time Modules not designated as peak seasons on the Resort Points Value Guide may be reserved on a first come first served basis subject to availability and reservations may be made up to 12 months in advance subject to school calendars being available.
- 5.3 Reservation requests for unreserved Time Modules in peak seasons after the six month advance reservation period has expired will be made on a first come first served basis, subject to availability.
- 5.4 Members must advise the resort concerned should they wish to check in later than the check in date specified on the confirmation letter. Members shall not be entitled to any discount or refund of Points as a result of their checking in later than the specified date.
- 5.5 The Association shall be entitled to cancel a Member's reservation in the event that the Accommodation reserved becomes unavailable to the Association or its Members for whatever reason. The Association through the Management Company will give the Member as much prior notice as possible and will endeavour to offer alternative Accommodation to the Member. However, neither the Association nor the Vendor Company nor the Management Company shall have any obligation or liability to the Member other than to credit the Member's Points Holding account with the number of Points deducted for the said reservation (less any Points deductible for the alternative Accommodation accepted by the Member). The Member waives any and all claims against the Association, and/or the Vendor Company and/or the Management Company in respect of such cancelled reservation.

5.6 Reservation Priority Status

- 5.6.1 Each Member shall, upon first becoming a Member, receive a standard reservation priority status level equivalent to that granted to all other new Members.
- 5.6.2 Each confirmed peak season reservation request shall result in the reservation priority status level of the Member dropping one level.
- 5.6.3 Each unconfirmed (i.e unsuccessful) peak season reservation request shall result in the reservation priority status level of the Member rising one level.
- 5.6.4 Confirmation or non-confirmation of peak season reservation requests shall be made not more than six months nor less than five months before each specific peak season Time Module.
- 5.6.5 Preference shall be given to peak season reservation requests of Members who are at the highest level of reservation priority status.
- 5.6.6 Preference shall be given to peak season reservation requests of Members who are the next level down of reservation priority status and so on until peak season reservation requests are either confirmed or otherwise.

5.7 Home Resort Priority

- 5.7.1 Members shall enjoy priority reservation status in respect of Accommodation introduced into the Scheme by them where the Member has retained title to such Accommodation ("Home Resort Priority"), provided that they make a reservation for that Accommodation more than 12 (twelve) months in advance stating that they wish to use Home Resort Priority. If they have not received written confirmation of the reservation at least 11 months in advance, they must contact the reservation centre to obtain it otherwise their Home Resort Priority may be jeopardised.
- 5.7.2 A Vendor Company may, upon introduction into the Scheme of Accommodation, reserve in favour of the holders from time to time of the Point Rights arising from such Accommodation, priority reservation status in respect of that Accommodation.

5.8 Cancellations

Members who cancel confirmed reservations will forfeit a percentage of the Points in respect of the reservation being cancelled on the following basis:

FOR THE NON-PEAK TIME MODULES:

Cancellation within	Percentage Forfeiture
0 - 14 days	50%

FOR PEAK TIME MODULES:

Cancellation within	Percentage Forfeiture
0 - 90 days	50%

5.9 Late Break Discounts

5.9.1 Members shall receive the following discount in respect of reservations with short notice periods for the non peak time modules. This Late Break discount policy may be varied from time to time by the Board.

Reservations made within 0 - 7 days of arrival date: 50% Points discount

5.9.2 All Late Break reservations are subject to availability and no guarantee is given that Accommodation will be available for the purposes of making reservations under the Late Break discount policy. Late Break discounts cannot be combined or used in conjunction with any other special offer.

5.10 Split Week Reservations

Split Week reservations are available at certain resorts during out of season periods. The number of Points applicable to Split Week reservations will be calculated as a percentage of the Points for the full week as reflected on the Points Tables.

6. MEMBERSHIP CATEGORIES AND BENEFITS

Members of the Association shall be divided into the following Membership Categories and each Membership Category shall have the Membership Benefits as set out herein. The Membership Fee payable by Members in a each Membership Category shall be adjusted in order to cater for the Membership Benefits afforded Members in that specific Membership Category. Members will be entitled to choose their Membership Category at the time of joining the Association. Members will be entitled to upgrade their Membership Category each time they purchase additional Point Rights from a Vendor Company. A Member purchasing Point Rights from another Member will retain his own Membership Category. A new Member purchasing Point Rights from an existing Member will assume the Membership Category of the Member from whom he purchases the Point Rights.

6.1. CRI Standard Category Members shall have access to all the Scheme Accommodation, plus cross-utilisation into the accommodation pools of other Points Systems in South Africa with whom the Association has concluded cross-utilisation agreements, subject to availability and the maintenance of equal balances of trade between such Points Systems, plus cross-utilisation into the accommodation pools of all other CRI Schemes world wide subject to availability and the maintenance of equal balances of trade between all CRI Schemes.

6.2. CRI Plus Category Members shall have the same benefits as Standard Category Members plus annual RCI membership renewal plus exchanges into the RCI pool of accommodation in Southern Africa, plus exchanges into the RCI pool of accommodation world wide.

7. CALCULATION OF INDIVIDUAL LEVIES

7.1 The Levies payable to the Management Association by each Member ("Individual Levies") shall be calculated by reference to the number of Point Rights registered in the name of each Member in the Point Rights Register.

7.2 In order to determine each Member's Individual Levy the following procedure shall be followed:

7.2.1 The "Standard Levy Rate" shall be determined for each year by the Board, and shall be set so that, after making the adjustments set out in 7.2.3 to 7.2.5 below, the total amount of Levies recoverable from all Members shall cover the expenses estimated for purposes of the Levy Fund determined in accordance with Article 13.1.2 .

7.2.2 Each Member's Point Rights holding shall be divided into tranches of 2 500 Point Rights (a "Full Tranche") and, if applicable, a balancing tranche of less than 2 500 Point Rights (a "Balancing Tranche").The total levy per tranche shall be calculated in accordance with 7.2.3 to 7.2.5 below.

7.2.3 In respect of each Full Tranche, the Standard Levy Rate shall be reduced by 40% and then multiplied by 2 500.

7.2.4 In respect of a Balancing Tranche of exactly 500 Point Rights, the Standard Levy Rate shall be multiplied by 500.

7.2.5 In respect of a Balancing Tranche which does not contain exactly 500 Point Rights, then:

7.2.5.1 where the number of Point Rights is less than 500, the Standard Levy Rate shall be increased by 0,2% for each Point Right less than 500;

7.2.5.2 where the number of Point Rights is more than 500, the Standard Levy Rate shall be decreased by 0,02% for each Point Right more than 500,

and the adjusted Standard Levy Rate shall be Multiplied by the number of Point Rights in the Balancing Tranche.

7.2.6 Each Member's Individual Levy shall be calculated by aggregating the total levy per tranche in respect of all tranches constituting the Member's Point Rights holding.

7.3 The Directors at their sole discretion and in the long term interests of the Association may grant a rebate on levies for a maximum period of three Years to the Members of a Points Scheme which has amalgamated with the CRI Points Scheme.

7.4 In the event of any Member holding Conversion Point Rights where such Member has remained liable for payment of levies to the management of the Resort in which the Unit in respect of which the Use Rights have been ceded, is situated, and such Member having duly paid such levies, such Member's liability for Individual Levies shall be reduced by the amount of levies (excluding VAT) paid by such Member to the Resort management for any year during which the Use Rights vest in a Trust.

7.5 In the event of any Member :

- 7.5.1 holding Conversion Point Rights where the Use Rights ceded to a Trust in exchange for such Point Rights relate to Accommodation which is owned on a "levy-free" or "pre-paid levy" basis by that Member for any period; or
 - 7.5.2 having transferred to a Trust, in exchange for Point Rights, any Accommodation which is acquired by the Trust with the benefit of a "levy-free" or "pre-paid levy" period, such Member shall, for the duration of the relevant period, not be liable for levies in respect of such Conversion Point Rights or the Point Rights arising out of the introduction of the Accommodation..
- 7.6 The Association shall be entitled to revise the basis of calculation of Individual Levies at its discretion provided that any such revision shall be made principally for the purpose of improving the quality and operation of the Scheme and furthering the collective enjoyment of the Scheme Accommodation by the Members (both present and future) taken as a whole.

8. SCHEDULES

- 8.1 The Association shall issue Schedules before the beginning of each year, which shall specify:
- 8.1.1 the Scheme Accommodation;
 - 8.1.2 the Points Grading of all Scheme Accommodation and Time Modules for the forthcoming Year in the event of any changes thereto;
 - 8.1.3 the duration of Time Modules in respect of all Scheme Accommodation;
 - 8.1.4 the seasonal designation of Time Modules.
- 8.2 The Association shall, before the beginning of each Year, issue to Members updated Schedules (if applicable) comprising:
- 8.2.1 the Schedules issued in terms of Clause 8.1 above;
 - 8.2.2 estimates of the Levy for the ensuing year together with the manner of calculation thereof.

9. ACCELERATION OR ACCUMULATION OF OCCUPANCY RIGHTS

- 9.1 Members shall be entitled :
- 9.1.1 either:
 - 9.1.1.1 to accumulate unutilised Points held in any Year for a period of five years from the commencement of the Year in which the Points were credited to him, after which such Points shall be forfeited; or
 - 9.1.1.2 to accumulate 85% of unutilised Points held in any year, and to carry such points forward to the following Year, the remaining 15% of the unutilised Points being forfeited;
- provided that the Member' entitlement to accumulate Points shall be stated in the Acquisition Agreement, failing which 9.1.1.1 shall apply;
- 9.1.2 in any Year, to utilise Points to which the Member will be entitled in the following Year in advance, subject to the payment of an amount determined by the Association which amount when paid shall be applied as a credit to the following Year's Individual Levy;
 - 9.1.3 to redeem for the use of Scheme Accommodation for a Time Module in the current Year, Points to which the Member is entitled in the current Year together with Points accumulated from previous Years in accordance with Reg 9.1.1, and/or Points relating to the subsequent Year in accordance with Reg 9.1.2.

10. POINT RIGHTS OF LIMITED DURATION

Any Member who holds Point Rights of Limited Duration shall, at the expiration of that period:

- 10.1 Cease to be a Member of the Association;and
- 10.2 forfeit all unutilised Points held by that Member, whether accumulated in terms of the Scheme Regulations or not;and
- 10.3 cease to have any rights in respect of the Scheme or against the Association or the Trusts, provided that such Member shall remain liable in respect of all obligations incurred by him prior to the date of expiration, including but not limited to any liability in respect of Levies.

11. OCCUPATION AND USE OF ACCOMMODATION

- 11.1 Members shall be entitled to redeem Points for Occupancy Rights in accordance with the Resorts Points Value Guide and the Scheme Accommodation Tables, subject always to any limitations on availability of Scheme Accommodation as may arise from time to time.
- 11.2 In any application to redeem Points for Occupancy Rights, Members must comply with the Articles and the Scheme Regulations.

12. INTRODUCTION OF ACCOMMODATION

A Vendor Company shall, prior to the transfer of any Accommodation to a Trust for purposes of inclusion in the Scheme, apply to the Association and the Trust for approval of such Accommodation, and the Trustees and/or the Association may accept the Accommodation on such terms, including provisions relating to the Points Grading of the Accommodation, as they may deem fit and in the interests of the Scheme and the members.

13. ALTERATION OF REGULATIONS

These Regulations may be altered by the Association from time to time at its sole discretion, if it deems such alterations to be for the principal purpose of improving upon the quality and operation of the Scheme and furthering the collective enjoyment of the use of the Scheme Accommodation by present and future Members taken as a whole.

TRUST DEED
OF
CLUB RESORTS INTERNATIONAL

The Club Resorts International Management Association is the beneficiary of the following Trusts:

CRI Property Trust No. 1	formerly the Resorts Ownership Property Trust	T734/89
CRI Property Trust No. 2	formerly the Multi Resorts Ownership Trust	T846/92
CRI Property Trust No. 3	formerly the Multi Ownership Property Trust	T697/90
CRI Property Trust No. 4	formerly the West Coast Holiday Lifestyles Trust	T2901/94

The Trusts hold Title to units and Use Rights for the benefit of the Association and its Members.

The following Trust Deed is typical of the Trust Deeds applicable to each specific Trust.

1. DEFINITIONS

In this Trust Deed, unless specifically provided to the contrary, or the context indicates otherwise,

1.1 words or expressions used shall have the meanings ascribed thereto in the Definitions and Interpretations as contained in the Articles. In addition, the following words shall have the following meanings:

Bonded Point Rights	means Point Rights in the Scheme which relate to Units which are subject to mortgage or other encumbrance, and which have been designated as bonded Point Rights by the Trustees in terms of their powers under the Trust Deed;
Escrow Agent	shall mean a person or company appointed by the Trustees in terms of a written agreement, and who shall be authorised to receive, manage and control funds as an escrow agent on behalf of the Vendor Company and the Trustees;
Trust Property	means all Accommodation (whether comprised of Units or Use Rights) as well as any other assets whatsoever held by the Trustees from time to time in terms of or pursuant to the Trust Deed.

1.2 headings are used in this Trust Deed for convenience only and shall not affect the construction or interpretation of the clauses.

2. PURPOSE AND OBJECT OF TRUST

2.1 The main purpose and object of the Trust shall be:

- 2.1.1 to hold Title to Units, and
- 2.1.2 to take cession of and hold Use Rights;

comprising the Accommodation in respect of which the Scheme is conducted from time to time, for the purposes of securing the Occupancy Rights in the Scheme Accommodation and for the general benefit of the Association and the Members, subject to the terms and conditions contained in this Deed of Trust, the Articles and the Scheme Regulations from time to time.

2.2 The Trust shall have the ancillary purpose of safeguarding the interests of the Association in the Scheme generally, and shall thus be empowered to do whatever may be deemed necessary or expedient in the opinion of the Trustees to attain this purpose, subject to any restrictions imposed in this Deed or in the Articles and the Scheme Regulations.

3. BENEFICIARY

The Association shall be the sole beneficiary of the Trust.

4. TRUSTEES

- 4.1 The Trustees of the Trust shall subject to the conditions contained in this Deed of Trust be Michael Costa Pnematicatos, Graham David Manchip and Allan Grahame Spicer.
- 4.2 In the event of any Trustee vacating his office for any reason, the remaining Trustee shall be entitled, under a written instrument, to nominate and appoint the person who shall be appointed as Trustee in the place of the Trustee who has vacated his position.

- 4.3 Notwithstanding anything to the contrary contained herein, the Trustees shall at all times have the right to nominate and appoint such additional Trustee or Trustees as they may by unanimous consent determine, and on terms agreed to by them.
- 4.4 The Trustees whether appointed in terms of clauses 4.1, 4.2 or 4.3, shall not be required to furnish security for the due administration of the Trust under the Trust Property Control Act 1988 or amendment or replacement thereof, or under any other Law.

5. UNITS AND USE RIGHTS

- 5.1 The Settlor is, in terms of the Articles and duly licensed thereto by the Intellectual Property Owner (and therefore in its capacity as a Vendor Company), entitled to and undertakes to introduce Units and Use Rights into the Scheme, which Units and Use Rights the Settlor shall be obliged, and hereby agrees, to transfer or cede or procure transfer or cession of in favour of the Trust, to be held for the benefit of the Association as beneficiary on the terms and conditions contained herein.
- 5.2 For purposes of establishing the Trust, the Settlor hereby undertakes to transfer to the Trust the Units and/or Use Rights listed in annexure 'B' hereto.
- 5.3 The Intellectual Property Owner shall be entitled to grant further licences from time to time, which Vendor Companies shall thereby become entitled, subject to the Articles and the Scheme Regulations from time to time, to introduce Units and Use Rights into the Scheme, to be held by the Trustees for the benefit of the Association as beneficiary on the terms and conditions contained herein.

6. ACCEPTANCE OF UNITS AND USE RIGHTS

- 6.1 The Trustees shall have absolute discretion to determine whether or not to accept any Units or Use Rights into the Trust, and if so on what terms and conditions.
- 6.2 In particular, but without limiting the generality of the foregoing, the Trustees may at their discretion accept Units into the Trust which are or are to be made subject to mortgage or other encumbrances on condition that all or a specified part of the consideration paid or to be paid to the Vendor Company concerned in respect of sales of Point Rights in the Scheme is to be paid to the Trustees or the Escrow Agent in trust until the fulfilment of any conditions determined by the Trustees regarding the discharge or removal of any such mortgage or other encumbrance over the Units.
- 6.3 The Trustees shall be entitled to accept Units or Use Rights into the Trust for a specified limited period, subject to the provisions of clause 10.6 of this Trust Deed.

7. HOLDING OF TRUST PROPERTY

The Trustees shall in their discretion hold all the Trust property in the name of the Trust or in their own names or in any other manner permitted or required by the Trust Property Control Act, 1988 including (without derogating from the generality of the foregoing) through nominee companies controlled by the Trustees. Where the Trustees hold Trust property in their own names, the Trustees shall at all times keep the Trust property separate from their own assets and shall clearly identify the Trust property as belonging to the Trust in the books of the Trustees, all in accordance with the provisions of the the Trust Property Control Act, 1988.

8. COSTS RELATING TO UNITS OR USE RIGHTS

The Settlor or any Vendor Company shall bear all capital costs, interests, legal fees, taxes, duties and other expenses of whatever nature (including, but without limitation, all costs including the purchase price) in connection with the acquisition and transfer or cession of Units or Use Rights to the Trust or Trustees in terms of the clauses 5 and 6.

9. TITLE TO UNITS OR USE RIGHTS

- 9.1 Sectional or Conventional Title
 - 9.1.1 where the Settlor or a Vendor Company is transferring or procuring the transfer to the Trust of Units comprising immovable property which is regulated by the Sectional Titles Act, 1986, or the Deeds Registries Act, 1937, the Settlor or Vendor Company shall take all steps, do all things or acts, obtain all consents or permits and execute all deeds or documents necessary to enable the Trusts or Trustees (or a nominee company of the Trust as the Trustees may direct) to be registered as the registered owner of such immovable property;
 - 9.1.2 where the Settlor or a Vendor Company has vested in the Trust Units regulated by the Sectional Titles Act or the Deeds Registries Act aforesaid, the Trustees and the Settlor or Vendor Company shall take any steps, do all things, and execute any deeds or documents necessary to enable the Members to exercise the rights of occupation of the Units in accordance with the Articles and Scheme Regulations, and the Settlor or the Vendor Company and the Trustees shall take whatever steps are necessary to ensure that any body corporate of a sectional title scheme concerned has notice that the rights of occupation attaching to sections may be exercised by Members in terms of the Scheme.
- 9.2 Share Block
 - 9.2.1 where the Settlor or Vendor Company is transferring or procuring the transfer to the Trust of any Units regulated by the Share Blocks Control Act, 1980, the Settlor or Vendor Company shall take steps, do all things and execute all deeds or documents necessary to enable the Trust or Trustees (or nominee company of the Trust as the Trustees may direct) to be registered as the holder of the shares in the share block company to which such Units relate.

9.2.2 the provisions of clause 9.1.2 above shall apply mutatis mutandis to Units regulated by the Share Blocks Control Act aforesaid and vested in the Trust or the Trustees save that, without derogating from the generality of the aforesaid clause, the Settlor or Vendor Company and the Trustees shall take whatever steps are necessary to ensure that any share block company concerned has notice that the rights of occupation attaching to the shares may be exercised by the Members and the Settlor or Vendor Company and the Trustees shall ensure that a Use Agreement (as defined in section 1 of the Share Blocks Control Act) is entered into in the appropriate form.

9.3 Conversions

If at any time any share block company relating to any share block vested in the Trust or the Trustees resolves to convert the Share Block Scheme to a Sectional Title Scheme, the Trust or Trustees (as appropriate) are empowered to be registered as the registered sectional owner of any such Unit and the provisions of clause 9.1 shall apply to such Unit mutatis mutandis.

9.4 Use Rights

Title to Accommodation in respect of which the Use Rights have been ceded to the Trust shall remain vested in the Member, but the Trustees shall, prior to accepting cession of such Use Rights, ensure that the Occupancy Rights in respect of the Accommodation concerned can be exercised by Members, and that the rules relating to the Accommodation (whether it be held under Sectional or conventional Title, in terms of a Share Block Scheme or otherwise) do not prevent the exercise of Occupancy Rights in respect thereof by Members.

10. POINT RIGHTS

- 10.1 On transfer or cession of any Units or Use Rights to the Trust in terms of this Trust Deed and in consideration for such transfer or cession, the Point Rights arising from such Accommodation shall be issued to the Settlor or Vendor Company or Member or proposed Member concerned, subject to the Trustees' right to retain all or a percentage of any Bonded Point Rights in terms of any conditions imposed in terms of clause 6 of this Trust Deed.
- 10.2 The Settlor or Vendor Company shall, prior to the transfer of Units or Use Rights to the Trust notify the Trustees in writing of the Points Grading in respect of such Units or Use Rights and the number of Points to be introduced into the scheme arising from such Units or Use Rights as determined by the Intellectual Property Owner, and, if applicable, the number of Bonded and unBonded Point Rights. The Trustees shall be entitled to refuse to accept transfer of the Units or Use Rights, or to accept transfer on such conditions as they may deem fit with regard to the Points Grading, the number of Points and the number of Bonded and unBonded Point Rights.
- 10.3 The Trustees shall maintain an up-to-date schedule of all Units and Use Rights vesting in the Trust together with the Points Grading relating to such Units and Use Rights. The Trustees shall further maintain an up-to-date schedule of the number of Bonded and the number of unBonded Point Rights in the Scheme.
- 10.4 The Settlor or Vendor Company shall notify the Trustees of all sales or alienations of Point Rights, and at such time as the Settlor or Vendor Company may have sold or otherwise alienated Point Rights equivalent to the total number of unBonded Point Rights issue into it, the Trustees shall notify the Settlor or Vendor Company in writing of this fact and shall thereafter be entitled, in their discretion, to refuse to authorise the issue Point Rights Certificates in respect of any further sales or alienations of Point Rights by the Settlor or Vendor Company, until any conditions imposed in terms of clause 10.5 have been complied with.
- 10.5 The Trustees shall, in the event of their having notified the Settlor or any Vendor Company that Point Rights equivalent to the total number of unBonded Point Rights issued to the Settlor or Vendor Company have been sold or alienated, be entitled to impose such conditions as they in their discretion may deem fit upon the further sale or alienation of Point Rights by the Settlor or Vendor Company so as to ensure that at all times there are sufficient Units and Use Rights in the Scheme which is free of mortgage or other encumbrance to enable Members to enjoy the use and occupation of the Accommodation in terms of the Articles and Scheme Regulations, and without prejudice to the generality of the foregoing, the Trustees may in their discretion require the Settlor or Vendor Company to procure that all or a specified part of the consideration paid or to be paid in respect of the sale of further Point Rights in the Scheme by the Settlor or Vendor Company is to be paid to the Trustees in trust until the fulfilment of such conditions as are determined by the Trustees regarding the discharge or removal of any mortgage or encumbrance on any part of the Units.
- 10.6 In the event of any Unit or Use Right being transferred to the Trust for a specified limited period in terms of clause 6.3 of this Trust Deed, then all Point Rights arising from such Unit or Use Right shall be clearly designated as being of the same limited duration, and such Point Rights of Limited Duration shall expire on the same date as that on which the Trust's Title to the Unit, or right to the Use Right, expires.

11. INCOME

Any income arising from the Units and Use Rights, or any other monies, property or other investment belonging to the Trust from time to time, shall accrue for the benefit of the Association as beneficiary.

12. TRUSTEES' FUNCTIONS AND POWERS

- 12.1 The Trustees shall hold or ensure that the Trust holds the ownership and control the Units and Use Rights on trust to secure the use and enjoyment of the Scheme Accommodation in accordance with the Articles and Scheme Regulations, by Members.
- 12.2 The Trustees shall preserve or ensure the preservation of the Scheme Accommodation vested in the Trust, and notwithstanding anything contained in this Deed, shall not allow the Trust to trade in or otherwise carry on business in connection with the such Accommodation, and, subject to clauses 14.5 and 17, the Trustees shall not have the power to alienate, dispose of, mortgage or otherwise encumber or in any manner whatsoever deal with the Trust Property

- except as expressly provided herein or as specifically authorised by the Association.
- 12.3 Subject to clause 12.5, the Trustees shall not be responsible for the repair, maintenance or management of the Scheme Accommodation or the contents thereof and shall not be liable for any damage or loss or depreciation which may arise as a result of the repairs, maintenance or management of the Scheme Accommodation, or the lack thereof. The Trustees shall furthermore not be responsible for the replacement or renewal of any of the movables or other contents of the Accommodation.
- 12.4 Subject to clause 12.5, the Trustees shall not be bound to concern themselves in any way with the management of the Association, its assets or finances nor with the rights, duties or obligations of the Members inter se.
- 12.5 The Trustees shall take all reasonable steps to acquaint themselves with the Scheme and Scheme Accommodation, and to ensure that the Board and the Management Company are properly carrying out their respective duties and obligations, and the Trustees shall generally act in a supervisory capacity in connection with the Scheme and Scheme Accommodation vested in the Trust.
- 12.6 The Trustees shall be entitled to obtain legal advice from attorneys and/or the opinion of counsel and/or any other legal advice on any matter relating to the Scheme Accommodation or in relation to the Trust or the exercise of the Trustees' powers, rights and discretions hereunder, or the performance of their duties hereunder. The Trustees shall be entitled to recover any expenses thus incurred from the Association.
- 12.7 The Trustees shall be entitled to inspect all documents, information, books, accounts and data (however stored) for the purposes of fulfilling their duties hereunder and (without limitation) for the purposes of the protection of the interests of the Association and/or for the preservation or protection of the Scheme Accommodation or the Trust's Title thereto. The Settlor and the Association jointly and severally agree to give the Trustees or their agents or nominees full access to any such documents, information, books, accounts and data at all times and the Trustees hereby undertake to use any such materials and information only for the purposes stated herein and not to reveal or disseminate such materials to any other person except where necessary for the purposes stated.
- 12.8 The Trustees may
- 12.8.1 act as insurer or banker and transact any banking or insurance or similar business on normal terms on behalf of the Trust without being liable to account to the Association for any customary brokerage, commissions or other income thereby earned;
- 12.8.2 perform any service on behalf of the Trust and make charges commensurate with the services rendered;
- 12.8.3 retain any remuneration received as a result of any appointment of a Trustee as a director or officer of any company whose shares may from time to time be held by the Trust.
- 12.9 Subject to compliance with the remaining provisions of this Trust Deed, the Trustees shall be entitled to:
- 12.9.1 demand, sue for and recover from any persons whomsoever such sums of money which may be, or shall at any time hereafter, become owing or belonging to the Trust;
- 12.9.2 settle and adjust accounts as they shall think fit and proper, and, if deemed advisable, to compound for the same and accept a part for the whole;
- 12.9.3 submit any matters in dispute to arbitration, and to sign all necessary documents and take all necessary steps for that purpose;
- 12.9.4 grant receipts, acquittances and releases for any payment, delivery or other settlements;
- 12.9.5 commence, prosecute or defend and at pleasure to settle or relinquish any actions, suites, applications or other proceedings at law at any of the courts of the Republic of South Africa or elsewhere, or before any tribunal or board in the said Republic or elsewhere, and to proceed to the final end and determination of any such proceedings and in that respect to institute and prosecute appeal proceedings and also to accept service of process and to consent to judgement in any such proceedings;
- 12.9.6 open bank accounts and to draw, sign and endorse cheques and otherwise operate on bank accounts opened on behalf of the Trust, and to operate upon and to open building society and other savings accounts, to effect fixed and other deposits, and to effect and deal with all other kinds of investments;
- 12.9.7 draw, accept and endorse bills of exchange, promissory notes, drafts, dividend warrants and any other negotiable instrument;
- 12.9.8 effect any act of registration, make any application, sign any document and give any consent required under the Deeds Registries Act, 1937, the Sectional Titles Act, 1986 or the Share Blocks Control Act, 1980, or any regulations thereunder, or the corresponding acts or regulations of any state or territory other than the Republic of South Africa;
- 12.9.9 borrow money on behalf of the Trust upon security or otherwise;
- 12.9.10 lend monies or assets of the Trust to the beneficiary or any other person, on such terms and conditions as the Trustees, in their discretion and having regard to all the circumstances, may decide and to execute any document recording the terms upon which such monies or assets have been borrowed, lent or secured;
- 12.9.11 appear before any registrar of deeds, conveyancer, notary public or other proper officer and to execute any mortgage bonds or deeds of hypothecation as security for loans of money or as security for any other indebtedness or obligation contracted or to be contracted on behalf of the Trust;
- 12.9.12 appear before any registrar of deeds, conveyancer or notary public or other proper officer and to execute any mortgage or notarial bond binding the Trust Property generally or any part of such property as security for any indebtedness or other obligation contracted or to be contracted on behalf of the Trust;
- 12.9.13 give and advance money on mortgage of immovable property, and to accept and take in the Trust's name mortgage bonds, notarial bonds or other securities for the repayment of such money and also to accept such mortgage bonds, notarial bonds or other securities in respect of any indebtedness owing or to become owing to the trust or in respect of any other obligation whatsoever;
- 12.9.14 consent to the cancellation of any bond, obligation or other deed whatsoever, and to cede and assign any bond, and to consent to the substitution of a debtor under any bond;
- 12.9.15 enter into any contract or deed (including any suretyship, guarantee or indemnity) on behalf of the Trust,

- and, to charge the Trust property or any part thereof as security for the Trust's obligations under any such contract or deed or for any other obligation of the Trust;
- 12.9.16 prove claims against insolvent estates, assigned estates and companies in liquidation or under judicial management and to attend meetings of creditors of any such insolvent estate, assigned estate or companies in liquidation or under judicial management, and to vote on behalf of the Trust thereat;
 - 12.9.17 sign on the Trust's behalf any memorandum and articles of association or any Trust Deed or deed of settlement of any company trust, association or syndicate;
 - 12.9.18 attend personally or by proxy any meeting/s of shareholders, debenture holders, Members or beneficiaries of any company, corporation, association, syndicate or trust in which the Trust is now or may in future become a shareholder, debenture holder, member or beneficiary, and to vote for the Trust thereat on a show of hands or on a poll thereat or subsequently taken, with power to accept notices, and to consent to the holding of meetings at short notice or to the receipt of documents at short notice;
 - 12.9.19 maintain, improve and develop any one or more of the assets comprising the Trust property, including the Scheme Accommodation;
 - 12.9.20 incur such expenses in the exercise of their powers as the Trustees may consider to be in the interest of or for the advantage of the Association;
 - 12.9.21 take out and deal with insurances of any kind;

and generally the Trustees shall have the power to do and perform all such acts, matters and things and make, sign, seal and deliver all such deeds and instruments as may be necessary or desirable for the advantage of the Trust, bearing in mind the purpose and objects of the Trust as set out in clause 2.

13. CORPORATE TRUSTEES

In the event of any Trustee being a company or close corporation, such Trustee may act in terms of resolutions validly passed by its directors or Members in accordance with the Articles of Association or Association Agreement of such company or close corporation, and a decision so resolved shall be deemed to be a decision of the Trustee for all purposes.

14. INDEMNITIES

- 14.1 The Trustees, both jointly and individually, shall not be responsible for any loss suffered by the Association or any Member arising out of any act or omission on the part of the Trustees or any one or more of them, or their officers, employees or agents in respect of the Scheme Accommodation or the Trust or any Trust Property, unless the same shall have been caused by or arisen from breach of trust, fraud or by failure to show the degree of care, diligence and skill which can be reasonably expected of the Trustees or their said officers, employees or agents. A Trustee shall not be jointly liable in respect of any act or omission committed by one or more of the other Trustees unless such Trustee knew or should have known about such act or omission and its likely consequences and failed to act appropriately on such knowledge.
- 14.2 The Trustees shall be entitled to rely on and accept any resolution passed by the Members of the Association attending and entitled to vote at a meeting of the Association, as conclusive proof of the Members' wishes, and shall not be concerned to enquire or satisfy themselves in any way as to the validity of any meeting at which such resolution was passed, or the manner in which it was passed.
- 14.3 The Trustees shall not be required to take any legal or other action whatever in relation to any matter concerning the Trust Property, unless fully indemnified by the Association to the reasonable satisfaction of the Trustees for all costs and liabilities likely to be incurred or suffered by the Trustees.
- 14.4 The Association agrees to and hereby indemnifies and holds harmless the Trustees against losses, claims, demands, taxes, actions, damages, costs and expenses made or incurred by the Trustees in connection with the exercise by the Trustees of their duties and powers under this Deed.
- 14.5 The Trustees shall be entitled to have recourse to and be indemnified out of the Scheme Accommodation or other Trust property or the proceeds of any sale thereof or any part thereof, or out of any income or property accruing to the Trust, for all sums expended by the Trustees in connection with the Trust or the exercise of their duties and powers hereunder, or for all sums (including remuneration) payable to the Trustees hereunder, and for such purposes shall have all the powers of an absolute owner to sell, let, mortgage or otherwise dispose of Units and Use Rights or other Trust property or any part thereof unrestricted by any provision in this Deed provided only that the Trustees shall take no steps to indemnify themselves out of the Units and Use Rights without first having notified the Association of their intention to do so, by 90 days' Notice in writing.

15. LIMITATION ON POWERS

The Trustees shall not concur in or perform any act or acts which in the opinion of the Trustees might be illegal or which is inconsistent with the terms of this Deed or might constitute a breach of Trust or be materially prejudicial to interests of the Association as beneficiary.

16. TRUSTEES' REMUNERATION

The Association may pay to the Trustees as remuneration for the performance of their duties in terms hereof such fees as may from time to time be separately agreed upon between the Association and the Trustees and recorded by way of separate memorandum from time to time. Such memorandum (or any replacement thereof) shall form part of the Trust Deed.

17. RESTRICTION ON ENCUMBRANCES

- 17.1 The Trustees shall not mortgage or otherwise encumber, nor allow or permit the mortgaging or encumbering of any Units and Use Rights held by the Trust pursuant to the terms of this Deed, except with the prior approval of the Association by way of a Members resolution.

- 17.2 Notwithstanding a Members resolution as referred to in clause 17.1 above, the Trustees shall have the absolute discretion to refuse to mortgage, charge or otherwise encumber or to allow or permit the mortgaging or encumbering of any Units and Use Rights if in the Trustees' opinion such mortgaging or encumbering might unduly prejudice the beneficiary or might prejudice the operation or existence of the Scheme.
- 17.3 Notwithstanding the provisions of clause 17.1, the Trustees shall be entitled to accept into the Trust as part of the Trust Property, Units which are subject to mortgage or other encumbrance subject to and in accordance with the provisions of clause 6 of this Trust Deed.

18. DISPOSAL OF UNITS

- 18.1 If directed by the Board, and subject to the Articles and Scheme Regulations, or in terms of clause 14.5 the Trustees may sell or otherwise dispose of part of the Units or procure the sale or other disposal thereof, and shall hold the net proceeds of such sale or disposal (after deduction of the expenses referred to in clause 14.5 if applicable) upon Trust for the Association, provided always that the Trustees shall in their absolute discretion have the right to sell or dispose or procure the selling or disposal of any part of the Scheme Accommodation if in the Trustees' opinion such sale or disposal might unduly prejudice the Association or might prejudice the operation or the existence of the Scheme, and in particular (but without affecting the generality of the Trustees' discretion) the Trustees shall consider the effect of such disposal on the aggregate number of Point Rights in the Scheme, the ratio of Bonded Points and unBonded Points to the number of Point Rights sold or otherwise alienated by the Settlor or the Vendor Companies, the effect of the loss of Accommodation in a particular Resort, and any other relevant factors.
- 18.2 The Trustees may at their discretion but with the authority of the Board, apply the net proceeds of any sale or disposal referred to in clause 18.1:-
- 18.2.1 to acquire other Units or Use Rights to be held by the Trust for purposes of the Scheme, in which event the provisions of clause 18.2.4 shall apply;
- 18.2.2 for distribution to the Association provided that in the case of such distribution the Association shall effect a reduction of each Member's Point Rights in proportion to the number of Point Rights removed from the Scheme by the disposal of the Units pursuant to this clause 18, and shall give written Notice of such reduction to the Trustees and the Vendor Companies;
- 18.2.3 to any investment (with full powers of investment) as the Association may direct in such resolution subject to a reduction of Point Rights in the Scheme in terms of clause 18.2.2 mutatis mutandis;
- 18.2.4 in the event of Units or Use Rights being acquired in terms of clause 18.2.1, the amount (if any) by which the gross costs and expenses of acquiring such further Units or Use Rights exceeds the net proceeds of the sale or disposal referred to in clause 18.1, shall be payable by the Association by way of a Special Levy raised against the Members pursuant to the provisions of the Articles of the Association.
- 18.3 On introduction of new Units or Use Rights into the Scheme in terms of clause 18.2.1, the provisions of the Articles and Scheme Regulations shall apply, and to the extent that the number of Point Rights allocated to the new Units exceeds the number of Point Rights previously allocated to the Units sold in terms of clause 18.1, the excess number of Point Rights shall be allocated to Members in proportion to the number of Point Rights held by them prior to the sale, and the Association shall issue such further Point Rights Certificates as may be required to evidence the further issue.
- 18.4 Nothing contained in this clause 18 shall prevent the Trustees from accepting into the Trust Units or Use Rights for a specified limited period in accordance with the provisions of clause 6.3, and, at the expiration of that period, the Trustees shall be entitled to transfer or cede Title or right to the Units or Use Rights in accordance with the terms of acceptance in respect of such Units or Use Rights.

19. TRUSTEES VACATING OFFICE

The office of a Trustee shall be vacated:

- 19.1 if he shall give written notice to the other Trustees of his resignation;
- 19.2 if he shall become unfit or incapable of acting as a Trustee;
- 19.3 if he shall become of unsound mind and mentally incapable of managing his affairs;
- 19.4 if he shall become insolvent or go into liquidation or assign his estate for the benefit of, or compound with his creditors;
- 19.5 if he (being an individual and not a corporate body), shall be disqualified in terms of the Companies Act in force from time to time to act as a director of a company;

20. MEETINGS AND RESOLUTIONS

- 20.1 The Trustees may meet together for the despatch of business, adjourn and otherwise regulate their meetings as they think fit. Any Trustee shall be entitled at any time to summon a meeting of the Trustees.
- 20.2 Any Trustee shall be entitled in writing to appoint any other person (including one of the other Trustees) to act and vote on his behalf at all or any specified meetings of the Trustees, provided that the person so appointed shall, if he is not one of the other Trustees, be approved of in writing by the other Trustees.
- 20.3 Notwithstanding anything to the contrary contained or implied in this Trust Deed, any resolution signed by all the Trustees shall be as valid and effective as if it had been passed unanimously at a meeting of the Trustees and such resolution may consist of several documents in the same form, each of which is signed separately and shall be deemed (unless a statement to the contrary is made in the resolution) to have been passed on the date on which it was signed by the last Trustee who signed it.
- 20.4 The Trustees shall be entitled, by a majority decision, to appoint one of their number as Chairman in respect of any specific meeting, or for a specified period of time.

21. SIGNATURES

All contracts, deeds and other documents which are required to be signed on behalf of the Trust shall be signed in such a manner as the Trustees shall from time to time determine by written resolution.

22. DISAGREEMENT

In the event of there being any disagreement between the Trustees at any time, the decision of the majority of them shall prevail, or in the event of an equality of votes, the Chairman shall have a casting vote. Any decision taken in accordance with the aforementioned provisions shall be of the same force and effect as if it were an unanimous decision of the Trustees.

23. DELEGATION OF POWERS

The Trustees shall at all times be empowered to employ an attorney or other agent to transact all or any business of whatsoever nature required or permitted to be done in pursuance of this Trust Deed, and to effect payment out of the Trust property or the income thereon of all charges and expenses so incurred.

24. PAYMENT AND DELIVERY

Any payment to the beneficiary under this Trust may be made by the Trustees by delivery in specie of assets of the Trust or by payment of cash, as the Trustees in their sole and entire discretion may determine. The Trustees shall determine the valuation of such assets delivered to any beneficiary and such valuation made by them shall be final and unchallengeable by the beneficiary to whom payment is being made and by all beneficiaries or persons affected thereby.

25. TRUSTEES' DISCRETION

The discretionary powers vested in the Trustees in terms of this Deed shall be complete and absolute and any decision made by them pursuant to any such discretionary powers shall be unchallengeable by any beneficiary affected thereby or by any other person.

26. AMENDMENT OF TRUST DEED

This Deed may be amended from time to time as shall be agreed upon between the Trustees for the time being, and the Association authorised by special resolution of its Members.

27. DISPOSAL AT REQUEST OF VENDOR COMPANY

27.1 Notwithstanding the provisions of clause 18, a Vendor Company may request the Trustees to sell or dispose of or permit or procure the sale or disposal of Units or Use Rights, introduced into the Scheme by that Vendor company, subject to the following conditions (hereinafter referred to as "a disposal request"):

27.1.1 the prior approval of the Board;

27.1.2 that such disposal does not result in the number of Point Rights sold or otherwise alienated exceeding the number of Point Rights in the Scheme.

27.2 The Trustees shall have a discretion to agree to or refuse a disposal request and may impose such terms and conditions as they may deem appropriate, which may include directions to the Vendor Company to pay a part of the proceeds of the proposed sale or disposal to the Association, and in exercising their discretion the Trustees may take the following matters into consideration:-

27.2.1 the number of Point Rights which would be removed from the Scheme if the disposal request were agreed to, in proportion to the aggregate number of Point Rights in the Scheme prior to such disposal and in particular the number of Point Rights that have been sold or otherwise alienated by the Vendor Company prior to the disposal request;

27.2.2 the ratio of Bonded Point Rights and unBonded Point Rights to the aggregate number of Point Rights in the Scheme, both before and after such disposal;

27.2.3 the ratio of Point Rights sold or otherwise alienated to the aggregate number of unBonded Point Rights in the Scheme;

27.2.4 the effect which a disposal of Units or Use Rights in a particular Resort would have on the general viability of the Scheme, taking into account the nature and quality of the Units which would remain in the Scheme after such disposal;

27.2.5 the geographical spread of Accommodation in the Scheme after the disposal;

27.2.6 any other matters or considerations which the Trustees in their discretion see fit to take into account;

provided that nothing in this clause 27 shall be construed as derogating from the Trustees' absolute discretion to agree to or to refute a disposal request made hereunder, or, in agreeing to a disposal request, to impose such conditions as the Trustees may see fit.

27.3 In the event of the Trustees agreeing to a disposal request and subject to any conditions imposed by the Trustees in terms of clause 27.2, the net proceeds of the sale or disposal of the Units pursuant thereto shall accrue to the Vendor Company concerned.

27.4 Nothing in this clause 27 shall be interpreted as preventing or restricting the introduction of further Units and Use Rights into the Scheme subject to the provisions of the Articles and Scheme Regulations.

27.5 The Trustees shall not be liable to a Vendor Company, the Association or to any Member or any other person as a

consequence of the Trustees' agreeing to or refusing a disposal request and the Vendor Company shall indemnify and hold harmless the Trustees against all claims, actions, proceedings, liabilities, costs, expenses or damages which may result from or be incurred in connection with the disposal or refusal to dispose of Units and Use Rights as envisaged in this clause.

28. TERMINATION OF TRUST

- 28.1 The Association may terminate the Trust by a special resolution passed at a general meeting of the Association. Such resolution shall also direct the Trustees as to the disposal of the Scheme Accommodation in accordance with clause 28.2 below. Such resolution shall be certified in writing by the Board and shall be deemed to constitute six months written Notice to the Trustees of the termination of the Trust.
- 28.2 A special resolution to terminate the Trust in accordance with clause 28.1 shall contain one of the following directions:
- 28.2.1 that the Trustees retain the Scheme Accommodation and Trust Property upon the terms of any new trust provisions agreed or to be agreed; or
- 28.2.2 that the Trustees sell or procure the sale or disposal of the Scheme Accommodation in such a manner as the Trustees may determine provided that the Trustees shall not be liable to the Association or to its Members or to any other person:-
- 28.2.2.1 in the event that the Trustees are unable to find a purchaser for all or part of the Scheme Accommodation on acceptable terms; or
- 28.2.2.2 in respect of the adequacy of the consideration received for any such sale or for any loss or damage suffered in respect thereof; or
- 28.2.3 that the Trustees cede the Use Rights back to the Members who hold the Title to the Accommodation concerned after the Association and Trustees have procured cancellation of the Point Rights introduced into the Scheme arising from the Use Rights, and that the Trustees sell or procure the sale or disposal of the Units in accordance with the provisions of clause 28.2.2.
- 28.3
- 28.3.1 In the event of a direction to the Trustees in terms of clause 28.2.2 or 28.2.3 above, the Trustees shall be entitled to deduct from the consideration received in respect of a sale of the Units or Use Rights all payments due to the Trustees under this Deed, all expenses incurred in connection with any sale, the Trustees' reasonable fees for acting on the termination of the Trust, and all taxes or fiscal impositions whatsoever relating to the Trust, the Units or Use Rights and the holding or disposal of the Units or Use Rights by the Trustees;
- 28.3.2 The net assets available for distribution after the provisions of clause 28.3.1 hereof have been complied with shall be distributed by the Trustees to the Association.