

SALT ROCK PALMS TIMESHARE

USE AGREEMENT

Annexure A

NOTE:

1. Any references in the attached to the 'Companies Act' are to be read as references to the Companies Act No 71 of 2008, as amended.
2. Any references in the attached to the 'Articles of Association' are to be read as references to the Company's Memorandum of Incorporation.
3. Any Reference to the company name is to be read as Salt Rock Palms Share Block NPC (RF)

Use and Occupation Agreement

Between:

Salt Rock Palms Shareblock Limited

(Called the "COMPANY") and

Salt Rock Investments CC

(Called the "MEMBER") Witnesseth:

1. DEFINITIONS

- 1.1 Unless the context clearly indicates otherwise, the following words or expressions shall have the following meanings in this agreement:
- 1.2 The "APARTMENT" is each of the APARTMENTS comprising the building, substantially as shown on the attached layout plan in Annexure A1, and each of which in terms of the company's Memorandum and Articles of Association will be linked to a SHAREBLOCK which in turn will have an ALLOCATED LOAN apportioned to it and will be to a TIME MODULE.
- 1.3 The "PROPERTY" is the PROPERTY Leased by the COMPANY Described as Rem of Sub 23 Of Lot 61 No 1521 situate in the Umhlali Town Board area. North Coast Regional Water Services area, administrative District of Natal.
- 1.4 The "ACT" is the Share Blocks Control Act No. 5911980. As amended from time to time, and any regulations Promulgated in terms thereof from time to time.
- 1.5 The "SHAREBLOCK" is each of the SHAREBLOCKS:
 - 1.5.1 (a) Numbered as indicated in the company's Memorandum and Articles of Association;
 - 1.5.2 (b) Which consists of the number of shares in the COMPANY indicated in the said Memorandum and Articles of Association, which shares have a nominal value as shown in the said Memorandum and Articles of Association;
 - 1.5.3 (c) Which in terms of the company's Memorandum and Articles of Association affords to its beneficial owner the right to use the APARTMENT (to which it is linked) in terms of this Use Agreement for the Time Module which it is linked in the said Memorandum and Articles of Association) during each year.
- 1.6 The LOAN OBLIGATION is the total LOAN OBLIGATION as defined in the act.
- 1.7 The "TIME MODULE" means the period of occupation of the APARTMENTS in each calendar year allotted to the holders of the SHAREBLOCK in terms of the COMPANY'S Articles of Association and this Agreement. A time module (i.e. a week) commences on a Friday at 14h00 and terminates at 10h00 on the next Friday.
- 1.8 The "TIMESHARE CALENDAR" means the Time-Share Calendar being Annexure A2 hereto.
- 1.9 The "COMMON PROPERTY" means the whole of the balance of the land, which is not occupied by APARTMENTS and shall be understood in the context in which the term common property is used in the Sectional Titles Act. No. 66/1971 and the common property shall be defined in accordance with the definition of that term in the said ACT, mutatis mutandis applied to the APARTMENT land.

1.10 The "SALE AGREEMENT" means the agreement. To which this Use Agreement will be attached, in terms of which the MEMBERS of the public will acquire the SHAREBLOCKS from the MEMBER.

1.11 The use of the masculine gender shall, if consistent with the context. And be interpreted as the feminine gender and vice versa and the use of the singular shall, it consistent with the context, be interpreted as the plural, and vice versa.

1.12 All words or expressions used in this agreement shall, unless the contrary is clearly indicated in the agreement, have the meanings afforded them in the ACT.

1.13 Reference to the "MEMBER" is reference to Salt Rock Developer CC until it shall have ceded its rights under this agreement in respect of any particular SHAREBLOCK (arid APARTMENT and TIME MODULE) and thereupon references to the "MEMBER" shall mutates mutandis be reference to each new shareholder to whom the rights are ceded from time to time.

1.14 Reference to "SHAREBLOCK DEVELOPER" is reference to SM Rock investments or,

2. RIGHT TO OCCUPY AND USE THE APARTMENT AND COMMON PROPERTY

2.1 The MEMBER has the sole and exclusive right to the use, occupation and enjoyment of the APARTMENT (furnished in accordance with Clause 14. 1.5 below) free of rental for the TIME MODULE linked to a SHAREBLOCK in terms of the COMPANY'S Articles of Association.

2.2 The MEMBER acknowledges that he is aware of the fact that the exclusive right to the use, occupation and enjoyment of the APARTMENT vests in other shareholders of the COMPANY at all other times.

2.3 The MEMBER is furthermore entitled during the TIME MODULE to be present on the COMMON PROPERTY and to use it in conjunction with the APARTMENT The right to be present on and use the COMMON PROPERTY in conjunction with the other APARTMENTS on the COMMON PROPERTY is given to all other shareholders of the COMPANY and the MEMBER'S right to such use is therefore to be exercised in conjunction with the rights of the said other shareholders.

2.4 The MEMBER'S rights described in 2.1 to 2.5 shall at all times be exercised subject to the terms and conditions contained or referred to in this agreement and to the management rules issued from time to time by the COMPANY'S directors as provided for in 17 below.

2.5 The rights acquired by the MEMBER in terms of this agreement endure for so long as the MEMBER remains the beneficial owner of the SHAREBLOCK and complies with all the terms and conditions contained or referred to in this agreement.

3. USE

3.1 The APARTMENT shall be used by the MEMBER, only for the accommodation of the MEMBER and his invitees and for no other purpose whatsoever. The APARTMENT shall not be occupied at any time by.

3.1.1 More than two persons in the case of a studio apartment,

3.1.2 More than four persons in the case of one bedroom apartment;

3.1.3 More than six persons in the case of two-bedroom apartment.

3.1.4 More than eight persons in the case of three-bedroom apartment.

Should the MEMBER be a company or other legal person the APARTMENT shall be used and occupied by such person or persons as may be indicated in writing by such legal person from time to time, but the said use and occupation by such persons shall be subject to all the terms contained or referred to in this agreement and furthermore subject to the prior written consent of the directors of the COMPANY (that is to say the directors of Salt Rock Palms Shareblock Limited) which consent shall not be withheld unreasonably.

3.2 The use of the APARTMENTS shall at all times be subject to the Management Rules as may be determined by the Board of Directors from time to time.

4. ELECTRICITY AND WATER

4.1 The COMPANY'S expenditure relating to the consumption of electricity and water by MEMBERS in or around the APARTMENTS shall be included in the expenditure contemplated in 9.1 below and shall be paid by MEMBERS as part of the annual levy contemplated in 9. Each MEMBER

shall be liable for an equal proportionate amount of the total expenditure as contemplated in 9.1.

- 4.2 The COMPANY shall not be liable towards the MEMBER for any damage which may be suffered by the MEMBER if the services in the APARTMENT, such as the provision of electricity and water and sewerage facilities, are interrupted whether or not such interruption is due to the COMPANY'S fault. Furthermore, the MEMBER shall not be entitled to cancel this agreement or to withhold any payment due in terms of this agreement by virtue of such interruption.

5 LETTING

The MEMBER shall be entitled to let or otherwise temporarily alienate his right to occupy the APARTMENT provided that:

- 5.1 The MEMBER shall at all times, remain bound to each and every provision of this agreement;
- 5.2 No party shall be entitled to occupy the APARTMENT or the COMMON PROPERTY unless such party shall first have signed an undertaking in favour of the COMPANY to be bound by the management rules and by such of the terms of this agreement as the COMPANY'S directors may reasonably regard as being applicable to such party;
- 5.3 The MEMBER shall be liable unto the COMPANY and or the other shareholders for everything done or omitted by the said Party in the APARTMENT or on the COMMON PROPERTY.

6 MAINTENANCE

- 6.1 Fair wear and tear accepted, the MEMBER should be liable for any damage done intentionally, negligently or without fault to the APARTMENT or to any fittings, fixtures or appurtenances in the APARTMENT by the MEMBER or by any of his invitees or by any party occupying or using the APARTMENT by arrangement with the MEMBER as contemplated in paragraph 5.
- 6.2 Fair wear and tear accepted, the MEMBER is obliged to keep the APARTMENT and all fittings, fixtures and appurtenances and movables in it in a clean and neat condition.
- 6.3 Subject to the provisions of 6.1 and 6.2 any expenditure or provision therefore for the maintenance, upkeep or repair of the APARTMENT or any movables in it "its be debited to the levy fund contemplated in paragraph 9.
- 6.4 In the event of a dispute as to whether the MEMBER or the COMPANY (the latter via the levy fund) is liable for any expenditure relating to the maintenance, up-keep, repair or cleanliness of the APARTMENT or any fittings, fixtures or appurtenances in such dispute shall be decided by the COMPANY'S directors whose decision shall be final and binding on the MEMBER.

7 ALTERATIONS

- 7.1 The MEMBER shall under no circumstances alter or effect any changes to the APARTMENT or to any fittings, fixtures or appurtenances in it whether such alterations or changes are of a structural nature or not. Furthermore the MEMBER shall not drive any nails, screws or similar objects into any part of the APARTMENT or any of the fittings, fixtures or appurtenances in it nor shall the MEMBER remove anything from the APARTMENT.

8 CONDITION OF APARTMENT / VOETSTOOTS

The MEMBER accepts the APARTMENT and everything in it and also the COMMON PROPERTY on a voetstoots basis and in the condition in which those items are on the date of this agreement. Subject to the COMPANY'S maintenance duty referred to in 6.3 above. The MEMBER shall have no claim whatsoever against the COMPANY by virtue of the condition of the APARTMENT or any fittings, fixtures or appurtenances in it.

9 LEVIES

- 9.1 The COMPANY'S directors shall create and maintain a fund of moneys collected by them from time to time from the COMPANY'S shareholders. This function may be delegated to the manager contemplated in 17 below. The amount so levied on shareholders shall be decided in the absolute discretion of the COMPANY'S directors and shall in their discretion be sufficient to" provide for:

- 9.1.1 (a) The proper maintenance, control, management and administration of the COMPANY;
- 9.1.2 (b) The proper maintenance and upkeep of the APARTMENTS including their movable contents and the COMMON PROPERTY;
- 9.1.3 (c) Any cost relating to the provision to the COMMON PROPERTY of electricity, water, fuel, sewerage services and refuse removable services (if any) (provided that such costs shall not include any amount for which individual shareholders are directly liable to the COMPANY, otherwise than by way of this levy).

- 9.1.4 (d) Any professional or other services which may be required by the COMPANY as well as provision for any loss which the COMPANY may have suffered or may in future suffer;

- 9.1.5 (e) Insurance premiums for which the COMPANY may be liable from time to time,

- 9.1.6 (f) The fees payable from time to time to the manager contemplated in 17 below;

- 9.1.7 (g) Any other costs, expenditure, disbursements or liability of the COMPANY which is not directly payable to the COMPANY by its shareholders otherwise than by way of this levy.

- 9.1.8 (h) Any expenses not specifically referred to herein, but contemplated in the Acts.

- 9.2 (a) The directors shall in respect of the every calendar year estimate the amount, which will be required by the COMPANY in order to defray the costs referred to in 9.1 as well as any deficiency, which may exist in the fund with regard to the previous calendar year. The directors shall by way of levies on the shareholders (MEMBERS) collect an amount as near as possible to the said estimated amount. The directors are entitled in addition to the matters specifically provided for in 9.1 above to include an amount to be retained as a provision for any future contingent expenditure not of a current nature.

- 9.2.1 (b) The annual amount payable by shareholders to the levy fund shall be paid annually in advance on the first day of every calendar year.

- 9.2.2 (c) The SHAREBLOCK DEVELOPER shall be entitled to pay its annual levy contribution in respect of unsold SHAREBLOCK annually in arrears.

- 9.3 If the directors deem it necessary or expedient they shall be entitled, in addition to the amounts levied in terms of 9.1 and 9.2, from time to time to levy special amounts from the shareholders to defray any expenditure of the COMPANY contemplated in 9.1 or 9.2 which was not included in the estimate of the COMPANY'S annual expenditure. A special levy may be collected in a single payment or in instalments of such amounts and payable over such period as the directors may determine.

- 9.4 (a) The COMPANY shall as and when determined by the Directors despatch a written notice to each shareholder notifying them of the amount levied in terms of this paragraph (9) and such notice shall be subject to the provisions of this agreement relating to notice: provided however that any shareholder who alleges that a notice in terms of this paragraph has not been given to him shall bear the onus of proof thereof If such notice was despatched to him by prepaid registered mail to his address contained in the COMPANY'S address list in which event, unless the contrary is proved, such notice will be deemed to have been received by the shareholder and its contents to have come to the shareholder's notice on the fifth day after the date on which it was posted.

The failure by the COMPANY to give the abovementioned notice timeously to the MEMBER does not Preclude the MEMBER'S liability for payment of, the levy or give rise to any other rights on behalf of the MEMBER.

- (b) The MEMBER is obliged to notify the COMPANY:

- 9.4.1.1 Within twenty-one days of having acquired his rights in terms of this agreement, of his postal address: and (ii) within thirty days of any change of his postal address, of such change.

- 9.4.2 (c) All amounts due in terms of this paragraph (9) are payable as and when the Directors so decide and after notice has been given by the COMPANY of such amounts.

- 9.5 The amount levied in terms of this paragraph (9) shall be levied on all APARTMENTS on the balance of the PROPERTY.

The amount of any levy shall be levied in respect of every TIME MODULE attaching to every SHAREBLOCK and shall be determined in accordance with the following formula:

$$\text{Members levy} = \frac{\text{Total levy obligation of members}}{\text{Total issued share capital}} \times \text{members shares}$$

- 9.6 Payment of any amount due by the MEMBER in terms of this paragraph (9) may be claimed from the MEMBER by the, COMPANY. The MEMBER'S obligation to pay the levy ceases when the MEMBER'S rights in terms of this agreement cease, provided

further that in the event of the cancellation of this agreement by the COMPANY due to the MEMBER'S breach the COMPANY'S right to claim damages from the MEMBER shall not be affected by this provision. The MEMBER shall not be entitled to claim repayment of any amount contributed by him to the levy fund, whether or not such amount may have been paid by the MEMBER in respect of any period after the date upon which his rights in respect of any amount paid by him in terms of this paragraph with regard to any period after his rights in terms of this agreement terminate; provided the cession is to the party acquiring the MEMBER'S rights under this agreement.

- 9.7 Without prejudice to any other rights which the COMPANY then may have a MEMBER shall not be entitled to occupy or use the APARTMENT or be present on the COMMON PROPERTY while any amount due by him in terms of this paragraph is in arrear.
- 9.8 All amounts collected from MEMBERS for the levy fund in terms of this paragraph (9) shall be deposited in a separate banking account to be operated by the COMPANY in the name of "Salt Rock Levy Fund" and shall be released by the directors to defray the COMPANY'S expenditure as and when necessary.
- 9.9 The projected levy payable in respect of the SHAREBLOCKS purchased in terms of the SALE AGREEMENT are available from the timeshare office. The amounts are altered in each budgetary year.

10 THE MEMBER'S LOAN AGREEMENT WITH THE COMPANY

- 10.1 The MEMBER is aware of the fact that he, in terms of the COMPANY'S Memorandum and Articles of Association, as well as all other shareholders of the COMPANY, is or will be bound to a loan agreement with the COMPANY in terms of which an amount of money has been or will be loaned to the COMPANY which amount is indicated in the COMPANY'S Memorandum and Articles of Association as the ALLOCATED LOAN attaching to the SHAREBLOCK for the TIME MODULE. (The said amount is referred to and defined in this agreement as the ("ALLOCATED LOAN"). The said amount together with all other amounts, which may be due by the COMPANY to the MEMBER on loan account, if any, shall never be repaid by the COMPANY to the MEMBER. Should the COMPANY, however, at any time resolve (as set out below) to go into voluntary liquidation any dividend which may be available for distribution will be distributed amongst shareholders.

The resolution of the COMPANY referred to in the previous sub-paragraph shall be a resolution of not less than 75% (seventy-five per centum) in number of the shareholders of the COMPANY (which shareholders shall not include SHAREBLOCK developers as defined in the ACT) and who have the right to vote at the relevant meeting and which MEMBERS shall together hold not less than 75% (seventy-five per centum) of the total votes of all shareholders in the COMPANY excluding shareholders who are SHAREBLOCK developers.

- 10.2 As soon as the total amount due by a MEMBER in respect of his ALLOCATED LOAN has been paid to the COMPANY the COMPANY- shall upon the written request of such MEMBER furnish the MEMBER with a written certificate to that effect.

11 LIEN

- 11.1 Save as is provided herein, the company shall have a first lien on every share and share block for all amounts owed to it including the costs of any proceedings instituted by the company and whether the period for the payment thereof shall have actually arrived or not,
- 11.2 For the purposes of enforcing such lien the directors may, subject to 11.3, sell the share at such time or times and in such manner and upon such terms and conditions as they may think fit. No sale shall be made in terms of this article unless some sum is presently payable and remains unpaid notwithstanding fourteen (14) days notice to the member, slating the amount and demanding payment of such sum, and stating the directors' intention to sell if payment has not been made within the said period of fourteen (14) days.
- 11.3 Should any share be subject to any pledge in respect of which the company shall have received written notice, the company shall give such pledge twenty one (21) days notice to the address furnished by the pledge to the company, to remedy the breach of the holder, failing which the company shall be entitled to proceed with the sale.
- 11.4 Save as his provided herein, no pledgee shall have any prior claim against the company.
- 11.5 The net proceeds of any such sale shall firstly be applied in or towards the satisfaction of the amount owed to the company,

and the balance, if any shall then be paid to any pledgee of the member as the case may be.

- 11.6 Upon any such sale as aforesaid, the directors may enter the purchaser's name in the register of members of the company and the purchase shall not be bound to see to the application for the purchase money, nor shall his title to the shares be affected by the irregularities or invalidity in the proceedings in relation to the sale.
- 11.7 An affidavit by a director or the secretary of the company that the share has been duly sold in accordance with this article, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to such share or its proceeds. Such affidavit, and a receipt of the company for the purchase price of the share, shall constitute a good title to such shares and the validity of the sale may not be impeached by any person.

12 CESSION OF AMOUNTS ADVANCED BY MEMBERS TO COMPANY

- 12.1 In addition to the lien created in paragraph 11 in favour of the COMPANY on the MEMBER'S shares, all amounts which are advanced from time to time by the MEMBER to the COMPANY are hereby ceded to the COMPANY as security for the MEMBER'S outstanding obligations towards the COMPANY from time to time. Such cession shall be a continual covering security. The MEMBER shall not be entitled to cede or otherwise transfer or alienate his right, title and interest in any such amounts or any part thereof without the COMPANY'S prior written consent excepting together with an alienation by the MEMBER of this shareholding in the COMPANY, his ALLOCATED LOAN and his rights in terms of this agreement. Should the COMPANY agree to a cession or other alienation of such amounts the cession or other alienation shall nevertheless not be binding on the COMPANY in spite of the COMPANY'S consent having been granted. If the MEMBER breaches the provisions of this agreement in such a manner that the COMPANY becomes entitled to enforce the provisions of paragraph 16 of this agreement against the MEMBER and in such event any claim by a cessionary or other receiver of the said amount shall be subject to the COMPANY'S claim and shall only be satisfied after all amounts due by the MEMBER to the COMPANY have been paid in full. Should the COMPANY act against the MEMBER in terms of the provisions of paragraph 16 of this agreement, the COMPANY shall, however, be obliged to give the same notice to the said cessionary Or other receiver as it is obliged to give to the MEMBER in terms of paragraph 16 in order to afford the said cessionary or other receiver an opportunity of remedying the MEMBER'S breach

In spite of the COMPANY'S lien on the MEMBER'S shares, no shares shall be sold or otherwise alienated, unless at the same time and as part of the same indivisible transaction the MEMBER'S rights and obligations in respect of his ALLOCATED LOAN and use agreement are sold or alienated and vice versa.

13 CESSION OF RIGHTS BY MEMBERS

- 13.1 The MEMBER is only entitled to cede or otherwise transfer, alienate or waive his right, title and interest in this agreement together with:
 - 13.1.1 (a) The alienation or waiver by him of his shares in the manner prescribed in and subject to the terms of the COMPANY'S Memorandum and Articles of Association and furthermore subject to the terms of this agreement: and
 - 13.1.2 (b) The alienation or waiver by him of his rights in terms of the ALLOCATED LOAN and provided the rights under this agreement the rights in terms of the ALLOCATED LOAN and the shares are alienated in favour of the same party in a single indivisible transaction. No such alienation or waiver shall be effective unless the right is thereby given to the person in whose favour the alienation is made, to occupy the APARTMENT subject to all the provisions contained a, referred to in this agreement and in the COMPANY'S Memorandum and Articles of Association.
 - 13.1.3 (c) The COMPANY shall not register any party who acquires shares from the MEMBER as a MEMBER of the COMPANY until satisfactory evidence has been produced to the COMPANY that the MEMBER'S rights and obligations in terms of this use agreement have been ceded and delegated to that party and furthermore that the MEMBER'S rights and obligations in respect of the ALLOCATED LOAN have been ceded and delegated to that party.

13.2 As the MEMBER that is to say, Salt Rock Palms CC has entered into this agreement in respect OF all the APARTMENTS, it shall be entitled separately to cede or otherwise transfer, alienate or waive its right, line and interest under this agreement in respect of each individual APARTMENT (together with the SHAREBLOCK and ALLOCATED LOAN to which such APARTMENT is linked in terms of the COMPANY'S Memorandum and Articles of Association) for each at the TIME MODULES (To which such APARTMENT is linked in the said articles of association). No party to whom the said MEMBER shall have alienated its said rights shall be entitled to regard this agreement as divisible in any manner and thus any subsequent alienation of rights under this agreement shall include all the rights of the alienating party who will not be entitled to alienate any rights for a shorter period than the TIME MODULE,

14 COMPANY RIGHTS AND OBLIGATIONS

14.1 The COMPANY is:

14.1.1 Obligated to maintain the COMMON PROPERTY in a good and tidy condition and defray its costs in the regard out of the levy fund;

14.1.2 Obligated to procure such insurance relating to the APARTMENT and all other improvements on the property against such risks and for such amounts as the shareholders at the COMPANY may from time to time decide in general meeting and to maintain or renew such policies from time to time and to pay the premiums regularly and to defray its costs in this regard out of the levy fund;

14.1.3 Entitled through any representative or agent at all reasonable times to enter the APARTMENT in order to inspect it. Should the COMPANY not be satisfied with the condition of the APARTMENT it shall be entitled to require the MEMBER immediately to comply with his obligations relating to the condition of the APARTMENT. Should the MEMBER fail to comply with the said request by the COMPANY, the COMPANY shall be entitled to notify the MEMBER in writing to restore the APARTMENT to its required condition and should the MEMBER fail to comply with such notice 14 (fourteen) days after such notice has been given the COMPANY shall be entitled, without prejudice to any other rights which it may have, to restore the APARTMENT into the required condition and to claim any expenditure so incurred from the MEMBER.

14.1.4 If authorised thereto by the directors or the COMPANY'S secretary or manager, entitled itself or through its authorised agents or employees to enter the APARTMENT at any time in order to effect necessary maintenance or repairs to it in which event the MEMBER shall have no claim against the COMPANY for damages, remission of his levy liability or otherwise.

14.1.5 Obligated at all times to keep the APARTMENT adequately furnished and equipped for occupation and use by the permitted number of persons provided that:

14.1.5.1 (i) The COMPANY'S directors shall in their discretion from time to time decide the exact nature, quantity and quality at the movables,

14.1.5.2 (ii) Movables shall be and remain the property of the COMPANY;

14.1.5.3 (iii) The COMPANY shall if the directors so decide from time to time add to, replace or vary such movables;

14.1.5.4 (iv) The MEMBER shall not remove any of the said items from the APARTMENT or the property and shall use them with due care for their preservation and good condition.

15 LOSS, DAMAGE, DEATH, INJURY

The COMPANY shall not be liable for any loss or damage suffered by the MEMBER or any person occupying the APARTMENT or APARTMENT land while the MEMBER or such other persons in occupation of the APARTMENT or the PROPERTY. Furthermore. The COMPANY shall not be liable for the injury or death of the said parties while in occupation of the APARTMENT or the PROPERTY. The COMPANY'S liability is excluded whether or not the said loss, damage, injury or death was caused directly or indirectly by the negligence of the COMPANY or any of its officials, members, employees or agents and whether or not it was caused by the fact that the APARTMENT or the PROPERTY is in a defective condition. The MEMBER shall furthermore not be entitled to withhold payment

of any amount due to the COMPANY or to cancel this agreement by virtue of any such loss, damage, injury or death. The MEMBER hereby indemnifies the COMPANY against any claim, which may be made against the COMPANY by any party who obtains his rights to occupy or use the APARTMENT or the PROPERTY through the MEMBER.

16 TERMINATION

This agreement shall only be of force and effect while the MEMBER remains the beneficial owner of the SHAREBLOCK or while he remains entitled to the transfer thereof: provided that:

16.1 Should the MEMBER fail to comply punctually with any provision of this agreement or of the management rules issued in terms of 17 or of the COMPANY'S Memorandum and Articles of Association and should such failure be of such a nature that it can be remedied and should the MEMBER have been notified in writing by prepaid registered mail to remedy the failure and should it not have been remedied 14 (fourteen) days after the said notice:

OR

16.2 should the MEMBER fail to comply punctually with any of the provisions referred to in 16.1 and should the failure be of such a nature that it cannot be remedied and should the MEMBER have been notified in writing by prepaid registered mail to desist from the particular breach and not to repeat it and should he at any time within a period of six months after such notice repeat the relevant breach or failure; then the COMPANY shall be entitled notwithstanding any previous latitude or indulgence and without prejudice to any other rights which it may have, to cancel this agreement summarily and in the event of such cancellation-

(i) the COMPANY shall be entitled to repossess the use of the APARTMENT and for this purpose to take any steps necessary to evict the MEMBER or any person occupying through the MEMBER from the APARTMENT without prejudice to the COMPANY'S rights to claim the immediate payment of all amounts due to it and which are in arrear together with such damages as the COMPANY may have suffered due to the MEMBER'S breach including legal costs on an attorney and client scale.

AND

(ii) the COMPANY shall be entitled as agent for and on behalf of the MEMBER and in the MEMBER'S name to let the APARTMENT and to collect rental and all other amounts due by the lessee thereof and out of such amounts to defray all amounts due by the MEMBER to the person from whom the MEMBER acquired his SHAREBLOCK and thereafter to defray all amounts due to the COMPANY and thereafter to pay any remaining balance to the MEMBER. The remedy in this paragraph shall not prejudice the COMPANY'S right to sell the MEMBER'S SHAREBLOCK together with his right. Title and interest, in this agreement and the ALLOCATED LOAN;

AND

(iii) the COMPANY shall be entitled without prejudice to any other rights which it has, but subject to the rights of any seller of the SHAREBLOCK who has a lien on the shares and with Such seller's permission TO sell the MEMBER'S SHAREBLOCK together with all amounts which may have been advanced by the MEMBER to the COMPANY and his rights under this agreement and the ALLOCATED LOAN. Such sale maybe made on behalf of and in the name of the MEMBER. The proceeds of the sale shall in the first instance be utilised to redeem any amount due by the MEMBER to the person from whom the MEMBER acquired his SHAREBLOCK and thereafter to redeem any amount due by the MEMBER to the COMPANY. Should any balance remain after the said amounts have been reduced it shall be paid to the member, but should the proceeds be insufficient to redeem, the said amounts, the MEMBER shall remain liable for the shortfall.

This document constitutes an irrevocable power of attorney by the MEMBER in favour of the COMPANY, given in rem suam, to represent the MEMBER and to bind him to the sale contemplated in (iii) above.

17 MANAGEMENT RULES

- 17.1 Apart from the provisions of the ACT, the COMPANY'S Memorandum and the Articles of Association and of this agreement, the APARTMENT and the PROPERTY (including the use of the COMMON PROPERTY) shall be controlled and managed by way of rules.
- 17.2 The COMPANY'S directors shall make the said rules, which shall become binding as soon as they have been adopted by a resolution of the directors. Any rule made by the directors as set out above may be set aside (a) in writing by a majority in value of the shareholders of the COMPANY or (b) by a majority in value of the shareholders of the COMPANY in a general meeting of shareholders.
- 17.3 The COMPANY'S directors may from time to time revoke any rule or alter it or add to it; provided that any rule so revoked, altered or added to may be set aside (a) in writing by a majority in value of the COMPANY'S shareholders or (b) by a majority in value of the Company's Shareholders in a general meeting of shareholders.
- 17.4 The abovementioned rules may relate to the control, management, administration, use and enjoyment of the APARTMENTS and the COMMON PROPERTY. Without derogating from the generality of the foregoing, the said rules may in particular relate to the following.
 - 17.4.1 The level of noise caused by the use of radios, other sources of music, television and the playing of musical instruments;
 - 17.4.2 The limitation and use of television aerials, air-conditioning and any other electrical equipment and of sun blinds;
 - 17.4.3 The neatness and general appearance of the APARTMENTS and the COMMON PROPERTY.
 - 17.4.4 The general behaviour of shareholders and other occupiers and users of APARTMENTS and the COMMON PROPERTY so as to ensure that no shareholder or other occupier shall create a nuisance in a APARTMENT or on the COMMON PROPERTY;
 - 17.4.5 The use of any facilities of the hotel which may be available to shareholders;
 - 17.4.6 Such other matters in the interest of the comfort and general well being of occupiers of APARTMENTS.
- 17.5 Should any rule made in terms of this paragraph (17) clash with any provision of this agreement; the provision of this agreement shall prevail.

18 DAMAGE TO APARTMENT / INSURANCE

- 18.1 Should the APARTMENT be materially damaged or destroyed the COMPANY shall be obliged as soon as practically possible to restore or rebuild it. The MEMBER shall, however, have no claim for damages, or for cancellation of this agreement if as a result of such damage or destruction he is not able to occupy the APARTMENT nor shall he have any such claim against the COMPANY by virtue of any other consequence of such damage or destruction. The COMPANY shall be entitled when restoring or rebuilding the APARTMENT to alter the form or method of construction thereof provided that the altered APARTMENT shall be materially of the same dimensions and be materially in the same location on the COMMON PROPERTY as the previous APARTMENT. In spite of the foregoing provisions of this paragraph, the COMPANY shall not be obliged in restoring or rebuilding any damaged or destroyed APARTMENT to expend more than the amount received by the COMPANY from its insurances under a claim lodged in respect of the said damage or destruction. The COMPANY is obliged to restore or rebuild a damaged or destroyed APARTMENT as set out in the previous paragraph in spite of the fact that the damage or destruction may have been caused by the fault of a MEMBER. Without prejudice to any other rights, which the COMPANY may under such circumstances have against the MEMBER, the COMPANY shall be entitled to claim from the MEMBER any damages suffered by it as a result of such damage or destruction caused by his fault.
- 18.2 The COMPANY is obliged to keep all the APARTMENTS on the PROPERTY insured for their full replacement value from lime to time against damage and/or destruction by fire and such other risks as dwellings are customarily insured against. The COMPANY shall timeously pay the premiums and shall from time to time adjust the amount of the insurance cover it this is necessary to keep the APARTMENTS insured at all times for their full replacement value.

- 18.3 Should the MEMBER be precluded from occupying the APARTMENT during the TIME MODULE due to it having been damaged or destroyed as contemplated in 18.1, the COMPANY shall refund to the MEMBER his annual levy contribution (not including any special levy as contemplated in 9.3).
- 18.4 In the event of a dispute concerning any matter arising out of the provisions of 18.1, 18.2 or 18.3 the dispute will be decided by an architect appointed by the COMPANY'S directors and his decision will be final and binding on the parties. His account for deciding the issue will be paid by the party against whom the decision is mainly given.

19 WARRANTY

The COMPANY hereby warrants unto the MEMBER that:
 19.1 The original registered owner of each SHAREBLOCK in the COMPANY concluded a written use agreement with the COMPANY relating to each APARTMENT and each TIME MODULE and that all the said use agreements are subject materially to the same terms and conditions as are contained in this agreement.

20 INDULGENCE

No indulgence by the COMPANY with regard to the performance by the MEMBER of any obligation in terms of this agreement, shall under any circumstances prejudice the COMPANY'S rights of novate this agreement and the COMPANY shall in spite of such indulgence at all times be entitled to enforce punctual performance by the MEMBER of all obligations assumed under this agreement.

21 CLASHING PROVISIONS

In the event of a clash between the provisions of this agreement and the provisions of the Act, the provisions of the Act shall prevail.

22 COMMENCEMENT OF RIGHTS AND OBLIGATIONS

In spite of the fact that the MEMBER'S right to occupy. Use and enjoy the APARTMENT is limited to the TIME MODULE during every year the parties' rights and obligations in terms of this agreement commence as soon as this agreement has been signed by the COMPANY and the MEMBER.

23 MANAGEMENT

It is recorded that the COMPANY has entered into a management agreement with Salt Rock Hotel Limited for the management of the APARTMENTS and the COMMON PROPERTY and the provision of certain facilities to occupiers of APARTMENTS.

24 DEVELOPMENT EXPENDITURE

- 24.1 The COMPANY will secure funds on loan account from the Developer for the purposes of financing the building of the APARTMENTS, and the COMPANY'S total LOAN OBLIGATION shall not exceed the amount so advanced to it. Such loans will not exceed the cost of the building of the APARTMENTS and common facilities, the single lease premium pad by the developer and the furnishing of the APARTMENTS and shall be repayable on such terms as are not more onerous than applied by the Banks in respect of loans secured by First Mortgage Bonds on urban immovable property.
- 24.2 Any dispute concerning any matter arising out of the provisions of 25.1 shall be decided by an architect appointed by two umpires, one of whom shall be appointed by each of the COMPANY and the member The architect shall act as an expert and not an arbitrator and his decision shall be final and binding on all parties to this agreement.

25 AMENDMENT

This Agreement may be amended, repeated or added to by Special Resolution

Signed for SALT ROCK INVESTMENTS CLOSE CORPORATION:

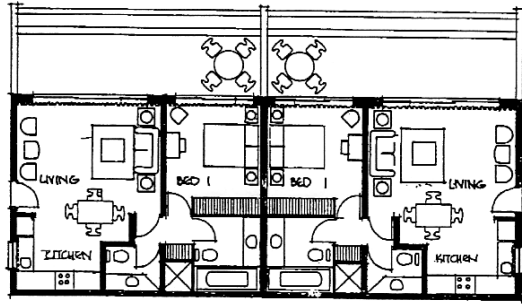
Authorised _____ signatory:

Signed for SALT ROCK PALMS, CLOSE CORPORATION:

Authorised _____ signatory:

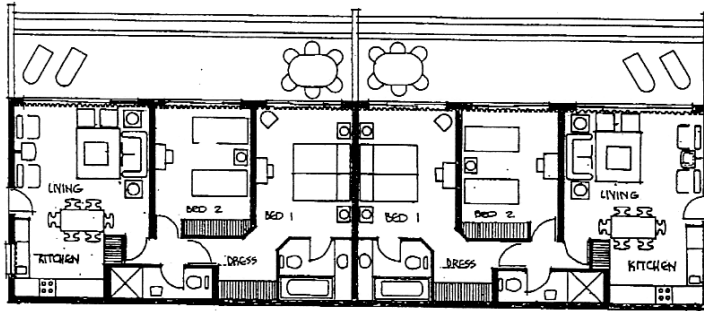
Annexure "A1"

LAY-OUT PLAN



1 BEDROOM
4 SLEEPER
61, 60 SQ. M.

1 BEDROOM
4 SLEEPER
61, 60 SQ. M.



2 BEDROOM
6 SLEEPER
77 SQ. M.

2 BEDROOM
6 SLEEPER
77 SQ. M.

'Annexure B'

**MANAGEMENT REGULATIONS
RULES**

The member concerned:

- 1.1 Shall not use the APARTMENT or permit it to be used in such a manner as shall be injurious to the reputation of Salt Rock Palms.
- 1.2 Shall not contravene or permit the contravention of any law, by-law, ordinance proclamation, statutory regulation or the conditions of licence of the APARTMENT or the conditions of title applicable to the apartment.
- 1.3 Shall not make alterations to the apartment and shall not effect any improvements thereto without the written consent of the Manager.
- 1.4 Shall not keep anything or do anything on the common property after receipt of written notice by the Directors or Manager reasonably forbidding it.
- 1.5 Shall not damage or destroy any plants, shrubs or trees on the property.
- 1.6 Shall not keep any animal or bird in the apartment or on the common property without written permission from the Management
- 1.7 Shall not erect or affix any advertisement, boards or notices in or on any part of the property or on the apartment or allow same to be affixed.
- 1.8 Shall not leave or store any article on any part of the common property or allow it to be left thereon.
- 1.9 Shall not leave rubbish of any kind or allow it to be left in the APARTMENT or on any part of the common property except at such a place or in such receptacles as are specifically provided therefore.
- 1.10 Shall not display or hang any washing or allow it to be displayed or hung anywhere on the common property except in the area especially set aside for that purpose.
- 1.11 Shall not use the apartment or allow it to be used for any purpose other than a holiday home.
- 1.12 Shall not do or allow the doing of anything in the apartment or on the common property which may constitute a nuisance to occupants of other apartments or may cause injury or damage to or endanger any persons or property whatsoever
- 1.13 Shall leave the apartment in the same good and clean condition, as he would hope to find it.
- 1.14 Shall return all keys of the flat to the Manager before departing at the end of his holiday.
- 1.15 Shall check the apartment and its contents with the Manager or his representatives before departing at the end of his holiday. And shall forthwith pay for all damages and breakages which are not Covered by insurance or the result of fair wear and tear

Annexure "C"

MATTERS TO BE STATED IN TERMS OF SECTION 17 OF THE ACT

NAME, ADDRESS AND INCORPORATION		
1.1	The Shareblock company (COMPANY) is:	Salt Palms Share block Limited,
1.2	The company's registered address is:	WESTVILLE
1.3	The company's transfer office is at:	BA Services 1 Lorna Avenue, Ballito
1.4	The company's postal address is at:	P.O. Box 156 Salt Rock 4391
1.5	The company was incorporated on:	1 December 1988
1.6	The company's financial records are kept at:	Baker, Tilley, Morrisen Murray P.O.Box 1098 Westville 3630

2.1 The directors of the company, their occupations, addresses and period of appointment are:

NAME	ADDRESS	OCCUPATION	TITLE
Craig Hulett	C/O Salt Rock Hotel Basil Hulett Drive, Salt Rock	Hotel Operator	Director
Brain Carr	Ditto	Consultant	Director
John Meyer	P.O.Box 2823 Durbanville 7551	Timeshare consultant	Director

- 2.2 The term of Office of the directors are undetermined.
- 2.3 No special rights are held by any person in respect of the appointment of any director.

- 2.4 No remuneration is payable to any directors for services rendered to the company
- 2.5 The company is managed by Salt Rock Hotel (Pty) Limited at the following address: Basil Hulett Drive, Salt Rock.
- 2.6 Moneys relating to the share block scheme are entrusted to the said manager.

3 The companies auditors are: refer 1.6

4 The name and address of the company secretary is: Brian Lawrence Carr, P.O.Box 85, Ballito 4420

5 PROPERTY

5.1 The company is the registered lessee of a portion of the property Rem of Sub 23 Lot 61 No 1521 situate in the Umhlabi Town Board area, North Coast Regional Water Services Area, administrative District of Natal.

5.2 The lease is for a period of 99 years from 1112087 and registered against the title deeds of the property.

5.3 A sectional title register has not been opened.

6 SHARES WHICH ARE SUBJECT OF THE CONTRACT

6.1 The number of shares held by the seller (who is a SHAREBLOCK developer) at the date of this contract was:

6.2 The number of shares no longer held by the seller who is a SHAREBLOCK developer at the date of this contract is. (The Seller is hereby authorised to complete this figure upon the signature hereof)

7 LOAN OBLIGATION OF THE COMPANY

7.1 The company has no current loan obligation to the developer and to third parties.

7.2 The company will incur loan obligations in favour of the developer to the extent of the lease costs in respect of the apartments the buildings and common facilities. -

8 FINANCIAL STATEMENTS

The Audited Financial Statements of the company are available on request.

2 INSURANCE

The property and contents is insured with Reid Reitser Insurance.

Annexure "D"

LIST OF MOVABLES SALT ROCK PALMS

Settees Chairs
Lamp Tables
Coffee Tables
Lamps Pictures Bar Stools
Dining Table
Dining Chairs
TV Units Cocktail Bar Unit
TV Set
Plant Holders and Plants
Curtains and Rails
Fridge Stove
Electric Kettle
Toaster Iron
Cutlery Crockery
Kitchen Utensils
Balcony Table
Balcony Chairs
Umbrella
Base Set (Base and Mattress)
Headboard
Pillows Blankets
Linen Towels
Dressing Mirrors
Stools
Bedspreads and Night-frills
Scatter Cushions
Waste Paper Baskets
Cleaning Equipment (Brooms, brushes etc)
Ash Trays

CALENDAR DATES

May be viewed on the website www.saltrockbeach.co.za. Shareholders are advised to check the dates for occupation each years very carefully.