

THE PENINSULA SHARE BLOCK PROPRIETARY LIMITED

Registration No. 1938/011635/07

MINUTES OF THE 35TH ANNUAL GENERAL MEETING OF “A” CLASS MEMBERS OF THE COMPANY, HELD VIA ZOOM WEBINAR AND IN PERSON AT THE PENINSULA HOTEL ON 13TH JUNE 2024 AT 11H30

Mr A M Schlesinger, the Chairman of the meeting, introduced himself, the members of the Board and Peninsula Management and welcomed all those attending the meeting. The meeting was being held in both electronic format and in person, in line with modern practice. He proceeded to explain that, in terms of the Company's Memorandum of Incorporation (“MOI”), voting at shareholder meetings is conducted by way of a show of hands, unless any shareholder demands a poll, either before or on the declaration of the results of the show of hands. For those who were attending the AGM for the first time, the Chairman outlined the reasons why the agenda points for the current meeting were reserved for the meeting of “A” Class Members.

As a quorum of three or more members was present, in terms of the MOI of the Company, the meeting was declared duly constituted. The Chairman requested that the notice convening the Annual General Meeting be taken as read. This was seconded and agreed.

ITEM 1

ANNUAL FINANCIAL STATEMENTS

Item 1 was to consider the report of the Directors, Audit Committee and the Auditors insofar as they relate to the levy fund for the period ended 31 December 2023.

The Chairman invited Hugh Patrick, Chairman of the Audit Committee of The Peninsula Share Block (Pty) Ltd, to comment on the levy fund.

The audit committee meets four times a year and two of those meetings are attended by the external auditors. At the October meeting, the planning and cost of the upcoming audit is discussed and at the February meeting, the findings of the audit are reported back to the audit committee. The auditors had no concerns with the audit and issued an unqualified opinion.

The company has tightened up on arrear levy collection in order to reduce the arrear levies and improve the cashflow. The time period to act on arrear debtors was reduced from 1 year to 6 months. Owners with levies in arrears for 6 months will receive the first auction letter requesting payment within 30 days and advising them that non-payment will result in their week being sold to recover arrear levies. Should the levy still be outstanding after the 30 days, a 2nd letter will be sent out as a reminder. Any week with levies outstanding 30 days after the 2nd letter will be auctioned. Should the owner want his week back after it has been auctioned, it will be given back once the owner has paid the levies and interest outstanding at the auction date plus interest added for every month subsequent to that date up to the date of reinstatement.

The Accpac accounting system has been replaced by Pastel to fall in line with the DHR group.

The premises are equipped with updated security cameras. Cyber insurance is in place.

The municipality has decreased the valuation of the resort from R174 million to R158 million. However, the rating has changed from residential to commercial, which meant that the rate-per-and increased by 16%. The company has objected, but to date, no response has been received from the council. The net effect on rates for 2023 was a 0.2% increase.

The DHR group has decided to appoint an external company to perform the internal audits on their properties, which will include The Peninsula.

The report of the Directors, Audit Committee and the Auditors insofar as they relate to the levy fund for the period ended 31 December 2023 was duly considered by all.

ITEM 2

INSURANCE

The chairman stated that insurance requires special vigilance hence the reason that the approval of the insurance is left up to the “A” class shareholders. The “B” class shareholders can comment on, influence and guide on the insurance cover and premium, but have no vote on it.

Dewald Cillie from SATIB, the insurance broker, was invited to inform the meeting on the insurance cover. Chris Godenir informed the meeting that SATIB has been the broker for the company for many years and successfully negotiated the Covid-19 insurance payout. In the past, premium increases were influenced by past claim history by individual companies. Currently, however, South Africa is experiencing a very tumultuous insurance market in the sense that international reinsurers have retracted a lot of their capacity from the South African market and require that the local insurers carry greater CAT first loss limits on their balance sheets. Insurance companies are now exiting the property market. The decrease in supply and a large demand, coupled with the cost of reinsurance over large limits getting more expensive, causes premiums to increase substantially. SATIB is working closely with The Peninsula to ensure that premiums are kept in line. SATIB is comfortable that the insurance for the company is sufficient and correct. The building is current insured at R665 million and contents at R40 million. SASRIA cover is capped to R500 million. SASRIA covers damages caused by unrest, riots, strikes etc.

Gross profit is insured at R26.5 million. This is to protect the business portion of the resort, owned by Peninsula Management.

Business Interruption is insured for two years levies at R109 million, which incorporates two years levies with inflation added to the second year. This is to ensure that, in the event of total or partial destruction, for the two years of re-building, no levies would be payable by the shareholders.

Directors and Officers cover is R20 million, Public Liability R50 million and Passenger Liability R40 million. Fidelity cover is insured at R17 million as per the CSOS requirement. By law, this amount is calculated taking the previous year's capital reserve and adding 25% of the current year's operational budget.

A question was raised as to whether there has been any fire risks in the past and if it is linked to a fire station. There was one incident in one of the suites where the kitchen area was severely damaged by fire. There is no direct link to a fire station, but health & safety and evacuation procedures are carried out regularly and a health & safety audit is carried out by an external company annually. There is SATIB24 call service that have access to emergency centers and this service has proved very effective in the past. Four new fire doors were installed by the stairwells in the last year as mandated by the insurance industry to prevent fire from spreading. Fire alarm systems are tested regularly.

On the question of what the rebuilding costs are in relation to the insurance cover, it was noted that the property has been professionally valued and within that valuation it does take into consideration demolition costs, professional fees, escalation and rebuilding costs.

The Directors sought authority to effect and maintain the insurance cover in a responsible manner, balancing costs versus risk, making sure there are no gaping holes in their portfolio of cover. Voting took place and all were in favour.

The resolution was passed without dissent.

GENERAL

No items were raised for discussion in general.

As there was no further business to be transacted at the meeting, the Chairman thanked the members for their participation and declared the meeting closed at 12H01.



CHAIRMAN

29 August 2024

DATE