ACREWOOD MANAGEMENT RULES

Substituted, amended and added to in terms of section 10 of the Sectional Titles Schemes Management Act 8 of 2011 (as amended from time to time)

ACREWOOD

LUXURY APARTMENTS

a Body Corporate established in terms of section 36 of the Sectional Titles Act 95 of 1986, read with section 2(1) of the Sectional Titles Schemes Management Act 8 of 2011

APPROVED BY THE COMMUNITY SCHEMES OMBUD SERVICE ON 26 OCTOBER 2021

REFERENCE: CSOS/GovDocs/21/WC/002120

1. PRELIMINARY

In terms of section 10 of the STSMA the Developer may impose registrable conditions and substitute the prescribed management rules contained in Annexure 1 to the STSMA to the extent prescribed, when submitting an application for the opening of a sectional title register.

The Management Rules set out in this document substitute, amend and add to the prescribed management rules provided for in Annexure 1 to the STSMA.

The Scheme shall be established as a residential development as contemplated in section 32(1) of the STA.

The *Acrewood Body Corporate* is hereby constituted in terms of section 36(2) of the STA read with section 2(1) of the STSMA and shall come into existence when any person other than the Developer becomes an owner of a Unit in a Scheme.

All Members of the *Acrewood Body Corporate* shall at all material times be bound by the provisions of these Management Rules and the Conduct Rules as well as the Constitution and Governing Rules of the SCEMHOA and these Management Rules shall at all material times be subject to the Constitution and Governing Rules of SCEMHOA, as amended from time to time.

These Management Rules shall further at all times be subject to the STA and the STSMA and, save to the extent that the Developer, the Board and/or the *Acrewood Body Corporate* is entitled to and/or do, from time to time, substitute, amend and/or add to these Management Rules and/or the Conduct Rules.

Should there at any time be a conflict or discrepancy between the provisions of the SCEMHOA Constitution and the Governing Rules (including ant directive issued by the Developer during the Development Period, and by the Board thereafter) and these Management Rules and/or the Conduct Rules, the provisions of the relevant Management Rule(s) will be deemed to be amended to accommodate the relevant conflict/discrepancy.

2. INTERPRETATION

In the interpretation of these Management Rules, unless the context otherwise indicates:

2.1. clause headings are for convenience only and shall not be used in its interpretation;

2.2. an expression which denotes:

2.2.1. any gender includes the other genders;

2.2.2. a natural person includes a juristic person and *vice versa;*

2.2.3. the singular includes the plural and *vice versa*;

2.3. the following expressions shall bear the meanings assigned to them below and cognate expressions shall bear corresponding meanings:

2.3.1. **"Administration Fund"** means, as the context may indicate, a fund to be established and maintained by the Body Corporate to cover annual shared operating costs of the Body Corporate, as envisaged in section 3(1)(a) of the STSMA;

2.3.2. **"Amenities and Facilities"** means amenities and facilities that may be situated withing the Scheme for communal use by Occupants;

2.3.3. **"Auditors"** means the auditors of the Body Corporate, from time to time;

2.3.4. **"BC Member"** means a member of the Body Corporate that is represented at meetings of the Sub-Association by the Chairperson of the Body Corporate;

2.3.5. **"Board"** means the trustees of SCEMHOA assembled as a Board as more fully provided for in the Constitution

2.3.6. **"Body Corporate"** means the *Acrewood Body Corporate* to be established in terms of the STA and the STSMA from the date on which any person other than the Developer becomes an owner of a Unit in a Scheme;

2.3.7. **"Building(s)"** means the structures of a permanent nature erected or to be erected on the Land and forming part of the Scheme;

2.3.8. **"Business Day"** means any day other than a Saturday, Sunday or official public holiday in the Republic;

2.3.9. **"Chairperson"** means the chairperson of the board of Trustees of the Body Corporate;

2.3.10. **"Clear Days"** in a computation of days, the exclusion of both the first and last day of the period to be calculated;

2.3.11. **"Common Property"** means those parts of the Scheme which do not form part of a Section, and in respect of which the use thereof is shared by Members of the Body Corporate;

2.3.12. **"Conduct Rules"** means the conduct rules of the Body Corporate as may be issued, substituted, amended, repealed and/or added to from time to time, subject to the provisions of section 10 of the STSMA;

2.3.13. **"Constitution"** means the constitution of SCEMHOA;

2.3.14. **"CSOS"** means the Community Schemes Ombud Service established in terms of the CSOS Act;

2.3.15. **"CSOS Act"** means the Community Schemes Ombud Service Act No. 9 of 2011;

2.3.16. **"Developer"** means Sitari Country Estate Proprietary Limited (registration number 2007/033501/07), a private company with limited liability duly incorporated in terms of the laws of the Republic, or its nominee(s) or agent(s) undertaking the development in respect of the Land, including its successors-in-title or assigns;

2.3.17. **"Development Period"** means the period from the date of establishment of SCEMHOA until the earlier of the date on which all the Land Units situated on the Parent Property have been transferred from the Developer to third parties and/or improved, or until the Developer notifies SCEMHOA and any applicable Sub-Associations in writing that the Development Period has ceased;

2.3.18. **"Erf"** means any erf created by the subdivision of the Parent Property, as indicated on the SDP, or any amendments thereto;

2.3.19. **"Estate"** means the property development known as *Sitari Country Estate*, R102, Somerset-West, Western to be established on the Parent Property;

2.3.20. **"Exclusive Use Areas"** means the exclusive use garden(s), yard(s), storeroom(s), parking bay(s) and/or other parts of the Common Property (if any) so conferred upon the registered owner for the time being of a Section in terms of section 27 of the STA and/or in terms of sections10(7) and 10(8) of the STSMA;

2.3.21. **"Financial Year"** means the financial year of the Body Corporate which shall run from the first day of March of each year to the last day of February of the following year, unless otherwise decided by the Members at a general meeting;

2.3.22. **"General Budget"** means the estimated total income expected to be derived from all Member contributions and the estimated total expenditure expected to be incurred in respect of all shared costs and expenses in relation to the Scheme during the course of any particular Financial Year;

2.3.23. **"Governing Rules"** means the governing rules issued under the Constitution, as approved and amended by the Developer from time to time during the Development Period, and thereafter to be implemented, enforced and amended by the Board of SCEMHOA;

2.3.24. **"in writing"** means written or printed or partly one and partly another, and other modes of representing or producing words in a visible and legible form;

2.3.25. "**juristic person**" includes a company or close corporation (as defined in the Companies Act 71/2008), a foreign company (as defined in the Companies Act 71/2008), a body corporate, a partnership or an association, a trust (as defined in the Trust Property Act 57/1988), and a trust established outside of the Republic;

2.3.26. **"Land"** means Erf 932 Sitari, City of Cape Town, Western Cape Province upon which the Scheme is to be established by the Developer;

2.3.27. **"Land Unit"** means any subdivided portion of the Parent Property registered or capable of being registered as a separate Erf or Section in the Cape Town Deeds Registry;

2.3.28. **"Levy/Levies"** means the contribution(s) payable by a Member to the Body Corporate, in terms of section 3 of the STSMA;

2.3.29. "**Management Rules**" means this document containing the terms of establishment and management of the *Acrewood Body Corporate*, as may be issued, substituted, amended, repealed and/or added to from time to time, subject to the provisions of Rule 26 below, and includes any and all schedules and annexures hereto from time to time and "**Rules**" shall have a corresponding meaning;

2.3.30. **"Managing Agent"** means the managing agent of the Body Corporate, as appointed in terms of the provisions of Rule 12 below;

2.3.31. **"Member"** means a member of the Body Corporate, as more fully detailed in Rule 4 below;

2.3.32. **"Occupant"** means:

2.3.32.1. an Owner; and

2.3.32.2. the tenant and/or any other person(s) residing in a Section and/or visiting any tenant or owner of any Section for any reason and/or for any period of time;

2.3.33. **"Office"** means the registered office of the Body Corporate from time to time;

2.3.34. **"Ordinary Resolution"** means a resolution:

(i) passed by at least 50% (fifty percent), reckoned in value and in number, of (as the context may require):

a. the Members of the Body Corporate who are present or represented by proxy or by a representative recognized by law at a general meeting of the Body Corporate of which at least 14 (fourteen) Clear Days' written notice, specifying the proposed special resolution, has been given, or at any adjournment thereof as envisaged in Rule 11.5; or

b. the Trustees present at a duly constituted meeting of Trustees;

alternatively

(ii) agreed to in writing by at least 50% (fifty percent) of (as the context may require):

a. the Members of the Body Corporate, calculated in both value and number of all votes; or

b. the Trustees;

2.3.35. **"Owner"** means the registered owner of a Section and as such a Member of the Body Corporate;

2.3.36. **"Parent Property"** means the land approved for development by the City of Cape Town, being Erf 1, Sitari, City of Cape Town, Division Stellenbosch, Western Cape Province, upon which the Estate is to be developed by the Developer;

2.3.37. **"Participation Quotas"** means the quota applied to all Members in order to determine:

2.3.37.1. the liability of such Member(s) to contribute to the costs of the Body Corporate; and

2.3.37.2. the value of any vote cast by such Member(s) at any meeting by the Body Corporate, in accordance with the formula set out below:

2.3.37.2.1. the floor area of a particular Section forming part of the Scheme in relation to the total floor area of all Sections forming part of the Scheme, and expressed as a percentage (expressed to four decimal places);

2.3.38. **"PMR"** means prescribed management rules contained in Annexure 1 to the STSMA;

2.3.39. **"Professional Trustee"** means a trustee nominated and appointed by the Developer during the Development Period, and thereafter by the Board, which person must be nominated, appointed and co-opted to the board of Trustees for his specific level of skill, expertise, knowledge of the Estate, and experience in his field of qualification;

2.3.40. **"Registered Bondholder"** means any holder of a mortgage bond over a Section of whom the Body Corporate has been notified in writing as contemplated in section 13(1)(f) of the STA;

2.3.41. **"Registrar"** means a registrar of deeds as defined in the Deeds Registries Act No 47 of 1937 and whose offices are situated in the registration district of the Scheme;

2.3.42. **"Republic"** means the Republic of South Africa;

2.3.43. **"Reserve Fund"** means, as the context may indicate, a fund to be established and maintained by the Body Corporate to cover the cost of future maintenance and repair of the Common Property, as envisaged in section 3(1)(b) of the STSMA;

2.3.44. **"SAC"** means the constitution of the Sub-Association;

2.3.45. **"SCEMHOA"** means a property owners' association, known as the *Sitari Country Estate Master Home Owners' Association,* incorporated (in terms of Chapter 6, Part 5, Section 61 of the City of Cape Town Municipal Planning By-Law, 2015) to administer and control all aspects relating to the Estate;

2.3.46. **"Scheme"** means the sectional title scheme, known as *Acrewood*, to be established on the Land;

2.3.47. **"SDP"** means the respective Site Development Plans approved by the Local Authority;

2.3.48. **"Section"** means a Section in the Building(s), excluding the Common Property and Exclusive Use Areas, being a "primary section" as envisaged in section 2(m) Annexure 1 to the STSMA;

2.3.49. **"Sectional Plan"** means the sectional plan(s) applicable to the Scheme as approved by the Surveyor General and includes the plans filed with the sectional title scheme in terms of section 25(2)(a) of the STA;

2.3.50. **"Special Contribution(s)"** means any contribution levied, on authority of a Trustee resolution, by the Body Corporate on the Members under section 3(10) of the STSMA other than contributions which arise from the approval of the estimate of income and expenditure of the Body Corporate at an annual general meeting of the Body Corporate, determined to be a contribution to be levied on the Members during the current Financial Year;

2.3.51. **"Special Resolution"** means a resolution:

(i) passed by at least 75% (seventy five percent), reckoned in value and in number, of (as the context may require):

a. the Members of the Body Corporate who are present or represented by proxy or by a representative recognized by law at a general meeting of the Body Corporate of which at least 21 (twenty-one) Clear Days' written notice, specifying the proposed special resolution, has been given, or at any adjournment thereof as envisaged in Rule 11.5; or

b. the Trustees present at a duly constituted meeting of Trustees;

alternatively

(ii) agreed to in writing by at least 75% (seventy five percent) of (as the context may require):

a. Members, reckoned in value and in number; or

b. the Trustees;

2.3.52. **"STA"** means the Sectional Titles Act No 95 of 1986 (or any statutory modification or re-enactment thereof) and includes the regulations promulgated thereunder from time to time;

2.3.53. **"STSMA"** means the Sectional Titles Schemes Management Act No 8 of 2011 (or any statutory modification or re-enactment thereof) and includes the regulations promulgated thereunder from time to time;

2.3.54. **"STSMA Regulations"** means the regulations promulgated under the STSMA;

2.3.55. **"Sub-Association"** means *Sitari Country Estate Sub-Home Owners Association 2A(ii)*, as more fully provided for in the SAC, and of which the Body Corporate will be a member;

2.3.56. **"Sub-Member"** means the owner of a Section, as such and in that being a Sub-Member of SCEMHOA, as more fully provided for in the Constitution;

2.3.57. **"Trustee"** means, subject to PMR 6(1) and 6(2), any one of the Members of the Body Corporate or other persons elected as such by the Members at an annual general meeting;

2.3.58. **"Unanimous Resolution"** means:

(i) passed by (as the context may require):

a. the Members of the Body Corporate, reckoned in value and in number, who are present or represented by proxy or by a representative recognized by law at a general meeting of the Body Corporate of which at least 21 (twenty-one) Clear Days' written notice, specifying the proposed unanimous resolution, has been given, or at any adjournment thereof as envisaged in Rule 11.5; or

b. the Trustees present at a duly constitutes meeting of Trustees;

alternatively

(ii) agreed to in writing by (as the context may require):

a. all the Members of the Body Corporate; or

b. all the Trustees.

2.3.59. **"Unit"** means a Section together with its undivided share in the Common Property apportioned to that Section in accordance with the participation quota of the Section;

2.4. where any number of days (other than Clear Days) is to be calculated from a particular day, such number shall be calculated as excluding such particular day and commencing on the next day. If the last day of such number so calculated falls on a day that is not a Business Day, the last day shall be deemed to be the next succeeding day which is a Business Day;

2.5. should any provision or definition in this Rule 2 be a substantive provision conferring a right or imposing an obligation on any person then, notwithstanding that it is only a definition, effect shall be given to that provision as if it were a substantive provision in these Management Rules;

2.6. any schedules or annexures to these Management Rules shall be deemed to be incorporated in and form part of these Management Rules, unless expressly stated otherwise;

2.7. where any term is defined in a particular Rule and not in this Rule 2, that term shall bear the meaning ascribed to it in that Rule wherever it is used in these Management Rules;

2.8. any reference to any statute, regulation or other legislation shall be a reference to that statute, regulation or other legislation as at the date of registration of these Management Rules, and as amended, re-enacted or substituted from time to time;

2.9. where figures are referred to in numerals and words, if there is a conflict between the two, the words shall prevail unless the context indicates otherwise or the party supporting the accuracy of the numeracy over the words is able to prove, on a balance of probabilities, that the numerals are correct;

2.10. any reference to days (other than a reference to Business Days), months or years shall be a reference to calendar days, calendar months or calendar years (as the case may be);

2.11. the use of the word "including" followed by a specific example(s) shall not be construed as limiting the meaning of the general wording preceding it and the *eiusdem generis* rule shall not be applied in the interpretation of such general wording or such specific example(s);

2.12. the rule of construction that these Management Rules shall be interpreted against the person responsible for the drafting or preparation thereof, shall not apply;

2.13. these Management Rules shall in all respects be governed by the laws of the Republic;

2.14. in applying the provisions of these Management Rules and the Conduct Rules, the Trustees and Members shall always conduct their affairs subject to the applicable provisions of the Constitution, the Governing Rules, the STA and the STSMA.

3. STATUS OF THE BODY CORPORATE, THE SCHEME, SCEMHOA, THE SAC, THE CONSTITUTION AND THE GOVERNING RULES

3.1. The Scheme will be established on the Land which form part of the Estate, which is managed and administered by SCEMHOA.

3.2. The Body Corporate, once established, shall be a member of the Sub-Association, and shall at all meetings of the Sub-Association be represented by the Chairperson.

3.3. The Members of the Body Corporate shall be Sub-Members of SCEMHOA and BC Members of the Sub-Association.

3.4. The Body Corporate and its Members shall be bound by the provisions of the Constitution, the Governing Rules and the SAC in as far as it is applicable to Sub-Members and BC Members.

3.5. The schedule of conditions referred to in section 11(3)(b) of the STA contains a condition restricting the transfer of a Unit without the consent of the SCEMHOA and the Sub-Association.

4. MEMBERSHIP OF THE BODY CORPORATE, THE SUB-ASSOCIATION AND SCEMHOA

4.1. Any person who becomes an Owner after the Body Corporate has been established is a Member of the Body Corporate.

4.2. Membership of the Body Corporate shall be compulsory for the following:

4.2.1. the Developer during the Development Period;

4.2.2. an Owner.

4.3. Each Owner will as such become a Sub-Member of SCEMHOA and BC Member of the Sub-Association.

4.4. An Owner may never resign as a Member, as a BC Member or as a Sub-Member.

4.5. All Land Units are subject to the condition imposed by the City of Cape Town in terms of section 100 of the City of Cape Town Municipal By-Law, 2015 namely that it shall not be transferred without the prior written consent of SCEMHOA.

4.6. Without prejudice to the rights of the Body Corporate to claim from a Member (including his estate) any arrears of Levies, Special Contributions, subscriptions or other sums due by him to the Body Corporate at the time of his ceasing to be a Member, an Owner ceasing to by a Member (including any executor, curator, trustee, business rescue practitioner or liquidator of such a Member) shall not at any time have any claim upon or interest in the funds or other assets of the Body Corporate.

5. ***DOMICILIUM CITANDI ET EXECUTANDI***

5.1. The Trustees shall from time to time determine the physical address and/or email address constituting the *domicilium citandi et executandi* of the Body Corporate and notify CSOS, the local municipality and the registrar of deeds thereof, as required by section 3(1)(o) of the STSMA, subject to the following:

5.1.1. such physical address shall be the address of the Chairperson or other resident Trustee or the address of the offices of any duly appointed managing agent;

5.1.2. the respective email addresses of the Body Corporate shall be the email address of the Chairperson or other resident Trustee or the email address of any duly appointed managing agent;

5.1.3. no change of the aforesaid physical address or email address shall be effective until written notification thereof has been lodged with CSOS;

5.1.4. the Trustees or shall give notice to all Members of any change in such physical address and/or email address.

5.2. The *domicilium citandi et executandi* of each Member shall be the address of the Section registered in his name and/or the email address chosen by such Member and notified to the Body Corportae in writing. A Member shall be entitled from time to time to change his physical address and/or email address provided that any new physical address shall be situated in the Republic and shall not be a post office box or *poste restante*, and provided further that the change shall only be effective on receipt of written notice thereof by the Body Corporate at its *domicilium* referred to in Rule 5.1. Written notice of any such change in such physical address or email address may be given to the Body Corporate either by hand delivery and/or per email.

6. **MAIN OBJECT**

6.1. The main object of the Body Corporate is:

6.1.1. the promotion, advancement and protection of its Members and their respective rights and interests;

6.1.2. the improvement to, insurance and maintenance of, and control over the Building(s), structures, installations and equipment relating to the Common Property;

6.1.3. the compilation, approval and regulation of the General Budget, as referenced in Rules 10.2.1.2 and 10.12.1, including the management of the Administration Fund and Reserve Fund;

6.1.4. the control over the implied servitudes created in favour of and against each Section in terms of section 28 of the STA;

6.1.5. the promotion, advancement and protection of the communal interests of the Members;

6.1.6. the regulation of the scope, usage and extent of the Common Property;

6.1.7. enforcing compliance by all Members with the provisions of these Management Rules, the Conduct Rules and all other rules issued pursuant thereto from time to time;

6.1.8. enforcing compliance by all Members with the Constitution and Governing and all other rules issued pursuant thereto from time to time.

7. FUNCTIONS AND POWERS OF THE BODY CORPORATE

7.1. The Body Corporate shall have the functions and powers normally associated with a body corporate in a sectional title scheme and which functions and powers are more fully detailed in Sections 3, 4 and 5 of the STSMA. **These functions and powers are assigned to SCEMHOA as provided for in section 6(4)(b) of the STSMA Regulations** and as are more fully specified in and subject to the further provisions of these Management Rules, the Constitution and the Governing Rules.

7.2. The Trustees must perform the powers and functions of SCEMHOA as may be assigned to them from time to time, provided that SCEMHOA may at any time revoke such delegation.

8. TRUSTEES OF THE BODY CORPORATE

8.1. Composition of Trustees

8.1.1. The number of Trustees of the Body Corporate shall be not less than 3 (three) and not more than 5 (five), provided that:

8.1.1.1. for as long as the Body Corporate has 3 (three) or less Members, there shall be as many Trustees as there are Members of the Body Corporate; and

8.1.1.2. for the duration of the Development Period, the Developer shall be entitled to nominate and appoint:

8.1.1.2.1. such number of Trustees being the same proportion as exists between the total area of all the Units in the Scheme and the total area of all the Units of which the Developer is the registered owner at the relevant time (rounded up to the next number in the event of a fraction); and

8.1.1.2.2. a Professional Trustee to serve as a Trustee for a predetermined period of time, as and when the Body Corporate is of the opinion that there is a need for such a Professional Trustee. The Professional Trustee must be familiar with the operation and management of the Scheme and the Estate. The Professional Trustee may attend Trustee meetings but will only serve in an advisory capacity and will no voting rights whatsoever. The Developer, or the Body Corporate, as the case may be, must agree on the fee structure of the Professional Trustee prior to his appointment and is subject to the allowance for professional fees in the budget of the Body Corporate and the availability of such funds.

8.1.2. With effect from the date of the establishment of the Body Corporate, all Members shall be Trustees who shall hold office until the first general meeting of the Members of the Body Corporate as contemplated in Rule 11 whereupon they shall retire but shall be eligible for re-election in terms of Rules 8.3 and 8.4.

8.1.3. The Chairperson of the Trustees referred to in Rule 8.1.2 shall be appointed as set out in 9.3.2 below.

8.2. **Qualifications**

8.2.1. A Trustee or Trustee shall not be required to be a Member or the nominee of a Member who is a juristic person, in order to qualify for office as a Trustee, provided however that:

8.2.1.1. the majority of the Trustees are Members, or spouses of such Members; and

8.2.1.2. the managing agent or any of its employees or an employee of the Body Corporate may not be a Trustee unless he or she is (i) also a Member or (ii) appointed by the Developer as envisaged in Rule 8.1.1.2 above.

8.3. **Nominations**

Nominations by Members for the election of Trustees at any annual general meeting shall be given in writing, accompanied by the written consent of the person nominated, so as to be received at the *domicilium* of the Body Corporate by no later than 48 (forty eight) hours prior to the meeting, provided that Trustees are also capable of being elected by way of nominations with the consent of the nominee given at the meeting itself should insufficient written nominations be received to comply with the number of Trustees required in terms of Rule 8.1.1.

8.4. **Election/appointment of Trustees**

8.4.1. Subject to 8.1.1.2 above, the Trustees shall be elected by the Members at the first annual general meeting of the Body Corporate and thereafter at each subsequent annual general meeting, and shall hold office until the end of the next succeeding annual general meeting, at which meeting they shall be eligible for re-election, if so nominated.

8.4.2. Following election of the Trustees as aforesaid, such duly elected Trustees shall from amongst themselves elect a person to act as Chairperson.

8.5. **Replacement of & vacancy in number of Trustees**

8.5.1. In the event of any Trustee ceasing to hold office in terms of Rule 8.10, the remaining Trustees may fill any vacancy in the number of Trustees, subject to the composition of Trustees as required in terms of Rule 8.1.1.

8.5.2. Any Trustee so appointed shall hold office until the next annual general meeting when he shall retire and be eligible for re-election in terms of Rules 8.3 and 8.4.

8.6. **Alternate trustees**

8.6.1. Each duly elected Trustee may appoint another person (whether or not such person is a Member) to act as an alternate trustee during his temporary absence or temporary inability to act as Trustee.

8.6.2. An alternate trustee shall have the powers and be subject to the duties of a Trustee.

8.6.3. An alternate trustee shall cease to hold office if the Trustee whom he replaces, ceases to be a Trustee, or if the alternate's appointment is revoked by the relevant Trustee.

8.7. **Remuneration**

8.7.1. Unless otherwise determined by a Special Resolution of all Members of the Body Corporate, Trustees who are Members shall not be entitled to any remuneration in respect of their services as such, provided however that the Body Corporate shall reimburse to the Trustees all disbursements and expenses actually and reasonably incurred by them in carrying out their duties and exercising their powers on behalf of the Body Corporate and in accordance with these Management Rules.

8.7.2. The Body Corporate may remunerate Trustees who are not Members at such rate as may be approved by an Ordinary Resolution of the Members of the Body Corporate as part of the General Budget and such Trustees shall further be entitled to have refunded to them any disbursements and expenses actually and reasonably incurred by them in carrying out their duties and exercising their powers on behalf of the Body Corporate and in accordance with these Rules, provided always that an alternate trustee appointed by a Trustee, who is not a Member, shall claim his remuneration, if any, from the Trustee whom he replaced and not from the Body Corporate, unless the Body Corporate has been instructed in writing by such Trustee to pay any portion of his remuneration to such alternate trustee.

8.8. **Indemnity**

8.8.1. Subject to Rule 8.8.3, every Trustee, the Professional Trustees, the Auditors and the Developer, including their respective agents or other officers or employees, and the employees of the Body Corporate shall be indemnified by the Body Corporate against all costs, losses, expenses and claims which they may incur or become liable for by reason of any act done by them in the discharge of their duties in accordance with these Management Rules, unless such costs, losses, expenses and/or claims are caused by the *mala fide* (bad faith) or grossly negligent conduct of such person.

8.8.2. The Trustees shall pay such indemnity, as and when necessary, out of the funds of the Body Corporate.

8.8.3. The indemnity referred to in Rule 8.8.1 shall not apply in favour of any managing agent appointed in terms of Rule 12.

8.8.4. A Trustee, the Developer or the Professional Trustee shall not be liable for any act or omission of the Managing Agent, the Auditors or of any of the other Trustees whether in their capacity as such or as Chairperson, or for any loss or expense sustained or incurred by the Body Corporate through the insufficiency of deficiency of any security in or upon which monies of the Body Corporate are invested, or for loss or damage arising from the insolvency or wrongful act of any person with whom any monies, securities or effects are deposited, or for any loss or damage occasioned by any *bona fide* error of judgement or oversight on his part, of for any loss, damage or misfortune of whatsoever nature occurring in the execution of his duties in relation thereto, unless same shall have occurred as a result of mala fides (*bad faith*), gross negligence or wilful misconduct on his part.

8.8.5. The Developer and the Managing Agent is hereby irrevocably indemnified against any loss or any possible damages or claim for damages that the Body Corporate, Member or Occupant may suffer as a result of any installation of any service or facility, or any act or conduct by the Developer in the exercising of the development rights and/or other rights set out in these Management Rules,

8.9. **Powers and Duties**

The Trustees shall have the powers and duties as detailed in Section 7 of the STSMA, PMR 9, these Management Rules and any direction given to or restriction imposed upon them by the Members in general meeting.

8.10. **Disqualification & Removal from Office**

8.10.1. A Trustee shall cease to hold office as such:

8.10.1.1. if by notice in writing to the Body Corporate that he resigns his office;

8.10.1.2. if he is or becomes of unsound mind;

8.10.1.3. if he surrenders his estate as insolvent, or if his estate is sequestrated;

8.10.1.4. if he is convicted of an offence which involves dishonesty;

8.10.1.5. in the event of his death;

8.10.1.6. if by Ordinary Resolution passed by the Members at a general meeting of the Body Corporate, he is removed from his office, provided that the intention to vote upon the removal from office has been specified in the notice convening the meeting; or

8.10.1.7. if he is or becomes disqualified in terms of Section 69 of the Companies Act 71 of 2008, from being appointed or acting as a director of a company.

8.11. **Representation at SCEMHOA and Sub-Association meetings**

8.11.1. The Chairperson or alternatively, in the event of the Chairperson being unavailable for any reason, any Trustee nominated by the other Trustees for such purpose, shall represent the Body Corporate at any meeting of the Sub-Association.

8.11.2. The Body Corporate's vote and the casting of such vote at any meeting of the Sub-Association shall be determined by the provisions of the Constitution and Governing Rules and the SAC (as the case may be), and shall be exercised by the representative of the Body Corporate referred to in Rule 8.11.1.

8.11.3. Representation and casting of votes at SCEMHOA meetings shall be determined by the provisions of the Constitution and Governing Rules.

9. MEETINGS OF TRUSTEES

9.1. **Calling of and attendance at Trustee meetings**

9.1.1. Subject to Rules 9.1.2, 9.1.3 and 9.1.4, the Trustees may give notice convening meetings, meet for the dispatch of business, adjourn and otherwise regulate their meetings as they deem fit. It shall not be necessary to give notice of a meeting of Trustees to any Trustee for the time being absent from the Republic unless the meeting is one referred to in Rule 9.1.6, but notice of any such meeting shall be given to his alternate trustee, if he has appointed one, where such an alternate trustee is in the Republic.

9.1.2. The Trustees may by written Ordinary Resolution set the dates of and a standard agenda for their future meetings and delivery of such resolution to the Trustees is considered adequate notice of all such meetings.

9.1.3. A Trustee may at any time convene a meeting of the Trustees on not less than 7 (seven) days' written notice of the proposed meeting, which notice shall set out the time, place and agenda of such meeting, provided that in cases of urgency such shorter notice as is reasonable in the circumstances may be given if the reasons for such urgency is detailed in the notice.

9.1.4. Any Member, Registered Bondholder holding first mortgage bonds over Sections shall, and holders of future development rights, may in writing request to be notified of Trustee meetings (including the resolution referred to in Rule 9.1.2 and adjournment of such meetings), provided that such person bears the reasonable cost of such notification.

9.1.5. Any such Member, Registered Bondholder and holders of future development rights or their respective nominees shall be entitled to attend and speak on matters on the agenda but shall not be entitled to propose any motion or vote thereat and shall not be entitled to attend parts of the meeting referred to in PMR 11(3)(a) and PMR 11(3)(b).

9.1.6. The Trustees may make arrangement for attendance at a Trustee meeting by way of telephone, video conferencing or other method, if such method:

9.1.6.1. is accessible to all Trustees and their alternate trustees (as the case may be);

9.1.6.2. permits all persons participating in the meeting to communicate with each other during the meeting; and

9.1.6.3. permits the Chairperson to confirm, with reasonable certainty, the identity of the participants.

9.1.7. A person who attends the Trustee meeting as described in Rule 9.1.6 is considered to be present in person at the meeting.

9.1.8. The Trustees are not obliged to hold a meeting if:

9.1.8.1. at least 24 (twenty four) hours before the meeting is set to take place:

9.1.8.1.1. all Trustees consent in writing to motions that deal with the items of business on the agenda; and

9.1.8.1.2. the Trustee(s) calling the meeting, alternatively the Chairperson, has sent an email to all Trustees and other persons entitled to notice of such meeting advising that the meeting will not proceed, provided that if the said person made a reasonable attempt to give such notice, an inadvertent omission or failure to do so to any person entitled to such notice or the non-receipt or late receipt of such notice shall not invalidate the notice or the resolutions agreed to in writing as aforesaid.

9.2. **<u>Quorum of trustees</u>**

9.2.1. At a meeting of the Trustees no less than 3 (three) Trustees shall form a quorum. During the Development Period, no quorum shall be deemed to be achieved unless at least 2 (two) of the Developer appointed Trustees (as envisaged in 8.1.1.2 above) or their alternates are present at such meeting.

9.2.2. If at any meeting of Trustees a quorum is not present within 15 (fifteen) minutes of the appointed time of the meeting, such meeting shall stand adjourned to the next Business Day at the same time and same place, and the Trustees then present, who shall not be less than 2 (two), must adopt interim resolutions in respect of each item on the agenda, but implementation of such resolutions are suspended and will only take effect once adopted at a Trustee meeting at which a quorum is present, alternatively by written resolution signed by all the Trustees.

9.3. **Chairperson**

9.3.1. From the establishment of the Body Corporate until the end of the Development Period, the Developer's nominee is the Chairperson of the Trustees.

9.3.2. At the commencement of the first meeting of Trustees after an annual general meeting at which Trustees have been elected as provided for in Rules 8.3 and 8.4, subject to the provisions of 9.3.1 above, the Trustees shall elect a Chairperson from among their number, who shall, subject to Rule 9.3.3, hold office as such until the end of the next annual general meeting of the Members of the Body Corporate.

9.3.3. The Trustees at a Trustees' meeting or the Body Corporate at a general meeting, in respect of which notice of the intended removal from office of the Chairperson has been given, may remove the Chairperson from office, provided that such removal shall not remove the Chairperson from the office of Trustee, it being recorded that this removal from office shall not apply to the Chairperson appointed in terms of 9.3.1 above.

9.3.4. If any Chairperson elected in terms of Rule 9.3.2 vacates office as Chairperson or ceases to hold office by virtue of the provisions of Rule 9.3.3, the Trustees shall elect another Chairperson from among their number who shall hold office as such for the remainder of the period of office of the first-mentioned Chairperson and who shall have the same voting rights as the first-mentioned Chairperson, provided however that for the duration of the Development Period the Developer shall be entitled to appoint a replacement Chairperson.

9.3.5. If any Chairperson 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 Trustees present at such meeting shall choose another Chairperson from among their number, who shall for such meeting have the same powers and duties as the Chairperson would ordinarily have.

9.4. **Voting by Trustees**

9.4.1. Subject to Rule 9.4.5, each Trustee shall have 1 (one) vote.

9.4.2. A motion at a Trustee meeting does not have to be seconded and must be determined by a resolution adopted by the majority of Trustees present and entitled to vote.

9.4.3. Trustees must adopt decisions by way of majority vote, provided that resolutions may be put to the vote:

9.4.3.1. at Trustee meetings; or

9.4.3.2. by a notice sent to each Trustee which contains the text of any proposed resolutions and instructs the Trustees to indicate their agreement to the resolution by affixing their signature thereto and return same to the Body Corporate by no later than the closing date specified in the said notice.

9.4.4. A resolution in writing signed by all the Trustees for the time being present in the Republic and constituting a quorum, shall be as valid and effective as if it had been passed at a meeting of the Trustees duly convened and held.

9.4.5. A Trustee is disqualified from voting in respect of any contract or dispute with the Body Corporate to which the Trustee is a party (whether directly or indirectly) and any other matter in respect of which the Trustee has any direct or indirect interest, provided that this limitation shall not apply to Developer appointed Trustees for the duration of the Development Period.

9.4.6. In the event of a deadlock, no resolution shall be passed and the meeting shall stand adjourned to the next duly convened Trustee meeting at which the item in respect of which such deadlock was reached, will automatically be placed on the agenda again.

9.4.7. Should the deadlock continue at the next Trustee meeting, the Chairperson shall have a casting vote.

10. THE FUNCTIONS, POWERS AND DUTIES OF TRUSTEES OF THE BODY CORPORATE

10.1. General

10.1.1. The functions, powers and duties of the Body Corporate shall, subject to the provisions of the STA, the STSMA, the Constitution, the Governing Rules, these Management Rules and to any restrictions imposed and/or directions given at a general meeting of the Members, be performed or exercised by the Trustees of the Body Corporate holding office in terms hereof.

10.1.2. The Trustees shall:

10.1.2.1. perform the functions entrusted to them in terms of the STA, the STSMA and these Management Rules;

10.1.2.2. do all things reasonably necessary for the control, management and administration of the Building(s); and

10.1.2.3. do all things reasonably necessary for the enforcement of the provisions of these Management Rules.

10.2. Powers

10.2.1. Subject to any restrictions imposed and/or directions given by Members at a general meeting of the Body Corporate, the powers of the Trustees shall include, but shall not necessarily be limited to, the following:

10.2.1.1. to meet and carry out the Body Corporate's business, adjourn and otherwise regulate meetings as they deem fit;

10.2.1.2. to compile and thereafter submit the General Budget for approval at an annual general meeting of the Body Corporate;

10.2.1.3. to appoint for and on behalf of the Body Corporate such agents and employees as they deem fit in connection with:

10.2.1.3.1. the control, management and administration of the Building(s) and the Common Property;

10.2.1.3.2. the exercise and performance of any or all of the powers and duties of the Body Corporate in accordance with Rule 10.1 and resolutions taken at general meetings and at Trustee meetings;

10.2.1.4. to apply the Body Corporate funds in accordance with the General Budget approved by the Members in general meeting;

10.2.1.5. to delegate to one or more of the Trustees such of their powers and duties as they deem fit, and at any time to revoke such delegation;

10.2.1.6. to compile minutes of each Trustee meeting and general meeting and within 7 (seven) days of such meeting distribute the minutes to persons entitled to have received notice of such meeting; and

10.2.1.7. appoint an agent (in terms of Rule 12).

10.2.2. The Trustees may not make loans on behalf of the Body Corporate to Members and/or any third parties and/or to themselves.

10.3. **Signing of instruments**

10.3.1. No document signed on behalf of the Body Corporate shall be valid and binding unless it is signed on authority of a resolution:

10.3.1.1. in the case of a certificate issued in terms of section 15B(3)(i)(*aa*) of the STA, by 2 (two) Trustees or the managing agent; or

10.3.1.2. in the case of any other document, by 2 (two) Trustees alternatively 1 (one) Trustee and the managing agent referred to in Rule 12.

10.4. **Maintenance, repair and replacement plan**

The Trustees shall prepare a written maintenance, repair and replacement plan for the Common Property as envisaged in PMR 22.

10.5. **Administration Fund & Reserve Fund**

The Trustees shall establish and maintain an Administration Fund and a Reserve Fund as envisaged in section 3 of the STSMA and PMR 24, insofar as it relates to the Common Property.

10.6. **Insurance**

10.6.1. At the first meeting of the Trustees or as soon thereafter as is possible, and annually thereafter, the Trustees shall take steps to insure the Building(s), and all improvements to the Common Property, to the full replacement value thereof, subject to negotiation of such excess, premiums and insurance rates as in the opinion of the Trustees are most beneficial to the Members, against:

10.6.1.1. fire, lightning, explosion and smoke;

10.6.1.2. riot, civil commotion, strikes, lock-outs, labour disturbances and/or malicious persons acting on behalf of or in connection with any political organisation;

10.6.1.3. storm, tempest, windstorm, hail and flood;

10.6.1.4. earthquakes and subsidence;

10.6.1.5. bursting or overflowing of any water tanks, pipes and any other apparatus forming part of and/or required for the proper functioning of any water tanks, water pipe network or water/pipe infrastructure in respect of the Building(s), and the Common Property;

10.6.1.6. impact by aircraft with the Building(s) and/or improvements to the Common Property;

10.6.1.7. impact by any vehicle(s) or other objects (including animals) with the Building(s) and/or improvements to the Common Property;

10.6.1.8. housebreaking, theft, robbery, armed robbery and/or any attempt thereat;

10.6.1.9. loss of occupation and/or loss of rent and/or any other form of income in respect of any of the above risks;

10.6.1.10. such other perils or dangers as the Members may determine by way of Special Resolution.

10.6.2. The Trustees shall at all times ensure that in the insurance policy(ies) referred to in Rule 10.6:

10.6.2.1. there is specified the replacement value of each Section (excluding the Members' undivided share in the Common Property):

10.6.2.1.1. initially, but subject to the provisions of Rule 10.6.2.1.3, in accordance with the Trustees' estimate of such value;

10.6.2.1.2. after the first annual general meeting, but subject to the provisions of Rule 10.6.2.1.3, in accordance with the schedule of values as approved in terms of Rule 10.6.3; or

10.6.2.1.3. as required at any time by any Member in terms of Rule 10.6.2.2;

10.6.2.2. any "average" clause is restricted in its effect to individual Sections and does not apply to the Building(s) as a whole;

10.6.2.3. there is included a clause in terms of which the policy(ies) is valid and enforceable by any Registered Bondholder against the insurer notwithstanding any circumstances whatsoever which would otherwise entitle the insurer to refuse to make payment of the amount insured unless and until the insurer on not less than 30 (thirty) days' notice to the Registered Bondholder shall have terminated such insurance.

10.6.3. Before every annual general meeting, the Trustees shall cause to be prepared and lay before the annual general meeting of the Body Corporate for consideration and approval, schedules reflecting the estimate of:

10.6.3.1. the replacement value of Building(s) and all improvements to the Common Property; and

10.6.3.2. the replacement value of each Section (excluding the Members' undivided share in the Common Property), the aggregate of such values of all Sections being equal to the value referred to in Rule 10.6.3.1.

10.6.4. Any Member may at any time increase the replacement value as specified in the insurance policy(ies) in respect of his Section, provided that such Member shall be liable for payment of the additional insurance premium and shall forthwith furnish the Body Corporate with proof thereof from the insurer.

10.6.5. The Trustees shall, on the written request of a Registered Bondholder and satisfactory proof thereof, record the cession by any Member to such Registered Bondholder of the Members' interest in the application of the proceeds of the insurance policy(ies) effected in terms of Rule 10.6.1.

10.6.6. At the first meeting of the Trustees or as soon thereafter as is possible, the Trustees shall take all reasonable steps:

10.6.6.1. to insure the Members and the Trustees and to keep them insured against liability in respect of:

10.6.6.1.1. death, bodily injury or illness; and

10.6.6.1.2. loss of, or damage to, property,

occurring in connection with the Building(s), and the Common Property, for a sum of liability of not less than R20,000,000.00 (twenty million rand), which sum may be increased from time to time as directed by the Members in general meeting; and

10.6.6.2. to procure to the extent, if any, as determined by the Members of the Body Corporate in general meeting, a fidelity guarantee in terms of which shall be refunded any loss of monies belonging to the Body Corporate or for which it is responsible, sustained as a result of any act of fraud and/or dishonesty committed by any insured person being any person in the service of the Body Corporate and all Trustees and persons acting in the capacity of managing agents of the Body Corporate.

10.6.7. The Members may by Special Resolution direct the Trustees to insure against such other risks as the Members may deem appropriate.

10.7. **Collection of Levies**

10.7.1. It shall be the duty of the Trustees to levy and collect contributions from the Members in accordance with the provisions and in the proportions set out herein.

10.7.2. The liability of Members to make contributions to the shared costs, and the proportions in which the Members shall make such contributions for the purposes of Section 3 of the STSMA, shall with effect from the date upon which the Body Corporate comes into being, be borne by the Members in accordance with the Participation Quotas attaching to their respective Sections, in terms of Rule 2.3.37.2.1.

10.7.3. The liability of Members to make contributions, and the proportions in which the Members may, in terms of section 15 of the STSMA be held liable for the payment of a judgment debt of the Body Corporate, shall with effect from the date upon which the Body Corporate comes into being, be borne by the Members in terms of the Participation Quota defined in Rule 2.3.37.2.1, provided however that any Member who is required to make a payment to a judgment creditor after he has paid to the Body Corporate any contribution which he was required to pay to the Body Corporate in respect of such debt, shall be entitled to obtain a refund from the Body Corporate of the amount of the payment so made to the judgment creditor.

10.7.4. At every annual general meeting the Members shall approve, with or without amendment, the General Budget and shall determine the amount estimated to be required to be levied upon the Members during the ensuing Financial Year.

10.7.5. Within 14 (fourteen) days after each annual general meeting the Trustees shall advise each Member in writing of:

10.7.5.1. the amount payable by him in respect of the approved General Budget;

10.7.5.2. the Member's obligation to pay the specified contribution;

10.7.5.3. the date(s) on which the contribution is due and payable;

10.7.5.4. the interest (if any) that will be levied on overdue payments; and

10.7.5.5. the dispute resolution process insofar as disputed contributions are concerned.

10.7.6. The Trustees may from time to time, when necessary, provide for Special Contributions or call upon Members to make Special Contributions in respect of all such expenses as are not included in any approved General Budget and such Special Contributions shall be determined in accordance with such Member's Participation Quota as referred to in Rule 2.3.37.2.1.

10.7.7. Special Contributions as provided for in Rule 10.7.6 may be made payable by Members liable for such Special Contribution, either in one lumpsum or in such number of instalments and at such time(s) as the Trustees deem to be appropriate in the circumstances.

10.8. **Record of Rules and Availability**

10.8.1. The Trustees shall keep a complete record of:

10.8.1.1. the Management Rules, the Conduct Rules as well as all other rules in force from time to time and shall ensure that any amendment, substitution, addition to and/or repeal of such Management Rules and/or Conduct Rules is submitted forthwith to CSOS for approval as contemplated in section 10 of the STSMA; and

10.8.1.2. the information and documents listed in PMR 27.

10.8.2. The Trustees shall:

10.8.2.1. have these Management Rules and Conduct Rules available for inspection at Trustee meetings and Member meetings;

10.8.2.2. deliver a copy of these Management Rules and Conduct Rules to each person who becomes a Member;

10.8.2.3. deliver to all Members a copy of any Management Rules and/or Conduct Rules substituted, amended or repealed in terms of section 10(5) of the STSMA; and

10.8.2.4. deliver to a Member upon written request and upon payment by such Member of the reasonable costs incurred in the supply thereof to such Member, a copy of these Management Rules and/or Conduct Rules substituted, amended or repealed in terms of section 10(5) of the STSMA.

10.9. **Improvements to Common Property**

10.9.1. The Trustees may:

10.9.1.1. if the Members by Unanimous Resolution so decide, effect improvements that is not reasonably necessary to the Common Property;

10.9.1.2. if the Members by Special Resolution so decide, effect improvements that is reasonably necessary to the Common Property.

10.9.2. Should the Trustees wish to effect any improvements that is reasonably necessary or that is not reasonably necessary to the Common Property, they shall first give written notice of such intention to all Members effected thereby. Such notice shall:

10.9.2.1. indicate the intention of the Trustees to proceed with the improvements; and

10.9.2.2. provide details of the improvements as to:

10.9.2.2.1. the costs thereof; and

10.9.2.2.2. the manner in which it is to be financed and the effect upon Levies payable by Members; and

10.9.2.2.3. the need, desirability and effect thereof.

10.9.3. The Trustees shall convene a special general meeting in order to discuss and to deliberate upon the proposals contained in the notice referred to in Rule 10.9.2, at which meeting the Members may reject or approve such proposals, with or without amendment.

10.9.4. The Trustees shall not proceed with their proposals until the holding of a special general meeting, whereupon they shall be bound by any Unanimous Resolution or Special Resolution (as the case may be) ensuing therefrom.

10.10. **Minutes of Meetings of all Members**

10.10.1. The Trustees shall:

10.10.1.1. keep minutes of their meetings;

10.10.1.2. cause minutes to be kept of all meetings of the Body Corporate in a minute book of the Body Corporate kept for that purpose;

10.10.1.3. include in the minute book of the Body Corporate a record of every Unanimous Resolution, Special Resolution, Ordinary Resolution and any other resolution of the Body Corporate.

10.10.2. The Trustees shall keep all minute books in perpetuity.

10.10.3. On the written application of any Member or Registered Bondholder of a Section, the Trustees shall make all minutes of their proceedings and the minutes of the Body Corporate available for inspection by such Member or Registered Bondholder.

10.11. **Records and books of account**

10.11.1. The Trustees shall cause proper books of account and records to be kept in respect of all dealings relating to the Building(s) and the Common Property so as to accurately record and fairly explain the transactions and financial position of the Body Corporate, including, but not necessarily limited to:

10.11.1.1. a record of assets and liabilities;

10.11.1.2. a record of all sums of money received and expended and the matters in respect of which such receipt and expenditure occurred;

10.11.1.3. a register of Members and of Registered Bondholders and of all other persons having real rights in such Sections (insofar as written notice shall have been given to the Trustees by such Members, Registered Bondholders or other persons) showing in each case their full names, identity numbers (or date of birth and passport number in the case of foreign nationals), physical addresses and email addresses;

10.11.1.4. individual ledger accounts in respect of each Member.

10.11.2. On written application by any Member, Registered Bondholder or of the managing agent the Trustees shall make all or any of the books of account and records available for inspection by such Member, Registered Bondholder or managing agent at a time convenient for all parties involved.

10.11.3. The Trustees shall cause all books of account and records to be retained for a period of 6 (six) years after completion of the transactions, acts or operations to which they relate, provided that minute books shall be retained in perpetuity, for as long as the scheme remains registered.

10.12. **General Budget, financial statements and report**

10.12.1. Before every annual general meeting, the Trustees shall prepare or cause to be prepared a General Budget, which General Budget shall:

10.12.1.1. be laid before the annual general meeting for consideration and approval in terms of Rule 11.4.1.3.2; and

10.12.1.2. include a reasonable provision for contingencies and the maintenance of the Building(s) and the Common Property.

10.12.2. Without derogating from the generality of Rule 10.12, the General Budget shall include the Levies payable from time to time by the Members of the Body Corporate for and in respect of SCEMHOA and the Sub-Association. These expenses as set out in the General Budget shall be allocated to the respective Members in accordance with Rule 2.3.37.2.1.

10.12.3. For the sake of clarity, it is herewith recorded that all Members shall be entitled to partake and vote in relation to the consideration, confirmation and/or variation of the General Budget.

10.12.4. The Trustees shall prepare or cause to be prepared, and shall lay before every annual general meeting for consideration in terms of Rule 11 audited financial statements relating to the management, control and administration of the Body Corporate prepared in conformity with generally accepted accounting practice, which statements shall fairly present the state of affairs of the Body Corporate and its finances and transactions as at the end of the Financial Year concerned.

10.12.5. The statements shall include information and notes pertaining to the proper financial management by the Body Corporate, including but not limited to:

10.12.5.1. an analysis of the periods of debts and the amounts due by Members to the Body Corporate in respect of Levies, Special Contributions and other charges;

10.12.5.2. an analysis of the periods and the amounts due by the Body Corporate to creditors and in particular to any public or local authority in respect of rates, taxes and charges for consumption or services, including but not limited to, water, electricity, gas, sewerage and refuse removal;

10.12.5.3. amounts advanced to the Body Corporate by way of levy finance, a loan or otherwise;

10.12.5.4. amounts in the Reserve Fund showing the amount available for maintenance, repair and replacement of each major capital item insofar as the Common Property is concerned, as a percentage of the accrued estimated cost and the rand value of any shortfall;

10.12.5.5. amounts payable to CSOS; and

10.12.5.6. the expiry dates of all insurance policies.

10.12.6. The Trustees shall further cause to be prepared and shall lay before every annual general meeting budgets for the Administration Fund and the Reserve Fund comprising itemised estimates of the anticipated income and expenses in respect of the Common Property during the next Financial Year, provided that such budgets may include discounts not exceeding 10% (ten percent) of the Members' annual contributions paid before the due dates.

10.12.7. The Trustees shall further cause to be prepared and shall lay before every annual general meeting a report signed by the Chairperson reviewing the affairs of the Body Corporate during the past Financial Year, for consideration in terms of Rule 11.

10.12.8. The Trustees shall cause copies of the insurance schedules, General Budget, audited statements, Administration Fund and Reserve Fund budgets and report referred to in Rules 10.6.3, 10.12.1, 10.12.4, 10.12.6 and 10.12.7 to be delivered to each Member, to any Registered Bondholder which has advised the Body Corporate of its interest, and to all holders of future development rights, at least 14 (fourteen) days before the date of the annual general meeting at which they are to be considered;

10.12.9. Delivery under Rule 10.12.8 shall be deemed to have been effected if the documents referred to are sent/delivered by email, by hand or by prepaid registered post addressed to the Member at his *domicilium* referred to in Rule 5.2, and to any Registered Bondholder as aforesaid at the address of such Registered Bondholder as reflected in the records of the Body Corporate.

10.13. **Audit**

At the first general meeting and thereafter at every ensuing annual general meeting, the Members shall appoint an auditor to hold office from the conclusion of that meeting until the conclusion of the next annual general meeting.

10.14. **Deposit and investment of funds**

10.14.1. The Trustees shall cause all monies received by the Body Corporate to be deposited to the credit of an account or accounts with a registered commercial bank or building society in the name of the Body Corporate and, subject to any direction given or restriction imposed at a general meeting of the Body Corporate, such monies shall only be withdrawn for the purpose of payment of the expenses of the Body Corporate or investment in terms of Rule 10.14.3.

10.14.2. The Trustees may authorise the managing agent to administer and operate the accounts referred to in Rules 10.14.1 and 10.14.3, provided that where the managing agent is an estate agent as defined in the Estate Agency Affairs Act 112 of 1976, the Trustees may authorise such managing agent to deposit monies contemplated in Rule 10.14.1 in a trust account as contemplated in section 32(3) of that Act, which monies shall only be withdrawn for the purposes contemplated in Rule 10.14.1.

10.14.3. Any funds not immediately required for disbursement, may be invested in a savings or similar account with any registered bank or building society approved by the Trustees from time to time.

10.14.4. Interest on monies invested shall be used by the Body Corporate for any lawful purpose.

11. MEETINGS OF MEMBERS

11.1. General meetings

11.1.1. The first meeting of Members shall be held within 60 (sixty) days of the establishment of the Body Corporate, on at least 7 (seven) days' written notice to all Members, and which notice shall be accompanied by a copy of the agenda of such meeting and details of the items referred to in Rule 11.1.2.

11.1.2. The Developer must include with the notice of the first general meeting:

11.1.2.1. an agenda, the content of which is detailed in Rule 11.1.3;

11.1.2.2. the documents referred to in PMR 16(2);

11.1.2.3. a comprehensive summary of the rights and obligations of the Body Corporate under the contracts referred to in Rule 11.1.3.5;

11.1.3. The agenda for the meeting convened under Rule 11.1.1, shall comprise at least the following:

11.1.3.1. the consideration, confirmation and/or variation of the insurances effected by the Developer or the Trustees;

11.1.3.2. the consideration, confirmation and/or variation of the General Budget for the ensuing Financial Year;

11.1.3.3. the consideration and approval, with or without amendment, of:

11.1.3.3.1. evidence of revenue and expenditure concerning the management of the Scheme from the date of occupation of the first Section until the date of establishment of the Body Corporate;

11.1.3.3.2. the financial statements relating to the management, control and administration of the Body Corporate from date of establishment of the Body Corporate to the date of notice of the meeting referred to in Rule 11.1.1;

11.1.3.4. a motion confirming that the Developer has:

11.1.3.4.1. furnished the meeting with the documents referred to in section 2(8) of the STSMA and PMR 16; and

11.1.3.4.2. paid over to the Body Corporate any residue referred to in Rule 11.1.3.3.1;

11.1.3.5. subject to section 15(2) of the STSMA, ratification and the taking of cession of any contracts relating to the management, control and administration of the Body Corporate as may have been entered into by the Developer for the continual management, control and administration of the Body Corporate and the Common Property, in respect of which the Developer shall be obliged to submit such contracts to the meeting;

11.1.3.6. the appointment of an auditor or, where applicable, an accounting officer;

11.1.3.7. the election of Trustees and appointment of the Trustees in accordance with Rules 8.3 and 8.4 respectively;

11.1.3.8. any restrictions imposed on or directions given to Trustees in terms of section 7(1) of the STSMA; and

11.1.3.9. determination of the *domicilium citandi et executandi* of the Body Corporate.

11.1.4. For purposes of voting on Rules 11.1.3.1, 11.1.3.3, 11.1.3.4 and 11.1.3.5 any vote held or controlled by the Developer (in its capacity as such) shall be suspended, save to the extent that the Developer is also a Member.

11.1.5. The Developer shall at or before the first general meeting provide to the Body Corporate the documents listed in PMR 16(4).

11.1.6. An annual general meeting shall be held within 4 (four) months of the end of each Financial Year.

11.1.7. All general meetings other than the annual general meeting shall be called special general meetings.

11.1.8. The Trustees may whenever they think fit, by Ordinary Resolution call a general meeting and must do so if:

11.1.8.1. Members of at least 25% (twenty five percent) of the Participation Quota calculated in terms of Rule 2.3.37.2.1; or

11.1.8.2. the Registered Bondholder of mortgage bonds over at least 25% (twenty five percent) in number of all Sections

deliver to the Body Corporate a written and signed request for a special general meeting, which notice must include one or more motions or matters for discussion, which motions or matters for discussion must be included, without amendment, in the agenda for such meeting, provided that if the Trustees fail to call a meeting so requested within 14 (fourteen) days of the request, the Members or the Registered Bondholder concerned shall be entitled themselves to call the meeting.

11.1.9. The Body Corporate may make arrangements for attendance at any annual general meeting or special general meeting by telephone, video conferencing or other method, if such method:

11.1.9.1. is accessible to all Members;

11.1.9.2. permits all persons participating in the meeting to communicate with each other during the meeting; and

11.1.9.3. permits the Chairperson to confirm, with reasonable certainty, the identity of the participants.

11.1.10. A person who attends the meeting as described in Rule 11.1.9 is considered to be present in person at the meeting.

11.1.11. The Body Corporate is not obliged to hold a general meeting if:

11.1.11.1. at least 48 (forty eight) hours before the meeting is set to take place:

11.1.11.1.1. all Members consent in writing to motions that deal with the items of business requiring a Unanimous Resolution that must be transacted at the general meeting; and/or

11.1.11.1.2. at least 80% (eighty percent) of the Members consent in writing to any motions that deal with the items of business requiring a Special Resolution that must be transacted at the general meeting; and/or

11.1.11.1.3. at least 50% (fifty percent) of the Members consent in writing to any motions that deal with the items of business requiring an Ordinary Resolution that must be transacted at the general meeting; and

11.1.11.2. at least 24 (twenty four) hours before the meeting is set to take place, the Body Corporate has sent an email to all Members and other persons entitled to receive notice of general meetings, advising that the meeting will not proceed, provided that if the Trustees made a reasonable attempt to give such notice an inadvertent omission or failure to do so to any person entitled to such notice or the non-receipt or late receipt of such notice shall not invalidate the notice or the resolutions agreed to in writing as aforesaid.

11.2. **Notice of general meetings**

11.2.1. Subject to Rule 11.2.2, at least 14 (fourteen) days' written notice of every general meeting specifying the place within the magisterial district where the scheme is situated (or such other place as determined by Special Resolution of the Members), the date and the hour of the meeting and, in the case of special business, the general nature of such business, shall be given:

11.2.1.1. to all Members;

11.2.1.2. to all Registered Bondholders who have advised the Body Corporate of their interests;

11.2.1.3. to all holders of future development rights; and

11.2.1.4. to the managing agent.

11.2.2. Notwithstanding the provisions of Rule 11.2.1, a general meeting may be called:

11.2.2.1. on 7 (seven) days' notice if the Trustees have resolved that such short notice is necessary due to the urgency of the matter and the reasons for such urgency is detailed in the notice; or

11.2.2.2. otherwise on less than 14 (fourteen) days' notice if so agreed by all persons entitled to attend and vote at the meeting;

11.2.3. Any person entitled to receive notice of general meetings may waive such right by written notice delivered to the Body Corporate and may at any time, in the same way, revoke such waiver, provided that where 2 (two) or more persons are jointly entitled to exercise a vote, all of them must waive such right and any of them may revoke the waiver.

11.2.4. The Registered Bondholders, holders of future development rights and the managing agent referred to in Rule 11.2.1, shall have the right to attend the meeting herein referred to and to speak at such meetings, but shall not, in their respective capacities as such, be entitled to vote thereat.

11.2.5. The notice referred to in Rule 11.2.1 shall be deemed to have been sufficiently given and delivered if delivered in accordance with Rule 10.12.9.

11.2.6. The notice referred to in Rule 11.2.1 shall be accompanied by:

11.2.6.1. an agenda;

11.2.6.2. a copy of or comprehensive summary of any documents that is to be considered or approved by Members at the meeting;

11.2.6.3. the documents referred to in Rule 10.12.8, except in the case of a meeting contemplated in Rule 11.1.8 or a special general meeting; and

11.2.6.4. a proxy appointment form in the prescribed format referred to in Rule 11.7.8.4.

11.2.7. Inadvertent omission or failure to give the notice referred to in Rule 11.2.1 to any person entitled to such notice or the non-receipt of such notice by such person shall, not invalidate any proceedings or vote at any such meeting, provided that the Trustees made a reasonable attempt to give notice to all persons entitled to have received such notice.

11.2.8. A special general meeting for the purposes of passing a Unanimous Resolution or Special Resolution must be convened on at least 30 (thirty) days' written notice to all Members of the Body Corporate, but may be convened on shorter notice if, in the opinion of the Trustees, it is necessary due to the urgency of a matter or due to the specific nature of a matter to convene the meeting with such shorter period of notice and the reasons for such urgency or specific nature of the matter is detailed in the notice.

11.2.9. Notice of all general meetings must be delivered to each person referred to in Rules 11.2.1.1, 11.2.1.2, 11.2.1.3 and 11.2.1.4:

11.2.9.1. by hand; and/or

11.2.9.2. by prepaid registered post sent to the address of the Member's Section in the Scheme; and/or

11.2.9.3. by prepaid registered post sent to the relevant person's physical or postal address in the Republic that such person has chosen in writing for such purpose; and/or

11.2.9.4. by email transmitted to the email address that the relevant person has chosen in writing for such purpose.

11.2.10. Notwithstanding anything to the contrary contained in these Management Rules a written notice or communication actually received by a person entitled to receive such notice, shall be an adequate written notice or communication to such person notwithstanding that it was sent via email and/or not sent to or delivered at its chosen *domicilium citandi et executandi*.

11.3. **Proceedings at general meetings**

11.3.1. The order of business at general meetings shall be as set out in PMR 17(6).

11.3.2. Subject to the provisions of Rules 11.1.8 and 11.3.1 the Trustees may determine the agenda for general meetings, provided that the agenda must contain:

11.3.2.1. a description of the general nature of all business; and

11.3.2.2. a description of the matters that will be voted on at the meeting, including the proposed wording of any Unanimous Resolution or Special Resolution.

11.3.3. The Body Corporate does not have to hold a special general meeting to consider a resolution if all Members waive the right to the meeting (subject to Rule 11.2.3) and consent in writing to the resolution.

11.3.4. All business at any general meeting other than business referred to in Rule 11.4.1, shall be special business.

11.4. **Annual general meeting**

11.4.1. The following business shall be transacted at an annual general meeting:

11.4.1.1. the receipt of reports of the activities and decisions of the Trustees since the last general meeting, including reports of committees (if any);

11.4.1.2. the consideration of the financial statements, Chairperson's report;

11.4.1.3. the approval with or without amendment of:

11.4.1.3.1. the insurance schedules of replacement values referred to in Rule 10.6.3; and

11.4.1.3.2. the General Budget referred to in Rule 10.12.1;

11.4.1.4. the appointment of an auditor or an accounting officer;

11.4.1.5. any special business of which due notice has been given in terms of Rule 11.2.1;

11.4.1.6. the giving of directions to or the imposing of restrictions on the Trustees referred to in section 7(1) of the STSMA;

11.4.1.7. the determination of the *domicilium citandi et executandi* of the Body Corporate; and

11.4.1.8. confirmation by the auditor or accounting officer that any amendment, substitution, addition to or repeal of the Rules (as contemplated in section 10(2) of the STSMA) have been submitted to and has been approved by CSOS in terms of section 10(5) of the STSMA.

11.4.2. The Body Corporate is not obliged to hold an annual general meeting if, within 1 (one) month of the end of a Financial Year, all Members in writing waive the right to the meeting, as provided for in Rule 11.2.3, and consent in writing to motions that deal with all the items of business that must be transacted at the annual general meeting in accordance with Rule 11.1.11.

11.5. **Quorum at general meetings**

11.5.1. No business shall be transacted at any general meeting unless a quorum of persons is present in person or by proxy at the time when the meeting proceeds to business.

11.5.2. A quorum at any general meeting shall be achieved when at least $^{1}/_{3}$ (one third) of the voting rights that are entitled to be exercised in respect of at least 1 (one) matter to be decided at such meeting are present in person or by proxy or by a representative recognized by law and entitled to vote, calculated in accordance with the Participation Quota as referred to in Rule 2.3.37.2.1.

11.5.3. If within 15 (fifteen) minutes from the time appointed for a general meeting, a quorum is not present, the meeting shall stand adjourned to the same day in the next week at the same time and at a venue to be confirmed, and:

11.5.3.1. the Body Corporate or managing agent, shall within 24 (twenty four) hours of the meeting at which no quorum was present, send a notice per email to all persons entitled to receive notice of general meetings to inform them of the adjournment; and

11.5.3.2. at the adjourned meeting a quorum is not present within 15 (fifteen) minutes of the time appointed for the meeting, the Members present in person or by proxy and entitled to vote shall form a quorum.

11.6. **Chairperson**

11.6.1. The Chairperson of the Trustees shall preside as chairperson at every meeting of the Body Corporate, unless otherwise resolved by Members of the Body Corporate at such meeting.

11.6.2. If there is no such Chairperson or if, at any meeting, the Chairperson is not present within 15 (fifteen) minutes after the time appointed for the holding of the meeting, or if he is unwilling or unable to act as Chairperson, the Trustees present shall elect from among their number a Chairperson for such meeting.

11.7. **Voting at general meetings**

11.7.1. A motion at a general meeting:

11.7.1.1. does not need to be seconded; and

11.7.1.2. except for Unanimous Resolutions and Special Resolutions, must be adopted by a resolution of the majority of the votes, calculated per the Participation Quota, referred to in Rule 2.3.37.2.1, of the Members present and entitled to vote.

11.7.2. The outcome of each vote, including the number of votes for and against a resolution, must be announced at the meeting and recorded in the minutes of the meeting.

11.7.3. Poll

11.7.3.1. At any meeting a resolution put to the vote shall be decided on a show of hands in accordance with Rule 11.7.4.1, unless either prior to the declaration by the Chairperson of the result of the show of hands, a poll is demanded by any person entitled to vote at such meeting and in respect of the motion/resolution in question.

11.7.3.2. Unless a poll be demanded as aforesaid, a declaration by the Chairperson that a resolution has on the show of hands been carried, shall be conclusive evidence of that fact.

11.7.3.3. A demand for a poll may be withdrawn.

11.7.3.4. A poll, if demanded, shall be taken in such a manner as the Chairperson thinks fit, and the result of the poll shall be deemed to be the resolution of the meeting at which such poll was demanded.

11.7.4. Votes

11.7.4.1. On a show of hands, the value of a Member's vote, or if the Member is a juristic person its proxy's vote, shall be reckoned in accordance with that Member's Participation Quota as per Rule 2.3.37.2.1.

11.7.4.2. For the purpose of a Unanimous or Special Resolution (with or without a ballot), or on a poll, the value of the vote of the Member shall be reckoned in accordance with the Member's Participating Quota as per Rule 2.3.22.2.1.

11.7.5. No vote in certain circumstances

Except in cases where a Special Resolution or a Unanimous Resolution is required under the STA and/or the STSMA, a Member (including his proxy) shall not be entitled to vote at any meeting in the circumstances described in PMR 20(2), provided however that any Registered Bondholder shall, notwithstanding the provisions of PMR 20(2), be entitled to vote as such Member's proxy at any meeting.

11.7.6. Voting by representatives of juristic persons

Where a Member is a juristic person, a duly authorised representative of such juristic person shall exercise the voting rights in respect of the Section to the exclusion of the shareholders of the company, members of the close corporation or beneficiaries of the trust (as the case may be) and such shareholders, members and beneficiaries shall not be entitled to vote.

11.7.7. Joint voters

11.7.7.1. When 2 (two) or more persons are entitled to exercise one vote jointly, that vote shall be exercised only by 1 (one) person (who may or may not be one of them) jointly appointed by them as their proxy.

11.7.7.2. Subject to Rule 11.7.7.1, where 2 (two) or more persons are entitled to exercise one vote jointly, their proxy (who may or may not be one of them) may demand a poll.

11.7.8. Proxies at general meetings

11.7.8.1. A Member may be represented in person or by proxy at a general meeting, provided that a person must not act as proxy for more than 2 (two) Members.

11.7.8.2. Votes at a general meeting may be cast either personally or by proxy, whether on a poll or on a show of hands.

11.7.8.3. A proxy shall be appointed in writing under the hand of the appointer, or his agent duly appointed in writing, and shall be handed to the Chairperson or the managing agent at least 24 (twenty four) hours prior to the commencement of the meeting or to the Chairperson before or at the start of the meeting, provided that the aforegoing provisions shall not apply in the case of any proxy created and contained in any registered mortgage bond, if such mortgage bond is produced at the meeting.

11.7.8.4. The notification by a Member to the Body Corporate of the appointment of a proxy must be substantially in accordance with the form prescribed in terms of section 5(3) of the STSMA, provided however that a resolution by a Member who is a juristic person authorising a representative(s) shall be acceptable notwithstanding that such resolution does not conform to the prescribed format.

11.7.8.5. A proxy need not be a Member, but shall not be the managing agent or any of its employees, or an employee of the Body Corporate.

12. THE APPOINTMENT, POWERS AND DUTIES OF THE MANAGING AGENT

12.1. Subject to section 7(1) of the STSMA, the Developer may initially appoint a managing agent on behalf of the Members to *inter alia*:

12.1.1. control, manage and administer the Body Corporate;

12.1.2. control, manage and administer the Common Property;

12.1.3. ensure compliance by the Body Corporate with any obligations to any public or local authority; the Constitution and the Governing Rules;

12.1.4. collect Levies, Special Contributions and other charges due to the Body Corporate by each Member in terms of the General Budget and as determined in accordance with the Participation Quotas provided for in Rule 2.3.37.2.1;

12.1.5. collect additional contributions from Members as envisaged in PMR 3(1)(c); and

12.1.6. by the 15th (fifteenth) day of each month provide the Trustees with a monthly management report for the preceding month, so as to assist the Trustees in taking appropriate action to effectively managing the financial situation and cash-flow of the Body Corporate.

12.2. The managing agent referred to in Rule 12.1 shall be appointed for an initial period of 1 (one) year and such appointment shall automatically be renewed from year to year unless the Trustees notify the managing agent to the contrary, provided that either the managing agent or the Body Corporate (subject to a Special Resolution by the Trustees) may, without penalty, terminate the appointment on 2 (two) calendar months' written notice to the other of them.

12.3. Although these Management Rules provide for a managing agent to be appointed and to act on behalf of the Body Corporate, the Trustees, in appointing a managing agent for the Body Corporate, at any time and in accordance with the provisions of these Management Rules, shall not be entitled to appoint a managing agent different from the managing agent acting on behalf of SCEMHOA at the time.

13. DEALING WITH THE COMMON PROPERTY

13.1. Neither the whole nor any portion of the Common Property shall be:

13.1.1. sold, let, alienated, otherwise disposed of, subdivided and/or transferred; or

13.1.2. subjected to any rights, whether registered in a deeds registry or not, of use, occupation or servitude (except those already registered, if any), save for those enjoyed by the Members in terms hereof; or

13.1.3. built upon, improved or enhanced in value by the construction of buildings, erections, facilities or amenities,

without, in the case of Rules 13.1.1 and 13.1.2 above the specific prior written consent of all the Members, and in the case of 13.1.3 above subject to the provisions of Rule 10.9 above, and in each case the sanction of the Trustees, provided that no Member or Trustee shall be entitled to unreasonably vote against any such proposal.

13.2. The Developer reserves the right, whether or not it is a Member of the Body Corporate, to erect, install and maintain, at its own expense, but not subject to any rental or other charges to the Body Corporate, aerials, satellite dishes, antennae or any other electromagnetic, radio frequency or signal receiving or sending apparatus on the roof of the Building(s) and to receive income and make use of such installation/s for the purpose for which it was designed. Cabling to and from the aforementioned aerials and apparatus shall be over any Common Property (if required).

14. **RESPONSIBILITY FOR THE COMMON PROPERTY**

14.1. The Body Corporate acknowledges that:

14.1.1. the relevant local authority shall not be responsible for the care, repair, maintenance, cleaning, upkeep, improvement and control of the Common Property, all services therein and any structure or thing erected on or contained therein;

14.1.2. the Body Corporate shall be solely responsible for the care, repair, maintenance, cleaning, upkeep, improvement and control of the Common Property.

15. **SIGNAGE**

15.1. Subject to the provisions of Rule 15.2 below, no Member shall affix, or allow to be affixed, any signage, object, apparatus or other material to the exterior of any part of the Building(s) without the prior written consent of the Body Corporate by way of a Special Resolution. The Body Corporate's consent shall not be unreasonably withheld, provided that the proposed signage, object, apparatus or other material complies with any signage and/or design guideline issued by the Developer and/or the Trustees, as well as with any provision in the Constitution and Governing Rules, and the SAC regulating same, and does not detract from the image of the Scheme, the Estate and/or the Sub-Association.

15.2. Notwithstanding the provisions of Rule 15.1 and for the as long as the Developer remains a Member, the Developer and its affiliates shall have the right to affix, or allow to be affixed, signage, objects, apparatus or other materials on the Buildings or on the Common Property, in compliance with the then applicable signage and/or design guidelines in terms of these Management Rules and/or the Constitution and Governing Rules, and the SAC as contemplated in Rule 15.1, which signage areas shall be regarded, for all intents and purposes, as exclusive use areas allocated in terms of these Rules, for the exclusive use by the Developer.

15.3. Any dispute between the Body Corporate and a Member as to whether or not the said signage and/or design guideline applicable in terms of these Management Rules will be or have been infringed, will be referred for resolution in terms of Rule 23.

15.4. Subject to the specified signage rights in terms of Rule 15.1, no Member may permit for consideration or otherwise any third party to advertise or promote anything on any of the Building(s) or anywhere on the Common Property, without the prior written consent of the Body Corporate.

16. **RIGHT TO EXTEND**

16.1. The Developer will upon opening of the Sectional Title Scheme impose the undermentioned conditions in terms of section 25 of the STA:

16.1.1. in terms of section 11(2) of the STA, the Developer hereby reserves the right to erect and complete from time to time, but by no later than 50 (fifty) years from the date of registration hereof, for its personal account:

16.1.1.1. further buildings and horizontal extensions; and

16.1.1.2. vertical extensions of the existing Building(s),

on specified parts of the Common Property and to divide such building(s) into a Section or Sections and Common Property and to confer the right of exclusive use over parts of such Common Property upon the Member or Members of one or more of such Sections; and

16.2. Subject further to the following condition imposed by the Developer in terms of section 11(2) of the STA:

16.2.1. the Developer shall also be entitled to create new exclusive use areas in terms of section 27 of the STA and/or sections 10(7) and 10(8) of the STSMA and to cancel existing exclusive use areas in the areas referred to as exclusive use visitors parking bays, if applicable; and

16.2.2. no Member nor any holder of a registered real right in a Section or over any part of the Common Property shall be entitled to oppose or withhold their consent to the passing of either a Special Resolution or Unanimous Resolution for the cancellation or creation of exclusive use areas in the areas referred to in Rule 16.2.1. All such Members and holders of real rights shall be deemed to have consented in writing to any such amendments and the duly authorised representatives of the Developer shall be deemed to be authorised by the Trustees of the Body Corporate to sign all documentation to give effect to such cancellation and creation and the acts of registration arising therefrom.

17. **CONTRACTS, REGULATIONS AND ACCESS**

17.1. The Trustees may from time to time:

17.1.1. make rules governing *inter alia:*

17.1.1.1. the Members' rights of use, occupation and enjoyment of the Common Property;

17.1.1.2. the external appearance of and the maintenance of the Building(s) and the Common Property and/or other improvements erected thereon;

17.1.2. enter into agreement(s) with the local authorities governing the matters set out in Rule 17.1.1 and any other incidental matters, subject however to the written approval of SCEMHOA and the Sub-Association (where applicable).

17.2. Each Member undertakes to the Body Corporate that he shall comply with:

17.2.1. the provisions of these Management Rules and Conduct Rules;

17.2.2. any rules made in terms of Rule 17.1.1; and

17.2.3. any agreements referred to in Rule 17.1.2 insofar as those agreements may directly or indirectly impose obligations on him.

17.3. All officials, employees and contractors employed by the Body Corporate, SCEMHOA, the Sub-Association, the local authority and/or any public service company shall, at all times, for purposes of inspecting and/or maintaining all services supplied and/or traversing any part thereof, have reasonable access to the Building(s), the Common Property and, to the extent necessary, the Sections and Exclusive Use Areas.

18. **ALIENATION**

18.1. Members shall not in any manner Alienate or transfer a Unit unless:

18.1.1. the proposed transferee, new shareholder of a Company or new members of a Close Corporation (as the case may be) has irrevocably bound himself/herself/themselves to become a Member of the Body Corporate, a Sub-Member of SCEMHOA and a BC Member of the Sub-Association, and to at all times observe the Constitution, the Governing Rules, the SAC, these Management Rules, and the Conduct Rules, for the duration of his ownership of a Unit;

18.1.2. the Managing Agent has issued a clearance certificate that all amounts owing to SCEMHOA, the Body Corporate and/or the Developer (as the case may be) by such Owner Unit have been paid and that the Owner is not in breach of the Constitution, the Governing Rules, the SAC, these Management Rules and/or Conduct Rules;

18.1.3. the provisions of Management Rule 18.1.1 above shall apply *mutatis mutandis* to any alienation or transfer of an undivided share in any Unit.

18.2. Restrictions will be registered against the title deeds of all Land Units in order to give effect to the terms of this Rule 18. The Members shall however be bound by this provision whether or not such restrictions are registered in the relevant deeds registry.

18.3. It is recorded that only the Managing Agent will be entitled to charge a fee and recover any costs incurred in respect of the issuing of the clearance certificate. For the avoidance of doubt, it is recorded that the Developer will not be liable for the payment of any such fees or costs in respect of any registration of transfer of a Unit for the first time from the Developer to a purchaser.

19. **DUTIES OF MEMBERS AND OCCUPIERS OF SECTIONS**

19.1. **General**

19.1.1. In addition to his obligations in terms of section 13 of the STSMA, a Member:

19.1.1.1. shall not use his Section, Exclusive Use Area or any part of the Common Property, or permit it to be used, in such a manner or for such purpose as shall be injurious to the reputation of the Scheme and the Estate, the Body Corporate, SCEMHOA and the Sub-Association;

19.1.1.2. shall not use his Section, Exclusive Use Area or any part of the Common Property, or permit it to be used, for:

19.1.1.2.1. activities which emit a loud or obnoxious noise or bright lights (such as strobe lights) that unreasonably interfere with the enjoyment of the Building(s) or Common Property by other Members, Occupants, guests and/or visitors of the Scheme and/or the Estate; and/or

19.1.1.2.2. a store which primarily sells discounted merchandise, such as a liquidation outlet, thrift store, pawn shop and/or flea market; and/or

19.1.1.2.3. an automobile repair and/or paint shop; and/or

19.1.1.2.4. selling, leasing, exchanging, displaying, advertising and/or otherwise offering sexually explicit materials and/or services; and/or

19.1.1.2.5. selling paraphernalia associated with illegal or dangerous drugs; and/or

19.1.1.2.6. a laundry or dry-cleaning business; and/or

19.1.1.2.7. a lodging establishment; and/or

19.1.1.2.8. a bar, restaurant, tavern, pub or discotheque; and/or

19.1.1.2.9. a business that primarily sells prepared meals; and/or

19.1.1.2.10. a casino or other gaming establishment; and/or

19.1.1.2.11. a mortuary or cemetery; and/or

19.1.1.2.12. an assisted-suicide facility; and/or

19.1.1.2.13. storing or selling explosives and/or any dangerous or hazardous materials (including fireworks); and/or

19.1.1.2.14. a veterinarian facility; and/or

19.1.1.2.15. any other purpose inconsistent with the quality of the Scheme and/or the Estate or that may adversely affect the character, standard and/or reputation of the Body Corporate and/or SCEMHOA.

19.1.1.3. shall not contravene, or permit the contravention of, any law, by-law, ordinance, proclamation or statutory regulation, or the conditions of any license relating to or affecting the occupation of the Building(s) or the Common Property, or contravene or permit the contravention of the conditions of title applicable to his Section or any other Section or to his Exclusive Use Area or any other Exclusive Use Area;

19.1.1.4. shall not make any alterations which are likely to impair the stability of the Building(s) or the use and enjoyment of other Sections, the Common Property or any Exclusive Use Area;

19.1.1.5. shall not do anything to his Section or Exclusive Use Area which is likely to prejudice the harmonious appearance of the Scheme, the Building(s) and/or the Common Property;

19.1.1.6. shall, when the purpose for which an Exclusive Use Area is intended to be used, is shown expressly or by implication on or by a registered sectional plan, not use, nor permit such Exclusive Use Area to be used, for any other purpose, provided that with the written consent of all Members such Exclusive Use Area may be used for another purpose;

19.1.1.7. shall not construct and/or place any structure or building improvement on his Section and/or Exclusive Use Area, without the prior written consent of the Trustees, which shall not be unreasonably withheld, and shall ensure that the provisions of sections 24 and 25 of the STA and other relevant provisions of the STA and the STSMA and/or these Management Rules, will not be contravened;

19.1.1.8. shall maintain the hot water installation which serves his Section, or, where such installation serves more than one Section, the Members concerned shall maintain such installation pro-rata, notwithstanding that such appliance is situated on the Common Property and is insured in terms of the policy procured by the Body Corporate.

19.1.2. A Member who exercises his rights in terms of section 60(3) of the STA shall bear all costs to give effect thereto.

19.1.3. All improvements and/or additions to and/or maintenance and repair of the Common Property shall be effected in accordance and conformity with the standards and aesthetics prescribed from time to time by the Body Corporate, SCEMHOA and/or the Sub-Association (as the case may be).

20. **BINDING NATURE OF THESE MANAGEMENT RULES**

The provisions of these Management Rules and the duties of a Member in relation to the use and occupation of a Section(s), Exclusive Use Areas and the Common Property shall be binding on the Member and Occupants, and it shall be the duty of the Member to ensure compliance with these Management Rules and the Conduct Rules issued pursuant thereto, by his tenant or other occupant, including employees, guests, invitees, service providers, contractors and any member of his family.

21. **MEMBER'S FAILURE TO MAINTAIN**

21.1. If a Member:

21.1.1. fails to repair or maintain his Section and/or Exclusive Use Area or to keep it clean and in a state of good repair as required by section 13(1)(c) of the STSMA; and/or

21.1.2. fails to maintain adequately any area of the Common Property allocated for his exclusive use and enjoyment,

and any such failure persists for a period of 14 (fourteen) days after the giving of written notice to repair or maintain given by the Trustees or the managing agent on their behalf, the Trustees and/or the managing agent on their behalf, shall be entitled to remedy the Member's failure and to recover the reasonable cost of doing so from such Member, which cost shall be added to the Member's monthly Levy contribution.

22. **BREACH**

22.1. Should any Member:

22.1.1. fail to pay by the due date any amount due by that Member in terms of these Management Rules or any rules made thereunder and fail to rectify the breach within 24 (twenty four) hours after being notified in writing to do so by the Body Corporate; or

22.1.2. commit any other breach of any of the provisions of these Management Rules or any rules or Conduct Rule made thereunder and fail to commence remedying that breach within a period of 7 (seven) days after the receipt or deemed receipt of written notice to that effect by the Body Corporate and complete the remedying of such breach within a reasonable time (as determined by the Body Corporate in its sole and absolute discretion having due regard to the nature of the breach);

then and in either such event, the Body Corporate shall be entitled, without prejudice to any other rights or remedies which the Body Corporate may have in law, including the right to claim damages:

(a) to institute legal proceedings against such Member for payment of such overdue amount or for performance of his obligations in terms of these Management Rules or any Conduct Rules made hereunder, as the case may be; and/ or

(b) to suspend (to the extent permitted by law) all or any services to the Section owned by that Member which relate to or is the subject of the breach in question, until such time as the breach is in fact remedied; and/or

(c) in the case of Rule 22.1.2, to remedy such breach on behalf of the Member and immediately recover the total cost incurred by the Body Corporate in so doing from such Member, which cost shall be added to the Member's monthly Levy contribution.

22.2. Should the Body Corporate institute any legal proceedings against any Member pursuant to a breach by that Member of these Management Rules, the Conduct Rules and/or any rule made thereunder, then without prejudice to any other rights which the Body Corporate may have in law, the Body Corporate shall be entitled to recover from such Member all legal costs incurred by the Body Corporate on an attorney and own client scale together with VAT thereon (where applicable), including but not limited to disbursements, tracing fees and collection commission(s).

22.3. Without prejudice to all or any of the rights of the Body Corporate granted in terms of these Management Rules, should any Member fail to pay any amount due by that Member on due date, then such Member shall pay interest thereon at the publicly quoted prime rate of interest charged by the Body Corporate's bankers from time to time calculated from the due date for payment until the date of actual receipt of such amount by the Body Corporate.

23. **DISPUTE RESOLUTION: MEDIATION & ARBITRATION**

23.1. With regard to any dispute, question or difference arising at any time between Members and/or between a Member(s) and the Trustees out of or in regard to:

23.1.1. any matters arising out of these Management Rules and/or the Conduct Rules; and/or

23.1.2. the rights and duties of any of the parties mentioned in these Management Rules and/or the Conduct Rules; and/or

23.1.3. the interpretation of these Management Rules and/or the Conduct Rules,

the Parties shall first exhaust all mediation remedies available.

23.2. In the event of mediation not being successful, either party to the dispute may elect to either proceed with arbitration (as detailed below) or to refer the dispute to the Community Schemes Ombud Service ("CSOS"), provided however that:

23.2.1. the dispute falls within the ambit of section 39 of the Community CSOS Act; and

23.2.2. all matters falling outside the ambit of section 39 of the CSOS Act shall be submitted to and decided by arbitration (as detailed below) on written notice given by any party to the dispute to the other party(ies) to be dealt with by way of arbitration in accordance with the Uniform Rules of Court made in terms of the Supreme Court Act, 59 of 1959 ("**the Supreme Court Act**").

23.3. Subject to all mediation remedies first being exhausted, either party may declare a dispute to be referred to arbitration as envisaged in Rule 23.2.2 by giving written notice to the other party to that effect. Thereafter the declaring party shall within 7 (seven) days:

23.3.1. submit a written request to the local Bar Council to appoint the arbitrator, subject to Rule 23.5; and

23.3.2. send a copy of the request to the other party.

23.4. The arbitration shall be held:

23.4.1. in English;

23.4.2. at Cape Town;

23.4.3. with only the legal and other representatives of the parties to the dispute present thereat;

23.4.4. *mutatis mutandis* in accordance with the provisions of the Supreme Court Act, the Uniform Rules and the practice directives of the local division of the High Court of South Africa,

unless otherwise provided for herein or agreed between the parties in writing.

23.5. Save as otherwise specifically provided herein, the arbitrator shall be, if the question in dispute is:

23.5.1. primarily a financial matter, an independent accountant or auditor of at least 10 (ten) years' standing and registered with the South African Institute of Chartered Accountants, agreed upon between the parties or, failing agreement within 5 (five) days of the notice referred to in Rule 23.3, appointed by AFSA; or

23.5.2. primarily a legal matter, a practising advocate of the local Bar Council of at least 15 (fifteen) years' standing, agreed upon between the parties or, failing agreement within 5 (five) days of the notice referred to in Rule 23.3, appointed by the local Bar Council; or

23.5.3. primarily an architectural matter, a construction matter and/or a development matter, an independent architect of at least 10 (ten) years' standing, agreed upon between the parties or, failing agreement within 5 (five) days of the notice referred to in Rule 23.3, appointed by the local Bar Council.

23.6. If agreement cannot be reached on whether the question in dispute falls under Rules 23.5.1, 23.5.2 or 23.5.3 within 5 (five) days of the notice referred to in Rule 23.1, then:

23.6.1. the local Bar Council or its successors-in-title shall determine whether the question in dispute falls under Rules 23.5.1, 23.5.2 or 23.5.3; and/or

23.6.2. the local Bar Council shall nominate the arbitrator in terms of Rule 23.5 within 7 (seven) days after the parties have failed to agree, so that the arbitration can be held and concluded as soon as possible.

23.7. The parties hereby consent to the jurisdiction of the High Court of South Africa in respect of the proceedings referred to herein.

23.8. The arbitrator shall make his award within 14 (fourteen) days after completion of the arbitration or as soon as is reasonably and practically possible thereafter having due regard to the nature of the dispute, and shall in giving his award have regard to the principles laid down in terms of these Management Rules. The arbitrator may determine that the cost of the arbitration may be paid either by one or other of the disputing parties or by the Body Corporate as he in his sole discretion may deem fit.

23.9. The decision of the arbitrator shall, save for a manifest error, be final and binding on the parties to the dispute and may be made an order of the court referred to in Rule 23.7 at the instance of any of the parties to the dispute.

23.10. In the event that a party to the dispute wishes to appeal the decision of the arbitrator, such party shall apply to the arbitrator for leave to appeal in accordance with the provisions of the Supreme Court Act, the Uniform Rules and the practice directives of the local division of the High Court of South Africa.

23.11. In the event that a party to the dispute is granted leave to appeal the decision of the arbitrator, such appeal shall be held:

23.11.1. before 3 (three) arbitrators appointed, subject to Rules 23.5 and 23.6; and

23.11.2. *mutatis mutandis* in accordance with the provisions of the Arbitration Act, Supreme Court Act, the Uniform Rules and the practice directives of the local division of the High Court of South Africa.

23.12. The Parties agree to keep the arbitration including the subject matter of the arbitration and the evidence heard during the arbitration confidential and not to disclose it to anyone except for purposes of obtaining an order as contemplated in Rule 23.9.

23.13. Nothing contained in this Rule 23 shall prohibit either party from approaching any court of competent jurisdiction for urgent interim relief.

24. **NO REFUNDS OR DISTRIBUTION OF PROFITS OR ASSETS**

24.1. The Members shall not be entitled to a refund of Levies, Special Contributions and/or other charges lawfully levied upon them and duly paid by them.

24.2. No portion of the profits or gains of the Body Corporate shall be distributed to any Member, Trustee, managing agent and/or any other person.

25. **RIGHTS AND STATUS OF THE DEVELOPER**

25.1. For the duration of the Development Period -

25.1.1. the Developer shall be entitled to:

25.1.1.1. nominate and appoint the number of Trustees as envisaged in Rule 8.1.1.2;

25.1.1.2. voting rights in respect of any and all unsold Units, calculated on the basis as set out in Rule 2.3.37;

25.1.1.3. erect such signage, flagpoles, messages and/or other forms of notices or advertising at the Scheme including on the Common Property, the private road areas and/or the exterior walls of the Building(s), subject to the applicable local authority regulations and by-laws as well as the Constitution and the Governing Rules.

25.1.2. no consent shall be given by the Trustees as contemplated in Rule 19.1.1.7 unless the Developer appointed Trustees have voted in favour of granting such consent;

25.1.3. neither the Trustees nor any Member of the Body Corporate shall prevent or hinder in any way the Developer from:

25.1.3.1. gaining free access to and egress from the Development;

25.1.3.2. continuing any building/construction operations at the Development;

25.1.3.3. marketing and selling any of the unsold Units, including the advertisement of the sale of such Units on the Common Property and/or at the Scheme, provided that the provisions of this Rule 25 shall not be interpreted as allowing the Developer access onto any of the Sections already transferred to a Member unless 48 (forty eight) hours prior written notice has been given to the Member concerned. No Member shall be entitled to refuse the Developer access if the required notice has been given.

26. **AMENDMENT OF THESE MANAGEMENT RULES AND THE CONDUCT RULES**

26.1. None of these Management Rules and/or the Conduct Rules shall be substituted, repealed or amended, and no new Management Rules and/or Conduct Rules shall be added unless:

26.1.1. prior written consent is obtained from the Developer during the Development Period and from the Board thereafter; and

26.1.2. it is approved by Special Resolution of the Members, calculated in value and in number; and

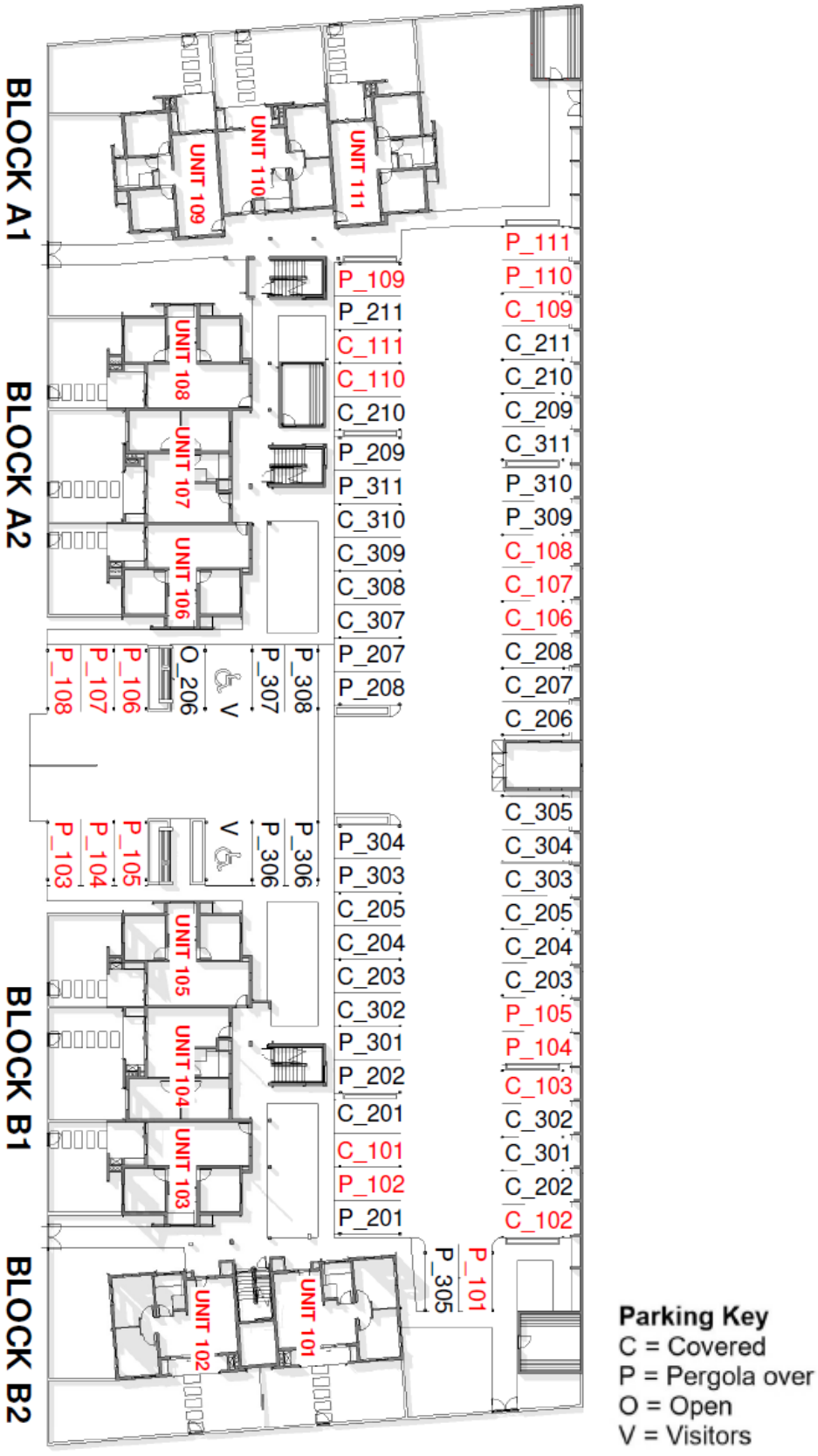
26.1.3. CSOS has approved the relevant substitution, repeal and/or amendment (as the case may be) by issuing a certificate as required in terms of section 10(5) of the STSMA.

26.2. The relevant substitution(s), repeal(s) and/or amendment(s) shall come into effect on the date of the opening of a sectional title register in respect of the Scheme or on the date CSOS issues a certificate as required in terms of section 10(5) of the STSMA, whichever is the later.

ANNEXURE A

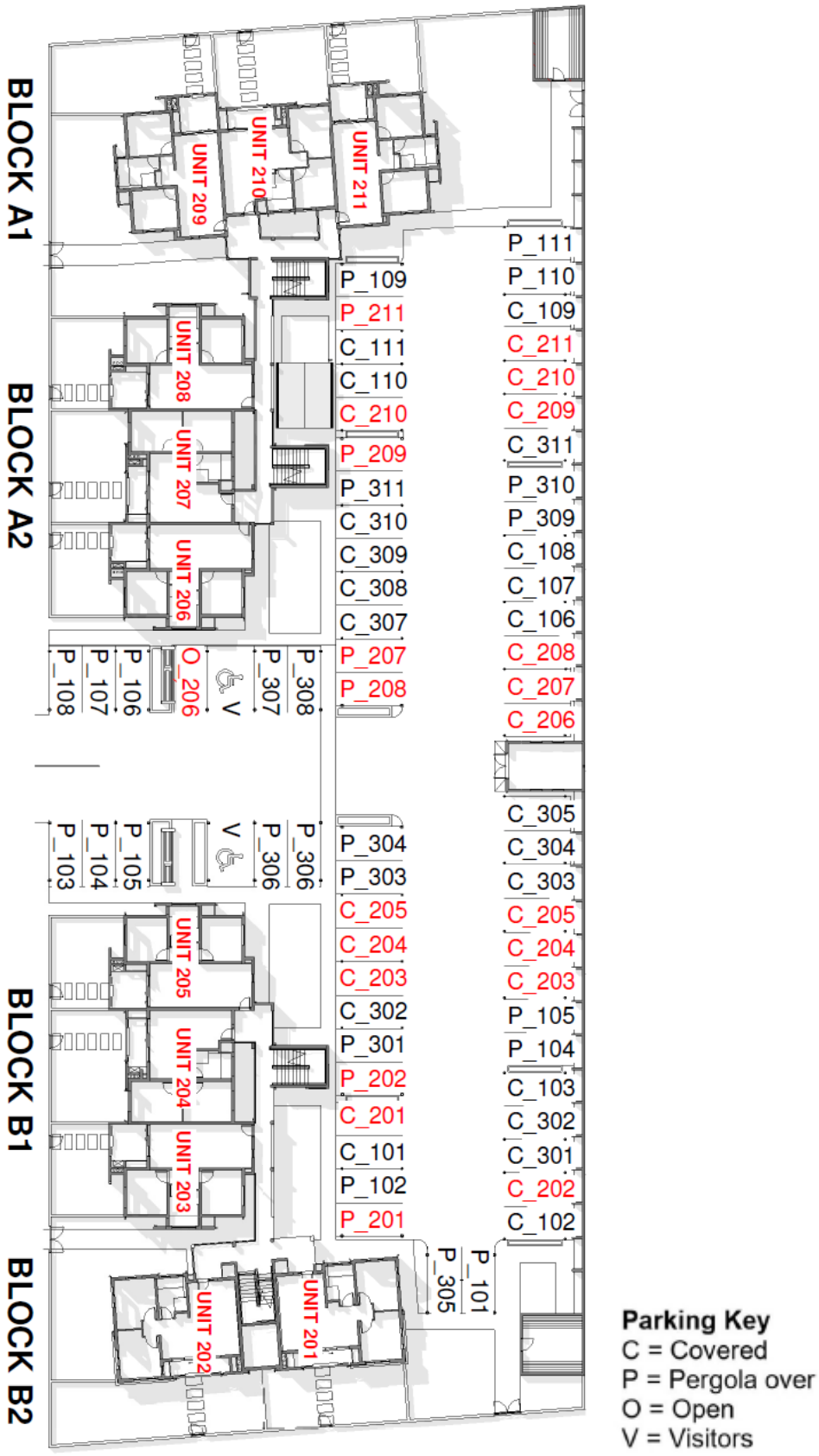
SCHEME LAYOUT

First Storey (Ground Floor)



ANNEXURE A
(continued)

Second Storey (1st Floor)



ANNEXURE A
(continued)

Third Storey (2nd Floor)

