



8 November 2012

Dear Members,

The Board wishes to confirm that an agreement has been concluded with the Purchaser of Erf 4 (a 52ha site around the Grootte Zalze dam), being a company called De Zalze Property Investments (Pty) Ltd, duly represented by Kobus Basson, regarding the possible establishment of a maximum of 6 new residential erven on Erf 4. The outcome of the negotiations bode well for the expected outcome of ongoing negotiations around the establishment of a further 20 erven on Erf 1, across the Blaauwklippen river. We hope to be in a position in the near future to report on this matter as well.

The Board believes that it has concluded a favourable agreement that is in the best interests of the HOA and all its members, but wishes to stress that the rights of individual members relating to this matter, remain unaffected and in place.

The Chairman will do a comprehensive presentation of the details and benefits contained in the agreement at the upcoming AGM on the 4th of December 2012. To prepare members for the presentation, we have summarised the benefits which will accrue to the HOA members, should DPI's application to the relevant authorities, which will be carried out entirely at their cost in accordance with all legislative requirements, prove successful:

Intrinsic benefits:

- Kobus Basson and his companies have substantial interests in the Estate and as such, he has a vested interest in ensuring a co-ordinated viable and successful development of Erf 4.
- After establishment of the 6 new erven, no further development may take place except for the construction of 1 farmhouse and sheds on the Remainder of Erf 4. Construction of labourers' cottages are specifically prohibited.

- Although Erf 4 is zoned 'Agriculture: Zone 1', farming activities will be restricted and no tunnel farming, pig farming, mushroom farming or poultry farming will be permitted.
- All existing unsold erven in the Basson family or group of companies must be sold within 24 months.
- DPI must ensure the registration of all servitudes referred to and comply with all obligations imposed in the Spier Settlement Agreement.
- No construction vehicles will be allowed to use the existing roads on the Estate during construction of any new roads and/or houses on the new erven and will be compelled to enter via Kleine Zalze's land across the river.
- The services will be installed at the cost of DPI in accordance with specifications similar to existing standards on the Estate.
- DPI will make a capital contribution, as determined by the HOA's consulting Engineer, towards the future maintenance of the infrastructure in respect of the new erven.
- The new owners will become members of the Association and pay ordinary levies, except where additional costs are incurred.
- The Association will not be liable for the establishment and maintenance of landscaping and garden areas in respect of Erf 4, which will remain the responsibility of the new owners.

Monetary benefits:

- In consultation with our auditors and attorneys, we believe that the various amounts referred to below, will not attract tax.
- DPI has procured that Kleine Zalze Wines has already taken over the maintenance and upkeep of the vines on the Estate, for its own profit and loss, with no cost to the HOA. A lease agreement has been entered into for 5 years with the right in favour of the HOA to cancel same on 12 months' notice. The value of the agreement is R1 000 000 over 5 years.
- DPI shall contribute:
 - R250 000 towards the upgrading of the Shed on Erf 4, held by the HOA in terms of a long lease;
 - R500 000 towards the construction of 2 tennis courts on HOA land;

- R62 500 towards the upgrading of the Kleine Zalze security entrance (Kobus has undertaken to contribute the entire R125 000 necessary to upgrade the entrance, pending finalisation of the Erf 1 agreement);
 - R120 000 towards the legal and other costs of the HOA (the amount is sufficient to cover all costs);
 - ± R360 000 in respect of 1% sales levy on all sales of the new erven (50% to go to the Golf Club);
 - ± R240 000 towards upgrading of the South-western security fence;
 - Land to the value of at least R500 000 has been designated as an area for an efficient water management facility.
- Total value: R3 095 000

The agreement is available at the HOA offices for perusal . The Chairman will be available at the HOA offices for questions and answers relating to the agreement on Monday, 12 November 2012 between 14h00 and 17h00.

Kind regards,



Eben Potgieter

Chairman