



THE CONCEPT - BUY WHAT YOU USE

Many wealthy people have come to the conclusion that owning expensive, but rarely used assets is a not a good use of money. The concept of buying property with friends, relatives or business partners is nothing new; it has been commonplace since second homes, or holiday homes, became fashionable, and is commonly known as “syndication”. While shared costs on an underutilized asset make sound financial sense, syndication has many drawbacks on the emotional front. Friendships had floundered on arguments about nearly everything to do with a shared property, from décor and upkeep, to conflicts about who gets to use how much time and when. The result is that many people have avoided sharing a house, and wise investors question the expenditure involved of owning a holiday property and going it alone.

Many people, regardless of their level of income, reason that it makes more sense to invest in owning only the amount of time that they can realistically spend at their holiday home. Property in desirable locations, where prime land is scarce, is increasingly expensive and to many people it is simply irrational to own what you cannot use.

THREE WELL DEFINED PRODUCT LEVELS

Fractional Ownership has evolved to three levels. While the holiday experience differs hugely in each one, each level offers varying opportunities:

- **TRADITIONAL FRACTIONALS**

These are developments at around a 3 star level. Small units providing average quality and average amenities and services in high density resort locations.

- **HIGH END FRACTIONALS (HFI's)**

Clearly a level up from the previous category, operating around the 4 star level. These are found in more desirable locations, with larger units, better quality, more desirable amenities and services.



- PRIVATE RESIDENCE CLUBS (PRC's)(such as the Pezula PRC)

This is the top-end of the market, representing the pinnacle of luxury and quality, not just among fractional ownership property, but across any resort accommodation available anywhere in the world. It is the combination of prime location, extraordinary architecture and design, and the highest level of services and amenities that deliver 5 Star offerings.

THE PEZULA PRC STRUCTURE

- 5 luxuriously finished and furnished 2 bedroom residences of approximately 200 square metres, of which 150 square metres is under cover.
- The shareholder owns one of only 70 shares in the Share Block Company which owns the properties at the Pezula Private Residence Club, and each shareholder has 21 nights of use per annum. The shareholder does not own a specific residence.
- The share is fully tradable by the shareholder. Shareholders can sell their shares or gift or bequeath it to their heirs, and do whatever else is allowed subject to the Memorandum of Incorporation and Share Block Control Act 59 of 1980.
- The Share Block Control Act 59 of 1980 provides thorough legal protection for the Shareholders and is governed under South African Law.
- The Memorandum of Incorporation, Use Agreement and the Rules regulate and protect the affairs of the Shareholders. These documents are available on the Company's website at www.pezulaprc.com. The purchaser of a share will be required to sign a Sale Agreement and Use Agreement as part of the purchase documentation.
- The Pezula Private Residence Club is managed by a board of directors, elected from the shareholders. The Managing Agent (the Conrad Pezula hotel) services the units under the terms of a management contract with the company.



- The Conrad Pezula Resort Hotel and its facilities and amenities and public areas, the restaurants, sporting and other facilities do not form part of the Pezula Private Residence Club Scheme in that shareholders have no interest and rights therein. Shareholders are however welcome to frequent and enjoy these facilities and amenities on a commercial basis with any costs (not always applicable) to their own account. PRC shareholders are offered certain privileges at these facilities and amenities (such as discounts at the spa and restaurants).

THE USE PLAN

- The year is divided into 2 x 6 month periods Reservation Cycle 1: March to August and Reservation Cycle 2: September to February.
- Upon purchase of a share a shareholder will be assigned to a Reservation Cycle for the first year.
- The shareholder's 21 nights per annum will rotate between the Reservation Cycles annually.
- The Priority Reservation Period will open on the 1st October and runs for 1 month to the end of October. This time is reserved for shareholders to reserve their 21 days Nights for the next Use Year. Shareholders may then reserve their 21 nights within the 6 months of their Reservation Cycle (and the alternate Reservation Cycle in the following Use Year).
- After the Priority Reservation Period ends at the end of October, from the 1st of November every year the calendar is open on a request basis for any of the available time in the following Use Year and shareholders may request a reservation out of their Reservation Cycle which will be granted based on availability (subject to limitations for the peak Christmas period, as set out in the Rules).



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- A shareholder may choose not to use his Nights, or a portion of them, during a given Use Year. If he so chooses, the time may be placed at his election into the Registry Exchange Program, in multiples of 7 nights. This must be done in by the end of November during the Use Year in question.
- All reservations and shareholder services are handled through a sophisticated reservation system, provided by Registry.

THE ANNUAL MANAGEMENT FEE (Levy)

- Shareholders pay an annual levy, which pays for the professional management and operation of the Pezula Private Residence Club.
- The levy for the year ended February 2017 is R39,945 (including VAT,) per share and barring extraordinary circumstances will escalate annually at South African inflation related rates.
- Maintaining a luxury home to the high standards that shareholders expect is expensive, but still only a fraction of maintaining these standards for a wholly-owned holiday home. The advantage of fractional ownership is that each shareholder pays only a fraction of the cost.
- Housekeeping and maintenance services are provided by the Conrad Pezula hotel, and are of the highest standard. The residences will be presented in pristine condition each time a shareholder takes up residence.
- The levy is calculated precisely to meet a planned program of maintenance and refurbishment of the residences to deliver high standards throughout the lifetime of your investment. These annual fees are each shareholder's pro-rata portion (one 70th) of the funds required to cover the costs, which include, but are not limited to: the ongoing administration of the company, the reservation system, the exchange program (using the exchange program is optional for each shareholder and any related charges are for shareholder's own account), TV licenses and satellite, staff salaries, supplies, maintenance, gardening, cleaning, housekeeping, laundry, legal,



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- accounting, auditing, fuel, utilities, property taxes, insurance, a reserve fund for the replacement and refurbishing of the facilities on a regular cycle
- to maintain the standards, and other costs associated with operating the Private Residence Club.
- Shareholders must be fully paid up on their annual levy to enjoy the benefits of their shareholding.