



Houghton Golf Club

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27 January 2007

Dear Member

Your Committee is aware of several rumours circulating pursuant to the development of the Houghton Golf Club.

The Committee is monitoring the situation regularly and wishes to advise members as follows:

1. The development is governed by an agreement, which is clear and unambiguous in its terms between the club and the developer.
2. In terms of the agreement, the developer assumed a number of obligations including, inter alia, payment of option monies (approximately R2 million), the payment of a sum of R6 million to the club's attorneys, the obtaining of consent from the relevant local and other authorities for the designated portion to be rezoned into such rezoning suitable to accommodate the development.
3. The obligations undertaken by the developer as set out in 2 above have been complied with timeously and in a proper manner by the developer.
4. The present position is that the application for the subdivision of the property is in process.
5. The application includes the approval of the site development plan to enable construction to commence immediately after transfer of the subdivided property.
6. The agreement provides that transfer must take place before 31 May 2007.
7. Your Committee has been advised by the professional team employed by the developer (including Mr Jaspan) that they do not foresee any delay in procuring the subdivision.
8. Prior to transfer the developer is obliged to secure payment to the club of R13 million and the R6 million held by the club's attorneys will be released to the club on transfer.
9. In addition, the club will either:
 - 9.1 Register a first mortgage bond over the property for a sum of R40 million as security for the new clubhouse to be built; or

- 9.2 Receive a guarantee from an acceptable financial institution for the sum of R40 million as security for the clubhouse to be built.
10. In summary, the club's legal position is well protected.
11. Following meetings with the developer primarily to discuss timing and concept plans, it is clear that the developer has expended a great deal of money on his professional team and there is no indication nor are there any facts which have been disclosed to the Committee which would suggest that the developer will not comply with its obligations.
12. As was explained by Phil Vallet at the recent meeting for members, the Committee could not at the time of the meeting fix with certainty the date on which the course would close. The Committee's best estimate is that the course will now close on 30 June 2007.
13. No proposals for a "Jack Nicklaus Design Course" have been received by the Committee and the developer has been advised that should it wish to make such a proposal, then the proposal must be made to the members of the Club and the decision will be taken by the members of the club.
14. In the meantime, on the assumption that if no proposal is made or, if made, is not accepted by the members, then the course will be upgraded with improvements to the greens, tees and water management systems.
15. It is not anticipated that closure of the club will endure for longer than nine months to one year. In the meantime, maintenance of the course will continue in the normal and regular manner.

Yours faithfully

Gary Buskin
President