

Houghton Golf Club
Minutes of Annual General Meeting
Held on Wednesday 29 April 2009
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1. Present

The meeting opened at 19.00. Members from the following categories were present and signed the attached attendance register.

Category	Number
Life	3
Full or senior members	30
Midweek	4
Ladies	3
Other	2
Total	43

The number of members that attended exceeded this total as seating was arranged for 100 people and about 60% was occupied. Unfortunately these members did not heed the call to sign the Attendance Register. A quorum of 25 full members was however present.

The Main Committee members present were as follows.

G. Buskin, R. Rottanburg, P. Vallet, G. Treger, H. Magid, J. Wolf, D. Rosenzweig, G. Mansell

The following Main Committee members tendered their apologies.

M. Modlin, I. Delacour, R. Hepker, P. Pokroy

The General Manager, E. van der Velde, kept minutes.

2. Apologies

The following members tendered their apologies either in writing or verbally.

S. Kahn, R. Buch, D. Jaffit, G. Magid, C. Sindleman, T. Edwards, G. Davidson, L. Cohen, C. Meyerowitz, S. Cogswell, B. Blumenthal, M. Uria, M. Solomon

3. Welcome

Gary Buskin welcomed all members to the in the 86th Annual General Meeting. He reminded members that the agenda of the Annual General Meeting was sent to all members by means of the electronic newsletter and was also available on the club website www.houghton.co.za.

He informed members that the order of the Agenda would be amended to first take care of formalities and then the key issue of the future of the club would be addressed.

4. Matters Arising

There were no matters arising from the minutes of the previous Annual General Meeting of Wednesday 16 April 2008, and they were accordingly approved with R. Rottanburg, as the proposer, and J.Wolf, as the seconder.

5. Election of Office Bearers and Main Committee Members

Gary Buskin informed members that the Main Committee has one resignation during the year and had one nomination as a candidate. Jack Shapiro resigned and was thanked by Gary Buskin for his contribution. Peter Loeb was nominated and was accepted by the member body.

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He announced that all office bearers, who had made themselves available for re-election, would remain the same. The current Office Bearers are as follows.

- President – Gary Buskin
- Vice President - Martin Modlin
- Captain – Ian Delacour
- Vice Captain – Gary Treger
- Treasurer – Rodney Rottanburg

6. Auditors Appointment

The continued appointment of PKF as auditors was approved and their remuneration of R 45 000 for the 2008 financial year was approved.

7. Resolution

The resolution to change the club's name from the Houghton Golf and Bowling Club to the Houghton Golf Club was approved.

8. President's Address

Gary Buskin refereed to his detailed report enclosed in the 2008 Annual Report that was available on the club website www.houghton.co.za. He inquired whether members had read the report and whether they wished for him to present it again. Members confirmed that it could be taken that the report had been read.

He informed members that the club had not traded during the year and that the development had proceeded according to plan until October 2008. The world then had changed with the economic meltdown affecting all people globally including the developer. Absa, the funders of The Houghton development, were not prepared to provide the loan finance necessary to continue the development and the shareholders were unwilling to invest additional capital.

The development will therefore be placed temporarily on hold until there is an improvement in the economy and the sentiment in the local property market becomes more positive. This is expected to be for a period of about 18 months.

Houghton Golf Club was now separate from the development with the settlement offer being finally signed last Sunday which then provided the requisite funds for the club to control its own destiny. Certain cash amounts had already been received and the guarantee for the final payment due on the date of transfer would be available in 14 days form date of signature. Transfer of the property to the developer was expected in 3 months.

He then requested that Rodney Rottanburg present the Treasurer's Report.

9. Treasurer's Report

The Treasurer, Rodney Rottanburg delivered the address enclosed in the 2008 Annual Report that was available on the club website at www.houghton.co.za. The audited financial statements presented were accepted by the member body.

He then initiated a Question and Answer session with members.

Q - Clive Cohen asked why it was necessary to include a contingent liability when the developer had accepted liability, what the cost of completion of the golf course would be and when the new subscription rates would be provided.

A - Rodney responded that the contingent liability note was deemed prudent since the actual rates account was in the name of the club although the club had sufficient security, that the cost of

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completion of the golf course was estimated to be R 8-10 million and was included in the club's budget of R 65 million for completion of the facilities, and that new member subscription rates would be announced in about 2 months time.

Q - Jack Shapiro asked what portion of the rates account was allocated to the club and why the cost of completion of the golf course had increased from R 2.5 million to R 10 million.

A - Rodney responded that the club's portion of the rates account was about R 80 thousand and that an estimate of R 2.5 million may have been at the stage in October 2008 when the developer was still committed to completing some of the work such as dams. Gary Buskin remarked that all the costs for completion were verified with the contractor and the club's consultant before accepting the settlement offer.

Q - Avi Levi asked about the cost of the clubhouse and the type of facilities that would be provided.

A - Gary Buskin responded that the cost of the clubhouse of about 2300 square metres, which was similar in size to the old clubhouse, had been reviewed by the Quantity Surveyors and a Bill of Quantities produced. The estimate cost was about R 36 million with the same facilities as previously provided, namely administration office, changerooms, pro-shop, kitchen, halfway house, lounge/bar, function rooms and a basement parking and storage area of about 3800 square metres.

Q - Mervyn Rabinowitz asked about the status of the electric fence around the club.

A - Gary Buskin replied that the electric fence had been installed by the developer but was not operational. The club will take control over its own security and will consider commissioning the electric fence at its own cost.

Q - Johnny Frankel asked about the response of prospective members to the special offer of a 50% discount on entrance fees to the first 50 members.

A - Gary Buskin responded that there had been limited interest and that the offer would be reviewed to make it more attractive.

Q - Mervyn Rabinowitz asked why the club did not erect a temporary clubhouse and reopen the golf course.

A - Gary Buskin replied that this alternative was considered but rejected because of the partial completion of the existing clubhouse, the uncertainty of future construction cost increases and the negative impact of an incomplete club facility on existing and prospective members and corporate golf clients.

Q - Meyer Gelbart asked how many members were required for the club to breakeven and had the club completed various business models.

A - Rodney Rottanburg responded that many business models had been considered as explained in the General Meeting in November 2008. When the original business plan was developed the global economic crisis was not so evident and the overhead structure envisaged was high with a breakeven of about 600 members of all categories. The club will be reviewing the business model and creating a more flexible subscription structure but members need to realise that the previous subscription at closure in 2007 was R 10 500 and with inflation would be about R 15 000 in 2010. Gary Buskin stated that members would need to consider that they would be receiving a Jack Nicklaus signature golf course and a state of art clubhouse.

Q - Bertie Lubner asked how the club intended to market itself, how the club would repay the capital of the Houghton Caddy Trust, what the reason was for the poor response to the caddy appeal fund and how the welfare of the caddies would be continued.

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A - Gary Buskin replied that the club would begin to market itself now that the ink had just dried on the agreement. Permission to use the Jack Nicklaus signature status was only recently received as the Main Committee was informed that his name could not be used because of financial and legal issues. The response to the appeal fund was poor with only R 34 000 collected from members. Electronic newsletters contained the appeal but the poor economic environment and the timing negatively impacted the response. Rodney Rottanburg stated that the club had used the capital of the Houghton Caddy Trust and would repay the trust over a period of time as previously agreed. He stated that the club was providing funds for the monthly caddy payments and would review how to proceed until the reopening in January 2010. Rodney appealed to members to donate to the caddy appeal fund and assist the club in supporting the caddies.

Q - Norman Kagan, on behalf of the members, acknowledged the amount of work done by Gary Buskin in finalising the deal with the developer. He had been listened to many members who collectively wished to make the following observations. Perceptions were reality and in terms of communication the club had failed dismally with members being unaware of what was transpiring during the last 18 months. The website has too much information of the development yet the link to the development website does not work. There was a perception that the committee wishes to follow the exclusive "River Club" route and would therefore exclude many exiting members. Members did not wish to return to the old management style with its same incompetence. The gambling school had caused problems with block bookings and 5/6 balls in the field. The number of active members was problematic and the projected 400 full members would not cut it financially. A proper business plan was required to ensure sustainability.

A - Gary Buskin replied that communications was not dismal considering that since closure the club had sent regular electronic newsletters and held general meetings. He acknowledged that since October 2008 it was more difficult to communicate because the negotiations became a moving target and difficult to report without finality. Electronic newsletters were still sent but could not be more informative in order to safeguard confidentiality. The website had recently been rectified with the development having minimal prominence. The Main Committee had agreed not to follow an exclusive route but Houghton would always be a premium prices club because of its superb facilities. Members that were unhappy about the composition of the Main Committee should either join or contribute in some manner. The gambling school may not mix sufficiently but were acknowledged for their spirit and contribution for the club. Rodney Rottanburg responded that club management had previously completed a variety of business plans and would review these in light of feedback from members. The composite fee was favoured because it required commitment from members but the approach to fee structures would be flexible. Categories for new midweek members would be considered with youth being encouraged through favourable rates.

Q - Trevor Coleman stated that the club had a fantastic product in a Jack Nicklaus golf course and should advertise it.

A - Gary Buskin replied that the club would embark on a campaign now that the settlement offer had been signed 3 days ago.

Q - Graham Cassell stated that he had reservations about the development but was now supportive. He suggested that revenue be improved through a "pay for play" visitor system.

A - Rodney Rottanburg responded that all potential revenue streams would be examined and that the club would capitalise on the desire of visitors to play the new golf course.

Q - Juliet Geva informed members that Supersound was responsible for the security of the show apartments but were not being remunerated by the developer.

A - Gary Buskin referred her to the developer David Nagle and the scheme of arrangement for creditors of Asvid.

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Q - Martin Klein commented that Houghton should be operated like Glendower who had in his opinion the most professional manager in South Africa. The appointment of a professional Chief Executive Officer (CEO) was crucial to operate the club as a business.

A - Rodney Rottanburg responded that the role of the CEO was being reviewed, resumes considered and interviews conducted.

Q - Harvey Chait asked when the facilities would commence and be available for use.

A - Gary Buskin indicated that construction of the golf course was ongoing and it may therefore be playable earlier, possibly in October 2009, while the clubhouse, based on construction recommencing in May 2009, would be opened in January 2010.

Q - Bertie Lubner emphasised the need for a new spirit in the club with members playing golf with each other and appealed for youth to be actively encouraged to join.

A - Gary Buskin responded that club management would strive to engender a new spirit with the assistance and commitment of members. Rodney Rottanburg replied that youth were a top priority with the subscription rates offered being the most attractive in the market. He emphasised that it was the intention of the club to actively market to younger players.

10. Facilities

Gary Buskin informed members of the plans of the new clubhouse available for viewing at the back of the meeting room. He then presented the new clubhouse to members in the form of slide show.

The golf course was 85% complete with the outstanding work restricted to the entire 2nd hole, the 12th fairway, bunker completion, the driving range and dam construction. Authority for the construction of specific dams was imminent.

The golf course would be affected by construction to a limited degree because a temporary construction corridor about 7-8 metres from the building had been provided for. The construction of specified services for the development would now be completed to ensure that the golf course was unaffected.

Servitudes, one for maintenance of service pipes and the other for provision of a promenade barrier between the development and golf course, were granted. A temporary berm consisting of soil from the golf course would be built to shield the development from the golf course. This berm would be removed when construction recommenced and used as backfill along the base of the building.

The road to the clubhouse from Osborn Road would be tree lined and sunken to be less visible from the new 4th hole. The entrance would have a gatehouse for security and access control with a pedestrian gate for the caddies leading to their holding facilities within the maintenance area.

The maintenance area provided for turf equipment, golf carts, consumable storage and administration offices for maintenance staff.

The clubhouse is modern in design with a flat roof necessary to allow the ability to increase the size through an additional floor. The foundations and piling allow for the weight and loading of this additional floor.

The basement provided for underground parking for 107 motor vehicles and 40 golf carts, the requisite storage for golf carts and trolleys, staff ablution and rest facilities and a control office.

The ground floor provided for all the amenities for members on one floor. The layout is sufficiently flexible to allow the hosting of a variety of functions either separately or together. Access to the outdoors will be of paramount importance with sliding glass doors allowing easy traffic flow to the covered patio which is about 5 metres in width.

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The roof was visible from parts of the golf course and its treatment was being considered. The current plans include wrap around roof feature as part of the architectural design. Members would have access to the roof through the main core stairwell to enjoy a recreational and viewing area.

The possibility of a putting green on the roof is being considered but budget constraints may preclude this. Putting greens are planned for areas adjacent to the 1st and 10th tees which are relatively distant from the club.

The use of golf carts would not be compulsory as golf trolleys and caddies will be available. The distance between the clubhouse and closing holes was not too onerous although golf cart assistance may be provided from the new 9th hole to the clubhouse.

11. General

The floor was opened for general questions

Mervyn Richter enquired whether there would be any special opening offers for new members and suggested that the composite fee discouraged members.

Rodney Rottanburg responded that all subscription issues would be revisited to create a flexible fee structure. The reason for a composite fee was previously explained but would be reconsidered in light of the current economic realities. Club management had to review the number of existing and prospective members being sought to the number of playing times available especially during peak times over weekends. The golf course could probably cater for about 600 - 700 active members without overloading the time sheet.

Cyril Levy asked whether midweek members would be allowed.

Rodney Rottanburg stated that the existing midweek members were catered for in the previous fee structure but this would also be considered for new members. The new subscription structures would be completed in about 2 months.

Norman Kagan suggested a large advertising screen to hide the development building as used successfully by the Johnny Walker Keep Walking campaign.

12. Close

Gary Buskin closed the meeting at about 21.00 and thanked all members for their attendance and participation.