

RVE 057

Dear Investor

We extend a warm welcome to you. This introduction will only take a minute of your time and will provide you with an overview of the legal definitions and terminology you will be subject to during your dealings with your new investment.

Definitions

1.1 Share Block Scheme

A share block scheme is any scheme in terms of which a share, in any manner whatsoever conveys a right to or an interest in the use of immovable property. In other words if a share in a limited company conveys upon the shareholder a personal right to or an interest in the use of immovable property or a specific part thereof, that company would be presumed to operate a share block scheme.

1.2 Homeowners association

A homeowners association is an organization of Shareholders /homeowners residing within a particular area whose principal purpose is to ensure the provision of and maintenance of community facilities and services for the common benefit of the residents.

1.2.1 Performance guarantee

Orange Insurance Ltd agrees and undertakes to pay to the Purchaser the Guaranteed Amount upon proof that the Contractor has breached the Building Contract, the Building Contract has been cancelled and the building on the Property has not been completed by the Contractor, provided that Orange shall have the right instead of paying the Guaranteed Amount to appoint a contractor to complete the building of the dwelling in terms of the Building Contract at the cost of Orange.

1.4. Payment guarantee

Orange Insurance Ltd shall effect payment of the Guaranteed Amount or advise the Purchaser that it will be appointing a contractor to complete the construction of the relevant dwelling within 10 (ten) calendar days of proof from the Purchaser that the Contractor has breached the Building Contract, the same has been cancelled as a result of such breach and the Contractor has not completed the dwelling in terms of the Building Contract.

1.5 Loyalty Payment

A guarantee that the purchaser will receive a monthly contribution applicable to the investment, either as a predetermined fixed amount or as an interest payment based on the investment, for a fixed period of time, directly into the purchaser's transactional debit card.

1.6 Fractional ownership

This is a practice of dividing an asset into shares and selling those shares to individual owners. It is thus a method of co-owning a single asset with high value by more than one individual or entity. A limited number of investors become shareholders of the property. Such shares are freely tradable in the methods that any other share is acquired or sold

2. Transfer of shares

With a Share Block the purchaser obtains ownership of the shares in the company that owns / leases the building / property and allows the shareholder the use of a specified portion of the company's property. A share certificate is issued in the owner's name when the agreement is concluded. The share certificate is proof of ownership and right to use the Share Block company's property.

3. Protection of shareholder by the Share Block Control Act

The operation of a share block scheme is regulated by the Share Block Control Act 59 of 1980 which offers the shareholders various options of protection.