



MINUTES OF ANNUAL GENERAL MEETING OF SANEC	Actions
<p><b>1. Opening and Welcome by Graham Reid 26<sup>th</sup> April 2023.</b></p> <p>Graham Reid showed all the attendees the documentation on the SANEC website to ensure they are aware of the location of these documents.</p> <p><b>2. Apologies</b></p> <p>As per Attendance register attached.</p> <p><b>3. Confirmation of Voting Delegates and Quorum</b></p> <p>Graham Reid confirmed that there is a quorum with the number of shareholders present.</p> <p><b>4. Approval of Minutes of combined KPC SGM and SANEC AGM on 26<sup>th</sup> April 2022</b></p> <p>Minutes distributed and approved. Proposed by James Curtin Seconded by Anne-Marie Esslinger.</p> <p><b>5. Executive Report</b></p> <p>Graham Reid reminded all of the tragic loss of our Chairman, Gordon Mowatt at the end of 2022. At the first meeting after Gordon's death the other members of the Board felt that we should continue without a new Chairman until this AGM meeting. This is the reason for the executive report which includes a summary of what has been achieved during the year as well as the financial report.</p> <ul style="list-style-type: none"> <li>One of the major projects during the last year was the completion of the new entrance on Lipizzaner Road which meant that the Beaulieu residents could enter the property and utilise the Clubhouse/Restaurant without travelling all the way around the property. This included motorised gates, lighting, demarcated</li> </ul>	



parking, lit pathway to the Clubhouse entrance over a pond with fountain. This cost close to R1 million in total but this could not be capitalised and is shown as grounds maintenance.

- All available properties leased out with a lease agreement with the exception of KPC.
- Clubhouse pathway paving replaced as it was breaking up.
- Renovation of whole complex where Baker McVeigh are now leasing – huge job as it was left to deteriorate and virtually no maintenance was done. Only the back rondavels are now left to be renovated.
- Changed the old Riders room into meeting rooms – 2 rooms plus ablutions and small kitchenette. Large project as floors were at different levels and ablutions needed a complete refurbish.
- As part of the Site Development Plan an exit pipe with headwall and manhole was installed from the Attenuation Dam through the bridal path and corner property into Lourens Road to reduce the outflow of water into the bridal path and properties below after heavy rains.
- The Indoor toilets were also upgraded and repaired where required.
- Work on the roads was also necessary and chemicals have been used to seal the main entrance road to reduce the amount of dust when there is a large flow of traffic.
- Busy currently with an extension of the building leased by SA show jumping after plans were drawn up and approved and a new lease signed. This amount will be paid off after the first term of the new lease.
- Renovations to the offices behind the main grandstand was necessary due to damp and all 3 are now leased by Kuda Insurance.
- Ongoing repairs and maintenance was done to the indoor arena including adding some surface and repairs to the wooden surrounds. Generate quite a good income from this asset.
- Installed a fence and motorised gates around the workshop area to prevent the public from strolling through there and thus preventing an accident or injury from occurring.
- Repainted the inside of the clubhouse restaurant and also added some furniture to create a cosy coffee corner.
- Extended the grey water to service the gardens of Equestrian Affair



as well as for watering the Indoor arena which then saves us the cost of using tractors and water trailers.

- Work on the attenuation mounds below the judges office area have also been reinforced and enlarged to protect those properties below us where they were experiencing large amounts of water flowing through their properties after large rain storms.
- Installed fencing next to the Ground Staff quarters to house the waste skips as many complaints were received from the neighbours regarding this area.

If we move on now to the finances:

- The assets value has increased by around R500 000
- Deferred expenses has been created as the building maintenance done will be paid off over the first term of the leaseholder involved as these costs could not be capitalised.
- In the bank accounts we have a total of R12 893 000 and some of the previous capital was used for renovations and improvements.
- The Annual Revenue has increased to R 2 366 050 from R 1 535 000 the previous year.
- Operating expenses has also increased to R 3 821 490 giving an operating loss of R 1 300 000 but also received interest of R508 000 and thus resulting in a loss before taxation of R 671 790. A lot of this was made up of the maintenance costs to allow us to lease out the old buildings.
- The various items under expenses were pointed out and described.
- Internal resources have been used for all maintenance projects to save expenditure and this has worked well.
- Solar is also been looked at for reducing electricity costs and this will be investigated further.
- Security has also been improved by adding a guard at the Dahlia Road entrance every night from 18:00 to 06:00.
- Jan Kleynhans asked whether the new leases had annual increases included to which Graham Reid answered that they did have.
- Need to try to promote the sale of the unsold shares and this should be one of the items looked at by the new Board members. There are still around 1 900 shares to be sold and need to look at advertising to



new members. Andrew Dawson commented that there should eventually be enough income being generated that dividends to the various shareholders can be paid annually.

- Have been using an advertising company to promote SANEC through social media but this appears not to have been as successful as originally envisaged. This will also be investigated by the new Board.

Anne-Marie Esslinger stated that it has become complicated to come to a final decision regarding the KPC lease agreement and changes to the SANEC MOI and that this had been discussed with various legal experts but that it had yet to be finalised. The original MOI was drawn up with what information was available at the time but some items need to be adapted to fit the current situation.

Jan Kleynhans is concerned that the goal for SANEC and KPC is no longer the same and that this will pose problems going forward. Anne-Marie Esslinger stated that this was not the case and that both KPC and SANEC are working towards keeping the property as mainly equestrian whilst making it viable to maintain this large property by increasing the income by bringing in non-equestrian sports and other items to make it possible to pay dividends to major shareholders.

Steve Atkinson also mentioned the problem that all the building assets on the property were put in place by KPC during their tenancy and now there is a dispute as to who owns these assets. This is also being discussed by legal experts.

Jimmy Telle then described that the loan that KPC had built up with SANEC of R 4 million was then paid back to KPC when the shares were sold to members in 2016 as payment for those fixed assets.

Grant Langley also then commented that it would work better if the 2 entities were combined as a pty ltd but this may have other challenges. He is concerned that there is currently a conflict of interest between the 2 entities. Also commented on the Marketing done by SANEC and he feels that more aligned marketing should be done by both entities.

A long discussion then continued regarding the history behind the start of the share incentive and the reasons behind it. Andrew Dawson stated that the new Board will look into all these legalities.



Finances approved by: Jan Kleynhans

Seconded by: Steve Atkinson

**6. Vote to retain Thort as auditors:**

Proposed by Grant Walker

Seconded by Andrew Dawson

**7. Election of Directors to the SANEC Board**

Anne-Marie Esslinger has resigned from the Board and will not be standing for re-election.

The other 5 members of the current Board are available for re-election.

Due to Gordon Mowatt's death we thus have 2 vacancies on the SANEC Board and we have received 2 nominations, namely, that of Neil Smith and Andrew Dawson. Both gave a brief description of their backgrounds and reasons for joining the SANEC Board.

All in the meeting agreed that the 5 members of the Board be re-elected and the 2 new nominations join them on the SANEC Board.

Proposed by: Aidan Lithgow

Seconded by: Deon Augustyn

**8. KPC Lease Agreement**

As per previous KPC discussion.

**9. General**

No further matters.

Graham Reid thanked the previous Board Members as well as the Maintenance team for their hard work over the past year.

**10. Close the meeting.**

Graham Reid declared the meeting closed.