

## **A Directors Comments**

**November 2009.**

It is with grateful relief that I acknowledge the large response to my initial letter, posted to all shareholders. Relief in so much that each and every response, either by letter, e-mail or telephone discussion, was supportive and appreciative of the fact that we have something special at Bantry Bay. This is what we wish to preserve. My sincere thanks.

Some of the comments in these responses are very relevant. I take this opportunity of detailing précis thereof to show the intensity of their passion for the resort.

Mr. J V - Bantry Bay is our piece of heaven and we must preserve it at all costs.

Mr. WJ - Will assist in any way possible to stop this ingress into taking our asset.

Mrs. JM - I have studied the financials and commend the running of the resort to the efficiency of the directors and Management.

Mr. AW - Congratulations and well done, my only criticism is why you agreed to cancel your salaries. I will support reinstatement of these.

Ms CF - I am extremely perturbed. I thank you for the work you do. I will be more alert to the affairs of the Resort.

Mrs. FW - The staff at Bantry Bay are well trained, friendly and ready to help, the units well maintained. It is like coming home each time we visit.

MR MW - Well done and thank you. I believe Directors should receive a salary. Remember you only get what you pay for!

Mr. AO - Thank you for a job well done. If I can assist in any way please call upon me.

Dr LK - I was horrified at what I read, thank you for your actions. I am grateful for the explanation of the AGM. Keep it up.

Mr. PH - Thank you for all the Directors do, I fully support the Directors. I believe it fair that you should be remunerated in a way commensurate with the value they add.

Dr JvN - Thank you all. A number of our friends have fallen into their trap and the net result is they struggle to get time share at any but inferior resorts.

Ms JB - I congratulate the directors for having the strength to protect our interests.

Dr WJ - No reason why you should not get salaries for the work you do. Continue to keep me informed

G & E H = I place on record our enormous debt of gratitude to you and the Directors in the strong stance you took

## TIMESHARE MANAGEMENT

I would like to share with the Shareholders how a Time Share resort, like Bantry Bay, is managed and run.

Under normal situations timeshare resort structures have a board of directors who meet in accordance with the constitution of that resort, normally four times a year. At these meetings they review the financials presented to them by the Management Company and rubber stamp any suggestions made to them.

The Management Company is employed by the resort to oversee and guide the resort management in the day to day running of the resort, for which they receive management fees. Resort management then carry out the day to day running of the resort.

With Bantry Bay we have a slightly different situation, which has been in place since inception.

We have the Board of Directors, the Management Company and the resort management the same as all other resorts. Where we differ is that the directors have a greater involvement in the day to day running of the resort with the local directors meeting with the Management Agent and management in a monthly meeting. Here they review the financials, month to date and year to date, management resort claim and review any unbudgeted items and the reasons why, levies outstanding and cash position, receiving the management report, discussing any projected capital asset requisitions, repossessions for owners not having paid, and generally making decisions on a current, nearly day to day, basis.

These meetings are attended by the Chairman and two of the local directors, whereas a full board meeting of all five directors is held every three months.

Over and above this one of the directors chairs disciplinary hearings, seeks out articles needed for the resort together with managing agents and management, lending their expertise to the choices and purchases, at all time looking for quality at cost effective prices to maintain the high standards we are used to at Bantry Bay. The Directors have a direct input with Interior and Exterior Decorators and approve the choice of colours, materials etc, not to mention the quotations.

This is the method of management adopted from inception by the shareholders of Bantry Bay and has stood the test of time, It has contributed to the success of the resort and maintaining it as one of the premier and most sought after resorts in Africa. Gold Crown rating means that if you, the shareholder, wish to swap your timeshare you have the pick of **any** RCI resort world wide. We have that rating and strive at all times to maintain it, so we, the shareholders can benefit and utilize what so few others have.

No shareholder has, until the last AGM, ever suggested that this structure be changed. Does one change a successful formulae?.

This is for you to decide. If it isn't broke, don't fix it!!

## **DIRECTORS**

Five directors are elected at the AGM each year. At present we have three local directors and two 'out of town' directors.

The out of town directors attend four meetings a year but receive the minutes of the monthly management meetings, so as to be kept in the loop.

Directors are always in communication with each other when a project is intended and from their personal expertise, offer suggestions which will be of benefit to the project and the resort..

In brief, you will see that your directors are fully involved with the resort and not just figure heads and 'rubber stampers'

Remember also that directors have a fiduciary duty and in certain instances can be held personally liable for their actions at the resort.

## **MANAGING AGENT**

As mentioned above, in our unique system, we have a Managing Agent. Here we are fortunate that Fred Jenkins, director of our Managing Agent, Ovland Management Services (Pty) Ltd, has been involved with Bantry Bay since inception of the Resort and with more than 20 years of involvement is the back bone of our management structure.

Their contract is normally a 5 years one thereby ensuring continuity. Their main functions, amongst others, are:-

Preparation of financial statements for Auditors

Preparation of annual budgets in conjunction with management and directors

Advise the Board in respect of compliance with relevant statutes that govern a timeshare resort.

Attend monthly meetings with directors and management. as well as all Board meetings.

Maintain regular meetings with management in order to ensure budgets, internal control systems and standards are maintained.

Ensure that the direction set out by directors is implemented.

Negotiating with insurance brokers to ensure adequate cover at most competitive rates

Attending, where necessary, to complaints from share holders and resolving same

Maintain Share Register and attend to share transfers and safe keeping of original certificates

Operate rental pool in conjunction with Management

Convening and attending Annual General Meeting and keeping minutes thereat.

Submission of returns to CIPRO

Submission of tax returns

It is sufficient to note that in instances where large Managing Agents are involved, such as Southern Suns or First Resorts, the functions of Accountant and Reservation clerk would be centralized and conducted 'off site'. The result of this is that much of the hands

on control that is a feature of Bantry Bay would be lost and the Board of Directors becomes a “rubber stamp” committee.

As can be seen the Managing Agent is the central core of our management team, which has contributed to the success and continued maintenance of the high standards we have achieved over the years, making Bantry Bay the desired resort it is.

I trust that the above will be informative to yourselves and that in some small way have put you in the picture. Please be assured, your asset is being well cared for and well handled by the directors.

It was queried at the AGM why we at Bantry Bay have to pay salaries to directors when at the same time we have a Management Agent, management and staff who also get paid! Well, the above may assist you in understanding as to why this was the case until the AGM held on 09<sup>th</sup> June 2009.

Best regards  
Errol Strickland  
Director