

Queries from Members on SHARE SCHEME

1. Increase KPC's shares by 14 times, that is from 200 shares to 2 800 ordinary shares, which will equal 28% of the Authorised Share Capital.
Change to 25,5 times, ie from 200 shares to 5 100 shares which equals 51% of Authorised Share Capital. This to give total control to the Club (and in effect its members/Executive) in all circumstances.
2. Offer every paid up member with KPC voting rights, as at 31st October 2015, the first share in SANEC at a price of R2 650 per share (50% Discount).
This concept to be encouraged (somehow made mandatory?? not sure how) on the basis of gaining an immediate 100% return on this initial investment. Over and above this the additional value to members is that they will benefit from both the short term improvements as well as the protection of the future of the Club/Venue. We have a responsibility to our future generations.
3. This equates to 720 members x R 2 650 = R1 890 000 or 7,2 % of Authorised Share Capital.
4. Offer the balance of the 6 480 shares at 14% discount of current value, if purchased before 31 December 2015 at R 4 515 per share.
Offer the balance of 4 180 shares at a 14% discount if purchased by date suggested.
5. The maximum number of shares that any one member may subscribe to, will be limited to a maximum of 500, that is 5% of Authorised Share Capital.
This is less dangerous if KPC retains 51% so that "consortiums" either family or other do not position themselves as a threat to the future of the venue – it would be too easily seen as a quick return venture! There must also be a clear distinction between member voting rights and shareholding in the Company – each member must still have ONE VOTE no matter how many shares they may own. This to safeguard against "consortiums".
6. Shareholders may not sell shares for the first 3 years (2019) and must remain as a paid up member with voting rights of KPC during this period, if they don't remain a member they must offer shares back to SANEC at the original purchase price.
Make sure provision for estates and the like are defined – if a member passes away their heirs may not wish to continue participation – there should be clarity on this and other points that may arise similar to this.
7. After 3 years shares can be sold, however SANEC must be offered the right of first refusal to purchase the shares, thereafter, only other KPC paid up members with voting rights may purchase the shares.
Agree with this as long as note to point 6 is considered in same way.
8. For Share Scheme to be implemented, a minimum of R7 million Share Capital must be raised.
This should be a 10 million target motivated on the basis of what improvements can be achieved with said amount and how value would be added to members/shareholders alike.
9. Of the initial Share Capital raised R 2.2 million to be used to settle 50% of the Loan Account owing to KPC.
This would have to be clearly defined as it is obviously related to historical debt and should be re-evaluated in relation to higher value of shareholding retained by the Club as per point 1.
The balance of Capital raised must be used for Capital Improvements on the Property and approved by shareholders.
To prevent any grey areas as to who has what say in the application of the funds for said improvements, there must be clarity on whether the club members (through their voting rights) or the company shareholders (through their shareholding) are responsible for approval. The correct premise is that members through their voting rights task the Executive with correct application as opposed to shareholders driving this. This relates to point 5 in that each member has ONE VOTE no matter what their shareholding.

Query @ is the following:

- 500 shares could be more than 5% of the issued share capital if not all 10,000 shares are issued.
- A person may subscribe for shares more than once if there are different rights issues over time.

I would suggest a wording along the following lines: "The maximum number of shares that any one shareholder may hold at any time will be limited to a maximum number of shares that equates to 5% of the issued share capital of the Company. If a shareholder holds more than such maximum number of shares at any time, he will be obliged to dispose of such shares as soon as practically possible at a value that is not in excess of their market value (which may be determined by the auditors of the Company) and until such time as such shares are disposed of, no voting rights will attach to the shares held by him in excess of such maximum amount."