



# UMZUMBE CHALETS

*Share Block Ltd*

1968/011196/06

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4225

Dear Shareholder,

We are entering a time of economic hardship for the world economy and as a developing country South Africa will surely not escape the fallout from the effects of the recessionary trends in the economics of the so-called first world countries. The threat of down scaling and recession brings out the best in our survival skills and at Umzumbe new management techniques and opportunities will have to be sought and employed to safeguard your investment and future holidays.

The Management at Umzumbe is aware of the coming hardships faced by its members, but must also face these same hardships itself and in this regard we are all in the same boat. However, we have committed to a five year plan, which was accepted and approved at our last Annual General Meeting, to maintain and improve your investment in Umzumbe, and the Board has spent many hours with resort management and also in intense discussions with each other to agree on a levy of **R1, 850 per week** which is still below comparable resorts, caters for our five year plan and at the same time is affordable to our members. Some of the solutions we have found are to allow **monthly installments of your next levy payment** once the current (2009/2010) levy has been paid, and **also to implement a prepaid electricity system** as approved at our previous AGM. It was decided to **charge holidaymakers R7.00 per day for electricity usage per chalet**. As explained at our AGM, this system alleviates owners not visiting Umzumbe from this charge which would in the past have had to be added to their levies. Investigation of a prepaid card system as mooted at the AGM was discarded in view of the fact that it would cost R65, 000 for the system and also place an inordinate administration burden on the staff of Umzumbe.

Remember that Umzumbe is a unique resort that requires different techniques to maintain it due to its widespread nature and age which adds to and distorts the cost structure when compared to normal business practices.

Due to severe rainstorms last year, funds had to be diverted to pay for retaining walls that had to be built at several places where the embankments gave way and to repair some damaged chalets not covered by the insurance as a result of damage caused by these embankments and regarded as an "Act of God" by the insurers. Our insurers did pay out quite a substantial amount for normal storm damage to some of the other chalets.

**Please pay your levies on or before the due date on 30 June 2009, making sure that you provide the correct 'UM number' to our office staff to identify and allocate your payment correctly to prevent any misunderstandings and subsequent repercussions. Kindly complete the attached form with your personal details or change of address.**

**BANKING DETAILS:**    **ABSA BANK - RANDBURG**  
                                 **Branch code - 63-20-05**  
                                 **Account Nr - 1078650571**

Kind regards,



**CHAIRMAN**  
29 May 2009