



EXECUTIVE SUMMARY - LIFESTYLE CENTRE PROPOSAL

Progress Update, Financial Position & Next Steps

1. Background

The Lifestyle Centre (LSC), owned by KSK Oubaai International (Pty) Ltd (KSK), was closed on 5 February 2025 due to its condition. Members have consistently expressed a need for the restoration of recreational, fitness, and social amenities at Oubaai.

In response, the Oubaai HOA (OHOA) has undertaken a structured negotiation and financial modelling process to explore a feasible redevelopment of the Lifestyle Centre under an agreement that protects members' financial interests.

2. Process Followed to Date

2.1. Development of the Proposal

A Subcommittee was established to assess the scope of work, develop a financial model, and negotiate potential terms with KSK.

The proposal submitted to KSK includes:

- Full refurbishment of the Lifestyle Centre
- New padel court, renovated tennis/squash courts
- Heated pool
- Gym with new equipment
- Convenience and social spaces
- A long-term lease structure
- KSK funds the capital upgrade, with the OHOA paying a monthly return on investment
- OHOA runs and operates the LSC ensuring a quality experience of the facilities

2.2. Financial Modelling

The total owner investment proposed is up to **R10,700,000**- The OHOA and its members will NOT be making any capital contribution. KSK will fund 100% of the improvements. A monthly return on investment obligation will be required based on an agreed percentage.

The Subcommittee modelled all operational costs, the return on investment obligation, and expected income, and calculated the required levy contribution.

3. Updated Position: 10% Capped Return on Investment

KSK will be presented with an alternative funding structure in which the return on investment is capped at a maximum of 10%.

How this affects members:

- Annual return to KSK at 10%:** R1,070,000- per annum
- Number of contributing members:** 450

Resulting Levy per Member (at 10% capital return and all OHOA LSC associated operating cost): Up to R400 per member per month

This reflects the *maximum* levy impact and forms part of the proposed negotiation limits.

4. Member Mandate Is Required

The OHOA requires a mandate to:

1. Continue negotiations with KSK based on the capped 10% return model and OHOA running the facility.
2. Ensure the final agreement does not exceed:
 - 10% return to KSK; and
 - R400 per member per month levy
3. Proceed with drafting a full agreement *only if* these limits are secured.
4. Return the final negotiated agreement to members for approval at the next AGM (75% Special Resolution required).

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No binding agreement will be entered into without member approval at a future AGM or EGM and understanding the OHOA's legal rights with respect to the LSC.

MOTION FOR RESOLUTION – LIFESTYLE CENTRE NEGOTIATION MANDATE

WHEREAS Members of the Oubaai Homeowners Association ("the Association") require access to recreational, wellness, and social facilities historically provided at the Lifestyle Centre;

WHEREAS the Board of Trustees ("the Board") has engaged in preliminary negotiations with KSK Oubaai International (Pty) Ltd ("KSK"), the owner of the Lifestyle Centre property, regarding a potential upgrade and reopening of the facilities for the benefit of Members;

WHEREAS the proposal discussed with KSK is based on the principle that the Association and its Members will NOT be making any Capital contribution, and that 100% of the Lifestyle Centre improvements will be paid for by KSK and that the Association will run the LSC operations;

WHEREAS the financial modelling prepared demonstrates the levy impact, the Association proposes further negotiation with a cap of 10% payable to KSK on their capital outlay;

WHEREAS the Board requires a formal member mandate to continue negotiations within clearly defined financial limits and to prepare a draft agreement to be presented to Members for approval;

IT IS HEREBY RESOLVED THAT:

1. The Members grant the Board of Trustees a mandate to continue negotiations with KSK regarding the proposed Lifestyle Centre upgrade strictly in accordance with the following conditions:

a. No Capital Contribution:

The Association and its Members shall NOT make any capital contribution. KSK shall fund 100% of the Lifestyle Centre improvement costs.

b. ROI Cap:

The Board may only negotiate within a maximum 10% return on investment payable to KSK on their capital contribution.

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c. Levy Cap:

The Board may not agree to any proposal that results in a monthly levy exceeding the amount presented to Members at the EGM dated 19 February 2026, i.e. R400 per member per month, including the Association operational costs.

2. No binding agreement will be entered into without member approval at a future AGM or EGM and understanding the Association's legal rights with respect to the LSC.
3. The Board is authorised to engage professional advisors as required during negotiations, provided that no financial commitments bind the Association before Member approval by Special Resolution of the final agreement.
4. The Board is authorised to keep Members informed of material developments throughout the negotiation process.