



FREQUENTLY ASKED QUESTIONS

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FREQUENTLY ASKED QUESTIONS

1. INFORMATION ON DEVELOPMENT

1.1 How big is the land to be developed?

520.23 Ha

1.2 What will the Crossways Farm Village development comprise?

The development will comprise a residential component consisting of residential units, a commercial component consisting of industries to serve the residential component and an agricultural component consisting of the current farming activities on the development. Each owner of a residential unit will be entitled to a percentage interest in the profits realized from the farming activities conducted on the agricultural component via the Home Owners Association (the "HOA"). A home owner will not be required to participate in any potential farming loss or negative income.

1.3 What percentage of Crossways Farm Village will be built on, how much green and conservation area and big will the remaining farm be?

Development area	173.00 Ha (30.96% of the total site) – 21.26ha of communal open space and sports and recreational grounds
Conservation	178.95 Ha (31.86% of the total site)
Dairy Farming/Agriculture	167.38 Ha (29.80% of the total site) – 6.11ha of urban agriculture

1.4 What are the sizes of the residential stands?

All the sizes will be indicated in the pricelist. They vary from approximately 220m² to in excess of 8500m².

1.5 How many phases will the residential component consist of?

The residential component will consist of 10 phases. Phase 1 has been split into 127 units. The remaining residential phases will be opened for sale when approximately 70% of the stands in the previous phase have been sold.

1.6 Are there any land claims that could influence the Development?

No

1.7 Who is developing the land? Do the developers have a track record?

Crossways Farm Village Development Company (CFV), a team comprising of private individuals. Chris Mulder and Associates ("CMAI"), one of the major investors and shareholders, were the master planners, architects, urban designers and landscape architects of some of the most successful developments in the Southern Cape. The most prominent completed developments planned, designed and coordinated by CMAI are Thesen Islands, Pezula Private Estate and Belvidere Estate, in Knysna. These developments have all been successfully sold and developed, and contributed hugely to the local economy, job creation and the tax base of the Knysna Municipality. The other shareholders are also successful business people in their own right with a long standing track record. See below regarding the operation of the dairy farm. All the funding required to date has been provide by the current shareholders including the funding for all the approvals, rezoning and purchase of the development land. No bank financing or bank loans were required to date.

1.8 Who will be responsible for the future development of the Crossways Farm Village?

Crossways Farm Village (Proprietary) Limited ("CFV"), a property development company, together with its appointed project managers CMAI and urban design and architectural team of CMAI Architects.

1.9 What other development projects have Chris Mulder and Associates been involved in?

The complete conceptualisation, master planning and detail design of Thesen Islands, Pezula Private Estates and Belvidere Estate. These projects stretched over a period of more than 20 years. All have been successfully developed, sold and today collectively represent some of the most successful and economically and environmentally sustainable developments in South Africa.

1.10 How does a purchaser acquire a stand on which to build his/her/their unit in the Crossways Farm Village?

The website provides the information required to acquire a stand. Prior to sale documentation being finalized, a simple land reservation process is followed, as is explained on the website via an interactive sales process. This process enables the purchasers to reserve a stand upon which his unit may be built, ahead of signing an agreement of sale for the stand. Alternatively our onsite sales centre is open seven days a week. At the onsite sales centre, the project may be viewed, further information is made available and stands may be purchased via our in house sales agents. Furthermore, selected real estate agents have been appointed by the in house sales team to assist in the selling of stands.

1.11 Who are the owners of the bordering farm land?

The bordering farms to the West are owned by the Puttergill family who have been farming there for generations and are well known for their nationally acclaimed Holstein Stud. The existing Holstein Stud on Crossways is also well known for its quality and performance and this herd will form the basis of our new herd. The current owner, Stephen Mains–Sheard, has been elected as chairman of the SA Holstein Breeders Association and will remain as shareholder in Crossways Farm Village and will be in charge of the dairy farm operation in the new development.

1.12 Are there any outstanding approvals on the development?

All approvals are in place, namely:

- Record of Decision
- Environmental Management Plan
- Rezoning approval by Kouga Municipality
- Service Agreement with Kouga Municipality
- Dept. of Agricultural Approval
- Surveyor General Approval for subdivision
- Homeowners’ Association Constitution has been drawn up, as well as the code of conduct and Rules and Regulations
- Architectural Codebook has been drawn up

1.13 Will a purchaser have access to the property to view the plot he/she is buying?

All the erven will be accessible via internal gravel roads. Access will only be allowed through the Sales Centre once you have registered to go on site.

1.14 Is there sufficient water for the development?

Yes. Potable water will be supplied from the Nelson Mandela Bay Municipality’s Summit pipeline.

Water for agriculture will be derived from legally allocated water rights out of the Van Stadens river. A new dam has been approved and built to retain additional water for the new land to be irrigated. A full water balance report has been drawn up by our agricultural engineers. In addition, CFV will build a state of the art sewer treatment plant and all water flowing out of the plant will be further polished through a man made wetland where after it will be returned in the irrigation water cycle.

1.15 **What about electricity supply?**

Electricity will be supplied directly from Eskom to the development.

1.16 **Who is the professional team on this development?**

Project Management and Design Coordination

CMAI - Chris Mulder Associates Inc www.cmai.co.za

Architects, Urban Designers, Landscape Architects

CMAI Architects www.cmai.co.za

Engineers

Agriculture Engineering: MBB Consulting Engineers www.mbb.co.za

Civil Engineers & Structural Engineers: KV3 www.kv3engineers.co.za

Electrical Engineers External: Clinkscapes Maughn-Brown www.clinkscapes.co.za

Electrical Engineers Internal: KV3 www.kv3engineers.co.za

Traffic Engineers: SSI www.ssi.co.za

Surveyors

Maarschalk and Partners

Town Planners

Urban Dynamics (Eastern Cape) www.udec.co.za

Environmental

Pieter Badenhorst Professional Services

Specialist Studies

Botanist/Ecologist: Prof Eileen Campbell – NMMU www.nmmu.ac.za

Heritage: Vidamemoria

Socio-Economic: Urban-Econ www.urban-econ.com

Water Determination: MBB Consulting Engineers www.mbb.co.za

Wetland: Problem Plant Management

Agriculture Economics

Agriwise Consulting

Community Participation

DJ Environmental Consultants

Sales & Marketing

Estate Agents: Crossways Farm Village Sales and Marketing
www.crosswaysfarmvillage.co.za

Media & Marketing: De Kock Communications

Finance

Bond Originators: Findex Port Elizabeth

Financial Manager: Kiam Properties

Legal

Transfer Attorneys: Slabbert & Rossouw Attorneys, Jeffreys Bay with
 correspondent attorney Webber Wentzel Cape Town www.webberwentzel.com

Wildlife Advisors

Dr Bool Smuts - Landmark Foundation www.landmarkfoundation.org.za

Dr Dave Gaynor

1.17 What is the status of the farm?

The current farm has been subdivided into two major components:

A development section, where all the housing, commercial and industrial sites will be developed.

A farming or agricultural section, set aside for exclusive farming operations (similar to a golf course on a golf estate), except in our case our fairways and greens consist of 120 Ha of organic pastures where our “club members”, consisting of almost 500 Stud Holstein cows, can eat chemical free grass 24 hours a day. Our “club house” will be a state of the art milking parlour and our pathways (traditionally used for golf carts in a golf estate) will, in our case, be dedicated, designed pathways for the cows to walk to the milking parlour and back every day. These pathways will not conflict with normal roads in the development.

2. BUILDING AND ARCHITECTURAL GUIDELINES

2.1 Is there a prescribed Architectural Guideline and Codebook?

Yes. A form-based, Architectural Guideline and Code Book (the "**Guidelines**") will apply to all architectural, landscaping and urban design features, structures and buildings on the development. All building plans must adhere to these Guidelines.

2.2 Are there any obligations on purchasers to follow design parameters when building their unit?

In order to ensure high standards and to safeguard the investment of purchasers, all units erected on the residential component must comply with the Guidelines [a copy of which will be provided to each purchaser upon payment of his/her 10%

cash deposit]. The Guidelines ensure harmonious design and proper spacing of buildings.

2.3 Who will be responsible for construction of the units?

CFV has established a list of approved architects and builders for the purchaser to choose from (which list will be available on the website). Purchasers must use such architects, designers, draftsmen and builders in order to ensure the harmonious design of all units on the development. Alternatively, the Crossways Farm Village Design Centre is able to co-ordinate all aspects of design, building, interior decoration and furnishing of a purchaser's unit.

2.4 May I use any architect or architectural technician?

Only architects and/or qualified draftsmen as approved by the developer can be used. Own architects and/or draftsmen will be considered if properly applied for and approved, given their full understanding of the Guidelines and Codebook.

2.5 Who will approve the building plans?

An owner must submit his/her plans to the Architectural Review Panel (the "**Review Panel**") for approval. The Review Panel will charge a normal plan approval fee and once the plans have been accepted, the Review Panel will stamp the plans, where after they must be submitted to the Kouga Municipality for final approval

2.6 Will building contractors have to pay a registration fee?

Yes and they have to be approved and registered by the developer, the HOA and the National Home Builders Registration Council (the "**NHBRC**") once they have undergone and attended the compulsory training course.

2.7 Will there be a prescribed list of building contractors?

Yes

2.8 In case of the "Plot and Plan" Castle units will the purchaser have any choice of finishes; tiles etc?

There will be standard specifications with some options available. Any changes to this are at the purchaser's cost in consultation with the contractor.

2.9 Will the units be fitted with electrical appliances like fridge, stove, washing machine, etc?

No, except for a hob and stove in some instances.

2.10 Is the use of sun panels, gas appliances, rainwater harvesting prescribed?

Yes. The installation and promotion of technologically advanced energy efficient systems, components and upgrades, as well as the innovative use of recycled building materials, is strongly encouraged throughout Crossways Farm Village.

2.11 **May purchasers build swimming pools?**

Yes. Natural (chemical free) Wetland pools are highly recommended in the Guidelines and Codebook.

2.12 **How accessible will internet/telephone/DSTV/ADSL connections be?**

The entire development will be serviced by a fibre optic network which will deliver a state-of-the-art communications network to every single house or unit.

2.13 **Will there be a time limit on construction?**

2 years after transfer of erf in respect of Castle Units and

5 years after transfer of an erf in respect of remainder units.

3. **SUSTAINABILITY (Environmental, Economic and Social)**

3.1 **Is the development environmentally sensitive?**

Yes. A full Environmental Impact Report (EIR) has been completed, with all principles and recommendations contained therein having been incorporated in the plan for the development of Crossways Farm Village.

3.2 **Which “green” measures or resource-conserving measures will be encouraged for the residential properties?**

The Design Codebook governs the design and construction of individual buildings. A primary focus of the architectural regulations is “passive design” (where the design of a building responds to the environment without any mechanical intervention) so the positioning, orientation, walls, roofs material and openings are all regulated to promote this.

The architectural regulations also deal with the “active measures” and an entire section of the Codebook is devoted to energy, water and waste recycling. Solar hot water heating or the use of heatpumps is compulsory, rainwater harvesting is mandatory for stands upwards of 500m² and encouraged for stands smaller than that, on-site waste separation is mandatory, and vermiculture, composting, energy-saving light fittings, water-saving fittings, greywater recycling and blackwater recycling are all encouraged. Materials are also important and the use of local materials is strongly encouraged, thus non-toxic, low-voc paints are encouraged, the limited use of energy-intensive materials is promoted, and exotic timber is only permitted if FSC certified.

3.3 **Will solar panels be compulsory?**

Solar water heating and/or heatpumps for hot water cylinders are compulsory on all properties.

3.4 Can rainwater be harvested?

Rainwater harvesting is mandatory for stands upwards of 500m² and encouraged for stands smaller than that.

3.5 Will there be measures in place for waste separation and/or recycling?

On-site waste separation is mandatory, while vermiculture and composting is encouraged on residential stands. An on-site composting and waste handling facility is also planned. A 3-Bag system is to be implemented as a minimum requirement. Every household will be required to select waste according to the prescribed system and every household will receive a bar code for their garbage bags to ensure compliance to this system.

3.6 How will wastewater be dealt with?

The development will have a state of the art sewer treatment plant treating all sewer effluent to international standards. Thereafter the treated water will be polished further through a man-made wetland and bird reserve before the water is re-used for irrigation.

3.7 Can local materials be used for construction?

The use of local materials, i.e. stone, pebbles, gravel sand and blue gum wood harvested from the site, is strongly encouraged in the Guidelines. Non-toxic, low-voc paints are encouraged, the limited use of energy-intensive materials is promoted and exotic timber is generally discouraged unless it is FSC certified.

3.8 How does the urban design contribute to the sustainability of the development of Crossways?

The overall planning principles are based on new ruralism. The neighbourhood is structured firmly around walkability. Living close enough to walk your main daily activities and needs reduces reliance on the car. Opportunities for living, schooling and working in the same place are the first step to minimize the use of private transport. A compact footprint limits the impact on the environment. Frontages define how the building meets the street and socially connects the community.

Security is generally controlled at the perimeter of the block to each residential section, rather than through exclusive gated enclaves to ensure a more inclusive environment. It recognizes that an authentic and truly sustainable village consists of various age and income groups. Growing food becomes an integral part of the neighbourhood.

3.9 What measures will be taken to make the infrastructure more sustainable?

Walking and cycling within the development will take precedence over vehicular transport. The roads, walks and greens are designed to promote non-motorized transport. There is an existing railway station on the development that is

earmarked as a potential stop for the Port Elizabeth bound trains to encourage the use of public, albeit tourist-orientated, transportation. Longer term, a shuttle and/or bus service will connect Crossways to Nelson Mandela Bay and Jeffrey's Bay and to Woodridge College.

Water & waste: A new dam has recently been built on site and a wetland is planned, which will provide the final polishing of the sewage treatment water before it is released into the agricultural irrigation dam. Together with on-site water harvesting it will significantly reduce municipal water demand.

Electricity: Less reliance on fossil-fuelled electricity will be achieved through regulated energy saving measures and alternative forms of energy are central to the Guidelines and Codebook.

3.10 **Will the development be economically sustainable?**

Situated on the fantastic transport infrastructure of the N2 and given the wide range of potential income generating opportunities inherent in Crossways Farm Village, it is expected the development will contribute significantly to local economic growth, both during the construction and operational phases. A commercial centre, a wide range of residential opportunities, a light industrial sector, tourism, leisure and agriculture will all contribute to local economic development.

3.11 **How will the development uplift the local community?**

Local labour will get preference. The use of local labour, especially from the previously disadvantaged community of Thornhill, will be used as far as possible during the construction phase with skills development being a prime objective. Skills building and employment in new sectors will also be encouraged during the operational phase with a wide range of possibilities being made available due to the mixed-use nature of Crossways Farm Village. The commercial centre, residential areas, light industrial sector and the farming operations will all provide a significant number of job opportunities. Due to the way the farming structure is planned, the homeowners, farm managers and labourers will share part of the profits which will also result in opportunities for growth in the local community.

CFV also pledged an amount of R15 million, emanating out of the sales of stands, for the Thornhill Community Trust that will be formed in conjunction with the Thornhill community, the Kouga Municipality and CFV.

A portion of those funds will also flow to the existing farm employees with a long service record. These employees will be provided with free housing and title to land in the new development.

3.12 What is the anticipated number of job opportunities?

It is anticipated that a total of 1817 employment opportunities (1254 direct impact and 563 indirect impact) will be created with the annual operation of Crossways Farm Village.

3.13 Is there affordable housing or are there housing opportunities for lower income sectors?

A range of housing types will be provided for on site in order to enable various income groups to live there. These range from end products of less than R500 000 for a built unit, to multi million Rand stands and houses.

3.14 How does CFV fit in with the policies for sustainable rural development?

CFV will comply fully with the government's policy for rural development and their new policy for a Comprehensive Rural Development Program ("CRDP"). Furthermore, studies are underway to establish whether CFV can be central to a new CRDP for the entire region.

3.15 How does the development promote sustainable agriculture and food security?

Through the unique ownership model proposed for the farming operations, together with extensive skills development and agricultural training, the labour force will be uplifted. State-of-the-art agricultural facilities and farming practices, together with the conservation and promotion of biodiversity, will enhance the ecological sustainability of the farm. Training facilities built by the developer will provide much needed training for farm labourers and managers in the dairy industry. The development is the only one of its kind in the entire Southern and Eastern Cape. The production of locally grown food on both the farm itself and in the residential areas will contribute significantly to local food security, while the establishment of processing facilities and local retail facilities will enable easier access to these products.

3.16 How will biodiversity be promoted?

The progressive rehabilitation of at least 52 ha of alien infested land (excluding the neighbourhood areas) will contribute to a 178.95 ha nature reserve. The reserve will be anchored on the Van Stadens River and its tributaries and shares boundaries with the Van Stadens Wild Flower Reserve. As a result it will form a strategic link in a regional ocean-to-mountain biodiversity corridor.

Biodiversity (and landscape diversity) is a defining feature of the entire Farm Village and will not be restricted to the nature reserve. The planted network of streets and thoroughfares within each neighbourhood will serve as minor ecological corridors connecting natural areas, communal green spaces, private gardens and agriculture. Planting will be regulated on private properties to ensure biodiversity. A suggested plant list of locally indigenous and regionally accepted species will be

provided in the Design Codebook. A range of regionally appropriate agricultural practice and produce is envisaged. It is encouraged that pastures and fields are defined by indigenous wind rows and tree clumps. The numerous green spaces and varied microclimates present on site will ensure a multitude of habitats, all of which will be connected to the regional biodiversity corridor via the nature reserve.

3.17 **What are the main differences between Crossways Farm Village and any other development that is marketed as an “Agri-Estate”?**

Crossways Farm Village was established primarily as a result of its location in an established rural node, as defined in the Provincial Spatial Development Framework for the region. The village of Thornhill, Woodridge College and the surrounding settlements all form part of this established rural node. Given this rural node and especially the relationship to Thornhill village, Crossways Farm Village will become the economic catalyst for the rural area. Crossways Farm Village is a new rural village, not an estate, based on the design of traditional villages. It is and will be a village for all people who subscribe to the Constitution for the development, the rules and regulations and the building codes. The farming component and the land set aside for the dairy farm and the urban agriculture will be reserved for agriculture ad infinitum. The dairy herd is yielding top yields on average and is managed by scientific farm managers who will share the farming income, with the labour force and the HOA. The portion attributable to the home owners will be utilised to subsidise levies for all home owners.

4. **LEGAL ISSUES**

4.1 **What legal title in the stands upon which units will be built will be passed to purchasers?**

All properties in the Crossways Farm Village residential development will be sold and transferred to the purchasers on freehold title.

4.2 **Who will own the farm?**

The HOA will let out the farming area under separate contract with a caveat that no debt or bond can be registered on the farm land.

4.3 **Are there any restrictions based on owners selling their stands or units before the development is complete?**

Yes, an owner may not sell his or her stand or unit without first giving CFV the first right of refusal to repurchase the stand or unit at market value. In addition, all purchasers must take transfer of an erf before it can be sold on. All subsequent sales are subject to approval from the HOA, which will be given if there are no outstanding levies due. Re-sales can be done through the CFV sales team or accredited agents. No for sale signs will be allowed within the development.

4.4 **What formalities are imposed by South African law in respect of the transfer of ownership of immovable property situated in South Africa?**

Property ownership may be transferred to a South African national or to a non South African national by registration of the property in such person's name at a Deeds Registry. The specific Deeds Registry at which the property is registered is determined on the basis of where the property is situated.

The title to the property is confirmed by means of a registered Deed of Transfer or Certificate of Registered Title.

4.5 **What are the various methods of ownership of immovable property which apply within South Africa?**

Individual ownership, co-ownership in undivided shares, corporate ownership (ie ownership where a corporate entity owns the property) and ownership as a partnership.

4.6 **How will the ownership of immovable property held by a corporate body be transferred? What particular formalities are required?**

The property can be transferred either by way of sale of the shares of the corporate body that owns the property or by way of selling the immovable property out of the corporate entity. Both these methods will require a formal registration of transfer of ownership and will therefore have to comply with all formalities relating to the registration of a transfer in terms of South African law. In addition, a clearance from the South African Revenue Service as well as the relevant local municipality will also be required prior to the property being transferred.

4.7 **Can a trust be registered in South Africa?**

Yes.

4.8 **Can a trust registered outside South Africa own residential property in South Africa?**

Yes. However, a foreign trust (i.e. a trust created outside South Africa) that wishes to buy immovable property in South Africa, must first register with the local Master of the High Court of South Africa, and the Trustees of the trust must first obtain Letters of Authority from the local Master of the High Court before the deed of sale can be entered into for the purchase of the property and before such deed of sale can subsequently be registered in the trust's name. CFV and its agents can assist with all these administrative requirements

4.9 **Which legal system will govern any contracts of sale concluded for the transfer of ownership of stands in the Crossways Farm Village?**

South African law will apply and the court of competent jurisdiction is the High Court of the Republic of South Africa.

4.10 **Can a foreign company become the owner of property in the Crossways Farm Village?**

Yes. It is however important to note that the company will also have to register itself as an entity in South Africa and if the shares in the company are owned by a non-resident of South Africa, the company must, in addition, also appoint a public officer who is a South African resident. Again CFV can assist foreign buyers with all the official administrative work regarding company registration.

4.11 **Must a non-South African purchaser be personally present in South Africa to sign the documentation required to proceed with the registration of the transfer of the property and/or a mortgage bond?**

The purchaser need not necessarily be personally present in South Africa to sign the documentation required to proceed with the registration of the transfer of the property and/or a mortgage bond, but there are strict formalities to be complied with in the event that the purchaser signs such documentation abroad (such as that the documentation can only be signed abroad before a Notary Public or at the South African Embassy). As an alternative, a Special Power of Attorney authorising a local agent/family member/friend to sign all documentation on the purchaser's behalf may be executed. However, as an agent cannot sign any affidavits on the purchaser's behalf, the purchaser will still be required to sign certain documents at the offices of a Notary Public or at the South African Embassy. The conveyancing attorney attending to the registration of the purchaser's property will explain the requirements in detail when the documentation is sent to the purchaser.

4.12 **When will the agreements of sale be available for signature?**

The official sales launch will commence on 19 November 2010 and agreements of sale will be available from that date.

4.13 **What are the broad terms of the sale agreements with regards payment of the purchase price?**

A 10% cash deposit is required to secure the purchaser's stand. This cash deposit is invested in the purchaser's name in an Investec Bank Deposit Account under the control of the conveyancing attorneys. The deposit will earn interest until transfer of the stand into the purchaser's name. The purchaser will have to provide certain Know Your Client information to Investec Bank for purposes of opening the interest bearing deposit account (a list of the information required will be available on the website) and it is recommended that the required information be obtained without delay.

4.14 **When will the purchase price be paid to CFV?**

Unless otherwise agreed, the balance of the purchase price is payable on transfer of the stand into the name of the purchaser.

4.15 **When is the purchaser able to start building on his/her stand?**

Building may commence as soon as the stand is transferred into the name of the purchaser. All services (such as water, electricity and sewer), roads and bridges applicable to the first phase of the residential component will be completed to the satisfaction of the municipality by the time transfer of the first stands take place.

4.16 **When will transfer of the first stands take place?**

At present, CFV is aiming to have the first stands ready for transfer by late 2011.

5. **FINANCIAL ISSUES**

5.1 **Who is the chief executive officer of CFV and who are the major shareholders?**

The CEO of CFV is Dr Mulder. The shareholding of CFV is held in accordance with the shareholders agreement, with the main shareholders being C&P Mulder Trust, Dopara Trust, Nyumbani Limited and Anchor Park Investments 73.

5.2 **Who is financing the development of the Crossways Farm Village?**

The shareholders of CFV have invested substantial equity into the project and to date no commercial bank was required to assist. Once the installation of services commence a commercial bank will be approached based on shareholders final decision.

5.3 **Will a purchaser be liable for the day to day costs of the farm?**

No. Participation in the farm is on an ad hoc voluntary basis and under separate agreement.

5.4 **What will happen if the farming operation goes bankrupt?**

The individual home owners are not liable financially or otherwise.

5.5 **What rates and services charges will the purchaser pay?**

Rates and service charges (such as water, sewer and refuse removal) will be payable to the HOA and will vary depending on the valuation, size and consumption/usage of each erf. The levies are expected to be in line with, or less than, those presently charged in Jeffrey's Bay, as all profits made by the HOA will be ploughed back for the benefit of the residents.

5.6 **How will the levies be determined?**

The levies will be determined based on a formula including fixed and variable elements. The fix element will comprise 33.33% of total budgeted expenses and shared equally by all members. The variable elements will consist of two parts 33.33% of total budgeted expenses based on the size i.e square metres of each erf or consolidated erven and the balance of 33.33% calculated on the original originally selling price or consolidated erven.

5.7 **Which cost will NOT be included in the levies?**

Private Electricity –electricity paid by pre-paid meters through the HOA

Private Water consumption

Rates & Taxes

DSTV, Internet, etc

5.8 **Is the deposit paid for a stand refundable?**

Yes, if the Seller is in breach.

5.9 **Will there be interest on the deposit and where will it be kept?**

The deposit will be kept by the Sellers Attorneys on an interest bearing trust account in the name of the purchaser and will be on call pending transfer of the stand into the name of the purchaser.

5.10 **May the deposit be paid by bank guarantee?**

No.

5.11 **Will there be any Agent's Commission payable, percentage and who will pay it?**

6% plus VAT will be payable by the developer to the agents. Commission will be paid on successful transfer of the property into the name of the purchaser.

5.12 **What currency restrictions are there with regard to the sale of properties in the Crossway Farm Village?**

Neither the developer, CFV nor HOA can impose any restrictions and at present there are no specific restrictions on bringing any capital into South Africa for non-residents of South Africa. Non-residents must however keep a record of the proof of the capital entering South Africa and what the capital will be allocated to. Generally the banks handle the approval of the capital entering South Africa with the Exchange Control Department of the South African Reserve Bank and the banks will ensure that the correct forms and capital allocations are completed.

The proof of the capital and its allocation is required in order for a non-resident to obtain exchange control approval to remove the proceeds from the sale of the property out of South Africa should it at any time wish to sell its property.

5.13 **Will the sale of immovable property attract capital gains tax in South Africa?**

Yes. Capital Gains Tax ("CGT") will be levied on the sale of any immovable property situated in South Africa in respect of all entities, for example non-residents, residents, companies, trusts, partnerships and foreign companies.

Each individual/entity and/or each resident/non-resident will be liable for CGT which is levied in different ways and at various different rates depending on the type of entity and the surrounding factual circumstances. For example, where the property was registered in the name of an individual, 25% of the profit will be taxed at the individual's marginal income tax rate at an effective rate of approximately 10%. Where the property was registered in the name of a company or a trust, the profit will be taxed at an effective rate of 14% (in the case of a company) or an effective rate of 20% (in the case of a trust).

The South African Tax Authorities also recently introduced a Withholding Tax that obliges any purchaser of a property sold by a non-resident of South Africa for R2 million or more, to retain a percentage of the purchase price and pay it to the South African Revenue Service within 40 days after registration of the transfer. If the non-resident seller is an individual, the amount retained is 5% and if the non-resident seller is another entity, the amount retained will be 10%.

A major drawback of selling the property from a company is that it will effectively be taxed twice. Firstly, the company will pay CGT (at 14%) on the disposal. Secondly, the distribution of reserves (after payment of any outstanding loan account) as a dividend will incur secondary tax on companies ("STC"), which is at approximately 10% on the amount of the dividend. The effective tax rate (CGT + STC) of selling the property from a company is approximately 22%. This will increase to about 23% at the end of December 2011 with the removal of STC and the introduction of a shareholder tax on dividends.

By contrast, the sale of the shares in the company which owns the property is considerably lower at an effective rate of CGT of 10%.

5.14 **Will ownership of the property attract estate duty in South Africa?**

Yes. The property will fall in a natural person's personal estate and based on the location of the property, estate duty will be payable to the South African Revenue Service. Estate duty is currently levied at a rate of 20%. The tax is also levied on the 'dutable amount of the estate' exceeding R3.5 million. Certain deductions are however provided.

5.15 **Will ownership of the property attract transfer duty in South Africa?**

As the purchase price includes VAT, no transfer duty is payable.

5.16 **Bond Originators?**

Yes. Findex Port Elizabeth

5.17 **What is the time limit allowed to the purchaser to get a bond?**

45 days after acceptance of deed of sale (date of signature by seller)

5.18 **Is there mortgage finance available to purchasers?**

Subject to the purchaser's financial standing, a mortgage bond can be registered over the stand as security for a loan to the purchaser. Non-residents purchasing property in South Africa may however only borrow up to a maximum of 50% of the purchase price from a South African Financial Institution and the registration of the mortgage bond to secure the loan will be subject to exchange control approval from the South African Reserve Bank.

The remaining 50% of the purchase price will therefore need to be made up of foreign funds that the Non-Resident must transfer to a South African account (which is normally the trust account of the conveyancing attorney attending to the registration of the transfer of the property).

The total loan amount granted by the South African Financial Institution is however at the discretion of the financial institution and is subject to proof of income and compliance with South African anti laundering legislation as well as Know Your Client and other requirements.

The conveyancing attorney attending to the registration of transfer of the property and the Financial Institution providing the loan will explain the process and requirements in detail.

5.19 **Has any arrangement been made with a financial institution to provide such finance?**

Findex Port Elizabeth as the official bond originators will approach local banks that may be willing to provide financing to qualifying purchasers. However there is a limit to how much funding they can provide in total and to purchasers in general. They will therefore often require outside collateral security in support of any application from a purchaser for finance. It is best to discuss this with the financial institution in question should the purchaser decide to finance his/her purchase in some way.

5.20 **When can a purchaser expect transfer?**

The estimated time is the last quarter of 2011.

6. MANAGEMENT

6.1 What is the management structure of CFV?

There is a management and organizational structure in place which manages the day to day operations of CFV and which reports to the Board of Directors and the shareholders. In addition, various firms of professional consultants assigned to the project bring a broad range of essential project management, architectural, urban design, environmental, engineering, sales, marketing, financial and legal expertise to the project.

6.2 What management structure will be in place when the development is complete?

Owners of a residential unit in the Crossways Farm Village will be obliged become members of HOA which will manage the day to day running, maintenance, services, etc on the farm village and monthly levies will be raised to cover rates, water, security, general maintenance costs, etc.

7. LANDSCAPING/OPEN SPACES AND GARDENS

7.1 Which types of plants will be allowed in the Development?

Indigenous plants and those for food gardens. All alien plants are to be systematically eradicated.

7.2 Who will be responsible for the public open spaces, sidewalks, gardens?

Crossways Farm Village HOA

7.3 Who is responsible for the landscaping of private gardens?

Individual home owners, in accordance with the Guidelines, and regulations in this regard will be part of the Design Codebook specified by the developer.

8. HOUSEKEEPING

8.1 Garbage removal, is there any system in place?

Yes, a compulsory three or four bag system will apply to all households and will be enforced by the HOA. All organic waste will be composted on site and other waste will be recycled.

8.2 Are animals allowed?

Two pets allowed per household

8.3 May a domestic worker live on the Property?

Yes as long as the facility is an integral part of the house design and the worker is registered as part of the normal process for all families.

9. SECURITY

9.1 What will the security measures be?

Patrolled security and security control room

Cameras and infra red beams

Internal booms to residential areas-outer perimeter fenced

All home owners will receive access cards

Identity card system in force for all contractors and employees of the Village

9.2 Will there be a security company involved?

Yes as per the decision of the HOA

9.3 How will the public gain admission to the commercial areas and will it be controlled?

The commercial village areas are accessible to the public and will be subject to security patrols and camera surveillance.

10. FACILITIES AND AMENITIES IN SURROUNDING AREAS

10.1 Educational Institutions

Woodridge College

Jeffrey's Bay Primary School

Nico Malan High School

Port Elizabeth Schools

Thornhill Primary School

10.2 Medical Facilities

A village clinic will be built and managed by the HOA with nursing sisters in attendance for the home owners for minor medical treatment and emergencies. Consulting rooms for doctors will form part of the clinic. Port Elizabeth, Uitenhage, Jeffreys Bay and Humansdorp are the nearest hospitals, each being approximately a 25 minute drive from Crossways Farm Village.

10.3 Shopping Facilities

Local shops in Crossways Farm Village, food stores and shops

Fountains Mall Jeffrey's Bay

Port Elizabeth: 30 minutes away

Airport (see below)

Greenbushes

10.4 **Nearest Beaches**

Jeffreys Bay

Gamtoos

Van Stadens Mouth

Port Elizabeth

10.5 **What is the nearest airport?**

Port Elizabeth Airport is 40 kilometres (25 minutes) away, and is served by most major commercial airlines, including SAA, SA Airlink, Kulula, 1time and British Airways, offering regular flights to all main destinations. The major vehicle hire companies also have offices at the Port Elizabeth Airport.

10.6 **How far is Crossways Farm Village from Port Elizabeth?**

Port Elizabeth is 40 kilometers to the east of Crossways Farm Village, and approximately 25 -30 minutes travel by motor vehicle.

11. **VILLAGE FACILITIES AND AMENITIES**

11.1 **Where is the closest place to buy a loaf of bread/pint of milk?**

The Sales centre node will accommodate a restaurant / shop where residents will be able to purchase these goods until Crossways Village Centre becomes viable in future phases.

11.2 **Where can I do my weekly shopping?**

The village centre, Port Elizabeth or other towns nearby.

Initially shopping may be done in Port Elizabeth or Jeffrey's Bay. In addition, Thornhill caters for the basics. At a later stage, Crossways Farm Village will cater for most items including shops, small supermarkets, restaurants offices, accommodation facilities.

11.3 **Where is the nearest pharmacy?**

Commercial opportunities such as this will be available in the village and the clinic.

11.4 **What recreational facilities will be available?**

There will be a parkland linking with a multi purpose cricket/soccer/rugby oval, associated with the school, tennis and squash courts. For cycling, walking and jogging there will be a network of streets and lanes within the village nodes which will connect with hiking trails and established mountain biking routes on Crossways

and in the wider region. There will be the opportunity for fishing in the dam and for an equestrian facility at the main farmyard node

11.5 Where will my children be able to play?

Each neighbourhood will be served by a neighbourhood green space with play area within a 5-10 minute walk. Toddler play parks are dedicated to smaller open pockets. The low trafficked lanes which service most houses also provide an opportunity for informal communal play. The entire village and farm will be safe and secure.

12. AGRICULTURE

12.1 What about flies and smells and noises?

A proven and successful biological fly management program will be maintained by the HOA on a permanent basis.

12.2 What type of farming will take place?

The core farming component will consist of a registered Holstein Stud. The current farms have been purchased from Stephen Mains –Sheard and Grant Puttergill. Both of these farmers are accomplished and acknowledged Holstein Breeders. Stephen is a shareholder in Crossways Farm Village and will be managing the Dairy Farm on behalf of the HOA. Dedicated other land has been earmarked for Urban Agriculture (fruit, vegetables etc) and will also be managed by scientific farm managers appointed by and on behalf of the HOA. All the farmland remains the property of the HOA and can never be bonded or encumbered. All the farmland will be fully developed and paid for by the developer and then transferred debt free to the HOA. The HOA will rent out this land to a farm operation company where holding/profits will be divided between the farm management, the current labour force on the farm, and the HOA

12.3 As a resident will I be able to access the farmland?

Yes – all residents have access to the farmland open spaces as per the rules and regulations of the HOA.

13. MISCELLANEOUS

13.1 Is there a rental pool in place at Crossways Farm Village?

At present no formal rental pool agreement is in place at Crossways Farm Village. However the Developer and later the HOA will establish a rental pool management company and all rentals will be managed by the HOA. No private rental will be allowed unless registered first at the HOA. This is to ensure that all renters adhere to Constitution and the rules and regulations and also to ensure that the security is not compromised.

13.2 **What is the climate like at Crossways Farm Village?**

Crossways Farm Village is situated in a mild Eastern Cape coastal belt. The climate in this region of South Africa is gentle with an average annual rainfall of **836**mm. Daytime temperatures during summer average 25 degrees celsius, and seldom fall below 16 degrees celsius at night.

13.3 **Phases – over what time scale is it anticipated that the development will be complete?**

It is estimated that the development will take place over a period of 7 years. Currently there are seven phases and or sub phases. This might vary to suit the developer and the civil contracts to be negotiated.

13.4 **Fire Management**

A fire management plan done by an expert Fire Broker as per Record of Decision (ROD) requirements will be executed