

Pine Lake Share Block Limited

Registration No. 1981/008079/06



Annual Report

for the year ended 31 December 2016

Pine Lake Share Block Limited
Annual Financial Statements
for the year ended 31 December 2016

COMPANY INFORMATION

Registration number: 1981/008079/06
Registered address: Palazzo Towers East
Montecasino Boulevard
Fourways
2055
Postal address: Private Bag X200
Bryanston
2021

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The annual financial statements have been audited as required by section 30(2)(b)(1) of the Companies Act of South Africa. Warren Whiteboy CA(SA), in his capacity as Financial Manager of Pine Lake Share Block Limited, supervised the preparation of the annual financial statements.

Pine Lake Share Block Limited

Chairman's Annual Review for the Year Ended 31 December 2016

I take pleasure in this opportunity to report to you, my fellow Shareholders, on the state of the Resort over this past year ending 31 December 2016. There have been changes on the Board and at the Resort. At the Annual General Meeting in July, Michael Tuffrey chose not to stand for re-election and retired from the Board. Michael served on the Board for 15 years and provided solid guidance and effective balance to the Board and support to Management. I thank Michael for his irreplaceable contribution to making Pine Lake what it is today. We wish him and his wife well for the future. With a vacancy on the board we welcomed Louise McMillan as our new Director and look forward to benefitting from her insights and particular skills, hopefully for many years to come. In August 2016, Deon Viljoen retired from Tsogo Sun and we welcomed Adam Fuller as the new Tsogo Sun Resorts Operations Director. Adam has extensive experience having years ago been the General Manager at uMhlanga Sands Resort and then Operations Manager at a Tsogo Sun operation in Tanzania, Africa.

Undoubtedly, all who visit Pine Lake Resort will have experienced the warm and friendly welcome from Sonja Matthews, and her team. As General Manager over the years, Sonja has been the leading force in the transformation of Pine Lake Resort from its simple beginnings to the charming, peaceful and comfortable resort it is today. Sadly, after 20 loyal and successful years with the group, Sonja resigned at the end of 2016. We are all extremely grateful for Sonja's great contribution and service as well as her dedicated guidance in leading and developing her team. Sonja was offered a great new business opportunity and we can only wish Sonja and her family, a bright and successful future in her new venture. That being said we are pleased to welcome Thuso Moroe as our new General Manager who has transferred from Southern Sun Emnotweni in Nelspruit. This will be an opportunity for Thuso to enter the Resorts Division and, being well acquainted with the region of Mpumalanga, we can only expect great things for our Resort in the coming years.

Facilities

Probably the most welcome improvement was the resurfacing of the access road to the resort. This was financed by stakeholder contributions and realized through the drive, tenacity and determination of Sonja and the project team – we shall be forever indebted to Sonja for this achievement.

Another significant benefit for our guests has been the implementation of a Wifi solution which has provided good connectivity to all chalets, free of charge. This was made possible by installing a router per pair of chalets, receiving the signal from a mast in Sonyaka estate, across the dam. Easily-accessible Wifi has become an expected norm and we are relieved that we can meet our guests' expectations in this regard.

With very little relief from the drought it has been a difficult task to maintain the gardens of the Resort and a large part of that maintenance has been the clearing of alien vegetation and increasing the use of water-wise plant life. We thank Thinus for the sterling job of maintaining the gardens through such a trying time.

Although designated as a self-catering resort, the board and the management team have explored various ways of being able to provide some form of food offering. In conjunction with a local restaurant, we have introduced picnic hampers for breakfasts and lunches, on a pre-order basis. These are proving popular with guests planning to go out for the day. In addition, there are several fast food outlets now willing to make deliveries to the resort – their menus are in the guests' services folders in the chalets and the take up has been very encouraging. There are still improvements to be made at the Crow's Nest shop and this is a work in progress.

As in previous years, Pine Lake has been classified by our exchange partner, Interval International, as a 'Select Resort', and is also an accredited RCI 'Gold Crown' Resort. The Board is keen to preserve these prestigious accolades and as such has begun the process of the refurbishment of the chalets to meet the expectations of our owners and guests. Our plans are outlined under "Proposed Refurbishment Program" below.

Occupancy

Occupancy year to date was 75.5 % which is 2.4 % higher than 2015 mainly as a result of an increase in Private Arrangements of 4.4%. In the third quarter the highest occupancy of 81.5% was recorded. A definite focus over the year has been a drive to increase rental revenue which has been driven by Julie Esquino, our new Reservations Manager.

Financial Results for the Year Ended 31 December 2016

Shareholders are referred to the statement of comprehensive income set out on page 11 which reflects the income and expenditure of the Company in a summarised format. As before, the detailed levy fund operating statement which is not audited is presented as supplementary information to Shareholders on pages 21 to 22 and will be referred to when I comment on the financial results for the year.

The statement of comprehensive income for the year ended 31 December 2016 reflects total income, including net finance income of R11.689m (2015: R10.355m) and total expenditure of R8.484m (2015: R7.852m). The levy surplus, after taxation, was R3.050m (2015: R2.406m) and has been transferred to the reserve for property, plant and equipment. Below is a more detailed review of variances in income and expenditure:

Income

Income has increased by 12.3%, as a result of increases in rental pool and short term rental as well as net sundry income which includes rental from the Spa, Adventure Golf green fees, telephone income and unclaimed surpluses on the sale of repossessed weeks. As noted in prior years, all items of a capital nature that have been sold during the year are reflected as income in the Statement of Comprehensive Income, however no sale of items of a capital nature have occurred in the current year.

Pine Lake Share Block Limited

Chairman's Annual Review for the Year Ended 31 December 2016

Expenditure

Total expenditure for the year of R8.484m (2015: R7.852m) increased by 8.1%. Below is a more detailed review of the expenditure:

- **Rooms** - Expenses for the year increased by 15.2% year on year. There has been a decrease of R32k in cleaning supplies due to a revision in the monthly contract. Increases in guest supplies and laundry were both related to the increase in occupancy. Salaries, wages and benefits increased due to the payment of long service awards as well as the filling of vacancies.
- **Administration and General** - Expenses were consistent when compared to 2015. The provision for repossessed debtors decreased by R212k and the loss on repossessed debtors increased by R73k when compared to 2015. Central accounting and levy collection fee increased by 6% for the year in terms of the management agreement. Information technology costs increased by R112k from 2015 because of added Wifi connectivity to all chalets.
- **Electricity, Water and Refuse** - The R6k increase in electric bulbs, was as a result of more energy saving bulbs being fitted in the current year. Electricity expenditure was in line with prior year.
- **Repairs and Maintenance** - Repairs and Maintenance increased by 5.7% year on year. Air-conditioning expenditure increased by R11k as a result of additional units being serviced in the current year. Electrical and Mechanical increased by R50k due to additional maintenance costs which included maintenance of gym equipment and costs associated with inspecting and testing of chalets and offsite buildings. Swimming pool cleaning and repairs increased due to the replacement of the pool pump motor and related pool accessories.
- **Corporate Charges** have increased due to the provision for the levies due in terms of the Community Schemes Ombud Service Act.

Statement of Financial Position

The statement of financial position on page 12 together with the related notes thereto, reflects the financial position of Pine Lake Share Block Limited as at 31 December 2016.

Cash and cash equivalents amounted to R7.329m (2015: R6.494m) with levies received in advance amounting to R3.386m (2015: R3.236m). The Reserve for property, plant and equipment balance was R3.219m compared to R2.594m at 31 December 2015. As always, I wish to thank Shareholders for paying their levies promptly which is of major assistance to the Company as these surplus funds can then be invested for the benefit of the Company. This is particularly important during these times of economic restraint. At year end levies outstanding was 0.53% compared to 1.11% in 2015. This is a great result and is testament to a successful levy collection team.

During the year, the Company incurred capital expenditure of R2,424,901 (2015: R1,511,921) in respect of the following major expenses:

Road upgrade	R 800,000
Software upgrade	R 457,698
Mock up chalet	R 281,851
Painting	R 153,377
Electrical distribution box	R150,786
Wifi installation	R132,973
Pool umbrellas	R 92,700
Fridges - Kitchen	R 66,113

Levy 2018

As is the case each year, the levies for the following year are approved at the August Board Meeting after the Pine Lake Annual General Meeting in July and therefore the new levies are not available at the time of this report going to print. The increase for last year for the 2017 levy was 8.2%. The Board understands the need for extreme prudence when confirming the levy increases whilst at the same time being very aware of the need to increase the reserve to fund a major and necessary chalet refurbishment program.

Proposed Refurbishment Program

Chalets 1-30 were built in 1989 with the remaining 31-34 finished in 1994. Over the years of Pine Lake Resort's development, there have been major additions and improvements, including: the Reception and Administration buildings, Laundry and Workshop, the Recreation space, Spa and shop, bathroom renovations, gardens, pathways and the driveway. The last chalet refurbishment took place in 2004 and over the years, the original décor of the chalets has been refreshed and items of furniture either refreshed or replaced. However, with the high use over the years, even with thorough Suncare treatment, there has been a deterioration of the flooring, furnishing and décor as well as wear and tear on the cupboards. With new technology available, new appliances would yield future cost savings to the resort. All these factors have combined to demand a substantial renovation and upgrade of all chalets. This project is scheduled to be undertaken from 2019.

In August 2016 four different design companies were given a brief to offer a design that would introduce a new and fresh interior with a modern, but softly-textured country feel – in keeping with the "DNA" of Pine Lake Resort. After monitoring owners' and guests' comments, the brief given to the bidding contractors involved: new flooring throughout the ground floor, redesign of the kitchen space, fittings and new kitchen cupboards, kitchen blinds, the redecoration and refresh of the dining room and furniture, TV re-positioning on a wall panel and the possible refresh of bedrooms. The Board were very satisfied with the designs presented but given the cost involved tasked the preferred design company to present a scaled down presentation which would still create a fresh new look but be more affordable. In November a refined proposal was presented to the Board which will be trialed in one pair of chalets in 2017. With current levy surplus sitting at just over R3.2m, the only way to avoid a special levy is to spread the project over a number of years. Whilst not ideal, the Board feels that it is by far the most preferable option to burdening shareholders with a double levy. As refurbished chalets become available, Resort Management will prioritize Pine Lake owners to occupy the upgraded chalets when staying at Pine Lake. When available, we shall communicate "before and after" visuals of the impact of the proposed refurbishment to all shareholders.

SunSwop

In 2016, 594 Pine Lake owners deposited their weeks with SunSwop. This was slightly down on 2015's number of 623 deposited weeks, but the ratio of owners depositing their weeks for exchange purposes, rather than using their weeks at Pine Lake, remains high at 34%.

Pine Lake Share Block Limited

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The exchange trends of SunSwop members remain similar to those of 2015, with 78.5% of exchanges being done into Southern Sun Resorts, 14.3% into external local resorts, and 7.2% into international Resorts.

Companies Act Requirements

The Pine Lake Memorandum of Incorporation (MOI) after having been submitted to Companies and Intellectual Properties Commission (CIPC), has not yet been approved. While Management is confident of this being rectified it may not be approved prior to the AGM in July. This means that should there be no quorum present at the Annual General Meeting, the AGM will be held one week later to ratify the Informal Meeting held.

VOASA

As stated in their new website, the Vacation Ownership Association of South Africa is now a self-regulatory Trade Association with the interest of consumer education as well as servicing the industry. Information regarding the different types of shared accommodation, the purchase and ownership aspects are all part of their service. A separate promotions company has been appointed to engage with the media. Pine Lake Share Block is a member of VOASA.

General

I am happy to report that the results from our EGuest questionnaires during the year, achieved an average score of 91.2%. Most encouraging to the Board from the EGuest results was a score of 96.5% for safety which we hold to be of utmost importance. This being said we do emphatically encourage all owners to exercise diligence with their belongings, lock the chalets and for peace of mind, avail themselves of the safe. With the drought the dam level is extremely low and this means easier access from the opposite side of the bank. Extra guards have been utilised to patrol the property. During the year the Resort was rated 2nd best on Trip Advisor, competing really well with the other Resorts of the area.

Social and Ethics Committee Report

In line with the recommendations of the draft King IV report, the status of the Social and Ethics Committee has been elevated to a full standing committee, with separate meetings and minutes. Being a small Board our duties are shared for both the Audit committee and the Social and Ethics Committee. The Social & Ethics Committee has a Charter laying the foundation for the scope and duties of the committee. I am pleased to state that most of the scope of the committee has been operational at the Resort and encompasses much of the social upliftment and community outreach programs already in existence.

With the formalization of the Social and Ethics committee, the staff and management select a community project to which R50k is assigned from sundry income which is used to improve conditions in the chosen project to increase sustainability and success of such projects. An exciting new project undertaken by the staff and management during the year was to sponsor accommodation for the Youth 4 African Wildlife. Young students took part in tagging wild

animals, an initiative which amplified the understanding of conservation as well as increasing interest in tourism in the area. Sibongile Mabuza, part of our valuable front office staff, worked with Penreach an organization working with principals, teachers and learners in rural areas to assist individuals with life coping skills. As a community initiative old linen was re-used to make linen bags for school children as well as for the rangers patrolling in the Kruger National Park. As in previous years' other projects included the sponsored accommodation for staff of the White River SAPS Dog Unit, support to the White River SPCA and White River Nursing home with donations of recycled crockery and linen.

The Social and Ethics committee has amongst its duties to look ahead to any developments that may affect the Share Block. One which I would like to bring to the Shareholder's attention is the expiry of the Management contract which is due for renewal in March 2019. The Board wishes to assure all stakeholders that due diligence will be followed so that the Shareholders may be equipped and informed to vote on such renewal with confidence.

Conclusion

In conclusion, I wish to thank my fellow Directors for their commitment and dedication to serving the interests of the owners and for their diligence in effectively carrying out their fiduciary duties for the Resort. I would like to wish Thuso Moroe and his team great success in maintaining the exemplary standards that are synonymous with Pine Lake Resort.

I encourage you to complete your proxy form should you be unable to attend the AGM to be held on 25 July 2017.

Thank you.



James Olive
JAMES OLIVE
CHAIRMAN

Pine Lake Share Block Limited
Registration Number: 1981/008079/06
("the Company")

Registered Office
Palazzo Towers East
Montecasino Boulevard
Fourways, 2055

Private Bag X200, Bryanston, 2021
Telephone (031) 561-2204
Facsimile (031) 561-7334
E-mail:
Resorts.companysecretarialservices@tsogosun.com

Notice of Meeting

Notice is hereby given that the 27th Annual General Meeting of the Shareholders of the Company will be held on **Tuesday 25 July 2017 at 10h00 at Garden Court OR Tambo International Airport, 2 Hulley Road, Kempton Park, Johannesburg.**

Should the Meeting not achieve a quorum the Annual General Meeting will be postponed and held again on Tuesday 1 August 2017 at 10h00 at the same venue.

Agenda

1. Welcome
2. Establishment of quorum
3. 3.1 To adopt the minutes of the 26th Annual General Meeting held on 19 July 2016.
- 3.2 To adopt the Draft Minutes of the Informal Meeting held on 19 July 2016.
- 3.3 To adopt the minutes of the Postponed 26th Annual General Meeting held on 26 July 2016.
4. Matters Arising from the Minutes of the Previous Annual General Meeting.
5. **Resolution 1:** To receive, consider and adopt the Annual Financial Statements for the year ended 31 December 2016, including the reports of the Directors and Auditors.
6. **Resolution 2:** To re-appoint PricewaterhouseCoopers Inc. as the auditors to the Company.
7. **Resolution 3:** To elect Directors (representing the Timesharers) to the Board for the ensuing year. The following Directors retire at the Annual General Meeting, but being eligible, are available for re-election.

• **James Olive** • **Louise McMillan** • **Anthony Ridl**

The Board is limited by the Articles of Association to seven in number. It would facilitate secretarial procedures if nominations for the appointment of those Directors representing Timesharers could be received no later than 10h00 on Thursday, 20 July 2017 at the registered office of the Company. Nominations must be in writing with the name of the proposer and seconder, the acceptance of such nomination by the nominee, and should be accompanied by the curriculum vitae of such nominee.

8. **Resolution 4:** To appoint three Directors as members of the Audit Committee. The current members are James Olive, Louise McMillan and Anthony Ridl.
9. **Resolution 5:** To appoint three Directors to the Social and Ethics Committee.
10. **To table, for discussion, the insured value of the Property**
11. **Report of the Social and Ethics Committee**
12. **General Managers Report**
13. **General**

To transact any other business which ought to be transacted at an Annual General Meeting. Items for discussion under any agenda item should be advised to the Secretaries at the Company's registered office, for the attention of the Company Secretary, by no later than 10h00 on Thursday 20 July 2017. Please note that such notification must be in writing.

The quorum required for an Annual General Meeting to take place is at least three shareholders present holding at least 25% of all the voting rights, personally or by proxy, that are entitled to be exercised at the meeting. For a resolution to be passed, 50% of the voting rights present at the meeting must be in favour of such resolution.

In the event of a quorum not being present within one hour of the appointed time for the meeting to begin, the meeting is automatically postponed for one week to the same time and venue as this meeting. At the postponed meeting, shareholders present in person or by proxy will be deemed to constitute the required quorum.

The record date for determining shareholders' rights is 11 July 2017.

Any member entitled to attend and vote is entitled to appoint a proxy to attend, vote and speak in his/her stead, and such proxy need not also be a member of the Company. Proxy forms should be forwarded to reach the registered office of the Company, for the attention of the Company Secretary, by no later than 10h00 on Thursday, 20 July 2017. A proxy form is enclosed for this purpose.

By order of the Board
Southern Sun Secretarial Services Proprietary Limited
23 May 2017

Pine Lake Share Block Limited
 Registration Number: 1981/008079/06
 ("the Company")

Registered Office
 Palazzo Towers East
 Montecasino Boulevard
 Fourways, 2055

Private Bag X200, Bryanston, 2021
 Telephone (031) 561-2204
 Facsimile (031) 561-7334
 E-mail:
 Resorts.companysecretarialservices@tsogosun.com

Form of Proxy for use by Shareholders at the 27th Annual General Meeting of the Company to be held on **Tuesday 25 July 2017 at 10h00 at Garden Court OR Tambo International Airport, 2 Hulley Road, Kempton Park, Johannesburg.**

Form of Proxy

I/we, being the holder/s of ordinary shares in the Company, with right of use of

Chalet, week, appoint

1., or failing him/her,
2., or failing him/her,
3. The Chairman of the Annual General Meeting.

As my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company, to be held on the above-mentioned date and at any adjournment thereof as follows:-

	In Favour Of	Against	Abstain
Resolution 1			
Resolution 2			
Resolution 3			
• James Olive			
• Louise McMillan			
• Anthony Ridl			
Resolution 4			
• James Olive			
• Louise McMillan			
• Anthony Ridl			
Resolution 5 - Social & Ethics Committee			

Signed at this day of 2017.

Signature assisted by (where applicable).

Unless otherwise instructed, specifically as above, the proxy will vote, as he/she thinks fit on all matters.

- Any alteration or correction made to this form of proxy (excluding the deletion of alternatives, and excluding the deletion of singular/plural alternatives) must be initialled by the signatory/ies. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity (**e.g. on behalf of a Company, Close Corporation, Body Corporate or Trust**) must be attached to this form, failing which the proxy will be invalid.

The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the meeting and speaking and voting in person thereat, to the exclusion of any proxy appointed in terms thereof, should such shareholder wish to do so. Any member entitled to attend and vote is entitled to appoint a proxy to attend, vote and speak in his/her stead and such proxy need not also be a member of the Company. **Proxy forms should be forwarded to reach the registered office of the Company, for the attention of the Company Secretary, by no later than 10h00 on Thursday, 20 July 2017.**

Pine Lake Share Block Limited

Statement of Director's Responsibility for the Year Ended 31 December 2016

The Directors and Management are responsible for the preparation, integrity and fair presentation of the financial statements of Pine Lake Share Block Limited. The financial statements presented on pages 11 to 20 have been prepared in accordance with the International Financial Reporting Standard for Small and Medium Sized Entities and in the manner required by the Companies Act of South Africa.

The Directors and Management are also responsible for maintaining the Company's systems of internal financial control. These are designed to provide reasonable, but not absolute, assurance as to the reliability of the financial statements and to adequately safeguard, verify and maintain accountability of assets, and to prevent and detect misstatement and loss.

Nothing has come to the attention of the Directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The Directors and Management have responsibility for ensuring that accounting records are kept. The accounting records should disclose with reasonable accuracy the financial position, financial performance and cash flows of the Company to enable the Directors to ensure that the financial statements comply with the relevant legislation. The Directors are satisfied that the information contained in the financial statements fairly presents the results of operations for the year and the financial position of the Company at year-end.

The going concern basis has been adopted in preparing the financial statements. The Directors have no reason to believe that the Company will not be a going concern in the foreseeable future.

The Company's external auditors, PricewaterhouseCoopers Inc, audited the financial statements and their report is presented on pages 9 and 10.

Approval of Financial Statements

The financial statements set out on pages 11 to 20 were approved by the Board of Directors on 23rd May 2017 and are signed by:



JS Olive
Chairman



AN Ridl
Director

Declaration by the Company Secretary

I hereby confirm, in my capacity as Company Secretary of Pine Lake Share Block Limited that for the year ended 31 December 2016, the Company has filed all required returns and notices in terms of the Companies Act, 2008 and that all such returns and notices are to the best of my knowledge and belief true, correct and up to date.



G Stevenson
For Southern Sun Secretarial Services Proprietary Limited

Pine Lake Share Block Limited

Report of the Audit Committee for the Year Ended 31 December 2016

The audit committee has pleasure in submitting this report, as required by section 94 of the Companies Act, 2008. The audit committee is an independent statutory committee appointed by the shareholders.

1. Duties of the audit committee

The audit committee has discharged its duties as follows:

- 1.1 Reviewed the year-end financial statements, culminating in a recommendation to the board. In the course of its review the committee:
 - took appropriate steps to ensure that the financial statements are prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa, as suitably modified for South African share block companies;
 - considered and, when appropriate, made recommendations on internal financial controls;
 - dealt with concerns or complaints relating to the following:
 - accounting policies;
 - the auditing or content of annual financial statements and
 - internal financial controls.
- 1.2 Reviewed the external audit reports on the annual financial statements;
- 1.3 Reviewed the risk management reports and where relevant, made recommendations to the board;
- 1.4 Considered and discussed the effectiveness of risk management, controls and the governance processes;
- 1.5 Verified the independence of the external auditors and of any nominee for appointment as the designated auditor;
- 1.6 Approved the audit fees and engagement terms of the external auditors;
- 1.7 Determined the nature and extent of allowable non-audit services and approved the contract terms for the provision of non-audit services by the external auditors;

2. Members of the audit committee

- 2.1 The members of the audit committee comprise three independent non-executive directors being James Olive, Louise McMillan and Anthony Ridl (Chairman).
- 2.2 The audit committee has at all times acted in an independent manner.

3. Frequency of meetings

The audit committee met twice during the financial year under review. Provision is made for additional meetings to be held, when and if necessary.

4. Attendance

The external auditors, in their capacity as auditors to the Company, attended and reported to the meetings of the audit committee. Relevant senior managers attended the meeting on invitation.

5. Confidential meetings

Audit committee agendas provide for confidential meetings between the committee members and the external auditors.

6. Independence of external auditors

The audit committee has satisfied itself that the external auditor is independent of the Company, as set out in S94 (8) of the Companies Act, 2008. Requisite assurance was provided by the auditor that internal governance processes within the audit firm support and demonstrate its claim to independence.



AN Ridl

Chairman

23 May 2017

Pine Lake Share Block Limited

Report of the Directors for the Year Ended 31 December 2016

The Directors present their annual report of the Company for the year ended 31 December 2016.

1 Business Activity

The Company owns the land and buildings known as Pine Lake Resort which are utilised by the members on a timeshare basis with respective members' time interest being apportioned through the issue of shares according to share block regulations. These regulations provide for the following:

1. Shares are issued in predefined blocks which are linked by a use agreement relating to specific units during specific weeks of the year.
2. Linked to the respective share blocks are obligations on the share block owners to make loans to the Company.
3. Obligations on share block owners to contribute levies to enable the Company to defray its expenditure.

2 Financial results

The financial results of the Company are set out in the attached financial statements.

In accordance with the provisions of the Share Blocks Control Act, and in common with other timeshare operations in South Africa, your Company has, since its inception as a Share Block Company, raised an annual levy making a provision for the maintenance and upkeep of the property. Asset replacement costs and additions to property, plant and equipment have been charged against this amount annually. Before providing for property, plant and equipment additions and replacements, a surplus of R3,049,792 (2015: R2,406,416) was transferred to the reserve for property, plant and equipment.

No dividends have been declared during the year and none is recommended (2015: R Nil).

3 Share capital

The authorised and issued ordinary share capital has remained unchanged.

4 Insurance

The Resort buildings and their contents are insured at current replacement values under a Multi-Risk Policy. In addition, Sasria (Riot) cover has been arranged for the sum insured. The Company does not insure personal belongings of the individual timesharers.

The Company does not guarantee the provision of alternative accommodation in the event of a disaster and does not take out insurance for this.

5 Directors and Secretary

The Directors in office during the year under review and at the date of this report are:

JS Olive *	Chairman	(Alternate AH Fuller - appointed 1 October 2016)
LE McMillan *	Appointed 26 July 2016	(Alternate WG Whiteboy)
AN Ridl *		
MJ Tuffrey *	Retired 26 July 2016	(Alternate WG Whiteboy)
DP Viljoen	Retired 31 August 2016	

* Audit Committee Members

The Secretary of the Company is Southern Sun Secretarial Services Proprietary Limited, whose business and postal addresses are :

Business:	Postal:
Palazzo Towers East	Private Bag X200
Montecasino Boulevard	Bryanston
Fourways	2021
2055	

6 Management

The operations of the Company are managed by Southern Sun Hotel Interests Proprietary Limited.

7 Material events after year end

The Directors are not aware of any matter or circumstance arising since the end of the financial year, not otherwise dealt with in this report or in the annual financial statements, that would affect the financial position of the Company or the results of its operations significantly.

Pine Lake Share Block Limited

Report of the Independent Auditors

To the Shareholders of Pine Lake Share Block Limited

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Pine Lake Share Block Limited (the Company) as at 31 December 2016, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa.

What we have audited

Pine Lake Share Block Limited's financial statements set out on pages 11 to 20 comprise:

- the statement of financial position as at 31 December 2016;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B).

Other information

The directors are responsible for the other information. The other information comprises the Directors' Report as required by the Companies Act of South Africa and the Audit Committee's Report and the Company Secretary's Certificate. Other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not and will not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Pine Lake Share Block Limited

Report of the Independent Auditors

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



PricewaterhouseCoopers Inc.

Director: Rodney D Klute

Registered Auditor

34 Richefond Circle,

Ridgeside Office Park,

Umhlanga Ridge,

4319

23 May 2017

Pine Lake Share Block Limited

Statement of Comprehensive Income for the Year Ended 31 December 2016

	Note	2016 R	2015 R
Income		11 210 752	9 979 784
Levy Income		10 465 059	9 621 590
Other Income		745 693	358 194
Expenses		(8 484 246)	(7 852 003)
Levy surplus before interest and taxation	3	2 726 506	2 127 781
Net finance income	4	478 662	375 104
Levy surplus before taxation		3 205 168	2 502 885
Income tax expense	5	(155 376)	(96 469)
Levy surplus for the year		3 049 792	2 406 416

Pine Lake Share Block Limited

Statement of Financial Position as at 31 December 2016

	Note	2016 R	2015 R
ASSETS			
Current assets			
Trade and other receivables	6	770 914	600 670
Levies receivable	7	143 034	364 474
Cash and cash equivalents		7 328 798	6 494 271
Total current assets		8 242 746	7 459 415
Total assets		8 242 746	7 459 415
EQUITY			
Capital and reserves			
Share capital	10	5 730	5 730
Reserve for property, plant and equipment	8	3 218 751	2 593 860
Total equity		3 224 481	2 599 590
LIABILITIES			
Non-current liabilities			
Exchange fee rebate		78 849	151 633
Total non-current liabilities		78 849	151 633
Current liabilities			
Trade and other payables	9	1 398 258	1 375 922
Levies received in advance		3 385 783	3 235 801
Current tax liability		155 375	96 469
Total current liabilities		4 939 416	4 708 192
Total liabilities		5 018 265	4 859 825
Total equity and liabilities		8 242 746	7 459 415

Statement of Changes in Equity for the Year Ended 31 December 2016

	Note	2016 R	2015 R
Share Capital			
Ordinary shares at the beginning and end of the year	10	5 730	5 730
Reserve for property, plant and equipment			
At beginning of year		2 593 860	1 699 365
Levy surplus for the year		3 049 792	2 406 416
Property, plant and equipment additions and replacements	8	(2 424 901)	(1 511 921)
At end of year		3 218 751	2 593 860

Pine Lake Share Block Limited

Statement of Cash Flows for the Year Ended 31 December 2016

	2016 R	2015 R
Cash flow from operating activities		
Levy surplus before taxation	3 205 168	2 502 885
Adjustments for:		
Interest received	(493 170)	(375 104)
Interest paid	14 508	-
Non cash items		
- Movement in exchange fee rebate	(72 784)	(72 784)
Net surplus before working capital changes	2 653 722	2 054 997
Changes in working capital		
- Movement in levies receivable	221 440	(121 029)
- Movement in trade and other receivables	(170 244)	(87 416)
- Movement in levies received in advance	149 982	419 162
- Movement in trade and other payables	22 336	112 374
Cash flows from operating activities	2 877 236	2 378 088
Interest received	493 170	375 104
Interest paid	(14 508)	-
Tax paid	(96 470)	(86 622)
Net cash inflow from operating activities	3 259 428	2 666 570
Cash flow from investing activities		
Property, plant and equipment additions and replacements	(2 424 901)	(1 511 921)
Net cash outflow from investing activities	(2 424 901)	(1 511 921)
Net movement in cash and cash equivalents	834 527	1 154 649
Cash and cash equivalents at beginning of year	6 494 271	5 339 622
Cash and cash equivalents at end of year	7 328 798	6 494 271

Pine Lake Share Block Limited

Notes to the Annual Financial Statements for the Year Ended 31 December 2016

1 Accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below:

1.1 Basis of preparation

The financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium Sized Entities (IFRS for SME's) and the Companies Act of South Africa. The annual financial statements have been prepared on the historical cost basis unless otherwise indicated in the policies set out below.

The accounting policies are consistent with previous periods.

The preparation of financial statements in conformity with IFRS for SME's requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period based on management's best knowledge of current events and actions. Actual results may ultimately differ from these estimates. During the current year, there were no areas involving a high degree of judgement or complexity, or areas where assumption and estimates are significant to the financial statements.

1.2 Reserve for property, plant and equipment

Normal maintenance expenditure is written off against the statement of comprehensive income.

A reserve for capital expenditure in respect of additions and replacements of property, plant and equipment is provided. This reserve is intended to provide for the expenditure incurred. Transfers are made to and from this reserve, having regard to surpluses, if any, in the statement of comprehensive income and to amounts expended in respect of property, plant and equipment. The right of use of all property, plant and equipment is vested in the shareholders.

All proceeds on the disposals of property, plant and equipment are credited to the statement of comprehensive income.

1.3 Leases

Leases of assets under which substantially all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

1.4 Financial instruments

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment. Such provision is established when there is evidence that the Company will not be able to collect the full amount owing. The provision is the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows, discounted at the market rate of interest for similar borrowers. Bad debts are written off in the year during which they are identified.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost.

Gains and losses on subsequent measurement of financial instruments are reflected in the statement of comprehensive income.

Pine Lake Share Block Limited

Notes to the Annual Financial Statements for the Year Ended 31 December 2016

1.5 Cash and cash equivalents

Cash and cash equivalents include deposits held at call with banks. These are reflected in the statement of financial position and statement of cash flow at cost.

1.6 Revenue recognition

Revenue is stated exclusive of value-added tax.

Levy revenue is recognised when the right to occupation arises.

Interest income is recognised as it accrues, taking into account the effective yield on the asset.

Sundry revenue is recognised when it is earned.

1.7 Provisions

Provisions are recognised when the Company has a present or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be established.

The Company recognises a provision for onerous contracts when the expected benefits to be derived from a contract are less than the unavoidable costs of meeting the obligations under the contract.

1.8 Equity

Ordinary shares are classified as equity.

1.9 Current taxes

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the financial year end date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authority.

1.10 Retirement benefits

The Company operates two defined contribution plans, the assets of which are held in a separate trustee-administered fund. The Company pays fixed contributions into a separate entity. Contributions are charged to the statement of comprehensive income in the year to which they relate. The Company has no further payment obligations once the contributions have been paid. The Pension Fund Act of South Africa governs the defined contribution plans. All permanent employees are required to belong to the defined contribution plans.

Pine Lake Share Block Limited

Notes to the Annual Financial Statements for the Year Ended 31 December 2016

2 Financial risk management

Capital Management

All costs associated with the maintenance of the resort, including the refurbishment of the property and replacements of movable property, plant and equipment, are financed out of levies from shareholders.

Financial Risk Factors

The financial risks to which the Company is exposed are liquidity, credit and interest rate risk.

Liquidity Risk

In terms of the use agreements associated with the shares of the Company, shareholders are obliged to contribute levies sufficient to cover the costs of the maintenance, upkeep, control and management of the Resort.

In order to manage the liquidity requirements of the Company, a rolling 10 year capital replacement and refurbishment plan is maintained and reviewed regularly by the board of directors. This plan provides for the orderly refurbishment of the property and maintenance of sufficient contingency reserves, based on increases in annual levies.

The financial instruments to which the Company is exposed represent bank balances and accounts receivable and payable in respect of the operation of the levy fund. Accounts payable are generally settled within 30 days. The carrying values of the financial instruments approximate fair value.

Credit risk

Credit risk arises from bank balances and amounts due from shareholders. There is no significant concentration of credit risk on amounts due by shareholders.

The Company invests surplus cash on deposit and on call only with the four largest South African banking institutions.

Credit risk arising from levy amounts due is managed by close monitoring of outstanding balances and prompt repossession of defaulting units through the exercise of a lien on shares as provided in the Memorandum of Incorporation of the Company.

In terms of the Company's accounting policies, levies receivable are recognised in the statement of financial position only when the right to occupation arises.

Interest Rate Risk

The Company is exposed to interest rate risk to the extent that interest rates on bank balances with financial institutions may vary. As a matter of practice, adverse interest rate risk is minimised by conservative budgeting.

Pine Lake Share Block Limited

Notes to the Annual Financial Statements for the Year Ended 31 December 2016

	2016 R	2015 R
3 Levy surplus before interest and taxation		
The levy surplus before interest and taxation is stated after taking into account the following:		
Employee costs		
- salaries, wages and other benefits	2 191 631	1 845 560
- contributions to retirement funds	212 876	190 668
Management fees	722 181	682 572
Audit fees	63 958	64 860
Professional fees	15 412	-
Other operating expenses	5 278 188	5 068 343
	8 484 246	7 852 003
4 Net finance income		
Interest earned on fixed deposits, call deposits and current account	493 170	375 104
Interest paid	(14 508)	-
	478 662	375 104
5 Income tax expense		
A provision is made for Company taxation on the net non-levy income of the levy fund.		
No tax is payable on levy income from the owners, in terms of Section 10(i)(e) of the Income Tax Act.		
Current year	155 376	96 469
	155 376	96 469
A reconciliation of the taxation charge is not considered appropriate as share block companies are liable for taxation only on their net non-levy income.		
6 Trade and other receivables		
Trade receivables	7 874	23 580
Other receivables (Refer Note 12)	189 331	43 862
Interest receivable	244 632	188 844
Prepayments (Refer Note 12)	329 077	344 384
	770 914	600 670
7 Levies receivable		
Levy debtors	62 992	121 435
Repossessed debtors	101 855	378 788
Provision for repossessed debtors	(21 813)	(135 749)
- Opening balance	(135 749)	(37 467)
- Movement	113 936	(98 282)
	143 034	364 474

Pine Lake Share Block Limited

Notes to the Annual Financial Statements for the Year Ended 31 December 2016

	2016 R	2015 R
8 Reserve for property, plant and equipment		
At beginning of year	2 593 860	1 699 365
Levy surplus for the year	3 049 792	2 406 416
	5 643 652	4 105 781
Property, plant and equipment additions and replacements during the year	(2 424 901)	(1 511 921)
At end of year	3 218 751	2 593 860
<p>The Directors have reviewed a forward estimate, prepared by Management, of the costs of property, plant and equipment additions and replacements over the next ten years.</p> <p>The Directors have approved capital expenditure for 2017 of R2,390,038 (2015: R3,725,670 for 2016) which it is anticipated will increase the reserve fund by R365,092 (2015: decrease the reserve fund by R1,458,187 in 2016). There were no capital commitments made at year end (2015: R nil).</p>		
9 Trade and other payables		
Trade payables (Refer Note 12)	179 859	301 800
Other payables		
Accruals	554 830	482 172
Provision for auditor's remuneration	61 557	61 750
Receiver of Revenue - Vat	50 205	55 839
Sundry payables	479 023	401 577
Exchange fee rebate	72 784	72 784
	1 398 258	1 375 922
10 Share capital		
Authorised		
162,146 "A" Class ordinary shares of 4 cents each		
Issued		
143,248 ordinary shares of 4 cents each		
	5 730	5 730

11 Property, plant and equipment

The Company complies with the SAICA Guide on Financial Reporting for Share Block Companies with respect to the treatment of property, plant and equipment. In terms of the SAICA Guide the right of use of property, vested with the shareholders, has been offset against the loan from shareholders with the balance transferred to the reserve for property plant and equipment.

Land and buildings comprise the following property:

Portion 47 of the farm Klipkopje 228 registration division, JT Transvaal District, White River with buildings thereon, known as Pine Lake Resort.

Land and buildings were originally purchased for R6,238,858 and are not recognised. Although the Company has legal title to the property, it effectively only owns the bare dominium over the property which is considered to be of no value. The property is currently valued by the Municipality at R27,000,000 for rates purposes. There are no bonds on the property.

Pine Lake Share Block Limited

Notes to the Annual Financial Statements for the Year Ended 31 December 2016

	2016 R	2015 R
12 Related party transactions		
The operations of the Company are managed by Southern Sun Hotel Interests Proprietary Limited ("SSHI"). The Company is charged the following fees in terms of the management agreement:		
Short term rental fee	105 996	55 122
Management fee	722 181	682 572
Levy administration and collection fee	435 534	411 646
During the financial year the Company paid membership fees to Sunswop (a division of SSHI), which is affiliated to Interval International.		
Sunswop exchange services	268 189	254 728
During the financial year the Company paid the following SSHI internal charges:		
- Information technology administration charge	12 327	11 313
- Training related charges	7 400	11 095
- Sunrands related charges	645	4 165
Certain costs are incurred by SSHI in terms of contracts negotiated on behalf of members of the Southern Sun group, including the Company. These costs, which include insurance, certain maintenance and operating lease contracts are recovered from the Company via loan accounts. The balance of these loan accounts is as follows:		
Due (to)/by SSHI and its subsidiaries:		
- included in Payables (Refer Note 9)	(26 329)	(108 083)
- included in Receivables (Refer Note 6)	41 390	40 401
	15 061	(67 682)

During the year, the Company concluded bulk deals with various related parties and third parties, selling repossessed units, in order to reduce the level of repossessed units and to secure future levy collection.

The following club, related through common directorship, purchased repossessed units from the Company as follows:

	Number of units	Price paid R
AN Ridl - Club Leisure Group	60	590 400

Pine Lake Share Block Limited

Notes to the Annual Financial Statements for the Year Ended 31 December 2016

		2016 R	2015 R
12 Related party transactions (continued)			
The following entities, related through common directorship, own units in the Company as follows:			
	Number of units	Levies paid R	Levies received in advance R
2016 - shareholding			
DP Viljoen - Sunswop (a division of SSHI) - Resigned 31 August 2016	15	96 450	34 800
AN Ridl - Club Leisure Group	223	1 081 710	565 140
2015 - shareholding			
DP Viljoen - Sunswop (a division of SSHI)	15	90 600	25 720
AN Ridl - Club Leisure Group	163	1 001 320	487 390
13 Directors emoluments			
Directors have been remunerated for their services to the Company. In addition, Directors are reimbursed for costs incurred whilst on the Company's business. Further, the Directors are insured for medical costs and personal accident while on the Company's business. The Directors are also covered by insurance taken out by the Company as indemnification against all liability of any Director towards the Company in respect of any negligence, default, breach of duty or breach of trust. All costs relating to Messrs Viljoen (until his retirement from SSHI on 31 August 2016) and Whiteboy are borne by Southern Sun.			
Directors emoluments paid for the year:		2016 R	2015 R
CA Lang	Retired 30 July 2015	-	11 220
JS Olive		18 700	7 480
LE Mcmillan	Appointed 26 July 2016	7 480	-
MJ Tuffrey	Retired 26 July 2016	7 480	18 700
		33 660	37 400

Pine Lake Share Block Limited

Unaudited Supplementary Schedules to the Financial Statements
Detailed Levy Fund Operating Statement for the Year Ended 31 December 2016

	2016 R	2015 R
INCOME		
Levies	10 465 059	9 621 590
Rental pool and short term rental	434 304	152 358
Sale of capital assets	-	11 650
Net sundry income		
- unclaimed surpluses and penalties, etc	311 389	194 186
	11 210 752	9 979 784
EXPENDITURE		
Rooms Expenses		
Cleaning supplies	18 303	50 546
Guest entertainment	70 250	60 755
Guest supplies	151 324	111 762
Laundry	457 800	419 012
M-Net	114 338	105 758
Personnel costs		
- outside services	775 007	759 460
- salaries, wages and benefits	864 907	635 608
Pest control	9 364	8 215
Plants and decorations	9 459	1 261
Printing and stationery, including reception	83 553	59 069
Replacement of cutlery, crockery, linen, towels, uniforms, etc	132 918	99 032
Security services	255 846	243 374
	2 943 069	2 553 852
Administration and General		
Audit fees		
- current year	61 268	61 750
- prior year under provision	2 690	20
- expenses	-	3 090
Bank charges	9 151	9 850
Central accounting and levy collection fee	435 534	411 646
Credit card commission	67 538	63 137
Fax and house calls	72 389	55 900
Information technology costs	242 808	131 223
Insurance		
- excess	-	10 000
- premium	55 677	63 393
Legal fees	15 412	-
Licences and permits	7 904	7 794
Loss on repossessed debtors	91 408	18 073
Marketing	44 755	50 746
Penalty	15 460	-
Personnel costs		
- salaries, wages and benefits	869 665	787 947
Balance carried forward	1 991 659	1 674 569

Pine Lake Share Block Limited

Unaudited Supplementary Schedules to the Financial Statements
Detailed Levy Fund Operating Statement for the Year Ended 31 December 2016

	2016 R	2015 R
Balance brought forward	1 991 659	1 674 569
Postage	28	893
Professional fees	1 332	15 816
Provision for repossessed debtors	(113 936)	98 282
Railage, cartage and hire transport	4 898	5 899
Security		
- banking services	65 383	58 220
Sunswop exchange service	268 189	254 728
Subscriptions	10 133	19 729
Travel		
- management and directors	78 568	123 718
Vehicles		
- fuel and oil	950	1 390
	2 307 204	2 253 244
Electricity, Water and Refuse		
Electric bulbs	21 633	15 805
Electricity	327 683	322 223
Water	11 601	14 061
	360 917	352 089
Repairs and Maintenance		
Airconditioning	16 460	5 411
Buildings	44 490	51 036
Electrical and mechanical	95 766	46 021
Engineer's tools	13 947	4 496
Furniture and fixtures	53 665	47 915
Gardens and grounds	860 580	799 235
Office machines		
- maintenance contracts	27 841	35 938
Painting and redecorating	16 890	26 635
Personnel costs		
- salaries, wages and benefits	669 935	612 673
Plumbing and heating	39 310	35 842
Radio and TV	6 411	7 169
Generator	11 139	47 484
Room care	35 242	97 410
Swimming pool cleaning and repairs	55 611	24 851
Vehicles	1 185	1 039
	1 948 472	1 843 155
Corporate Charges		
Annual report and statutory costs	34 031	8 247
Municipal rates and taxes	168 372	158 844
	202 403	167 091
Management Fee	722 181	682 572
Total Expenditure	8 484 246	7 852 003
Excess of income over expenditure before finance cost and taxation	2 726 506	2 127 781
Net finance income		
Net interest received	478 662	375 104
Excess of income over expenditure before taxation	3 205 168	2 502 885
Taxation	155 376	96 469
Excess of income over expenditure after taxation for the year transferred to reserve for property, plant and equipment	3 049 792	2 406 416

Pine Lake Share Block Limited

DRAFT Minutes of the 26th Annual General Meeting of Members of Pine Lake Share Block Limited for the Year Ended 31 December 2015, held on Tuesday, 19 July 2016 at 10h14 in the Imbizo 3 Room, Garden Court OR Tambo International Airport, Kempton Park

1. CONSTITUTION OF THE MEETING, WELCOME AND APOLOGIES

The Chairman, James Olive, welcomed all to the 26th Annual General Meeting noting that while the notice of the Meeting had been properly given, the necessary quorum in terms of the Companies Act, was not present. As a result, he was unable to declare the Meeting duly constituted. Although proxies were received in favour of the various Directors, only one Shareholder, Louise McMillan, was physically present at this Meeting. The minimum shareholding requirement, which was 25% of all voting rights entitled to be exercised at this Meeting, was not present. Consequently, the Meeting was automatically postponed in terms of the Companies Act for 1 week, to Tuesday 26 July 2016, at the same place and time. At that Meeting, all Shareholders attending would be deemed to constitute the required quorum.

The Chairman stated that in light of the fact that there was no quorum present, nor was there a quorum at last year's Annual General Meeting or at the informal Annual General Meeting, the informal Annual General Meeting Minutes would not be raised as an Agenda item at this Meeting and would merely be for reference purposes. The Chairman proposed that the Meeting continue on an informal basis as per the Agenda on page 6 of the Annual Report and reminded the attendees that no resolutions may be carried but that proposals may be discussed and put forward as a recommendation, to be adopted, at the postponed Annual General Meeting, to be held the following week.

2. CLOSURE

The Chairman thanked the Directors and management team for their attendance and at 10h16 declared the Meeting duly postponed for one week.

Read and confirmed this _____ day of _____ 2017

Chairman

Pine Lake Share Block Limited

DRAFT Minutes of an Informal Meeting of Shareholders held on Tuesday 19 July 2016 at 10h16, in Imbizo 3 Room, Garden Court OR Tambo International Airport, Kempton Park, following the postponement of the Annual General Meeting of Shareholders for the Year Ended 31 December 2015

CONSTITUTION OF THE MEETING, WELCOME AND APOLOGIES

With the Postponement of the Annual General Meeting, the Chairman, James Olive, proposed that the Meeting continue on an informal basis and that the Agenda for the Annual General Meeting be followed. The Meeting agreed to the proposal.

The Chairman introduced the following Directors and members of the management team:

M Tuffrey	-	Director
D Viljoen	-	Director of Operations: Southern Sun Resorts
S Mathews	-	Resorts General Manager
W Whiteboy	-	Financial Manager: Southern Sun Resorts
G Stevenson	-	Resorts Company Secretary
L Suttou	-	Secretary to Company Secretary

Apologies had been received from fellow Director, Anthony Ridl, who was currently travelling abroad. Mr Ridl was represented at this Meeting by Deon Viljoen, Director of Operations for Southern Sun Resorts. The Chairman extended a special welcome to Adam Fuller of Tsogo Sun who would be taking over from Mr Viljoen following his retirement at the end of August 2016. A further special welcome was extended to Shareholder, Louise McMillan, for taking the time to attend today.

1. MINUTES OF PREVIOUS ANNUAL GENERAL MEETING

As the quorum, according to the Companies Act, was not present at the 2014 Annual General Meeting (AGM), the Shareholders present had agreed to continue the Meeting on an informal basis, to be followed by the postponed Annual General Meeting one week later at the same time and place. The postponed Meeting on 30 July 2015 took place and the Shareholders present at that Meeting, having constituted the required quorum, agreed and adopted matters raised at the informal Meeting of 23 July 2015. Subsequently there were two sets of Minutes to adopt today.

The Chairman had no further comments and called for the Minutes of the previous Annual General Meeting to be recommended for adoption at the postponed Annual General Meeting, to be held the following week. The Meeting approved the recommendation.

2. MATTERS ARISING FROM PREVIOUS ANNUAL GENERAL MEETING

No matters were raised by the Meeting.

3. ANNUAL FINANCIAL STATEMENTS

The next item on the Agenda was Resolution 1, to receive, consider and adopt the Report of the Directors, Report of the Audit Committee and Annual Financial Statements for the year ended 31 December 2015. The Chairman's Review fully covered the activities of the Company for 2015 and the Chairman had nothing further to add. There were no queries relating to the financial statements and the Meeting resolved that the Annual Financial Statements for the year ended 31 December 2015, be recommended for approval and adoption at the postponed Annual General Meeting, to be held the following week. Mr Viljoen extended a vote of thanks to the Chairman for completing his first Annual General Meeting Report.

4. APPOINTMENT OF AUDITORS

Resolution 2 was the re-appointment of PricewaterhouseCoopers Incorporated (PWC) as Auditors of the Company. The Meeting carried the recommendation for re-appointment at the postponed Annual General Meeting, to be held the following week.

5. ELECTION OF DIRECTORS

Resolution 3, to elect Directors (representing the Timesharers) to the Board for the ensuing year. The Chairman himself and Mr Ridl retired at this Meeting and were available for re-election, while Mr Tuffrey would not be standing for re-election this year.

A nomination had been received in respect of Louise McMillan to stand for election for the ensuing year. No objections were received for the re-election of Mr Olive and Mr Ridl or for the new nomination of Ms McMillan. The Meeting carried the recommendation that, in terms of the Companies Act, each Director recommended here today, would be proposed and voted for individually, at the postponed Annual General Meeting, to be held the following week.

6. APPOINTMENT OF DIRECTORS AS MEMBERS OF THE AUDIT COMMITTEE

As a provision of the Companies Act and for operating as a public Company, 3 members were required on the Audit Committee. The Chairman proposed that he himself Mr Olive, Mr Ridl and Ms McMillan be appointed members of the Audit Committee, which the Meeting approved. The recommended elections would be carried to the postponed Annual General Meeting to be held the following week.

Pine Lake Share Block Limited

7. DIRECTORS REPORT

The Chairman referred to page 4 and 5 of the Annual Report which explained the process of why the Memorandum of Incorporation was necessary and required approval at this Annual General Meeting. No queries were raised.

8. SPECIAL AND ORDINARY RESOLUTIONS

Item 10 on the Agenda was to present and approve the recommended Resolutions.

- 8.1 Special Resolution 1: To confirm the authorised share capital of the Company. The recommendation would be put to the Shareholders present at the postponed Annual General Meeting, the following week.
- 8.2 Special Resolution 2: To convert the Company from a public Company to a private Company. The recommendation would be put to the Shareholders present at the postponed Annual General Meeting, the following week.
- 8.3 Special Resolution 3: To change the name of the Company to reflect the change of designation to a private Company. The recommendation would be put to the Shareholders present at the postponed Annual General Meeting, the following week.
- 8.4 Special Resolution 4: To replace the existing Memorandum and Articles of Association in its entirety with a Memorandum of Incorporation (MOI) so as to comply with the provisions of the Act, in this regard. The recommendation would be put to the Shareholders present at the postponed Annual General Meeting, the following week.
- 8.5 Ordinary Resolution 1: To authorise the Directors and Company Secretary to complete all and any documentation required for the filing and registration of the Special and Ordinary Resolutions, listed here today, together with the Memorandum of Incorporation (MOI) and annexure thereto with the Companies and Intellectual Property Commission (CIPC). The recommendation would be put to the Shareholders present at the postponed Annual General Meeting, the following week.

9. INSURED VALUE

Quantity Surveyors, Brian Heineberg and Associates, had valued the property for 2016/2017, at R151,578,242. The replacement value of the buildings on the property was R141m with the value of furniture, fittings and equipment of R11.4m, giving a total valuation of R152m. Mr Viljoen stated that Directors were required to ensure that the assets of the Company were adequately insured and was discussed as an Agenda item at each Annual General Meeting. Pine Lake Resort formed part of the Tsogo Sun Group bulk purchase insurance package, negotiated through the purchasing power of the Tsogo Sun Group, with independent evaluators making professional recommendations. The premium was very competitive. The recommendation was made to the Board of Directors and once confirmed by the Board, Shareholders were required to approve the insurance cover. There had never been any issues when needing to claim against insurance and the Directors were happy with the performance of the claim process. The Chairman recommended that this valuation required for insurance purposes be carried for recommendation at the postponed Annual General Meeting to be held the following week, which the Meeting approved.

10. SOCIAL AND ETHICS COMMITTEE REPORT

The Report of the Social and Ethics Committee was a requirement of the Companies Act. Although the Chairman's Review formed part of the Report, the General Manager, Sonja Mathews made a presentation of the activities of the Committee over the past year.

Mrs Mathews-Pheiffer reported that the Resort had achieved a 90.9% eGuest satisfaction survey for the year. The Resort continued to support the White River SAPS Dog Unit by accommodating the dog handlers and the search and rescue dogs. The largest community project has been the access road. Pine Lake contributed R912k in 2016 and invested many hours of negotiations and effort in order to ensure success of the project. The Resort supported the biggest outreach programme in South African, Penreach by supporting their 1st team rugby who in turn give back by teaching 200-300 rugby players in the community. A front office staff member, Sibongile Mabuza had joined Penreach by attending workshops and giving back what she had learned to fellow staff and other members in the community. Ms Mabuza had also learned sign language to assist where there was no assistance. Ms Mabuza was also running a staff wellness programme. The Penreach rugby team was doing very well in their league and not only did the Resort receive the benefit of assisting young players, but the Resort received the benefit of marketing from the sponsorship and this had lead to bookings by parents of players. The Resort would this year become associated with and assist in a very important cause of Youth 4 African Wildlife. Julie Esquino had joined the Pine Lake staff team to improve revenue and she had been successful thus far. Ms Mathews presented a photograph of the newly tarred road to Pine Lake Resort and advised that international sports cycling teams were now able to stay at the Resort and had booked since the road had been tarred. Cyclists could now not only gain access to the Resort with their bicycles but use the road as a training route. The Meeting congratulated Ms Mathews on the Social and Ethics Committee's achievements over the year.

11. GENERAL

- 11.1 Shareholders Correspondence
No Shareholders' correspondence had been received for discussion.
- 11.2 Refurbishment at Pine Lake Resort
The Directors and management team had embarked on comprehensive research for a complete Chalet refurbishment programme. Various options were being considered and would be implemented over the next few years.
- 11.3 Vote of Thanks
The Chairman extended his personal gratitude to Mr Tuffrey and Mr Viljoen who had both been extremely supportive of him

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becoming a new Director to the Board and supporting his role as Chairman. The Chairman appreciated their support. From the Share Block, the Chairman noted that both gentlemen were owed a debt of gratitude for their work for the Share Block over the years.

The Chairman again welcomed Mr Fuller and Ms McMillan to their new roles on the Share Block team in the years ahead. He wished them a very long and productive business association.

12. CLOSURE

The Chairman proposed that this Meeting, which was of an informal nature, strongly recommend to the attendees of the postponed Annual General Meeting, that they approve the recommendations made at this Meeting.

There being no further business, the Chairman thanked all for their attendance and declared the Meeting closed at 10h42.

Read and confirmed this _____ day of _____ 2017

Chairman

Pine Lake Share Block Limited

DRAFT Minutes of the Postponed Annual General Meeting of Members of the Pine Lake Share Block Limited for the Year Ended 31 December 2015, held on Tuesday, 26 July 2016, at 10h00, at Garden Court OR Tambo International Airport, Kempton Park

1. Constitution of the Meeting, Welcome and Apologies

Since the Chairman, James Olive, was unable to attend today, the Board of Directors had elected Deon Viljoen, Southern Sun Resorts Director of Operations, to act as Chair at this Meeting.

In order to facilitate the Meeting, the Acting Chairman proposed that the Resolutions put forward at the Informal Meeting be ratified and approved at this postponed Meeting. No objections were recorded.

The Company Secretary, Georgina Stevenson, was due to attend this Meeting but had to cancel at the last minute due to personal reasons. Apologies were also recorded from James Olive, Anthony Ridl, Louise McMillan, Warren Whiteboy, Sonja Mathews and Lisa Sutton.

2. Confirmation of Quorum for Passing Ordinary and Special Resolutions

The Acting Chairman recorded that no other Shareholder had attended this Annual General Meeting (AGM) of Pine Lake Share Block Limited, which had been postponed from the previous Tuesday, 19 July 2016. With the Acting Chairman holding proxies recorded for the AGM, he declared the Meeting duly constituted. The voting requirement of 25% of voting rights entitled to be exercised at an AGM and to be present, did not apply for this postponed AGM.

A draft copy of the Minutes of the AGM and the informal Meeting of Shareholders, that followed immediately thereafter, had been prepared and was available for perusal at this Meeting. The Acting Chairman confirmed that the Minutes reflecting the informal Meeting of Shareholders had dealt with all matters on the Agenda for the AGM.

The Meeting accordingly approved the following matters:

3. Previous Annual General Meeting Minutes

The Minutes of the AGM held on 23 July 2015 and the Minutes of the postponed AGM held on 30 July 2015, read with the informal Meeting Minutes of 23 July 2015, were adopted.

4. Matters Arising from the Minutes of the Previous Annual General Meeting

No matters were recorded.

5. Resolution 1

The adoption of the Annual Financial Statements for the year ended 31 December 2015, including the Reports of the Directors and Auditors, was ratified and approved.

6. Resolution 2

The re-election of PricewaterhouseCoopers Incorporated (PWC) as Auditors of the Company was ratified and adopted.

7. Resolution 3

Michael Tuffrey was no longer available for re-election. A nomination for Louise McMillan, as his replacement, had been put forward and recommended for consideration. For purposes of this postponed Meeting, it was taken that the Directors had been individually proposed and elected. Accordingly, the elections of James Olive, Anthony Ridl and Louise McMillan were ratified and adopted.

8. Resolution 4

The recommendation to appoint James Olive, Anthony Ridl and Louise McMillan to serve as members of the Audit Committee was ratified and adopted.

9. Directors' Report

The Annual Report had explained the process of and reason for the Memorandum of Incorporation (MOI). No queries were recorded.

10. Special and Ordinary Resolutions

10.1 Special Resolution 1: The recommendation to confirm the authorised share capital of the Company was ratified and adopted.

10.2 Special Resolution 2: The recommendation to convert the Company from a Public Company to a Private Company was ratified and adopted.

10.3 Special Resolution 3: The recommendation to change the name of the Company to reflect the change of designation to a Private Company was ratified and adopted.

10.4 Special Resolution 4: The recommendation to replace the existing Memorandum and Articles of Association in its entirety with a Memorandum of Incorporation (MOI) so as to comply with the provisions of the Companies Act, was ratified and adopted.

10.5 Ordinary Resolution 1: The recommendation to authorise the Directors and / or Company Secretary, Georgina Elizabeth Stevenson, to complete all and any documentation required for the filing and registration of the Special and Ordinary Resolutions, listed here today, together with the Memorandum of Incorporation (MOI) and annexure thereto with the Companies and Intellectual Property Commission (CIPC), was ratified and adopted.

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11. The Insured Value of the Property

The recommendation to approve the valuation of the property, including plant and machinery of R141m and the contents of R11.4m, at a total insured value of R151,578,242 for 2016 / 2017, was ratified and adopted.

12. Report of the Social and Ethics Committee and General Manager's Report

The Acting Chairman recorded that the report of the Social and Ethics Committee had been included in the Annual Report while a slide presentation had been made at the informal AGM, held the previous week. The informal AGM Meeting Minutes, made available today, had accurately recorded the feedback and discussion.

13. General Matters

It had been agreed by the Board of Directors, prior to this Meeting, that the Minutes of the informal Meeting had correctly reflected the discussions made under this section. No Shareholder correspondence had been raised.

Closure

As there was no further business, the Acting Chairman declared this Meeting closed at 10h10.

Read and confirmed this _____ day of _____ 2017

Chairman

