

Beacon Island Share Block Proprietary Limited

DRAFT Minutes of the Annual General Meeting of the Shareholders of Beacon Island Share Block Proprietary Limited for the Year Ended 31 December 2016 held on Friday, 8 September 2017, at 11h00 in the Aloe Venue, at Southern Sun The Cullinan, 1 Cullinan Street, Waterfront, Cape Town

Welcome, Constitution of the Meeting and Apologies

The Chairman welcomed all to the Annual General Meeting of the shareholders of Beacon Island Share Block Proprietary Limited and requested that all attendees sign the attendance register. Notice of the meeting had been properly given and as a quorum was present, of over 5% of shareholders physically present or by proxy, the Meeting was duly constituted.

The Chairman introduced the Board members and management team:

Deon Viljoen	- Independent Non-Executive Director
Tony Ridl	- Independent Non-Executive Director representing Club Leisure Group
Charles Wells	- Independent Non-Executive Director
Nick Dickson	- Independent Non-Executive Director representing Dream Vacation Club
Gary Kaplan	- Independent Non-Executive Director
Laurance Hodes	- Independent Non-Executive Director and Chairman of the Board
Adam Fuller	- Southern Sun Resorts Director of Operations
Reinhard Visser	- Resort General Manager
Jason Hugh	- Representing Auditors - Grant Thornton

Minutes of the Previous Annual General Meeting

Item 3 on the Agenda was to adopt the minutes of the previous Annual General Meeting held on 23 September 2016. The Chairman had no further comments and none were received from the floor. The Chairman noted that due to an insufficient quorum at the AGM, a postponed Annual General Meeting was held a week later. Two sets of minutes had to be adopted here today. The Chairman called for each of the following minutes to be adopted:-

2.1 Minutes of the Annual General Meeting held on 23 September 2016

2.2 Minutes of the Postponed Annual General Meeting held on 30 September 2016

No objections against the adoption of the minutes were recorded and the Chairman declared the motion carried.

Matters Arising from the Minutes of the Previous Annual General Meeting

The Chairman noted that there were no matters arising from the previous minutes for discussion.

Annual Financial Statements

Item 5 on the Agenda, Resolution 1, was to receive and adopt the Annual Financial Statements for the year ended 31 December 2016. The Annual Financial Statements for the financial year ended 31 December 2016, read with the Chairman's Review, fully covered the activities of the Company for the period under review. The Chairman had nothing further to add and called for the adoption of the Annual Financial Statements for the year ended 31 December 2016. No objections were recorded and the motion was carried.

Appointment of Auditors

Item 6 on the Agenda, Resolution 2, was to appoint the Auditors of the Company. In terms of the Companies Act 71, of 2008, the Auditor was not required to be present at the Annual General Meeting however the Directors were pleased to have them present at this Meeting. The Chairman noted that Grant Thornton had done a phenomenal job over the past year. The Chairman called for Grant Thornton to be re-appointed as Auditors for the ensuing year. No objections were received and the Chairman declared the motion carried.

Election of the Directors

Item 7 on the Agenda, Resolution 3, was to elect Directors to the Board for the ensuing year. The following Directors retired at this Annual General Meeting but were eligible and available for re-election:

Charles Wells

Gary Kaplan

Two additional nominations had been received and the Chairman enquired whether any nominations would be added from the floor. None were presented. The Chairman advised that the additional nominations were in favour of John Lee and Robert Segal, neither of whom were present at this Meeting. The Chairman requested that Mr Ridl provide an overview of Mr Lee and that Mr Kaplan provide an overview of Mr Segal.

Mr Ridl explained that Mr Lee had been a senior Director at Sun International. He had experience in the timeshare industry and had held a position on the Board for a number of Sun International's Hotels. Mr Lee resided in uMhlanga and as he was retired, he felt that he had time and was able to still add value to other Boards. Mr Lee was a chartered accountant with a lot of industry experience, he knew the history very well and was a very energetic person. Mr Lee was away overseas and had been unable to attend this Meeting. Mr Ridl stated that he had nominated Mr Lee as he could certainly add value to the Board.

Mr Kaplan explained that Mr Segal was a timeshare owner of suite at Beacon Island for the past 18 years. Mr Segal was 58 years old and currently Managing Director of Lionel Isaacs. He was an astute businessman and was very well connected in the industry, having experience with running restaurants and small hotels in the past. Mr Segal did a lot of charity work for the previously disadvantaged and had the best interest of Beacon Island at heart. Mr Kaplan felt that Mr Segal could add enormous value to the Board. In terms of his involvement and relationships with the broader community, Mr Kaplan recommended that Mr Segal would stand the Board in very good stead.

The Chairman thanked Mr Ridl and Mr Kaplan for the background on the two nominees. He stated that the Company's Memorandum of Incorporation (MOI) stipulated that the number of Directors on the Board be no less than 3 and no more than 7. Currently, 6 Directors held position on the Board and as the last vacancy had not been filled, there were 3 positions to fill at this Meeting.

In order to reduce the possibility of having a decision in deadlock on the Board, the Board was prepared to increase the number of Directors to 7. The Chairman advised that he did not carry a casting vote with any additional voting power. There were three positions to fill and four persons eligible for election. The Chairman called for a poll and requested that all shareholders present to exercise their votes. The Chairman advised the importance of a poll and stated that each voter was required to make three marks on the ballot sheet, in favour of the three persons they wished to put forward. He stated that ballot papers would be distributed and collected once completed and that that Mr Whiteboy and Mr Hugh from Grant Thornton would verify that the voting process had been fair and correctly tallied.

Ballot forms were handed to shareholders present.

While waiting for the ballot forms to be recorded and tallied, the Chairman suggested that the Meeting continue with the Agenda, from item 10.

Insured Value of the Property

Item 10 on the Agenda referred to the insured value of the property as approved by the Directors in terms of the Use Agreement. The Chairman advised that the insured value for the previous year was R347m. The total insured value as recommended by the independent quantity surveyors, Brian Heineberg and Associates for the years 2018/2019 was R373,573,681, which reflected an increase of approximately 7.4%. Furniture, fixtures and equipment was valued at R73,770,800 and buildings, R299,802,881.

The Chairman welcomed any queries or comments. The Chairman stated that the property had been given a very favourable insured value and cover, under the Tsogo Sun Group umbrella, by putting all the Resorts together. Should a terrible crisis occur, as had just taken place in the area, the Resort would be adequately covered. The excellent valuation and cover was the most prudent way to approach insurance for the property. A shareholder queried whether the insured value took into account refurbishment costs, which the Chairman affirmed. No other queries or comments were raised and as no objection was recorded, the motion was carried.

Report of the Social and Ethics Committee

Item 11 was the report of the Social and Ethics Committee. The Chairman called on the Chairman of the Social and Ethics Committee, Mr Wells, to make a presentation on the activities of the Committee over the past year.

Mr Wells introduced himself and introduced the rest of the Committee as being Deon Viljoen, Laurance Hodes, Adam Fuller and Reinhard Visser. Mr Wells stated that Beacon Island Resort believed in true hospitality and wanted to ensure that a positive impact was made on the lives of all the people who interacted with the Resort. He explained that true hospitality meant that everyone was made to feel welcome, recognised, respected and cared for, no matter who they were or where they came from. The Board of Directors and Tsogo Sun provided strong leadership and promoted strong business behaviour throughout the organisation, to ensure compliance with various laws and regulations and instil a strong culture of business ethics, with policies and training in place, to ensure that the employees delivered the Resort's responsible business commitments, such as anti-corruption and information security.

Mr Wells confirmed that Beacon Island was a level 1 BBBEE contributor. During 2016, Beacon Island had done a lot of groundwork to pave the way for better water and energy management. Over the years, the Resort had implemented several water and energy consumption and cost saving initiatives, which had proven sustainable and viable

financially. The initiatives had been recognised by Imvelo and the Resort had been awarded second runner up for water and energy sustainability in South Africa, in the hospitality sector. Mr Wells thanked Reinhard and his team for all their efforts.

Mr Wells was pleased to report that efforts in 2016 were evident in the current year's results which currently reflected a 3% saving against energy consumption and 22%, against water consumption. Water was a precious resource and the Resort proudly no longer utilised municipal water to irrigate the property. Furthermore, the Resort had successfully cleaned and secured the large aquarium beneath the Robberg lawn and had started harvesting rainwater, to a capacity of 90,000 litres.

Another very important project that Beacon Island had involved itself in, was The Shine reading program. It had been recorded that 29% of grade 4 pupils in South Africa were illiterate and 58% of those pupils could not read with understanding. The Shine's literacy program was helping to transform the prospects of some of SA's most vulnerable children, by breaking the destructive cycle of poor literacy, wasted potential and poverty. The project provided English literacy, storybooks and readers that also empowered caregivers and families of those children. The staff of Beacon Island Resort have actively been involved and volunteered to read to the pupils, at Phakamasani Primary School, in Kwanokhutula. Teams of staff assisted twice a week with the reading and teaching programme and it was recorded that over 200 hours had been volunteered in 2016 to the school.

Mr Wells explained that Beacon Island Resort had partnered with the South African Blood Services to create awareness and promote the donation of blood. An event was held every quarter and all staff, the local community and guests were encouraged to take part. This drive was so successful, that Beacon Island Resort had become one of the largest blood collection points in the Plettenberg area.

Mr Wells thanked the staff at the Resort for taking part in various nationally celebrated days.

Mr Wells reminded all about the devastating fires experienced during 7-9 June 2017, which would be remembered for years to come. The fire had changed the lives of so many people over a vast area. The staff and guests at Beacon Island Resort had experienced thick smoke, destroyed power lines, no water supply and no cell phone connectivity. Guests had been stranded with many roads closed and Beacon Island Resort became a sheltering point for many staff, locals and travellers. Having run the generator for almost 2 days at full load, the Resort had started to run out of diesel and no trucks or supplies had been allowed entry to the area. Reinhard and his team had personally gone to the local petrol station to take diesel back to the Resort, to manually refuel the generator. It had been an amazing task.

Staff not affected themselves had gathered toiletries and linen to aid people who had been affected. Three staff members had lost their home and over 700 properties were affected between Knysna and Plettenberg Bay. The Resort and Southern Sun/Tsogo Sun had assisted the local community, stranded guests and emergency services with accommodation; had supplied water to fire fighters; donated medical supplies; packed emergency packs for over 200 people affected by the fire; donated towards the Fire Relief Centre with funds raised. The Resort had gone even further by purchasing and donating 10 new fire hoses to assist in any future fires.

Mr Wells stated that the Social and Ethics Committee could not have been as effective, were it not for the selfless support of Reinhard and his team at Beacon Island Resort. Mr Wells expressed his heartfelt thank you to all involved.

Mr Wells thanked the Chairman for the opportunity to present his report. The Chairman thanked Mr Wells and reiterated with emphasis, the enormous water shortage crisis in Cape Town and how important it was to look after local communities. He encouraged everyone to participate in The Shine project as it was extremely uplifting.

General Manager's Report

Reinhard Visser stated that his presentation covered 2016. Shareholders may have noticed how busy the Resort was becoming, with occupancy growing to 88.6%. The eGuest satisfaction survey had recorded 91.3% satisfaction for 2016.

Mr Visser noted that staff had retired during the year, new staff had joined the team and others had celebrated long service awards. Staff members who had improved their skills were promoted when positions became available. Programmes and upskill training option were available to help a staff member further develop themselves.

Beacon Island had supported various charities throughout the year such as Miracle Drive, Eljada-Kairos School, Plettenberg Bay Martial Arts Academy, Plett Easter Games, Footsteps Day Care Nursery, Friends of Vista Nova, Ernie Els Golf Day for Autism, Winterton Primary School, Umvubu Festival of Golf at Sabi River Resort, the Hebrew Order of David, Queen Bee Nursery, Rotary Club of George and the Healing Hands Foundation. Special, nationally celebrated days such as Mandela Day, Heritage Day, Earth Hour and International Coastal Clean Up Day was celebrated.

As mentioned by Mr Wells, The Shine project was supported at Phakamasane Primary School and books were collected at the Resort for the school library and reading programme. Adult reading books received had been

swopped for suitable children's books. Mr Visser thanked all who had supported this initiative.

The Social and Ethics Committee had agreed for the Resort to support various initiatives throughout the year. The Jack and Jill Day Care received a completely new and safe playground area and Kranshoek Kindergarten was greatly assisted. This success story was of a few ladies in the community who were able to look after children during the day. Parents paid R100 each month for the ladies to look after their children, which included a meal. For some children, this was the only meal offered to them during the day. Resort staff assisted by replacing the roof of the school, retiling the floors; providing a proper kitchen area and new stove, upgrading bathroom facilities and donating bathroom items. The children were given a Christmas party and the local community members had knitted teddy bears as gifts. A cooked meal was arranged for the day. Fruit trees and a vegetable garden was planted on the school property to assist in sustaining some sort of healthy meal. These initiatives were ongoing.

Beacon Island had supported The Lions Club for approximately 40 years.

The Resort had achieved various awards over the year such as the Lilizela Tourism Award; second place for Service Excellence in a Four Star Hotel category in the Western Cape area; RCI Gold Crown status; RCI Superior Service in Hospitality; Top Resort for Maintenance; Top Unit for Maintenance; rated in the top 1% of the Best 25 Hotels in Southern African by Tripadvisor for 2014/2015; and rated in the top 10 Best Bargain Hotels in Southern Africa by Travellers Choice, for 2016/17. Interval International had rated Beacon Island as a Select Resort.

Mr Visser was very proud to have had an opportunity to host the Springboks Rugby Team while on a training camp in 2017 and for having an opportunity to host Golf South African Open.

Mr Visser presented slides and a video clip to show the damage and effect of the June fires. Mr Visser presented a photograph of the gigantic waves that had pounded the property. This had never before been seen or experienced. A Shareholder enquired whether a lounge window had been damaged. Mr Visser replied that the water had risen up against the window but that it had not broken.

Mr Visser presented the official Plettenberg Bay tourism video and thanked all for the opportunity to make his presentation.

The Chairman thanked Mr Visser for his presentation and wished to emphasise that while Mr Visser had to deal with the effects of the fires, storms and waves, he still had to supervise and manage the refurbishment programme of The Lagoon Room, which was now bringing in additional revenue for the Share Block. The Chairman extended his personal appreciation to Mr Visser and to Southern Sun Resorts/Tsogo Sun, for bringing the Springboks to the Resort as it has raised a lot of enthusiasm in the area. The Captain of the Springboks, Warren Whitely, had given a rave review of the Resort when he was interviewed on television, which had created some international interest.

General Matters for Discussion

As the results of the poll were not yet finalised, the Chairman continued with Shareholders' correspondence. Correspondence had been received from Ms Economides, who had enquired whether consideration would be given to incorporating a corner kitchenette in the room. The Chairman advised that this would be included for numerous reasons, one of which was insurance cover and that self-catering had not been part of the purpose when the Resort was built.

Mr Rusch had enquired whether consideration would be given to upgrading the guest car parking facility. The Chairman mentioned that the Board was currently investigating a multi-faceted approach to a solution. The Board required support from the municipality and after three rounds of negotiations, it looked more positive. Consideration was being given to build a completely new parking facility. It would still be a very long process as an environmental impact assessment would have to be conducted. The Chairman wished to mention that consideration was being made to create additional parking.

Dr Greenwall-Kellner had enquired about the tenure of timeshare at Beacon Island Resort. The Chairman explained that the Share Block Company held a 99-year lease, that had been signed in 1983. The Resort would remain for many years to come and it had tremendous value.

Ms de Freitas had mentioned that the room doors repeatedly slammed shut, which was very loud and disturbing. The Chairman advised that it was difficult to avoid slamming doors, especially when it was very windy. Management had made arrangements to slow each door down before it slammed but caution was given to a security risk in the door not shutting properly.

Mr Flax had mentioned upgrading the bar and the restaurants and had suggested delaying the softs upgrade, to reduce the annual levy increase. The Chairman wished to assure all Shareholders that there was more than sufficient funds available to complete a full upgrade, without having to raise an additional levy. The annual levy increment for 2018 had been kept to a minimum of 4%, which was well below inflation. Very favourable terms had been negotiated to invest the healthy reserve fund and a return of approximately 8% had been secured. All investments were strictly controlled under the guidance of the Southern Sun Resorts management team.

Mr Flax had also suggested considering better use of the top floor storage areas. The Chairman stated that development opportunities had been discussed by the Board and he wished to assure Shareholders that the Share Block would not require additional funds for the cost.

Resolution 3: Election of Directors - The Result of the Poll

The results of the poll process had been finalised and the Chairman requested that Warren Whiteboy report on the finding. Mr Whiteboy confirmed that the Directors duly elected for the ensuing year, included Charles Wells, Gary Kaplan and John Lee. The Chairman congratulated the Directors and welcomed them to the Board.

The Chairman then returned to Items 8 and 9 on the Agenda.

Resolution 4: Appointment of Directors as Members of the Audit Committee

Item 8 was Resolution 4, to appoint members of the Audit Committee. This was a provision of the Companies Act that required an Audit Committee comprising a minimum of 3 Directors as members. The current members of the Audit Committee included Mr Ridl, Mr Dickson and Mr Kaplan. The Chairman recommended that the same members be re-appointed. No objections or comments were received from the floor. The Chairman concluded Mr Ridl, Mr Dickson and Mr Kaplan be appointed members of the Audit Committee for the ensuing year.

Resolution 5: Appointment of Members of the Social and Ethics Committee

Item 9 was Resolution 5, to appoint three members to the Social and Ethics Committee. The Chairman felt very strongly that this was an important sub-committee and that the stature and importance of it needed to be elevated to carry the same weight as an Audit Committee. The Chairman moved that the Directors be appointed at the next Board Meeting due to the role that they would play. The King IV commission made recommendation that the establishment of this separate standing Committee comprising three members, at least one of which should be a Director. The current members included Charles Wells, Deon Viljoen, Laurance Hodes and Reinhard Visser. No objections were recorded and the motion as carried.

General Matters for Discussion Continued...

The Chairman enquired whether any Shareholder from the floor had comments or queries to raise. Ms Siebert mentioned that the food and beverage operator had previously owed a great deal of money to the Share Block however the Annual Report this year stated that the monies had been settled. She requested clarification. The Chairman thanked Ms Siebert for her query. He advised that the food and beverage operator had been at the Resort for a number of years and a dispute in terms of the lease agreement arose whereby he had to pay a percentage of his turnover to the managing agent, who managed his lease agreement. The Share Block had found itself in the middle of the dispute and the Board had decided to cede its rights to the managing agent, to pursue the entire litigation process and for them to incur the cost. The Share Block did not incur the costs. After much negotiation, managed by Deon Viljoen who was Southern Sun Resorts Operations Director at the time, a new lease agreement was re-negotiated which included a mediation and arbitration clause, to prevent this type of situation from re-occurring.

Mr Wolsley stated that he was involved with The Lions Club and had served as governor for the Western Cape, Northern Cape and Namibia. He visited the Resort 3 - 4 times a year and always thanked Reinhard Visser and his deputy general manager for what the Resort did for The Lions Club. He wished to take this opportunity to thank the Board for what it did for the Resort, behind the scenes and he was sure that he spoke for all those present, when he complimented the Board on the Resort and how well things were running. The Chairman thanked Mr Wolsley for his compliments.

CLOSURE

The Chairman thanked all for a very positive Meeting and for the support received. He looked forward to the year ahead. There being no further business, the Chairman declared the Meeting closed at 12h10.

Read and confirmed this _____ day of _____ 2018.

Chairman