

# Drakensberg Sun Share Block Proprietary Limited

**DRAFT** Minutes of the Annual General Meeting of Shareholders held on Thursday, 28 September 2017, at 10h04 at uMhlanga Sands Resort, uMhlanga

## 1 CONSTITUTION OF THE MEETING, WELCOME AND APOLOGIES

The Chairman, Mr Ellis, welcomed all to the Annual General Meeting (AGM) of Drakensberg Sun Share Block Proprietary Limited. Notice of the Meeting had been properly given. The Chairman reported that the Memorandum of Incorporation (MOI) had been approved and that being the case, there was sufficient quorum for the AGM to proceed. The Chairman declared the AGM duly constituted.

The Chairman, introduced himself as Brian Ellis together with the following Directors, Members of the Management Team and invitees:

Adam Fuller	Resorts Operations Director
Roger Petyt	General Manager Drakensberg Sun
David Alexander	Non-Executive Director
Brent Dickson	Non-Executive Director representing Dream Vacation Club
Ajith Ramsarup	Non-Executive Director representing The Leisure Holiday Club
Georgina Stevenson	Resorts Company Secretary
Peter Pienaar	General Manager SunSwop
Sunet Le Roux	Financial Controller - Drakensberg Sun
Marina de Paiva	Resorts Financial Controller - Levies
Rodney Klute	Auditor from PricewaterhouseCoopers Inc. (PWC)
Naeem Bayat	Resorts Management Accountant
Yahke Zuma	Administration and Levy Department
Marcia Khumalo	Administration and Levy Department
Elaine Bedessey	Resorts Assistant Levy and Administration Manager
Melissa Terry	Financial Controller Beacon Island

The Secretary noted apologies from non-executive Director, representing Club Leisure Group, Anthony Ridl.

## 2 MINUTES OF THE PREVIOUS ANNUAL GENERAL MEETING

Item 2 of the Agenda was to approve the Minutes of the previous Annual General Meeting and Item 3, the adoption of the Minutes of the previous Annual General Meeting held on 8 September 2016 as well as the postponed Annual General Meeting Minutes held on 15 September 2016. The Chairman had nothing further to add. No comments were raised and the Chairman called for the previous Annual General Meeting Minutes to be approved. No objections were recorded. The motion to approve and adopt the Minutes of the 8 September 2016 and the Minutes of the 15 September 2016 was carried.

## 3 MATTERS ARISING

Item 4 on the Agenda was to discuss matters arising from the previous AGM Minutes. The Chairman advised that at the Pre-AGM of the Board of Directors had not raised any items arising from the minutes. No comments were received from the floor.

## 4 ANNUAL REPORT

Item 5 on the Agenda, Resolution 1, was to receive, consider 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, covered the activities of the Company for the period under review. The Chairman had nothing further to add and called for a proposal for the Annual Financial Statements of the Company for the year ended 31 December 2016, to be approved and adopted. The recommendation was proposed and the report and accounts were opened for discussion. The Chairman stated that he would be pleased to answer any queries. No queries were raised and the motion was carried.

## 5 RE-APPOINTMENT OF AUDITORS

The Chairman referred to Item 6 on the Agenda, Resolution 2, to re-appoint PricewaterhouseCoopers Inc. (PWC) as the Auditors of the Company. There were no objections from the floor and the Chairman declared Resolution 2 adopted and the motion carried.

## 6 ELECTION OF DIRECTORS

The Chairman referred to Item 7 on the Agenda, Resolution 3, to elect Directors to the Board for the ensuing year. The following Directors retired at the Annual General Meeting but were eligible for re-

election:

Brian Ellis  
Ajith Ramsarup

David Alexander  
Anthony Ridl

Brent Dickson

The Chairman advised that no additional nominations had been received and enquired whether there were any nominations from the floor. He advised that the number of Directors on the Board was limited to five. If there was an additional nomination, a poll would have to be called. No nominations were received from the floor. The Chairman stated that in terms of the Memorandum of Incorporation, the appointment of Directors had to be voted for individually and he proceeded with the election.

Those in favour of electing Brian Ellis as Director for the ensuing year, voted on a show of hands. Mr Ellis was duly elected to the Board for the ensuing year.

Those in favour of electing David Alexander as Director for the ensuing year voted on a show of hands. Mr Alexander was duly elected to the Board for the ensuing year.

Those in favour of electing Brent Dickson as Director for the ensuing year voted on a show of hands. Mr Dickson was duly elected to the Board for the ensuing year.

Those in favour of electing Ajith Ramsarup as Director for the ensuing year voted on a show of hands. Mr Ramsarup was duly elected to the Board for the ensuing year

Those in favour of electing Anthony Ridl as Director for the ensuing year voted on a show of hands. Mr Ridl was duly elected to the Board for the ensuing year.

#### **8 APPOINTMENT OF DIRECTORS AS MEMBERS OF THE AUDIT COMMITTEE**

Item 8 on the Agenda, was to appoint Directors as members of the Audit Committee. It was a provision of the Companies Act and as a private Company, Drakensberg Sun Share Block was required to appoint three Directors as members of the Audit Committee. The current members were Mr Ellis, Mr Ramsarup and Mr Ridl. No additional nominations were received. The Chairman recommended that the existing members be re-appointed members of the Audit Committee. No objections were recorded and the Chairman declared the motion carried.

#### **9 APPOINTMENT OF MEMBERS OF THE SOCIAL AND ETHICS COMMITTEE**

Item 9 on the Agenda, Resolution 5, was to appoint members of the Social and Ethics Committee. The recommendation by the King IV commission had been released during the course of 2016 and recommended the establishment of a separate standing sub-committee namely that of a Social and Ethics Committee. The Social and Ethics Charter stated that the Committee comprised three members, at least one of which should be a Director. The Chairman proposed that Roger Petyt the General Manager and Directors David Alexander and Brent Dickson be appointed members of the Social and Ethics Committee for the ensuing year. No further proposals were received and no objections were recorded. The proposal was carried.

#### **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 recommended insured value of the property had been provided by an independent Quantity Surveyor, Brain Heineberg and Associates and was as follows:

Furniture, fixtures and equipment of R11,065,620 and buildings of R53,910,029, which was a total overall insured value for the 2017/2018 year, of R64,975,649. No queries or comments were raised from the floor. The Chairman declared the values approved and the motion was adopted.

#### **11 GENERAL MANAGERS REPORT INCLUDING THE REPORT OF THE SOCIAL AND ETHICS COMMITTEE**

Item 11 on the Agenda, was the general manager's Report, which included the Report of the Social and Ethics Committee. The report of the activities over the last year formed part of the Chairman's Review for the year. The general manager, Roger Petyt, gave an overview of the eGuest satisfaction results for Chalets and the Hotel combined and the overall RCI rating. Against the target of 90%, the overall eGuest results for the past nine months was 88%.

Drakensberg Sun Resort had received Tripadvisor's Certificate of Excellence and Mr Petyt reported that Drakensberg Sun had been ranked second best Resort in the area. The Resort achieved an overall improved hygiene and safety measurement audit through QPro, of 99% against the previous score of 92%. A landscape audit was done each quarter.

Mr Petyt discussed the role of social and ethics within the environment and surrounding community. One of the chosen beneficiaries by the Drakensberg Sun Social and Ethics committee was Umfolozi Crèche, in Loskop. The Resort had raised funds during the course of the year to help build a new school and was currently in the process of putting on the roof. Donations had also been received from a number of Groups and Convention Companies that stayed at the Resort during the year. The Resort's staff had participated in many nationally celebrated fundraising events and Days including Heritage Day, Mandela Day and World Environmental Day, where staff had collected litter in the surrounding area. Blankets were collected and donated to the Glasiter Old Age Home in Colenso. A walk was arranged for Mandela Day where the staff had challenged guests and Bergview Homeowners to walk as many times around the lake as possible, within 67 minutes. An amount of R8k was raised and put towards the Umfolozi Crèche project. Mr Petyt congratulated Siza Rantsatsi from the front office team, who had recently received the RCI Award for Development and Achievement and had been recognised as the 2016 RCI Employee of the Year.

LivingTSOGO Moments was an internal refresher course scheduled for staff members. The programme recognised service delivery and teamwork carried out by the employees. An employee engagement survey had recently been conducted within the Tsogo Sun Group. The results collected for the Resort had assisted management in understanding what employees required in terms of guidance and leadership, and so on. Mr Petyt discussed a number of training and development courses for staff to attend in order to develop them further within the brand. The property, as Drakensberg Sun, was in the process of being rebranded which would include new logos and power words in all advertising material.

Very briefly, Mr Petyt mentioned that all fireplaces had been maintained, annual firebreaks had been conducted around the property, a new Resort maintenance vehicle had been purchased and new balcony furniture would soon replace the older furniture. The SunCare maintenance programme had been completed in February for the Apartments and would commence in October 2017, in Chalets.

Mr Petyt thanked Afriboom, the Landscapers and the entertainment team for their contribution in maintaining the Resort during the year. On behalf of the Board of Directors, the Chairman thanked Mr Petyt for his presentation and extended thanks to him and his team for keeping the Resort in such good shape. The Chairman noted that Mr Petyt had brought a new dynamic to Drakensberg Sun which was welcomed and appreciated.

## 12 GENERAL MATTERS

The final item on the Agenda referred to General Matters for discussion.

Mr Goga mentioned that the Resort was ranked number 3 in the area while ranked number one in terms of levy collections. Mr Goga raised that there was big disparity for a red week levy and a white week levy, while usage was the same. Mr Goga added that inclement weather had confined him to his Chalet and he felt that a gymnasium or sauna was a necessity, especially in times of bad weather. Mr Goga recorded his satisfaction with the refurbishment of the Chalets. The Chairman requested that management to respond to Mr Goga's concerns. The Chairman clarified that Drakensberg Sun only offered red timeshare weeks and peak timeshare weeks. The Chairman agreed with Mr Goga that levies were a little high and confirmed that he raised this issue with management at every opportunity and requested that there be ways to keep the levy as low as possible. A full financial review was planned for the entire Drakensberg Sun operation of the Chalets, Apartments and Hotel, with a specific aim and objective, to reduce costs as far as possible. Mr Petyt reported that through abuse and misuse, the small gymnasium on the property had been removed and a fuller, more inclusive Spa facility was created. The gym facility was occasionally requested and a suggestion to create an outside fitness centre would be considered. Mr Goga noted that an indoor fitness facility was required and felt that a number of people would make use of the gym on a daily basis. The Chairman advised that the previous gym and sauna facility had been abused and the cost to maintain the facilities had become expensive. A decision had been taken to reduce the original gym facility and to monitor usage and misuse. The facility was hardly used by guests and a further decision was made to close the facility entirely. Mr Fuller agreed that it had been expensive to maintain the gym and that there must be balance for what was required at the Resort and the cost thereof.

Mr Goga referred to the annual levy charged at Champagne Sports and the discrepancy between red and peak weeks. The Chairman advised that the running costs for Drakensberg Sun were higher due to the remote location and facilities on the property. He reiterated that the Board would do everything in its power to reduce costs. The Chairman stated that cost issues had been raised with the Board, management as well as the Southern Sun Resorts/Tsogo Sun team.

Mr Fuller suggested another survey be conducted to confirm whether a gym facility was in need for the majority of shareholders. The Chairman stated that of the total shareholder base, only 20% of the shareholders at Drakensberg Sun utilised their week. The balance of 80% banked their week through

SunSwop, RCI, Clubs and so on. This was being considered and taken into account when discussing costs and where money should be spend.

Mr Pienaar explained the discrepancy between a red week levy and a peak week levy, noting that Southern Sun Resorts was unique in the Drakensberg area and that there had been a number of discussions in the timeshare industry relating to using the Southern Sun Resorts model. While the Resort may run at a similar occupancy, the number of occupants increased significantly during peak week periods. The demand for additional security, entertainment, water and electricity, as well guest supplies increased, hence the higher levy to cover increased costs. Mr Goga again mentioned the need to reduce levy related costs.

Mr Goga enquired whether the Resort permitted non-resident guests onto the property. Mr Petyt replied that outside guests were not permitted on the property during peak periods. A security gate had been installed at the top of the property to restrict access onto the property when necessary.

### 13 CLOSURE

There being no further business, the Chairman thanked all for their attendance and declared the Meeting closed at 10h46.

Read and confirmed this \_\_\_\_\_ day of \_\_\_\_\_ 2018.

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Chairman