

Cabana Beach Share Block Proprietary Limited

DRAFT Minutes of the Annual General Meeting of Shareholders held on
Wednesday, 13 September 2017, at 11h00 at Cabana Beach Resort, uMhlanga

1 WELCOME, CONSTITUTION OF THE MEETING AND APOLOGIES

The Chairman, Mr Liebenberg welcomed all and thanked everyone for attending. He requested that the attendance register be signed. Notice of the meeting had been properly given and the Chairman was satisfied, in terms of the Companies Act and Memorandum of Incorporation (MOI) that the quorum present at the appointed time of the meeting, exceeded the minimum requirement of 5% of all voting rights entitled to be exercised at the meeting. The Chairman declared the Meeting duly constituted.

2 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 12 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 12 September 2016

2.2 Minutes of the Postponed Annual General Meeting held on 19 September 2016

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

3 MATTERS ARISING

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

4 ANNUAL REPORT

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.

5 RE-APPOINTMENT OF AUDITORS

Item 6 on the Agenda, Resolution 2, was to re-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. The Chairman called for Grant Thornton to be re-appointed as the Auditor for the ensuing year. No objections were received and the Chairman declared the motion carried.

6 ELECTION OF DIRECTORS

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

William Liebenberg
Robert More
Deon Viljoen

Weston Dickson
Ajith Ramsarup

Roy Fritz
Anthony Ridl

The Chairman advised that nominations had been received for John Lee, Grace Swart and Jaco Weihmann. The election process would go to a poll.

Mr Ridl advised that John Lee was an ex-Director of the Sun International Timeshare Division and had worked in the hotel industry and all other aspects within Sun International. Mr Lee was an accountant by profession and had recently retired. Mr Ridl mentioned that Mr Lee's knowledge of the industry would be valuable to the Board. Mr Klämbt advised that Grace Swart was a third generation owner at Cabana Beach Resort. She was a financial manager having qualified at the University of the Free State achieving a cum laude BA degree in accounting in 2002 and her honours in 2006. Mr Klämbt advised that Jaco Weihmann was a partner in a firm of attorneys. The firm was well respected and practiced in a variety of legal aspects. Mr Weihmann's expertise was litigation in both the High Court and Magistrate's Court. He would bring a new skill set to the

Board.

The Chairman requested that Mr Viljoen explain the voting process. Mr Viljoen advised that the meeting held approximately 27% of the voting rights. While the Memorandum of Incorporation restricted the positions on the Board to 7, 10 nominations were received. All 10 nominations were eligible and available for election. Mr Viljoen reminded the meeting that each person only had seven votes, as there were only seven positions available. He added that a vote against an individual was taken as one vote. A poll would be conducted and the financial manager, Warren Whiteboy, together with the Auditors would tally the votes and calculate the results.

Mr Viljoen stated that the process would take time and suggested that the Chairman continue the meeting. No objections were recorded and the meeting continued.

7 INSURANCE

The Chairman referred to Item 10 on the Agenda and tabled for discussion 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 R538m. The total insured value recommended by the independent quantity surveyors, Brian Heineberg and Associates for the years 2017/2018 was R578,404,654, which reflected an increase of approximately 7.4%. Furniture, fixtures and equipment was valued at R80,041,318 and buildings, R498,363,336.

The Chairman welcomed any queries or comments. No queries or comments were raised and as no objection was recorded, the motion was carried. Mr Viljoen mentioned that Mr More was a quantity surveyor had verified that the 7.4% increase was relevant to the current building cost inflation. Mr Viljoen added that the Board had conducted its own calculation and was happy that the Resort was adequately insured.

8 REPORT OF THE SOCIAL AND ETHICS COMMITTEE AND GENERAL MANAGERS REPORT

Item 11 and 12 on the Agenda was the report of the Social and Ethics Committee and the report of the general manager. The report of the activities over the last year formed part of the Chairman's Review.

Mr Klämbt explained that the Social and Ethics Committee was a sub-committee of the Board and that the committee consisted of Mr Viljoen, Mr Fritz and Mr More. The committee covered the social and economic development of the company, good corporate citizenship, environmental issues, health and public safety, as well as labour, employment and consumer relationships. Mr Klämbt explained that Cabana Beach was part of the uMhlanga Urban Improvement Precinct (UIP), together with uMhlanga Sands Resort, Breakers Resort and a number of apartment blocks situated along the promenade. The purpose of the UIP was to improve the quality of the environment and to support the municipality where they fell short or where there was a lack of funds in order to maintain the high standard that had been set for the promenade. Mr Klämbt advised that he had been Chairman of the UIP for approximately ten years.

Mr Klämbt referred to one of the biggest and most controversial issues at Cabana Beach, which was smoking. Mr Klämbt reiterated that Cabana Beach Resort was a non-smoking Resort and that this house rule was taken seriously. A number of clashes between smokers and non-smokers had been reported and in order to accommodate guests wishing to smoke, an air-conditioned smoking pod was created. Mr Klämbt explained that food was served at the adult swimming pool and that this was the reason why smoking was not permitted in the area. Mr Klämbt added that smoking was not permitted within 50m of a public area or beach, according to the municipality.

Mr Klämbt mentioned that a number of guests had enquired about the Resort's environmental policies. He advised that the Resort had a recycling programme that achieved the recycling of approximately 54% of the total waste. Door lock batteries and tube lighting was disposed of in an environmentally friendly manner. Meetings were regularly held for staff to report on the impact and results of recycling.

Mr Klämbt discussed the various corporate social investment (CSI) projects with which the Resort was currently involved. A reading programme had been established over a number of years at Waterloo Primary School to assist the pupils to read and write the English language. The programme had been successful and a reading book drive was held during the year. The pupils were invited to Cabana Beach Resort once a year to experience a day at the Resort. Amongst other initiatives, Cabana Beach supported TAFTA and always supported Mandela Day. A number of nationally celebrated days were supported during the year. Staff helped clean the beach on World Oceans Day and a tree was planted each year on Arbour Day. Children of guests were invited to attend the ceremony to create awareness.

With regards to health and safety, an audit undertaken by an independent auditor confirmed that the company was compliant with regulations. 96% was achieved the previous year for an audit to review fire

protection, safety, security and business continuation. A fire drill was conducted each month and once a year, the fire brigade was invited to take part and inspect the property.

Regarding labour and employment, the Tsogo Sun Group was BBE level 1 compliant. Training and development of staff was an important aspect, with 412 training hours recorded for training.

Regarding consumer relations, management engaged with guests to obtain feedback regarding management of the property and how their needs whilst on holiday could be better met. Guest engagement was also monitored through the Facebook webpage, Google Reviews, the eGuest satisfaction survey where 89% was achieved and through Tripadvisor which had scored the Resort 4.7 out of 5 (94%). Cabana Beach Resort had received Tripadvisor's Travellers' Choice Award for being one of the top hotels and Resorts in the country. Cabana Beach Resort was also a finalist for the Sanlam Top Destination Award. Mr Klämbt mentioned that one of the outsourced partners, Wimpy, had received an award for the best Wimpy in Kwa-Zulu Natal. Another accolade was that Cabana Beach Resort had been voted 16th in the top 25 Hotel properties in the South Africa. Mr Klämbt thanked the management team and his staff for their excellent service at Cabana Beach. He further thanked the Board members for their support and Mr Fuller for his and Tsogo Sun's guidance and support over the past year.

The Chairman thanked Mr Klämbt for his presentation and congratulated the team at Cabana Beach Resort for a job well done.

9 CONTINUED - ELECTION OF DIRECTORS - RESULTS

The Chairman enquired whether the poll verification and tally had been completed. The representative from Grant Thornton confirmed that there would be no change to the current Board of Directors for the ensuing year.

10 APPOINTMENT OF DIRECTORS AS MEMBERS OF THE AUDIT COMMITTEE

Item 8 on the Agenda, was the appointment of Directors as members of the Audit Committee. This sub-committee required a minimum of three Directors to be on the Audit Committee. The current members consisted of Mr Dickson, Mr Ramsarup and Mr Ridl. All Directors were available for re-appointment. No objections were recorded and the Chairman declared that the same Directors would continue to serve on the Audit Committee for the ensuing year.

11 APPOINTMENT OF DIRECTORS AS MEMBERS OF THE SOCIAL AND ETHICS COMMITTEE

Item 9 on the Agenda was to appointment members of the Social and Ethics Committee. The sub-committee currently consisted of Mr Viljoen, Mr More and Mr Fritz. All members were available for re-appointment. No objections were recorded and the Chairman declared that the same members would continue to serve on the Social and Ethics Committee for the ensuing year.

12 GENERAL

The Secretary advised that a few Shareholders had raised comments for the Annual General Meeting. Mr Klämbt referred to correspondence received from Lauren Gregor regarding smoking at the swimming pool. This matter was discussed and the Board confirmed that smoking at the adult swimming pool would not be permitted.

Mr Klämbt referred to correspondence received from Mr Minnaar who had suggested charging a fee for beach towels and only exchanging wet or dirty towels once a day. The suggestion had been discussed by the Board prior to this meeting and it was agreed that no charge would be implemented for beach towels. Mr Klämbt advised that a charge was however imposed if a guest did not return their token or towel.

Mr Klämbt referred to correspondence received from Mrs Leppan who had been unable to sell her unit. Mr Klämbt advised that sales mandate on the unit had expired. The unit had since been sold.

Mr Klämbt referred to correspondence received from Etienne Rubbers who wished to open a similar business to that of Jackson Coffee at the Resort. Mr Klämbt advised that a number of food and beverage leases were currently in place and due to expire in 2018. He welcomed a detailed proposal from Mr Rubbers at the appropriate time, when all other proposals would be received. The food and beverage service delivery would be adjudicated by a sub-committee of the Board.

A shareholder present enquired about renewable energy. Mr Klämbt replied that an extensive investigation regarding renewable energy was undertaken. A discussion earlier in the day had specifically addressed the water shortage situation. An in-depth investigation was conducted to sink a borehole and a presentation was made to the Board for consideration. In order to conserve water, the borehole project was approved by the Board, which would be an expensive exercise at R600k, however repayment of the project would be

achieved after one and a half years. Energy consumption was closely monitored and driven by the general manager of uMhlanga Sands Resort. Mr Klämbt noted that it was expensive to operate and maintain the air-conditioning plant. The chiller plant was switched off between 1 June and 1 September each year and maintenance was conducted during that period.

Ms Buchanan enquired whether the recycling programme included waste from guests. Mr Klämbt replied that waste from each unit was removed and separated at the designated recycling area. Mr Buchanan suggested having two separate waste bins in each unit. The Chairman agreed with the suggestion and Mr Klämbt would investigate further. A shareholder advised that they had a system where specific bags were delivered for specific types of waste. Mr Klämbt advised that the same company that removed the waste, recycled the waste, which reduced costs. They monitored the amount of waste recycled.

Another shareholder suggested that additional visible non-smoking signs be placed around the property for more awareness.

The Chairman reported that the management agreement with Southern Sun Resorts/Tsogo Sun was under review, as it would expire at the end of February 2018. The Board was currently in negotiations with Southern Sun Resorts/Tsogo Sun and was looking at extending the management agreement, with improved provisions.

The Chairman added that the Board had requested Southern Sun Resorts/Tsogo Sun to keep Mr Klämbt for a further year as general manager of the Resort, after his official retirement date in 2018.

13 CLOSURE

There being no further business, the Chairman thanked all for their attendance and declared the meeting closed at 11h54.

Read and confirmed this _____ day of _____ 2018.

CHAIRMAN