

Umhlanga Sands Share Block (Pty) Limited

DRAFT Minutes of the Annual General Meeting of Shareholders held on Tuesday, 5 September 2017, at 14h00 at uMhlanga Sands Resort, uMhlanga.

CONSTITUTION OF THE MEETING, WELCOME AND APOLOGIES

The Chairman, Mr Viljoen, welcomed all to the Annual General Meeting (AGM) of Umhlanga Sands Share Block Proprietary Limited. The Chairman noted that the Share Block was now a privately held Company. The Chairman requested that all Shareholders sign the attendance register and that they hand in their forms of proxy directly to Marina de Paiva.

The Chairman recorded an apology from the Resort's General Manager, Derek Mckillop, and introduced his Deputy General Manager, Franco Seaman.

Notice of the Meeting had been properly given in terms of the Umhlanga Sands Share Block Proprietary Limited Memorandum of Incorporation (MOI), which had been approved and registered with the Companies and Intellectual Property Commission (CIPC) on 23 March 2017. The Chairman discussed the fact that over the last few years it had been necessary to hold two AGM's due to a quorum not being achieved. The Chairman was pleased to announce that the required quorum to hold an AGM, had in the new MOI been reduced from 25% to 5% which was achievable. This meant that the postponement and second AGM was no longer required. The Chairman noted a representation of at least 30% of the share capital here present and declared the Meeting duly constituted.

The Chairman, an independent Director of the Company, introduced the following Directors, members of the management team and invitees:

Pierre Coetzee	-	Director - Representing timesharers
Gustavus Kruger	-	Director - Representing timesharers
Lynette Douglas	-	Director - Representing timesharers
Nicholas Dickson	-	Director - Representing timesharers and Dream Vacation Club
Anthony Ridl	-	Director - Representing timesharers and Club Leisure Group
Ajith Ramsarup	-	Director - Representing timesharers and The Holiday Club
Franco Seaman	-	Resort Deputy General Manager
Adam Fuller	-	Operations Director Southern Sun Resorts
Warren Whiteboy	-	Financial Manager - Southern Sun Resorts
Georgina Stevenson	-	Company Secretary - Southern Sun Resorts
Lisa Sutton	-	Secretary to Company Secretary - Southern Sun Resorts
Peter Pienaar	-	SunSwop General Manager
Marina de Paiva	-	Financial Controller, Levies - Southern Sun Resorts
Gai Gordon	-	Sales and Rentals Agent
Grant van Zyl	-	IT Manager - Southern Sun Resorts
Yedisha Deonarain	-	HR Administrator - Southern Sun Resorts

1 MINUTES OF THE PREVIOUS ANNUAL GENERAL MEETING

The Chairman referred to Agenda item 3 to adopt the Minutes of the previous Annual General Meeting held on 6 September 2016, as well as the Minutes of the postponed Annual General Meeting held on 13 September 2016, read together with the Minutes of the informal Meeting. The Chairman noted that there had been no quorum at the initial AGM meeting, which had resulted in its postponement to the following week. The discussions had however continued and Minutes were taken for the informal Meeting. At the postponed and second meeting, a quorum was constituted. As the Minutes had been approved and recommended for adoption at the informal Meeting, the previous AGM Minutes were adopted at the postponed AGM. The Chairman had nothing further to add and called for the following Minutes to be adopted:-

- 1.1 Minutes of the Annual General Meeting held on 6 September 2016
- 1.2 Minutes of the postponed Annual General Meeting held on 13 September 2016

No objections were received for the adoption of the two sets of Minutes and the Minutes of the Annual General Meeting and the postponed Annual General Meeting were adopted.

2 ANNUAL FINANCIAL STATEMENTS

Item 4 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 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 Annual Financial Statements of the Company for the year ended 31 December 2016, to be approved and adopted. No queries or objections were raised and the

motion to adopt the Annual Financial Statements for the year ended 31 December 2016 was carried.

3 RE-APPOINTMENT OF AUDITORS

Item 6, was resolution 2, to re-appoint Grant Thornton as Auditors of the Company. The Chairman advised that the Directors had been very pleased with the performance of Grant Thornton and that this would be the second year to conduct an audit function. The recommendation from the Board was to re-appoint Grant Thornton and the Chairman called for any objections. No objections were recorded and the motion to appoint Grant Thornton as the Auditors for the ensuing year was carried.

4 ELECTION OF DIRECTORS

Item 6, resolution 3, was to elect Directors to the Board for the ensuing year. All Directors retired at this AGM and all Directors had indicated that they were eligible and available for re-election. The current Board members included the Chairman Deon Viljoen, Pierre Coetzee, Nicholas Dickson, Lynette Douglas, Gustavus Kruger, Ajith Ramsarup and Anthony Ridl. A nomination had been received for John Lee and the Chairman enquired whether there were any other nominations for consideration. Timeshare owner Louise McMillan, stated that she was willing to stand as a Director should there be a vacancy. Mr Ridl seconded Ms McMillan's nomination.

Mr Ridl advised that John Lee was a retired ex-Director of Sun International's Vacation Club and he had a number of years' experience in Hotels and Resorts. Mr Lee had recently retired to uMhlanga and had a wealth of timeshare business experience. Mr Lee would add value to the Board. He lived close to the Resort and knew the industry very well whilst also having a strong accounting knowledge.

Ms McMillan advised that she was currently a Director at Pine Lake Resort. She had started her career in IT and had later formed her own business. She became a Director of Paracon South Africa. Ms McMillan advised that she did not have a hospitality background but had been exposed to the timeshare business and would bring a different perspective to the business. Ms McMillan had timeshare at Breakers Resort, uMhlanga Sands Resort and Pine Lake Resort.

The Chairman advised that the number of Directors on the Board was limited to seven and with nine candidates nominated, the Chairman stated that a poll was required. The Chairman advised Shareholders that each person had seven votes, for the seven positions. The ballot papers were distributed and then retrieved. The Chairman advised that the Financial Manager Mr Whiteboy, together with the Auditors, would verify and tally the ballots. Once completed, he would announce the results of the poll.

The Chairman suggested that the meeting continue while the ballot tally process was in progress.

5 INSURED VALUE OF PROPERTY

Item 9 was to table, for discussion, the insured value of the property, as approved by the Directors in terms of the Use Agreement. The Chairman stated that the insured value as provided by the firm of Quantity Surveyors Brian Heineberg and Associates for 2017/2018, was 7.4% higher than the previous year. The replacement cost of the building was R573,254,511 and the replacement cost for furniture, fittings and equipment was R87,418,398. The total insured value was R660,672,909. The Chairman confirmed that the Board was comfortable with the valuation and recommended that the insured value be approved. No objections were recorded and the insured value was approved.

6 GENERAL MANAGER'S REPORT INCLUDING THE REPORT OF THE SOCIAL AND ETHICS COMMITTEE

Items 10 and 11 covered the report of the General Manager as well as the report of the Social and Ethics Committee. The Chairman called on Franco Seaman to present the activities of the Resort and Committee for the past year.

Mr Seaman provided a slide presentation and advised that the Resort's Facebook webpage had recorded 25,000 visitors in 2016 and 34,000 visitors in 2017. uMhlanga Sands had been placed 5th in the area by Tripadvisor. A number of comments that had been received relating to the Resort as being a great family Resort and a perfect getaway. The property had a 4.5 Star Grading out of 5, by Tripadvisor.

Average occupancy for the Resort over the past year had been 91% and an average eGuest satisfaction survey result of 88% had been achieved. The landscaping audit had recorded an average score of 92%. Mr Seaman presented comparative energy consumption from 2006 to 2016, which revealed a great decrease in consumption. Energy consumption was monitored on a daily basis and any anomalies were immediately addressed. The Chairman mentioned that he was very proud of management's initiatives and efforts for energy saving over the last few years. The Chairman advised that the same approach and monitoring was being done for water consumption and this area had also shown great savings. Mr Seaman advised that the grey water storage initiative was in place. 45% of waste, through Don't Waste Services (DWS) had been recycled over the year, which included plastic, wet waste and dry waste.

Recent upgrades to the Resort included ClearVu fencing installed around the property; public bathrooms on the ground floor and mezzanine level; a lift had been installed from ground floor to the mezzanine level; a lift had been installed from ground floor to the adult swimming pool; a new swimming pool deck made of recyclable plastic had been laid; a water slide was installed at the family swimming pool; and the laundry facility. The Chairman noted that the two new lifts were an important feature for the Resort noting that a number of guests were older and some required wheelchair access. A universal access bathroom was available on the 8th floor and a number of unit doors had been widened to accommodate wheelchair access. The spalling project had commenced the previous year and would be completed by January 2018.

Staff had taken part in a beach clean-up session as one of the CSI projects and the Resort had contributed older linen to Vula House on Mandela Day and as part of the 67 Minutes initiative, the House was painted.

Mr Seaman advised that the rooms refurbishment project would commence in the third week of January 2018. He presented graphics for the proposed refurbishment. The Chairman highlighted the new cupboards and additional plug points in the unit. The Chairman advised that a 4-sleeper and a 6-sleeper mock-up room had been prepared for viewing and he welcomed shareholders to arrange with management, a convenient time to inspect the design and features. It was normal practice to prepare mock-up rooms in order for guests to view, experience and provide feedback over a year period. The cost of the refurbishment project would be approximately R44.5m, which was almost R2m less than provided for in the budget. The Chairman confirmed there would be no additional costs or the raising of a special levy to fund the project. He added that once the rooms refurbishment project was completed, the bulk of the property would have been "rebuilt". A 30-year old chiller unit did require replacement and as part of the solution, management was considering design changes to the public areas and visibility of spaces.

The Chairman reported that the Board was currently in negotiations with the management team to renew the current Management Agreement and he was pleased to advise that negotiations were progressing satisfactorily thus far. He looked forward to concluding the negotiations by the end of 2017.

7 SHAREHOLDERS' CORRESPONDENCE

Two Shareholders, Mr Wewege and Mr Skinner, had requested that management try to limit budget increases, to keep levy increases lower than CPI. The Chairman was pleased to announce that the annual levy increase over the past 3 years had been approximately 6%, which was below CPI and the forecasted costs.

Mr Pienaar and his team would respond to a further query from Mr Wewege, regarding the categorisation of units and rating through SunSwop.

The Secretary advised that a suggestion to alternate the AGM's between Johannesburg and Durban had been received. She noted that while there had been a good turnout for an AGM held in Johannesburg, additional costs were incurred for the Durban based team.

Timesharer Alicia Dercksen had written that some guests appeared to 'book' loungers at the swimming pool area, looking out to sea and she felt that she did not have the same opportunity. The Chairman noted that it had become common practice amongst the guests at all other properties to book loungers. Management was aware of the practice and would continue to monitor the situation.

Timesharer Marian Bryant had written that the rooms were looking 'shabby'. The Secretary noted that the new softs room refurbishment would begin in 2018. Mrs Bryant had also mentioned smoking on the property and the laundry facility being closed. The Secretary advised that a cleaning penalty of R1,000 would be imposed should any guest be caught smoking in a room. She added that the laundry facility had been closed due to the necessary upgrade at the time however staff had offered an alternative at no cost to timesharers.

The Chairman thanked the Shareholders for raising their concerns and making comments and enquired whether there were any comments or queries from the floor.

A shareholder enquired about outstanding levies. The Chairman proudly advised that the current percentage of outstanding levies was 0.55% of total levy income, which was an excellent achievement. There was currently 105 repossessed units out of 12,000 units. Repossessed units were placed into the rental pool in order to earn income for the Share Block to pay off part of the debt on those units.

Mrs Douglas requested that the Chairman explain the option to use SunSwop points in Hotels and Hotel restaurants. The Chairman requested that the General Manager of SunSwop, Mr Pienaar, reply. Mr Pienaar explained the product of SunSwop Choices, which was an upgraded membership to the existing SunSwop membership. An upgrade fee of R1,700 would give a Shareholder a five-year membership and offer the

ability to convert points into SunRands. An administration fee of R461 was charged to convert the week into SunRands, which would allow a person to book accommodation within the Tsogo Sun Hotel division or book for food and beverage at any Tsogo Sun owned restaurant. One SunRand was equivalent to R1. The Chairman advised that approximately 40% of the Hotels within Tsogo Sun had Tsogo Sun owned food and beverage offerings.

ELECTION OF DIRECTORS - CONTINUED - RESULTS

The Auditors had agreed the results of the poll. The Chairman was pleased to announce that the current Board of Directors would remain the Board of Directors for the following year. The Chairman thanked Ms McMillan and Mr Lee for the interest shown and nominations.

8 APPOINTMENT OF AUDIT COMMITTEE

Item 7 was to appoint Directors as members of the Audit Committee. This was a provision of the Companies Act and in terms of the public interest (PI) score the Company was required to have an Audit Committee comprising three Directors. The current Audit Committee comprised Nicholas Dickson, Pierre Coetzee and Ajith Ramsarup. No objections were recorded to the current members remaining on the Committee. Nicholas Dickson, Pierre Coetzee and Ajith Ramsarup were appointed for the ensuing year.

9 APPOINTMENT OF SOCIAL AND ETHICS COMMITTEE

Item 8 was to appoint members of the Social and Ethics Committee. This was a recommendation by the King IV commission released in 2017, which recommended the establishment of a separate Social and Ethics Committee comprising three members, one of which should be a Director. The current Social and Ethics Committee comprised the Chairman, Franco Seaman, Gustavus Kruger and Lynette Douglas. No objections were received for the same members to remain on the Committee and the motion was carried. An enquiry was made as to the role of the Social and Ethics Committee. The Chairman explained that the main area of involvement was corporate social investment (CSI) and charity initiatives together with environmental best practice, employment equity, recruitment and training, as well as Corporate Governance.

10 GENERAL

The Chairman enquired whether there was anything a Shareholder would like to raise. No issues were raised for discussion.

11 CLOSURE

There being no further business, the Chairman thanked everyone for attending and declared the Meeting closed at 13h32.

Read and confirmed this _____ day of _____ 2018.

CHAIRMAN