

# Pine Lake Share Block Limited

Registration No. 1981/008079/06



## Annual Report

for the year ended 31 December 2017

**Pine Lake Share Block Limited**  
**Annual Financial Statements**  
for the year ended 31 December 2017

**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 2017

My fellow shareholders, I am delighted to provide you with a brief overview of this past year, ending 31 December 2017.

In March, we welcomed Thuso Moroe as general manager to our Pine Lake Resort. Mr Moroe has been working tirelessly for just over a year now and for those of you who have not yet had an opportunity to meet him, his vibrant energy and willingness to assist has been very positively received. With more than a decade of industry experience behind him, Mr Moroe has acclimatised quickly to the charming atmosphere of Pine Lake and has wasted no time in introducing some welcome initiatives to enhance its attractiveness.

## Facilities

Despite daily use by articulated buses, the asphalt access road to the resort is holding up well and continues to be a major relief to visitors, especially in bad weather. Together with some co-operative neighbours, Mr Moroe and his team constantly monitor the condition of the entrance road.

An outdoor chess set has recently been installed and is proving to be very popular with guests. Two additional canoes have been purchased to enable more guests to enjoy the beautiful lake. We are keen to extend the range of activities that we can offer and would welcome any suggestions from owners and visitors.

I reported last year that the convenience store was a "work in progress". We have tried various operational models, but the unfortunate fact is that we simply do not get the volume of business to sustain a decent range of convenience items or the staff to maintain convenience shop hours. We shall continue to strive for a viable proposition, but at this time, fire wood, charcoal, firelighters and bottled water will always be available from reception.

WiFi connectivity has been reasonably good during the year, though with our type of solution, speed will be affected by traffic volumes. The management team is sensitive to guests' expectations and remain on standby to address connectivity problems.

By the time you read this report, the project to cover the braai areas of all chalets will be complete and guests' responses have been very positive. Whilst pairs of chalets have been cordoned off for this project, we have simultaneously undertaken the septic tank cleaning – an unwelcome but necessary maintenance job which we have tried to effect as unobtrusively as possible.

Following the resurfacing in 2017, the swimming pool is now in pristine condition and, in order to keep it this way, we have installed a permanent solution to prevent the increasing numbers of Egyptian geese from occupying the area. The solution is a stainless steel cabled barrier rail with two access gates which are closed at night. The rail is aesthetically pleasant and does not obstruct the view of the lake.

On contract expiry, we went out to tender for landscaping last year and appointed a new contractor which enabled us to reduce costs as well as change the scope of work. The results have been positive as we have commenced stripping out invasive plants, introduced more water-wise flora and tackled additional problems such as driveways disrupted by root growth.

The landscaping team is coordinating well with our own maintenance staff under Tinus Botha and I wish to commend both teams for their joint efforts in setting high standards for the resort.

Safety and security of guests, staff and the property remains a major concern and following a notifiable occurrence, we have reviewed both structural and operational security measures on a risk-based approach. The recently renewed contract with the security services provider includes an additional guard to patrol the property at night and upgraded access control procedures. As security is everyone's responsibility, we humbly request that all visitors to Pine Lake assist by complying with our access control procedures. Structurally, the electrified perimeter fence has been improved and a CCTV camera has been installed at the front main gate.

## Occupancy

Occupancy for 2017 was 75% which was 0.5% lower than 2016. The highest occupancy of 84% was recorded in the fourth quarter.

## Change of External Auditors

Although we experienced no performance issues whatsoever with PricewaterhouseCoopers Inc., the board and management agreed that it would be prudent to go out to tender. After due diligence investigation of respondents' proposals, the board decided upon Grant Thornton, based on cost and track record. I am pleased to report that we have realised a saving of R11,000 and Grant Thornton have completed their audit for 2017 financial year, which was signed off by the chairman of the audit committee last month.

## Financial Results for the Year Ended 31 December 2017

Shareholders are referred to the statement of comprehensive income set out on page 14 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 23 to 24 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 2017 reflects total income, including net finance income of R12.409m (2016: R11.689m) and total expenditure of R8.677m (2016: R8.484m). The levy surplus, after taxation, was R3.549m (2016: R3.050m) 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 increased by 6.2% due to net finance income increasing by R131k. This is a result of additional funds being invested for longer periods, yielding higher returns. 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 2017

## Expenditure

Total expenditure for the year of R8.677m (2016: R8.484m) increased by 2.3%. Below is a more detailed review of the expenditure:

- **Rooms** - Expenses increased by 9.4% year-on-year. A decrease of R19k was recorded in guest entertainment due to fewer snacks being purchased and purchasing from a new supplier. A 15% increase was recorded in outside services due to an extra month charged in 2017. Costs were incurred while running the Crow's Nest shop through the resort.
- **Administration and general** – Expenses increased by 14% year-on-year. Audit fees decreased by R11k due to Grant Thornton replacing PricewaterhouseCoopers Inc. as auditors. Other year-on-year decreases were recorded in the provision for repossessed debtors by R177k and loss on repossessed debtors, by R85k. IT costs increased by R56k due to WiFi connectivity to all chalets during the latter half of 2016. Corporate Social Initiatives (CSI) increased by R28k due to increased sponsorship to a charity organization and due to repairs required to the entrance road leading to the property.
- **Electricity, water and refuse** – Electricity increased by 5% in line with increases in Eskom tariffs.
- **Repairs and maintenance** – Expenses decreased year-on-year by 4.7%. Buildings expenditure increased by R16k due to water leaks and general maintenance. Plumbing & heating increased by R66k due to septic tanks being cleared, water leaks repaired, the installation of a grey water tank and building of a shower drain tank. Vehicles increased in comparison to the prior year as a result of service costs on wear and tear items. Savings were recorded in air-conditioning, electrical and mechanical, room care, garden and grounds and swimming pool cleaning & repairs.
- **Corporate charges** decreased by 22% in comparison to the previous year due to the R52k decrease in municipal rates as a result of the change in the rating category.

## Statement of Financial Position

The statement of financial position on page 15 together with the related notes thereto, reflects the financial position of Pine Lake Share Block Limited as at 31st December 2017.

Cash and cash equivalents amounted to R9.266m (2016: R7.329m) with levies received in advance amounting to R3.680m (2016: R3.386m). The reserve for property, plant and equipment balance was R4.513m compared to R3.219m at 31 December 2016. 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 0.59% compared to 0.53% in 2016.

The Company incurred capital expenditure of R2,255,047 (2016: R2,424,901) in respect of the following major expenses:

• Mock-up chalets	R 790,118
• Roof extension	R 627,383
• Window frames	R 243,334
• Pool remarbellelite	R 144,343
• Fridges	R 76,579
• General building maintenance – painting, kitchen cupboards, ceiling beams	R 50,406
• Braai trays	R 34,727
• Electrical distribution box	R 33,933

## Levy 2018

As is the case each year, levies for the following year are approved at the August board meeting which is held after the Pine Lake Share Block's Annual General Meeting in July. The new levies are therefore not available at this time. The general levy increase for last year was 12% which brought us more into line with comparable resorts and assisted with avoiding a special levy for the refurbishment programme.

## Proposed Refurbishment Program

This project is underway and chalets 21 and 22 were completed as per the specifications summarised in last year's report. We have been "stress-testing" these chalets for some 6 months now and, thanks to constructive feedback from owners' experiences, several modifications have been made – which inevitably will affect roll-out timing and costs. At time of writing, we plan to budget capital expenditure for a further 8 chalets in 2018, then commit to a further phase in 2019, subject to financial constraints. As mentioned last year, we want to encourage as many owners as possible to experience the make-over which we are convinced will enhance your holiday experience.

## Vacation Ownership Association of Southern Africa (VOASA)

VOASA is a self-regulatory member-based trade association for the shared vacation ownership industry in South Africa. It exists to protect consumer rights and commit to ongoing growth in the timeshare industry, in a positive and organised manner.

Your Share Block remains a member of VOASA and both Adam Fuller and Anthony Rial represent the Share Block and industry in general, on the VOASA board. Mr Rial is Chairman of the VOASA board.

# Pine Lake Share Block Limited

Chairman's Annual Review for the Year Ended 31 December 2017

## Companies Act Requirements

A discrepancy between our statutory records and those held by the Companies and Intellectual Property Commission (CIPC) office, has resulted in the submission of the new Pine Lake Share Block Limited Memorandum of Incorporation (MOI) not yet being approved. This discrepancy and unfortunate delay in the approval process has resulted in the postponement of the past three Annual General Meetings (AGM). The new MOI would, amongst a few other minor changes, record and confirm a reduced quorum of all shareholder voting rights held personally present or by proxy, that are entitled to be exercised at the AGM, from 25% to 5%. The discrepancy pertains to the value of shares within the Company as CIPC states that they are unaware of particular shares being sold in 1994. While management has been working on rectifying this discrepancy and doing its utmost to produce the necessary documentation to CIPC, this resolution to approve the new MOI may not be approved prior to the AGM this year in July. The AGM will therefore continue to follow the Company's Articles of Association and should the AGM in July 2018 not hold an adequate quorum, the AGM will automatically be postponed to one week later, to the same place and time, when the postponed AGM will be held.

## Management Agreement

I am very pleased to announce that the management agreement with Southern Sun Resorts, a division of Tsogo Sun Group, has been renewed for 11 years. Following comprehensive and lengthy negotiations, the board is firmly of the belief that we have got a good deal on behalf of our shareholders. The Southern Sun Resorts team will continue the tradition of providing great service delivery. Your board maintains a great working relationship with the management team and I am confident that Mr Moroe and his team, as well as the support team from Southern Sun Resorts, will always endeavour to provide great attention and care for our "home away from home" and prized place of peace.

## General

Our social and ethics committee consists of Ms McMillan, Mr Moroe, Mr Ridl and myself. Mr Moroe is chairman of the committee. I welcome you to read the report of the social and ethics committee provided on page 10. The committee is excited to share with you feedback on projects completed and underway and will be presenting a comprehensive slideshow at the AGM.

I encourage every shareholder to either attend the AGM on 24 July 2018 or to kindly complete the proxy form enclosed in this Annual Report on page 7, should you find yourself unable to attend.

## Conclusion

In conclusion, I take this opportunity to thank my fellow directors for their support, commitment, reliability and dedication in serving the interests of all shareholders. I am privileged to have such a dependable and knowledgeable team at my side. I thank Southern Sun Resorts /Tsogo Sun for giving the service that they provide and for being available to assist at all times. Last but not least, I would like to thank our general manager, Mr Moroe for the successes achieved this past year and for great service that he and his fellow staff members provide, with a smile. We appreciate you.

I wish you all a safe and prosperous year ahead.

Thank you.



A handwritten signature in cursive script that reads "James Olive". The signature is written in dark ink and is positioned to the right of the portrait.

**JAMES OLIVE**  
CHAIRMAN

# Pine Lake Share Block Limited

## Explanatory Memorandum for Shareholders

The Company is required, in terms of the South African Companies Act 71, of 2008 (Companies Act), to replace its existing Memorandum and Articles of Association with a Memorandum of Incorporation (MOI). To comply with the Act, the Company had on 19 July 2016 combined a general meeting with its AGM of shareholders, to consider and approve the special and ordinary resolutions of the Company, as had been recommended by the Directors. The approved MOI and annexures were submitted on behalf of the shareholders to the Companies and Intellectual Property Commission (CIPC). The resolutions in respect of the MOI submission and the MOI were rejected by CIPC and not registered, due to a discrepancy found in the Company's authorised share capital, held in record by the Company and that held in record by CIPC.

This year, the Company will again combine a general meeting with its AGM of shareholders, to consider and if thought fit, to approve, with or without amendment, special and ordinary resolutions of the Company relating to the submission of a new MOI, as recommended by the Directors.

Further to the special and ordinary resolutions relating to the MOI submission, the Company is required by the Companies Act, Section 66 (8), (9) and (10), to obtain authorisation and adoption, from shareholders, on the basis of compensation for Directors of the Company.

The Notice of the AGM includes, amongst others, the motions to approve the special and ordinary resolutions required to adopt the proposed MOI as well as to adopt the basis of compensation for Directors of the Company. The proposed MOI is available online at [www.suntimeshare.co.za](http://www.suntimeshare.co.za) (under Annual Reports) or from the office of the Company Secretary.

Kindly read this document carefully, particularly the terms and effect of the special and ordinary resolutions.

### **SPECIAL RESOLUTION NUMBER: 1**

"By way of special resolution, that the Company be and is hereby converted from a public company to a private company."

Reason for and effect of Special Resolution Number 1:

The Company was previously required to be classified as a public company, because in terms of the Companies Act, 1973, if a company had more than 50 members, it was required to be classified as a public company. The Companies Act 71, of 2008 (as amended) (Companies Act) came into force during 2011 and no longer places a restriction on the number of members or shareholders of a private company. Instead, a private company is now required to prohibit the offering of any of its shares to the public and to include the restrictions on the transferability of its shares in its MOI. However, these restrictions do not find application to share block companies, as these limitations are excluded by the provisions of section 3(2) and section 11 of the Share Blocks Control Act, 1980 (Share Block Control Act).

In this regard, the Company proposes that it be converted from a public company to a private company. The conversion from a public company to a private company will not have prejudicial consequences for its members as the Company will continue to report comprehensively to its shareholders, as required by the International Financial Reporting Standard for Small and Medium Sized Entities.

### **SPECIAL RESOLUTION NUMBER: 2**

"By way of special resolution, subject to the approval of special resolution number 1, that the Company's name be and is hereby changed from "Pine Lake Share Block Limited" to "Pine Lake Share Block Proprietary Limited"."

Reason for and effect of Special Resolution Number 2:

The reason for the change of name, is to reflect that the company has been converted to a private company, and to comply with the provisions of the Companies Act that require a private company to include the word "Proprietary" in its name.

### **SPECIAL RESOLUTION NUMBER: 3**

"By way of special resolution, that the existing Memorandum of Incorporation (formerly the company's memorandum and articles of association) is abrogated in its entirety and replaced with a new Memorandum of Incorporation (MOI), a draft of which has been tabled at the Annual General Meeting and initialled by the Chair of the Annual General Meeting for purpose of identification, with effect from the date of the filing thereof at the Companies and Intellectual Property Commission."

Reason for and effect of Special Resolution Number 3:

The Companies Act came into force during 2011 and abolished the distinction between the memorandum of association and the articles of association. The Companies Act provides that there will only be one constitutional document for a company, namely the MOI. The Company proposes to adopt a new MOI, in substitution for its existing memorandum of association and the articles of association (which became its Memorandum of Incorporation upon the advent of the Companies Act) in order to ensure that the company's constitutional documents are in harmony with the Companies Act, read with the Share Block Control Act.

A full copy of the new MOI is available for inspection by any holder of an "A" ordinary share, online at [www.suntimeshare.co.za](http://www.suntimeshare.co.za) from the date of this notice until the date of the Company's 2018 Annual General Meeting. Alternatively, the shareholders of the Company can also request a copy of the MOI to be e-mailed to them by contacting the office of the company secretary on (031) 561 2204 or [resorts.companysecretarialservices@tsogosun.com](mailto:resorts.companysecretarialservices@tsogosun.com).

The effect of the special resolution is for the Company to adopt the new MOI by replacing the existing Memorandum and Articles of Association in its entirety, in order for the Company to comply with and ensure alignment with the provisions of the Companies Act and the Share Block Control Act. The new MOI, inter alia, furthermore reflects the correct authorised share capital of the Company.

# Pine Lake Share Block Limited

Explanatory Memorandum for Shareholders

## **SPECIAL RESOLUTION NUMBER: 4**

"By way of special resolution, that the Company's authorised share capital comprise only 162,146 "A" ordinary shares with a par value of R 0.04 each, having the rights and privileges contemplated in the new Memorandum of Incorporation (MOI) approved in terms of special resolution number 3.

To the extent that any redeemable preference shares with a par value of R0.04 each, which shares were created by way of a conversion of the "B" ordinary shares and "C" ordinary shares authorised share capital during 1994 and/or any other classes of shares other than the "A" ordinary shares, have not previously been cancelled by the Company, such authorised shares are hereby cancelled and shall cease to form part of the authorised and/or issued share capital of the Company."

Reason for and effect of Special Resolution Number 4:

The resolution is proposed for adoption to ensure that the records maintained by the Companies and Intellectual Property Commission (CIPC) pertaining to the Company's authorised share capital correspond with the authorised share capital reflected in the new MOI of the Company adopted in terms of special resolution number 3. To the extent that any class of shares, other than the "A" ordinary shares with a par value of R0.04 each, remain in the authorised share capital, this resolution shall have the effect of cancelling such shares. Without limiting the generality of the foregoing, to the extent that any redeemable preference shares created by way of the conversion of the "B" and "C" ordinary shares into redeemable preference shares during 1994 have not been cancelled, the effect of this special resolution would be to cancel such shares.

## **ORDINARY RESOLUTION NUMBER: 1**

"By way of special resolution, that any one Director and/or the company secretary be and is hereby authorised to complete, file and register any documentation in terms of special resolution 1, special resolution 2, special resolution 3 and special resolution 4."

Once the above special resolutions have been approved and passed by shareholders, an ordinary resolution is required to be approved authorising any one Director and/or the company Secretary to complete all and any documentation required for the filing and registration of the special and ordinary resolutions together with the Memorandum of Incorporation (MOI) and annexures thereto with the Companies and Intellectual Property Commission (CIPC).

## **SPECIAL RESOLUTION NUMBER: 5**

"By way of special resolution, that the Company is authorised to make payment of the following remuneration to the Directors in respect of the 2018 year.

R5,000 for attendance, per Board Meeting, per Audit Committee Meeting, per Social and Ethics Committee Meeting, or cluster of Meetings. The amount listed above is exclusive of VAT and will increase per annum, by no higher than CPI. The Company is authorised to pay any VAT payable, to the extent applicable."

Reason for and effect of Special Resolution Number 5:

In terms of section 66(8) of the Companies Act, the Company may pay remuneration to its directors for their service as Directors. Section 66(9) requires the remuneration to be paid in accordance with a special resolution approved by shareholders within the previous two years. Section 66(12) requires that any particular Director appointed to more than one committee of the Company, be calculated only once.

The effect of the adoption of this special resolution number 5 will be that the Directors will be entitled to be paid the fees above (which amounts are exclusive of VAT, if applicable) in respect of the period referred to above, such fees to be paid within a reasonable timeframe.

Shareholders unable to attend the Annual General Meeting are urged to complete and return the enclosed proxy form as soon as possible to the registered office of the Company, for the attention of the company secretary. The quorum required for the meeting to proceed is three (3) shareholders present holding personally or by proxy, at least twenty-five percent (25%) in aggregate of all the voting rights that are entitled to be exercised on matters to be considered at the meeting. For a special resolution to be approved, at least seventy-five percent (75%) of all voting rights present at the meeting must be in favour of such resolution. In respect of an ordinary resolution to be approved, more than fifty percent (50%) of the voting rights present at the meeting must be in favour of the resolution.

In the event of a quorum not being present, within one (1) hour of the appointed time for the meeting to begin, the meeting is automatically adjourned for one (1) week at the same time and place. At the adjourned meeting, shareholders there present in person or by proxy will be deemed to constitute a quorum. Any shareholder 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 be a shareholder 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, 19 July 2018.

## Notice of Meeting

Notice is hereby given that the Annual General Meeting of the Shareholders of the Company will be held at on **Tuesday, 24 July 2018 at 10h00 at Garden Court OR Tambo International Airport, 2 Hulley Road, Kempton Park, Johannesburg**, for the following purposes:

### Agenda

1. **Welcome, Notice of Meeting, Attendance, Apologies and Proxies**
2. **Establishment of Quorum**
3. **Approve the Previous Minutes**
  - 3.1 Approve the Minutes of the Annual General Meeting held on 25 July 2017
  - 3.2 Approve the Minutes of the Informal Meeting held on 25 July 2017
  - 3.3 Approve the Minutes of the Postponed Annual General Meeting held on 1 August 2017
4. **Matters Arising from the Minutes of the previous Annual General Meeting**
5. **Ordinary Resolution 1:** Receive, consider and adopt the report of the Directors, the report of the Audit Committee, the report of the Social and Ethics Committee and the Annual Financial Statements for the year ended 31 December 2017
6. **Ordinary Resolution 2:** Appoint Auditors to the Company
7. **Ordinary Resolution 3:** 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:
  - Louise McMillan
  - James Olive
  - Anthony Ridl

The Board is limited by the Articles of Association to seven (7) Directors in number. It would facilitate secretarial procedures if nominations for the appointment of those Directors representing the timesharers could be received by no later than 10h00 on Thursday, 19 July 2018 at the registered office of the Company or email address. Nominations must be in writing with the name of the proposer and seconder and be accompanied by the acceptance of such nomination by the nominee and their curriculum vitae.
8. **Ordinary Resolution 4:** To appoint three (3) Directors as members of the Audit Committee. The current members are Louise McMillan, James Olive and Anthony Ridl
9. **Ordinary Resolution 5:** To appoint three (3) members to the Social and Ethics Committee. The current members are Louise McMillan, James Olive and Anthony Ridl
10. **Special and Ordinary Resolutions for Consideration and if Deemed Fit, to Approve with or without Amendment, Each of the Following Resolutions:**
  - 10.1.1 **Special Resolution 1:** Convert the Company from a public Company to a private Company
  - 10.1.2 **Special Resolution 2:** Change the name of the Company to reflect the change of designation to a private Company
  - 10.1.3 **Special Resolution 3:** 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 71, of 2008 in this regard
  - 10.1.4 **Special Resolution 4:** Adopt the records maintained by the Companies and Intellectual Property Commission (CIPC) pertaining to the Company's authorised share capital and ensure that the authorised share capital corresponds with the new Memorandum of Incorporation (MOI)
  - 10.1.5 **Ordinary Resolution 6:** Authorise any one Director and/or Company Secretary to complete all and any documentation require for filing and registration of the special resolutions together with the Memorandum of Incorporation (MOI) and annexure hereto with the Companies and Intellectual Property Commission (CIPC)
  - 10.1.6 **Special Resolution 5:** Authorise Directors Emoluments
11. **To Table, for Discussion, the Insured Value of the Property**
12. **Report of the Social and Ethics Committee**
13. **General Managers Report**
14. **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 written to the Company Secretary at the Company's registered office or email address, by no later than 10h00 on Thursday 19 July 2018.

The quorum required for an Annual General Meeting to take place is at least three (3) shareholders present and 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 a resolution.

In the event of a quorum not being present within one (1) hour of the appointed time of the meeting, **the Annual General Meeting will be automatically postponed for one (1) week, to Tuesday, 31 July 2018 at 10h00 at the same venue.** The shareholders there present in person or by proxy at the postponed meeting, will be deemed to constitute the quorum.

The record date for determining shareholder's voting rights is 09 July 2018.

Any shareholder 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 be a shareholder 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, 19 July 2018.** A proxy form is enclosed for this purpose.

**By order of the Board**  
**Southern Sun Secretarial Services Proprietary Limited**  
**23 May 2018**



**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 Annual General Meeting of the Company to be held on **Tuesday 24 July 2018 at 10h00.**

**Form of Proxy**

I/We ....., being the shareholder/s of ..... ordinary

shares in the Company, with right of use of Chalet ....., week ....., hereby 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
<b>Ordinary Resolution 1:</b> Adopt Annual Financials			
<b>Ordinary Resolution 2:</b> Appoint Auditors			
<b>Ordinary Resolution 3:</b> Elect Directors			
• Louise McMillan			
• James Olive			
• Anthony Ridl			
<b>Ordinary Resolution 4:</b> Appoint Audit Committee			
• Louise McMillan			
• James Olive			
• Anthony Ridl			
<b>Ordinary Resolution 5:</b> Appoint Social & Ethics Committee			
• Louise McMillan			
• James Olive			
• Anthony Ridl			
<b>Special Resolution 1:</b> Convert to private Company			
<b>Special Resolution 2:</b> Change name of Company			
<b>Special Resolution 3:</b> Replace with new Memorandum of Incorporation			
<b>Special Resolution 4:</b> Adopt authorised share capital records at CIPC			
<b>Ordinary Resolution 6:</b> Authorise filing and registration			
<b>Special Resolution 5:</b> Authorise Directors Emoluments			

Signed at ..... this ..... day of ..... 2018.

Signature ..... assisted by ..... (where applicable)

Unless otherwise instructed, specifically as above, the proxy will vote, as the appointee deems fit.

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 an appointee/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 shareholder 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 be a shareholder 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, 19 July 2018.**

# Pine Lake Share Block Limited

Statement of Director's Responsibility for the Year Ended 31 December 2017

The Directors and Management are responsible for the preparation, integrity and fair presentation of the annual financial statements of Pine Lake Share Block Limited. The annual financial statements presented on pages 14 to 22 have been prepared in accordance with the International Financial Reporting Standard for Small and Medium Sized Entities and in the manner required by the South African Companies Act 71, of 2008.

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 maintained. 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 annual financial statements comply with the relevant legislation. The Directors are satisfied that the information contained in the annual 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 annual 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, Grant Thornton Durban, audited the annual financial statements and their report is presented on pages 12 and 13.

## Approval of Financial Statements

The annual financial statements set out on pages 14 to 22 were approved by the Board of Directors on 23 May 2018 and are signed by:



**JS Olive**  
Chairman



**AN Ridl**  
Director (Chairman - Audit Committee)

## 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 2017, the Company has filed all required returns and notices in terms of the Companies Act 71, of 2008 and that all such returns and notices are to the best of my knowledge and belief true, correct and up to date.



**GE Stevenson**  
For Southern Sun Secretarial Services Proprietary Limited

# Pine Lake Share Block Limited

Report of the Audit Committee for the Year Ended 31 December 2017

The audit committee has pleasure in submitting this report, as required by Section 94 of the Companies Act 71, of 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 annual financial statements, culminating in a recommendation to the board. In the course of its review the committee:
  - took appropriate steps to ensure that the annual financial statements are prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the South African Companies Act 71, of 2008 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; and
- 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 (3) independent non-executive directors being Anthony Ridl ( Chairman), James Olive and Louise McMillan.
- 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 Section 94(8) of the Companies Act 71, of 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 2018

# Pine Lake Share Block Limited

Report of the Social and Ethics Committee for the Year ended 31 December 2017

The Pine Lake Share Block's social and ethics committee (the committee) is a statutory committee which is governed by the Companies Act of South Africa, King IV and the responsibilities allocated to it by the board. The committee for Pine Lake Share Block assists the Board to closely monitor citizenship, sustainability and ethics.

I am pleased to present the report of the committee for the financial year ended 31 December 2017, the purpose of which is to inform our many shareholders on the discharge of its duties.

## ROLE OF THE COMMITTEE

The committee acts in terms of the delegate authority of the Board and assist the Directors in monitoring the resort's activities and disclosure in terms of legislation, regulation and code of best practices relating to:

- Social and economic development
- Good corporate citizenship
- The environment, health and public safety
- Consumer relationships
- Labour and employment

## RESPONSIBILITY OF THE COMMITTEE

The committee is required, among its other duties, to:

- Monitor the social, economic, employment, good corporate citizenship, health and public safety and environmental activities of the resort and report to the Board in terms of development and progress.
- Ensure appropriate short, medium and long-term targets are set.
- Monitor progress on strategic empowerment and performance against its target.
- Monitor changes in the application and interpretation of empowerment charters and codes.
- Monitor functions required in terms of the Companies Act and its regulations.

## COMPOSITION AND FUNCTIONING

The committee comprises of myself Thuso Moreo, as chairman and our three (3) Directors, Louise McMillan, James Olive and Anthony Ridl. Other members have been welcomed to participate in meetings and assist where necessary. The committee met twice during the 2017, which is an adequate frequency to discuss and execute the various matters. While the committee has met on two occasions, each quarterly board meeting (committee members in attendance) highlights the items covered by the committee and briefly provides an update.

The variety of experience and expertise on the committee allows for good debate on matters put forward to the committee and it is satisfied that initiatives undertaken are adequately challenged and agreed by the committee.

## ACTIVITIES OF THE COMMITTEE

Several matters dealt with by the committee during the period under review are highlighted as items of interest:

- Evaluate the resort's corporate social investment (CSI) programme, focusing primarily on:
  - i. Investment in the employee learning and development.
  - ii. Commitment to fund CSI activities. Funds derived solely from sundry income.
  - iii. Donate old linen and equipment to various non-profit organisations.
- Review the results of the employee satisfaction survey and consider plans to enhance employee engagement and retention of staff through the Living Tsogo value system as well as training and developing staff.
- Review compliance with regulatory frameworks applicable to the Resort and relevant to the committee's mandate.

## CONCLUSION

Pine Lake Resort continues to meet its environmental, social and governance responsibilities. The committee is confident that it will sustain its commitment to social and economic development, fair labour practices, environmental responsibility, responsible supply chains and good corporate citizenship. There has been no issue of non-compliance with legislation, regulations or codes of best practice within the committee's mandate during the year under review. As such, the committee is satisfied that the Company has operated as a socially responsible corporate citizen, demonstrating an ongoing commitment to sustainable development.



**Thuso Moreo**

Chairman of the social and ethic committee

23 May 2018

# Pine Lake Share Block Limited

Report of the Directors for the Year Ended 31 December 2017

The Directors present their annual report of the Company for the year ended 31 December 2017.

## 1 Business Activity

The Company owns the land and buildings known as Pine Lake Resort which are utilised by the shareholders on a timeshare basis with respective shareholders' 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 annual financial statements.

In accordance with the provisions of the Share Blocks Control Act, and in common with other timeshare operations in South Africa, the 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 R3,549,172 (2016: R3,049,792) was transferred to the reserve for property, plant and equipment.

No dividends have been declared during the year and none is recommended (2016: 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:

LE McMillan **		(Alternate WG Whiteboy)
JS Olive **	Chairman	(Alternate A Fuller)
AN Ridl **		

\* Audit Committee Members

^ Social & Ethics Committee Members

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

<b>Business:</b>	<b>Postal:</b>
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 Board has successfully negotiated an extension of the management contract with Southern Sun Hotel Interests Proprietary Limited for a period of 11 years effective from 1 January 2018.

The Directors are not aware of any other 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 significantly affect the financial position of the Company or the results of its operations.

# 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

#### Opinion

We have audited the financial statements of Pine Lake Share Block Limited set out on pages 14 to 22, which comprise the statement of financial position as at 31 December 2017, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Pine Lake Share Block Limited as at 31 December 2017, 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.

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

#### 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 supplementary information set out on pages 23 and 24. The 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 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 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 the 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.

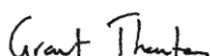
As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- 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.

## Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette 39475 dated 04 December 2015, we report that Grant Thornton Durban has been the auditor of Pine Lake Share Block Limited for 1 year.



### GRANT THORNTON

Registered Auditors

Practice number: 905690

per H D Paruk

Partner

Registered Auditor

Chartered Accountant (SA)

23 May 2018

2nd Floor

4 Pencarrow Crescent

Pencarrow Park

La Lucia Ridge Office Estate

4019

# Pine Lake Share Block Limited

Statement of Comprehensive Income for the Year Ended 31 December 2017

	Note	2017 R	2016 R
<b>Income</b>		<b>11 799 821</b>	11 210 752
Levy Income		<b>11 083 995</b>	10 465 059
Other Income		<b>715 826</b>	745 693
<b>Expenses</b>		<b>(8 676 990)</b>	(8 484 246)
Levy surplus before interest and taxation	3	<b>3 122 831</b>	2 726 506
Net finance income	4	<b>609 610</b>	478 662
Levy surplus before taxation		<b>3 732 441</b>	3 205 168
Income tax expense	5	<b>(183 269)</b>	(155 376)
<b>Levy surplus for the year</b>		<b>3 549 172</b>	3 049 792



# Pine Lake Share Block Limited

Statement of Financial Position as at 31 December 2017

	Note	2017 R	2016 R
<b>ASSETS</b>			
<b>Current assets</b>			
Inventories		9 168	-
Trade and other receivables	6	899 805	770 914
Levies receivable	7	185 879	143 034
Cash and cash equivalents		9 265 909	7 328 798
<b>Total current assets</b>		<b>10 360 761</b>	<b>8 242 746</b>
<b>Total assets</b>		<b>10 360 761</b>	<b>8 242 746</b>
<b>EQUITY</b>			
<b>Capital and reserves</b>			
Share capital	10	5 730	5 730
Reserve for property, plant and equipment	8	4 512 876	3 218 751
<b>Total equity</b>		<b>4 518 606</b>	<b>3 224 481</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Exchange fee rebate		6 065	78 849
<b>Total non-current liabilities</b>		<b>6 065</b>	<b>78 849</b>
<b>Current liabilities</b>			
Trade and other payables	9	1 972 718	1 398 258
Levies received in advance		3 680 103	3 385 783
Current tax liability		183 269	155 375
<b>Total current liabilities</b>		<b>5 836 090</b>	<b>4 939 416</b>
<b>Total liabilities</b>		<b>5 842 155</b>	<b>5 018 265</b>
<b>Total equity and liabilities</b>		<b>10 360 761</b>	<b>8 242 746</b>

## Statement of Changes in Equity for the Year Ended 31 December 2017

	Note	2017 R	2016 R
<b>Share Capital</b>			
Ordinary shares at the beginning and end of the year	10	5 730	5 730
<b>Reserve for property, plant and equipment</b>			
At beginning of year		3 218 751	2 593 860
Levy surplus for the year		3 549 172	3 049 792
Property, plant and equipment additions and replacements	8	(2 255 047)	(2 424 901)
At end of year		4 512 876	3 218 751

# Pine Lake Share Block Limited

Statement of Cash Flows for the Year Ended 31 December 2017

	2017 R	2016 R
<b>Cash flow from operating activities</b>		
Levy surplus before taxation	3 732 441	3 205 168
Adjustments for:		
Interest received	(610 086)	(493 170)
Interest paid	476	14 508
Non cash items		
- Movement in exchange fee rebate	(72 784)	(72 784)
Net surplus before working capital changes	3 050 047	2 653 722
Changes in working capital		
- Movement in inventories	(9 168)	-
- Movement in levies receivable	(42 845)	221 440
- Movement in trade and other receivables	(128 891)	(170 244)
- Movement in levies received in advance	294 320	149 982
- Movement in trade and other payables	574 460	22 336
Cash flows from operating activities	3 737 923	2 877 236
Interest received	610 086	493 170
Interest paid	(476)	(14 508)
Tax paid	(155 375)	(96 470)
Net cash inflow from operating activities	4 192 158	3 259 428
<b>Cash flow from investing activities</b>		
Property, plant and equipment additions and replacements	(2 255 047)	(2 424 901)
Net cash outflow from investing activities	(2 255 047)	(2 424 901)
<b>Net movement in cash and cash equivalents</b>	1 937 111	834 527
Cash and cash equivalents at beginning of year	7 328 798	6 494 271
<b>Cash and cash equivalents at end of year</b>	<b>9 265 909</b>	<b>7 328 798</b>

# Pine Lake Share Block Limited

Notes to the Annual Financial Statements for the Year Ended 31 December 2017

## 1 Accounting policies

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

### 1.1 Basis of preparation

The annual 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 South African Companies Act 71, of 2008. 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 annual 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 annual 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 Inventories

Inventories are stated at the lower of cost or net realisable value. Cost is determined by the first-in, first-out (FIFO) method. Net realisable value is the estimate of the selling price in the ordinary course of business.

### 1.4 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.

### 1.5 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 2017

## 1.6 Cash and cash equivalents

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

## 1.7 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.

## 1.8 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.

## 1.9 Equity

Ordinary shares are classified as equity.

## 1.10 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.

## 1.11 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 2017

## 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 2017

	2017 R	2016 R
<b>3 Levy surplus before interest and taxation</b>		
The levy surplus before interest and taxation is stated after taking into account the following:		
Employee costs		
- salaries, wages and other benefits	<b>2 104 824</b>	2 191 631
- contributions to retirement funds	<b>136 248</b>	212 876
Management fees	<b>771 290</b>	722 181
Audit fees	<b>49 711</b>	63 958
Professional and legal fees	<b>21 491</b>	16 744
Other operating expenses	<b>5 593 426</b>	5 276 856
	<b>8 676 990</b>	8 484 246
<b>4 Net finance income</b>		
Interest earned on fixed deposits, call deposits and current account	<b>610 086</b>	493 170
Interest paid	<b>(476)</b>	(14 508)
	<b>609 610</b>	478 662
<b>5 Income tax expense</b>		
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	<b>183 269</b>	155 376
	<b>183 269</b>	155 376
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.		
<b>6 Trade and other receivables</b>		
Trade receivables	<b>729</b>	7 874
Other receivables (Refer Note 12)	<b>154 970</b>	189 331
Receiver of Revenue - Vat	<b>90 834</b>	-
Interest receivable	<b>282 472</b>	244 632
Prepayments (Refer Note 12)	<b>370 800</b>	329 077
	<b>899 805</b>	770 914
<b>7 Levies receivable</b>		
Levy debtors	<b>74 591</b>	62 992
Repossessed debtors	<b>195 878</b>	101 855
Provision for repossessed debtors	<b>(84 590)</b>	(21 813)
- Opening balance	<b>(21 813)</b>	(135 749)
- Movement	<b>(62 777)</b>	113 936
	<b>185 879</b>	143 034

# Pine Lake Share Block Limited

Notes to the Annual Financial Statements for the Year Ended 31 December 2017

	2017 R	2016 R
<b>8 Reserve for property, plant and equipment</b>		
At beginning of year	3 218 751	2 593 860
Levy surplus for the year	3 549 172	3 049 792
	<b>6 767 923</b>	5 643 652
Property, plant and equipment additions and replacements during the year	<b>(2 255 047)</b>	(2 424 901)
At end of year	<b>4 512 876</b>	3 218 751
<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 2018 of R6,021,050 (2016: R2,390,038 for 2017) which it is anticipated will decrease the reserve fund by R1,884,181 (2016: increase the reserve fund by R365,092 in 2017). There were no capital commitments made at year end (2016: R nil).</p>		
<b>9 Trade and other payables</b>		
Trade payables (Refer Note 12)	806 344	179 859
Other payables		
Accruals (Refer Note 12)	756 798	554 830
Provision for auditor's remuneration	50 000	61 557
Receiver of Revenue - Vat	-	50 205
Sundry payables	286 792	479 023
Exchange fee rebate	72 784	72 784
	<b>1 972 718</b>	1 398 258
<b>10 Share capital</b>		
<b>Authorised</b>		
162,146 "A" class ordinary shares of 4 cents each		
<b>Issued</b>		
143,248 ordinary shares of 4 cents each		
	<b>5 730</b>	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 R27m 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 2017

	2017 R	2016 R
<b>12 Related party transactions</b>		
The operations of the Company are managed by Southern Sun Hotel Interests Proprietary Limited ("SSH"). The Company is charged the following fees in terms of the management agreement:		
Short term rental fee	74 357	105 996
Management fee	771 290	722 181
Levy administration and collection fee	465 150	435 534
During the financial year the Company paid membership fees to SunSwop (a division of SSH), which is affiliated to Interval International.		
SunSwop exchange services	300 098	268 189
During the financial year the Company paid the following SSH internal charges:		
- Information technology administration charge	18 099	12 327
- Training related charges	7 220	7 400
- Sunrands related charges	-	645
Certain costs are incurred by SSH 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 SSH and its subsidiaries:		
- included in payables (Refer Note 9)	(83 690)	(26 329)
- included in receivables (Refer Note 6)	-	41 390
	<b>(83 690)</b>	<b>15 061</b>

	Number of units	Levies paid R	Levies received in advance R
SSH own units in the Company as follows:			
SunSwop (a division of SSH) - 2017 shareholding	15	104 400	31 200
SunSwop (a division of SSH) - 2016 shareholding	15	96 450	34 800

The following entity, related through common directorship, own units in the Company as follows:

AN Ridl - Club Leisure Group - 2017 shareholding	223	1 576 110	641 160
AN Ridl - Club Leisure Group - 2016 shareholding	223	1 081 710	565 140

## 13 Directors emoluments

Directors have been remunerated for their services to the Company. In addition, Directors are reimbursed for costs incurred whilst performing 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 Fuller and Whiteboy are borne by Southern Sun.

	2017 R	2016 R
Agreed upon reimbursements paid for the year:		
LE McMillan	12 900	7 480
JS Olive	16 200	18 700
MJ Tuffrey Retired 26 July 2016	-	7 480
	<b>29 100</b>	<b>33 660</b>



# Pine Lake Share Block Limited

Unaudited Supplementary Schedules to the Financial Statements

Detailed Levy Fund Operating Statement for the Year Ended 31 December 2017

	2017 R	2016 R
<b>INCOME</b>		
Levies	<b>11 083 995</b>	10 465 059
Rental pool and short term rental	<b>412 869</b>	434 304
Net sundry income		
- unclaimed surpluses, electricity and penalties, etc.	<b>302 957</b>	311 389
	<b>11 799 821</b>	11 210 752
<b>EXPENDITURE</b>		
<b>Rooms Expenses</b>		
Cleaning supplies	<b>27 658</b>	18 303
Guest entertainment	<b>50 953</b>	70 250
Guest supplies	<b>128 469</b>	151 324
Laundry	<b>493 751</b>	457 800
M-Net	<b>122 173</b>	114 338
Personnel costs		
- outside services	<b>892 160</b>	775 007
Pest control	<b>9 242</b>	9 364
Plants and decorations	<b>9 734</b>	9 459
Printing and stationery, including reception	<b>97 514</b>	83 553
Replacement of cutlery, crockery, linen, towels, uniforms, etc	<b>129 076</b>	132 918
Security services	<b>296 761</b>	255 846
Shop costs	<b>15 432</b>	-
	<b>2 272 923</b>	2 078 162
<b>Administration and General</b>		
Audit fees		
- current year	<b>50 000</b>	61 268
- prior year (over)/under provision	<b>(289)</b>	2 690
Bank charges	<b>10 843</b>	9 151
Central accounting and levy collection fee	<b>465 150</b>	435 534
Corporate social initiatives	<b>72 795</b>	44 755
Credit card commission	<b>68 703</b>	67 538
Fax and house calls	<b>46 794</b>	72 389
Information technology costs	<b>299 029</b>	242 808
Insurance		
- premium	<b>61 301</b>	55 677
Legal fees	<b>6 121</b>	15 412
Licences and permits	<b>7 201</b>	7 904
Loss on repossessed debtors	<b>6 348</b>	91 408
Marketing	<b>6 610</b>	-
Penalty	<b>-</b>	15 460
Postage	<b>437</b>	28
Professional fees	<b>15 370</b>	1 332
Provision for repossessed debtors	<b>62 777</b>	(113 936)
Railage, cartage and hire transport	<b>1 952</b>	4 898
Security		
- banking services	<b>40 314</b>	65 383
<b>Balance carried forward</b>	<b>1 221 456</b>	1 079 699

# Pine Lake Share Block Limited

Unaudited Supplementary Schedules to the Financial Statements

Detailed Levy Fund Operating Statement for the Year Ended 31 December 2017

	2017 R	2016 R
<b>Balance brought forward</b>	<b>1 221 456</b>	1 079 699
Sunswop exchange service	<b>300 098</b>	268 189
Subscriptions	<b>15 872</b>	10 133
Travel		
- management and directors	<b>94 057</b>	78 568
Vehicles		
- fuel and oil	<b>947</b>	950
	<b>1 632 430</b>	1 437 539
<b>Electricity, Water and Refuse</b>		
Electric bulbs	<b>22 341</b>	21 633
Electricity	<b>344 703</b>	327 683
Refuse	<b>3 465</b>	-
Water	<b>12 342</b>	11 601
	<b>382 851</b>	360 917
<b>Repairs and Maintenance</b>		
Airconditioning	<b>6 188</b>	16 460
Buildings	<b>60 522</b>	44 490
Electrical and mechanical	<b>85 178</b>	95 766
Engineer's tools	<b>5 019</b>	13 947
Furniture and fixtures	<b>55 175</b>	53 665
Gardens and grounds	<b>766 256</b>	860 580
Office machines		
- maintenance contracts	<b>29 471</b>	27 841
Painting and redecorating	<b>25 298</b>	16 890
Plumbing and heating	<b>104 951</b>	39 310
Radio and TV	<b>14 183</b>	6 411
Generator	<b>14 279</b>	11 139
Room care	<b>20 289</b>	35 242
Swimming pool cleaning and repairs	<b>21 898</b>	55 611
Vehicles	<b>10 071</b>	1 185
	<b>1 218 778</b>	1 278 537
<b>Corporate Charges</b>		
Annual report and statutory costs	<b>40 804</b>	34 031
Municipal rates and taxes	<b>116 842</b>	168 372
	<b>157 646</b>	202 403
<b>Personnel Costs</b>		
Rooms	<b>847 625</b>	864 907
Administration and general	<b>719 611</b>	869 665
Repairs and maintenance	<b>673 836</b>	669 935
	<b>2 241 072</b>	2 404 507
<b>Management Fee</b>	<b>771 290</b>	722 181
<b>Total Expenditure</b>	<b>8 676 990</b>	8 484 246
Excess of income over expenditure before finance cost and taxation	<b>3 122 831</b>	2 726 506
<b>Net Finance Income</b>		
Net interest received	<b>609 610</b>	478 662
Excess of income over expenditure before taxation	<b>3 732 441</b>	3 205 168
<b>Taxation</b>	<b>183 269</b>	155 376
Excess of income over expenditure after taxation for the year transferred to reserve for property, plant and equipment	<b>3 549 172</b>	3 049 792

# Pine Lake Share Block Limited

**DRAFT Minutes of the 27th Annual General Meeting of Members of Pine Lake Share Block Limited for the Year Ended 31 December 2016 held on Tuesday, 25 July 2017 at 10h15 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 27th 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. Without the registration of the Memorandum of Incorporation (MOI) by the Companies and Intellectual Properties Commission (CIPC), Pine Lake Share Block Limited was subject to the provisions of the Companies Act. As a result, he was unable to declare the Meeting duly constituted. Sufficient Shareholders were present but not the minimum shareholding requirement, which was 25% of all voting rights entitled to be exercised at this Meeting. Consequently, the Meeting was automatically postponed in terms of the Companies Act for 1 week, to Tuesday 1 August 2017, at the same place and time. The Meeting would ordinarily be delayed for an hour post the appointed time however with not even half the required shareholding present, it was unlikely that quorum would be achieved by 11h00. The Shareholders attending the postponed Meeting the following week would be deemed to constitute the required quorum.

The Chairman noted that the postponed Minutes of the Annual General Meeting Meetings, held last year on 26 July 2016 had been omitted from the Annual Report for this year. This omission was rectified and a corrected Annual Report was emailed to Shareholders on 12 June 2017. A copy was available on the Suntimeshare website and a copy was made available at this Meeting.

In light of the fact that there was no quorum present at last year's Annual General Meeting, the informal Annual General Meeting Minutes would not be raised as an Agenda item at this Meeting and were merely for reference purposes. The Chairman proposed that the Meeting continue on an informal basis as per the Agenda on page 4 of the Annual Report. He 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. The Meeting agreed to the proposal.

## **2. CLOSURE**

The Chairman, at 10h18, declared the Meeting duly postponed for one week.

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

\_\_\_\_\_  
Chairman

# Pine Lake Share Block Limited

**DRAFT Minutes of an Informal Meeting of Shareholders held on Tuesday 25 July 2017 at 10h18, 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 2016**

## **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 (AGM) be followed. The Meeting agreed to the proposal. The Chairman thanked the Shareholders in attendance today noting that he felt honoured by their presence.

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

L Sulton	-	Secretary to Company Secretary
G Stevenson	-	Resorts Company Secretary
W Whiteboy	-	Financial Manager: Southern Sun Resorts
A Ridl	-	Director
L McMillan	-	Director
A Fuller	-	Operations Director: Southern Sun Resorts
T Moroe	-	Resorts General Manager

The Chairman welcomed Mr Fuller and Mr Moroe to their first Annual General Meeting for the Share Block. Mrs Harley extended a welcome to the gentlemen.

No apologies were recorded.

## **1. MINUTES OF PREVIOUS ANNUAL GENERAL MEETING**

As a quorum, according to the Companies Act, was not present at the 2015 Annual General Meeting, the Shareholders there present had agreed to continue the Meeting on an informal basis, to be followed by the postponed Annual General Meeting one week later. The postponed Meeting on 26 July 2016 took place and the Shareholders present at that Meeting, having constituted the required quorum, agreed and adopted matters raised at the informal Meeting of 19 July 2016. Subsequently, there were two sets of Minutes to adopt at this Meeting.

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 on 1 August 2017. 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 2016. The Chairman's Review fully covered the activities of the Company for 2016 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 2016, be recommended for approval and adoption at the postponed Annual General Meeting, to be held the following week.

## **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 the re-appointment of PWC 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, Ms McMillan and Mr Ridl retired at this Meeting and were available for re-election. No other nomination had been received and no nomination was raised from the floor. No objection was received for the re-election of Mr Olive, Ms McMillan and Mr Ridl. 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 3 members were required on the Audit Committee. The Chairman proposed that he himself, Ms McMillan and Mr Ridl 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. APPOINTMENT OF DIRECTORS AS MEMBERS OF THE SOCIAL AND ETHICS COMMITTEE

Following the release of the King IV publication, the Board had agreed to the recommendation that a separate Social and Ethics Committee be formed. The members of which did not all need to be a Director. The Chairman proposed that the Directors, at the next Board Meeting, elect 3 members of the Social and Ethics Committee from the willing Directors elected and the management team. The Meeting approved the proposal, for ratification at the postponed Annual General Meeting.

## 8. INSURED VALUE

The 2017 / 2018 valuation for the Pine Lake Share Block was R162,310,970. The replacement value of the buildings was R149,769,934 with the replacement value of furniture, fittings and equipment was R12,541,036. The Board had discussed prior to this Meeting whether the property was perhaps over insured. The property was physically assessed every 5 years with a desktop calculation of inflation in between the audits. Having said this, the previous year's premium was only R55k. The Board had agreed to investigate further. 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.

## 9. SOCIAL AND ETHICS COMMITTEE REPORT

Although the Chairman's Review formed part of the Report, the General Manager, Mr Moroe made a presentation of the activities of the Social and Ethics Committee over the past year, as well as the activities that had taken place on the property over the past year. Mr Moroe welcomed all Shareholders to the Annual General Meeting and advised that he had been with the Tsogo Sun Group for the past 10-years and had taken up the appointment at Pine Lake Resort from April 2017.

Mr Moroe reported that in 2016, the Resort had achieved a 91.5% eGuest satisfaction result and a 94.4% average from Tripadvisor, which were both improvements from the prior year. Both survey options reflected excellent results for the property. Tripadvisor had ranked Pine Lake Resort the second best property out of 19 properties in White River.

Mr Moroe mentioned that discussions were ongoing regarding the entrance road to the Resort with progress on building a new entrance wall and providing signage soon to be underway. All Chalets, offices, equipment, facilities and so on were electrically compliant with updated certificates of compliance in place. Smoke alarms had been installed to each kitchen and upper levels of the units. Microwaves and fridges were replaced and a safety door panel was installed to each fire place. A new wheelchair-friendly pathway was installed between the Chalets and the putt-putt facility. The road towards the Resort was re-tarred in 2016 which greatly assisted the staff and guests.

The focus for 2017 would continue regarding environmental awareness and conservation. Geyser blankets had been installed to cover each geyser and new housekeeping and landscaping service providers were employed to improve services. Staff would continue receiving focus to improve their skills and further develop them where possible, as well as be encouraged to take part in a staff wellness programme. The impact of happy staff would result in happy guests. The gardens were looking good and positive comments had been received on the cleaning service provided in each Chalet. Side lounge windows were being bricked up to better accommodate the lounge television. The swimming pool had been refurbished and looked fantastic.

Mr Moroe presented an artist's impression for the considered Chalet refurbishment project, which included an extended patio roof. Two mock-up Chalets would soon be completed. The graphics were well received by the Shareholders present. Timeshare owner Pierre Aurel applauded the consideration to extend the roof over the braai area. He mentioned that he had been requesting the possibility of a covering for years. Mr Moroe commented that while certain restaurants and fast food delivery options were communicated to guests, a selection of picnic baskets was now available on order. This was great for guests wishing to picnic on the grounds or venture out for the day. Staff at Pine Lake had visited the Zamukuhle Disabled Centre this year in celebration of Mandela Day. The staff had provided hot dogs and braai meals to the residents at the Centre. The Meeting congratulated Mr Moroe on his presentation.

Mr Aurel enquired about the timeline of the Chalet refurbishment programme. The Chairman replied that discussions and consideration for a refurbishment project had been ongoing for years. Timelines had been discussed, costs had been debated, the scope of works had been negotiated and the project greatly trimmed down. While the Share Block did not have the necessary funds available, a special levy option was avoided as much as possible. With or without a special levy, the proposed refurbishment programme would need to be spread over a few years. After much consideration, the Board had agreed that a special levy would not be imposed and that two mock-up Chalets would be completed during this financial year and monitored for a period of 12 months. If well received, the project would be rolled out on an affordability basis. Mr Ridl noted that where possible, owners would be given priority to stay in one of the mock-up Chalets to be the first to trial and benefit from the new units. Mr Aurel enquired about the possibility of obtaining loan funding. Mr Ridl replied that the Share Block was not legally permitted to raise debt for refurbishment work. The Board would take Mr Aurel's suggestion into consideration to start refurbishing the Chalets from the middle of the property and work outwards to the end of each row. Mr Aurel was glad to hear that a double levy would not be charged. Mr Whiteboy advised Mr Aurel that a levy or special levy may be paid in instalments provided the total amount was paid 90 days prior to occupation. Mr Ridl mentioned that affordability was very important to the Board and that decisions with levies were not taken lightly.

# Pine Lake Share Block Limited

Timeshare owner Mr Harley enquired about the investment value of a Chalet. Mr Ridl replied that re-sales had a market of cash purchasers which was much lower than the initial price from a developer, which was often paid over a term. The replacement value was far higher than the purchase price for a unit. Prices fluctuated due to time of year and demand for events during that time. Resorts located far away had increased travel costs for consideration when purchasing. The new millennial did not want to purchase a Week for the same time each year. They wanted more flexibility and often booked last minute rather than months or a year in advance. Peter Pienaar, the general manager of SunSwop, advised that Weeks in uMhlanga had been purchased for R400k during a peak period.

Management thanked Mr Aurel for his statement that a payment channel offered through the timeshare website the previous year, may not be secure and agreed to investigate the security of the link.

Mrs Harley mentioned that the housekeeping service during her last stay was not very good, which Mr Aurel affirmed was the same for his visit. Mrs McMillan replied that bad service and other issues had been picked up and addressed by the Board. A new service contract had subsequently been agreed to rectify the complaints. Mr Fuller stated that there was absolutely no excuse for such bad service. There was a very strict service level agreement in place to monitor and ensure good service. Mrs McMillan thanked the Shareholders for their input as it affirmed that the decision to change the service provider was the correct decision for all. Mrs Harley further mentioned that the bathroom tap mixer in her Chalet had been incorrectly installed with the hot water and cold water markers swapped around. She had also had an issue with the Chalet's safe not opening. Management thanked Mrs Harley for her comments and agreed to inspect the Chalet and address the issues raised today. Mr Fuller welcomed any guest feedback to be directed to Mr Moroe, as issues should be sorted out that same day. Mr Moroe added that his contact cell number was available in each Chalet next to the telephone. The Chairman mentioned that things did go wrong but it was the speed and way in which it was fixed which was important.

## GENERAL

### 10.1 Shareholders Correspondence

While Shareholder Dennis Gray was in favour of the social and ethics committee contribution, he was not in favour that surplus levies would be considered for the contribution. The Secretary stated that the contribution did not come from the levy fund. This contribution derived from sundry income and funds raised by staff during the year. Mr Gray had enquired whether a round-robin approval may be obtained to discuss financial matters or resolutions when an AGM was unable to reach a quorum. The Secretary advised that alternatives for proxy voting would be investigated to assist Shareholders who were not able to attend an Annual General Meeting. The Secretary mentioned that all correspondence was appreciated and welcome. A company secretarial email was printed on each Annual Report for an additional avenue of communication, which may then be forwarded to the correct department for the Shareholder. The Secretary stated that she had responded to Mr Gray and wished to record his apologies in not being able to attend the Annual General Meeting today.

## CLOSURE

The Chairman proposed that this Meeting, which was of an informal nature, strongly recommend to the attendees at the postponed Annual General Meeting, that they approve the recommendations made at this Meeting. The time was now past 11h00, which would have allowed late attendees to join the Meeting an hour post the appointed Meeting time. Quorum was still not achieved. There being no further business, the Chairman thanked all for their attendance and declared the Meeting closed at 11h13.

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

\_\_\_\_\_  
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 2016, held on Tuesday, 1 August 2017, at 10h07, at Garden Court OR Tambo International Airport, Kempton Park**

## **1 Constitution of the Meeting, Welcome and Apologies**

The Secretary confirmed the attendance of herself and the Chairman, James Olive. The Chairman welcomed the Secretary to this postponed Annual General Meeting.

## **2 Confirmation of Quorum for Passing Ordinary and Special Resolutions**

The Chairman recorded that he represented the Shareholders and with the proxies from the Annual General Meeting present and still valid, he was able to declare the Meeting duly constituted. This Meeting followed the Annual General Meeting and informal Annual General Meeting which was held on 25 July 2017. The Annual General Meeting had held an insufficient quorum and an informal Annual General Meeting was held with recommendations that the persons here today, approve and adopt the resolutions that had been put forward, as per the agenda. The informal Annual General Meeting Minutes, available today, were merely for reference.

The Chairman acknowledged apologies received from Directors Louise McMillan and Anthony Ridl and from the management team Adam Fuller, Warren Whiteboy and Thuso Moroe.

Due to an insufficient quorum recorded at last year's Annual General Meeting, the Shareholders there present had agreed to continue the Meeting on an informal basis. The postponed Annual General Meeting held on 26th July 2016 had raised the discussions held at the informal Annual General Meeting, which followed the Annual General Meeting, on the 19 July 2016.

The Meeting accordingly approved the following matters:

## **3 Previous Annual General Meeting Minutes**

The Minutes of the Annual General Meeting held on 19 July 2016 and the Minutes of the postponed Annual General Meeting held on 26 July 2016, read with the informal Annual General Meeting Minutes of 19 July 2016, 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 2016, including the Reports of the Directors and Auditors, was ratified and approved.

## **6 Resolution 2**

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

## **7 Resolution 3**

For purposes of this postponed Annual General Meeting, it was taken that the Directors had been individually proposed and elected. Accordingly, the election of James Olive, Louise McMillan and Anthony Ridl was ratified and adopted.

## **8 Resolution 4**

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

## **9 Resolution 5**

The recommendation for the Directors to appoint Members of the Social and Ethics Committee at the next Board Meeting, was ratified and adopted.

## **10 The Insured Value of the Property**

The recommendation to approve the valuation of the property, including plant and machinery of R149,769,934 and the contents of R12,541,036 at a total insured value of R162,310,970 for 2017/2018, was ratified and adopted.

## **11 Social and Ethics Committee Report**

The Secretary referred to the informal Annual General Meeting Minutes from 25 July 2017, noting that the summarised version of the presentation as presented by Mr Moroe, was included under item 9. It had been agreed by the Board of Directors prior to this Meeting, that the Minutes of the informal Annual General Meeting had correctly reflected the discussions made under this section.

# Pine Lake Share Block Limited

Further to the comment made by Shareholder Mr Aurel during the postponed Annual General Meeting, the Secretary advised that both the Merlin IT and Accounting system service provider and the website design team had assured management that the website link for payments was completely safe and secure. Management would confirm this to Mr Aurel as soon as possible. Further to the housekeeping issues raised, the Chairman noted that management had put corrective measures and further inspection measures in place. The Secretary added that a new service provider had been employed to improve services. The Chairman thanked Mr Moroe again for his Social and Ethics Committee Report and property update, as summarised in the Minutes.

## 12 General Matters

The correspondence received from Mr Gray, as mentioned during the informal Annual General Meeting, had been discussed. The Chairman noted that an easier voting and proxy process would become particularly pertinent in 2019, when a new management company would be appointed.

## Closure

As there was no further business, the Chairman declared this Meeting closed at 10h20.

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

\_\_\_\_\_  
Chairman