

# Sabie River Share Block Proprietary Limited

Registration No. 1963/003920/07



## Annual Report

for the year ended 31 December 2016

# Sabie River Share Block Proprietary Limited

## Annual Financial Statements

for the year ended 31 December 2016

### COMPANY INFORMATION

Registration number: 1963/003920/07  
Registered address: Palazzo Towers East  
Montecasino Boulevard  
Fourways  
2055  
Postal address: Private Bag X200  
Bryanston  
2021

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The following supplementary information does not form part of the annual financial statements and is unaudited:

- Detailed Levy Fund Operating Statement - "A" and "C" Class Shareholders 22 - 23

**Minutes of the Previous Annual General Meeting** 24 - 31

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 Sabie River Share Block Proprietary Limited, supervised the preparation of the annual financial statements.

# Sabie River Share Block Proprietary Limited

Chairman's Annual Review for the Year Ended 31 December 2016

Having taken over the reins of Chairmanship on this Board in September, I am pleased to be able to take this opportunity in reporting to you on the operation, developments and financial position of Sabie River Share Block for the year 2016. It is impressive what Wayne Wilson and his team have accomplished in entrenching the concept of their "special piece of heaven". On arrival, one is enveloped with a sense of peace and tranquility as well as the enticement to either conquer a good round of golf, observe the beauty of the natural surroundings on pleasing walks, or just relax on the patio with a good book. The uniqueness of this destination with all it has to offer is one of the reasons for its popularity and keeps owners and visitors coming back each year. As a Board we have strived to build a positive and healthy reserve fund in order to ensure your return visit offers new improvements to enhance your experience.

## Occupancy

The year to date occupancy increased year on year to 87.67% (84.97% 2015). Demand for accommodation at the end of February and with Easter falling in March, occupancy on the Hotel as well as the timeshare, was favourably impacted. Owner occupancy in the third quarter increased to 90.70%. Overall the trend saw an increase of private arrangements while Sunswop arrangements decreased.

## Financial Results for the Year Ended 31 December 2016

Shareholders are referred to the statement of comprehensive income set out on page 12 which reflects the income and expenditure of the Company in a summarised format. The traditional detailed levy fund operating statement is set out on pages 22 to 23 and is presented as supplementary information to Shareholders. I will refer to the detailed levy fund operating statement when commenting on the financial results for the year.

The statement of comprehensive income for the year ended 31 December 2016 as set out on page 12 in this Annual Report, reflects a surplus of R12,153m (2015: R12,204m) after taxation which was transferred to the reserve for property, plant and equipment.

## Income

Income increased compared to 2015, with net finance income significantly higher than the previous year due to the re-investments. Net finance income increased by 30.40% year-on-year. The increase in the recoupment on sale of fixed assets resulted from the trade-in on the maintenance vehicle that was replaced at the end of the year. Management continues to seek ways of increasing revenue particularly from short term rental pool.

## Expenditure

Total expenditure for the year was R25,058m (2015: R22,470m). This was an increase of 11.5%, which was slightly up on inflation. Major expense variances are as follows:

- **Rooms** – Rooms expenditure increased year-on-year by 10.8% with above inflationary increases in cleaning supplies, guest entertainment, personnel costs and security. The increase in

cleaning supplies followed the outsourcing of the washing of the chalet rugs. Personnel costs increased following the appointment of an executive housekeeper, previously only had an assistant, and two additional maintenance attendants. Security costs increased with the utilization of extra guards along the river frontage in front of chalet's 102 – 106.

- **Administration and General** – There was a marginal decrease in administration and general expenditure in comparison with 2015. Negative expenditure in both legal fees and penalties resulted from recoveries from repossession units and SARS penalties relating to 2015. Saving year on year were recorded in marketing, information technology costs and insurance excess. Insurance premiums increased following a correction to 2015's provision.
- **Electricity, Water and Refuse** – The increase in electricity, water and refuse at 30.2% was due to the tariff hikes imposed by Eskom as well as the inclusion of generator fuel. We are continuing with the changeover of all the electric bulbs to the energy saving LED's.
- **Repairs and Maintenance** – Repairs and maintenance expenditure was up on 2015 by 32.2%. Above inflationary increases were recorded in painting and decorating, engineer's tools, room care, radio and tv, swimming pools and plumbing and heating. The increase in room care resulted from carry-over maintenance weeks from last year that were completed this year. Plumbing and heating was up on last year due to the age of the current system with an increase in blocked and burst pipes. The current tool sets for the maintenance attendants were replenished resulting in the increase in engineer's tools.
- **Estate Maintenance** – Estate maintenance showed an increase of 6% in line with the budget increase for the outside garden and grounds contractor and golf subscriptions.
- **Corporate Charges** - Annual report costs charges were up on 2015 and F&E leases increased above inflation. Company costs were up on last year due to the inclusion of savings in 2014/2015 on the printing and postage of the annual financial statements. F&E leases increased on last year following upgraded hygiene equipment being installed.
- **Management Fee** – The management fee increased by 5.3% in terms of the Management Agreement.

## Statement of Financial Position

The statement of financial position (balance sheet) which is reflected on page 13, together with the related notes thereto represents the financial position of the Company as at 31 December 2016. The reserve for property, plant and equipment for the Timeshare Chalets has increased to R18,967m from R17,178m at December 2015. Total capital expenditure was R10,363,727 (2015: R10,822,976) while cash and cash equivalents amounted to R36,834m (2015: R29,190m).

# Sabie River Share Block Proprietary Limited

Chairman's Annual Review for the Year Ended 31 December 2016

The following major capital expenditure incurred during the year was:

	R
Gabion wall	2 793 224
Telephony	2 349 631
Golf course improvements	1 008 736
Refurbishment	671 976
Merlin	527 147
Braai pans and grills	446 888
Roller arm	390 440
Desilting dam	299 418
Laundry washers	275 968
Outbuildings	243 050
Toyota Hilux	235 602
Fencing upgrade	80 105
CCTV cameras/scanner	79 222
Patio roof	75 660
Reservoir rebuild	73 380
Refrigerators	63 150
Hippo dam	60 066
Cisterns	55 994
Airconditioners	55 993

## Refurbishment

We have had positive feedback as well as innovative suggestions from owners and guests alike when occupying or viewing the newly re-built chalets. The two chalets, 95 and 96, were re-constructed following the fire which destroyed the chalets from roof to wall height. Fortunately, no one was injured and with management's swift, efficient, well trained and prepared reaction, the fire was contained. The feedback from owners and guests will be useful when the Board plans the future refurbishment of the chalet interiors.

A further focus for the Board and budgeted for in the 10 year capex spend, has been to consider plans and new design improvements to the Golf club house and bar, the enlargement of the main hotel swimming pool, relocating the Golf Shop and rebuilding a new Main Road entrance and repairing the main and the walkway bridge - all planned for completion in 2017. With these improvements taking place in 2017, we will include a more detailed report in our next year's Annual Report. As I write this, however, I am happy to confirm that currently on the go at the Resort, is the construction of the new entrance from the main gate, the enlargement to the main swimming pool and demolition of the Golf Clubhouse. As with last year's hotel room refurbishment, Wayne and his team are very busy and are dedicated in managing all the different projects. With the successful refurbishment of the hotel units, Tsogo Sun is supportive of these improvements which will prove to be a great benefit and align the quality of the amenities to the Resort accommodation.

We would like to thank owners and our guests for their forbearance during the disruptions and trust like us all, are also looking forward to these updated and exciting innovations and improvements. Our golfing fraternity will be delighted with the better process and smarter planning when starting out and ending their game.

## Resort Facilities

With reduced rainfall recorded, the maintenance of the gardens, course and grounds has been no mean feat. Mark Pain of Pains Landscapes and his team have continued to focus on introducing water-wise flora to the grounds and utilising silt removed from the desilting of the dam, has created new garden beds. The succulent plants especially the cacti, attract the bird life to increase the species often viewed by bird enthusiasts at our Resort. Annual maintenance such as the winter and spring treatments including hollow tining and scarifying were completed. The course irrigation piping system is close to 30 years old and although Mark Pain and his team are adept in replacing the pipes, the Board will look at a possible new project to replace with a new irrigation system. Often it is the surrounding plant root system that damages the pipes or the age of the pipes which causes them to burst. This will be a high cost project so will need careful budgeting and informed planning in the coming years. The cementing of the golf cart pathways project continues with possible completion of the entire course in 2018.

It takes one heavy rainfall for the usefulness and success of the gabion wall and weir project to become apparent. Extra sand and debris washed down the Langspruit river from uphill and adjacent properties is deftly trapped. It is clear that the desilting of the river and dam is an ongoing process and once plans are approved by the relevant authorities, the second weir will be constructed. In the meantime, the excess silt when not used to create gardens in the grounds is levelled out in an area above and behind the hotel area which affords a new multi-purpose amenity for outdoor functions. The desilting of the Hippo dam progressed well with the resident hippos unperturbed by the activity.

During the year following the resignation of Dudley Neilson, Gavin Brough took over the management of the Golf Pro-Shop. With effective controls in place, new stock ordered and smart management of the golf carts, the Pro-Shop is increasing revenue and an increase in golf rounds has been recorded. The Pro-Shop will eventually move to its new location at the Golf Clubhouse once that is complete in 2017. The Golf Club Committee envisions holding a grand opening of the new facility in November 2017.

## SunSwop

In 2016, 1,452 Sabie River Sun owners deposited their weeks with SunSwop. This was slightly up 2015's number of 1,409 deposited weeks. This equates to 41% of owners choosing to deposit their weeks rather than to occupy the week that they own.

The exchange trends of SunSwop members remain similar to those of 2015, with 78.5% of exchanges being done into Southern Sun Resorts, 14.3% into external local resorts, and 7.2% into international resorts.

## VOASA

As stated in their new website, the Vacation Ownership Association of South Africa is now a self-regulatory Trade Association with the interest of consumer education as well as servicing the industry. Information regarding the different types of shared accommodation, the purchase and ownership aspects are all part of their service. A separate promotions company has been appointed to engage with the Media. Sabie River Share Block is a member of VOASA.



# Sabie River Share Block Proprietary Limited

Chairman's Annual Review for the Year Ended 31 December 2016

## Social and Ethics Committee Report

In line with the recommendations of the draft King IV report released in the latter half of last year, the status of the Social and Ethics Committee has been elevated to a full standing committee, with separate meetings and minutes. I am happy to confirm that much of the scope of the Social & Ethics Committee is already operational at the Resort and has been for many years where community projects have been earmarked by staff to make a visible and lasting difference to the community. A Charter for the Social and Ethics committee has been ratified laying the foundation for the scope and duties of the committee. Our Directors Ray Jeffray, Wayne Wilson and Lubabalo Tyali serve on the Social and Ethics Committee.

There has been no change to the BBBEE verification certificate by Empowerdex for Tsogo Sun Holdings Ltd. which remains as a Level Two Contributor. The combined EGuest satisfaction survey score reached 89%. Trip Advisor rated Sabie River Sun as first in the Mpumalanga area with a star rating of 4 out of 5.

The Organisational Resilience management system (ORMS) scored 96% against a target of 90%. Recycling achieved in 2016 was 42% of waste. The landscape audit reached the target of 91%. One of the focus points of the Social and Ethics committee was to estimate targets for all areas of consumption including energy, water, and gas in order to effectively plan for 2017 as well as to try and foresee and mitigate any risks or challenges in the coming years. This focus being central to the King IV report for the Social and Ethics Committees.

As with each year the Resort management celebrate and encourage participation and engagement by those at the Resort and 2016 was no different. Public celebrations such as Tekkie Tax day, Slipper Day, Earth hour, Cansa Shavathon, World Aids Day and Fun Runs have been well supported. Continued support has been given to the selected project, Sizabantwana providing books and blankets and including efforts to raise funds for a much needed after-school facility called "drop-in centres". This comprises a converted storage container where the learners are cared for and offered a meal.

Support for local business was to develop and grow local enterprise by employing their services as was done with Khayelitsha Cookies. The biscuits were used in hotel room drops. Support is also continued for the Save the Rhino Trust. For Arbour Day 20 fever trees were planted along the Sabie River. The property's environmental success was that over the past five years, 66% less waste had been sent to the landfill site; 90% of alien vegetation had been eradicated; 33% less energy consumed and 25% less water consumed.

A mentionable project was conducted by Cindy Thomas, our resident "pink" chef, who through the year engendered the participation of her kitchen chefs and staff in examining and encouraging the embrace of the Tsogo Sun ethics of Teamwork, Service, Opportunity, Growth and Ownership. This has gone a long way to energizing the team with a willingness to go the extra mile from which all owners and guests benefit.

All these CSI initiatives are successful mostly because it is a dedicated effort by the Resort team as a family who fully engage in the chosen projects and they are to all be commended for giving of their free time and resources, committing willing effort in enabling a shift for the better both of the situation and conditions of the surrounding community.

I wish on behalf of the Board to thank each and every staff member at Sabie River Resort for their commitment to creating an environment where the focus is on integrity and outstanding service. I also thank our fledgling Social and Ethics committee for their efforts in leading the way for a greater commitment and direction in this arena where those less fortunate are the focus.

## Companies Act Requirements

The new Sabie River Share Block Memorandum of Incorporation (MOI) was successfully approved by the Companies and Intellectual Properties Commission (CIPC) on 8th September 2016. The name changes to Sabie River Share Block Proprietary Limited to reflect the change from public to a private company. Replacing the Articles of Association, the MOI mostly reflects the Articles but with certain improvements to the functioning of the Company one being an attainable quorum of 5% of the shareholding present instead of 25%, thus eliminating the added burden of holding two AGM meetings. A copy is available on the Website: [www.suntimeshare.com](http://www.suntimeshare.com) - under the Resort specific tab.

## Conclusion

Finally, I wish to express my sincere appreciation to my fellow Directors for their invaluable input, focused participation, diligence and loyalty. Their attendance and dedication to their fiduciary duties is commendable and vital in maintaining the wonderfully high standard of our Resort. In August, our outgoing Chairman Deon Viljoen retired and I would like to record a genuine vote of thanks for his innovative planning, experience and dedication to our Resort. Under his chairmanship, the Resort has gone from strength to strength. We wish him and Megan a great future.

A big thank you to Wayne and his team who truly go beyond expectations in ensuring comfort and safety making each owner and guest feel welcomed. We wish him well for the upcoming developments for 2017 which will take careful and meticulous management. The course would never be as good as it is without Mark Pain and his team who not only maintain but with new garden beds creates new vistas to enhance the golfing experience. We are all excited about the new improvements to our Resort and envision a simply better looking "special piece of heaven".



*Adam*  
**Adam Fuller**  
Chairman

**Sabie River Share Block Proprietary Limited**  
Registration Number: 1963/003920/07  
("the Company")

Registered Office  
Palazzo Towers East  
Montecasino Boulevard  
Fourways, 2055

Private Bag X200, Bryanston, 2021  
Telephone (031) 561 2204  
Facsimile (031) 561 7334  
Email:  
Resorts.companysecretarialservices@tsogosun.com

## Notice of Meeting

Notice is hereby given that the 26th Annual General Meeting of the Shareholders of the Company will be held at on **Tuesday, 25 July 2017 at 13h00 at Garden Court OR Tambo International Airport, 2 Hulley Road, Kempton Park, Johannesburg**, for the following purposes:

## Agenda

1. Welcome, Notice of Meeting, Attendance, Proxies and Apologies
2. Establishment of a Quorum
3.
  - 3.1 To adopt the Minutes of the Annual General Meeting held on 19 July 2016
  - 3.2 To adopt the Minutes of the Informal 25th Annual General Meeting held on 19 July 2016
  - 3.3 To adopt the Minutes of the Postponed 25th Annual General Meeting held on 26 July 2016
4. Matters Arising from the Minutes of the previous Annual General Meeting
5. **Resolution 1:** To receive, consider and adopt the report of the Directors, the report of the Audit Committee and the Annual Financial Statements for the year ended 31 December 2016
6. **Resolution 2:** To re-appoint PricewaterhouseCoopers Inc. as the auditors to the Company.
7. **Resolution 3:** To elect Directors (representing the "A" and "C" class shareholders) to the Board for the ensuing year. The following Directors retire at the Annual General Meeting, but being eligible, are available for re-election.

• **Ian Cruickshank** • **Ray Jeffray** • **Ajith Ramsarup** • **Anthony Ridl**

The Board is limited by the Memorandum of Incorporation to thirteen in number, the "A" and "C" class shareholders together being entitled to appoint four Directors, the "D" class shareholders being entitled to appoint two Directors and the "B" class shareholders being entitled to appoint the remaining Directors. The "D" class shares have not been issued. The other Directors currently in office are Messrs Fuller, Viljoen (retired 31 August 2016), Boshoff, Tyali, Whiteboy, and Wilson, who are appointed by the "B" class shareholders. It would facilitate secretarial procedures if nominations for the appointment of those Directors representing "A" and "C" class shareholders could be received by no later than 13h00 on Thursday, 20 July 2017 at the registered office of the Company or email address. Nominations must be in writing with the name of the proposer and seconder, the acceptance of such nomination by the nominee, and should be accompanied by the curriculum vitae of such nominee.

8. **Resolution 4:** To appoint three Directors as members of the Audit Committee. The current members are Ian Cruickshank, Ajith Ramsarup and Anthony Ridl.
9. **Resolution 5:** To appoint 3 members to the Social and Ethics Committee.
10. **To table, for discussion, the insured value of the Property**
11. **Report of the Social and Ethics Committee**
12. **General Managers Report**
13. **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 advised to the Secretaries at the Company's registered office or email address, for the attention of the Company Secretary no later than 10h00 on Thursday 20 July 2017. Please note that such notification must be in writing.

Subject to the provisions of the Act, no business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business. The quorum at any general meeting shall be no less than four (4) members, comprising at least three (3) A, C and D members and one (1) B member, holding at least five (5) percent of the share capital, who are entitled to vote and who are present in person or by proxy at the commencement and throughout the meeting. Notwithstanding the foregoing, no quorum will be regarded as having been properly constituted at any general meeting of the Company, unless a B member is present throughout the meeting as Chairman.

If within half-an-hour after the time appointed for the meeting a quorum is not present at the meeting, the meeting shall stand adjourned for one (1) business day and if at such adjourned meeting a quorum is not present within half-an-hour after the time appointed for the meeting, the members present in person or by proxy shall be a quorum.

The record date for determining shareholder's rights is 11 July 2017.

Any member 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 also be a member of the Company. Proxy forms should be forwarded to reach the registered office of the Company by no later than 13h00 on Thursday, 20 July 2017. A proxy form is enclosed for this purpose.

**By order of the Board**  
**Southern Sun Secretarial Services Proprietary Limited**  
**19 June 2017**

**Sabie River Share Block Proprietary Limited**  
 Registration Number: 1963/003920/07  
 ("the Company")

Registered Office  
 Palazzo Towers East  
 Montecasino Boulevard  
 Fourways, 2055

Private Bag X200, Bryanston, 2021  
 Telephone (031) 561 2204  
 Facsimile (031) 561 7334  
 Email:  
 Resorts.companysecretarialservices@tsogosun.com

Form of Proxy for use by Shareholders at the Annual General Meeting of the Company to be held on **Tuesday 25 July 2017 at 13h00**.

**Form of Proxy**

I/We ....., being the holder/s of ..... ordinary shares in the Company, with right of use of Chalet ....., week ....., 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>Resolution 1:</b> Approve Annual Financials			
<b>Resolution 2:</b> Re-elect Auditors			
<b>Resolution 3:</b> Elect Directors			
• Ian Cruickshank			
• Ajith Ramsarup			
• Ray Jeffray			
• Anthony Ridl			
<b>Resolution 4:</b> Elect Audit committee			
• Ian Cruickshank			
• Ajith Ramsarup			
• Anthony Ridl			
<b>Resolution 5:</b> Appoint S&E Committee			

Signed at ..... this ..... day of ..... 2017.

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

Unless otherwise instructed, specifically as above, the proxy will vote, as he/she thinks fit on all matters.

- 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 a 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 member 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 also be a member 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 13h00 on Thursday, 20 July 2017.**

# Sabie River Share Block Proprietary Limited

Statement of Directors' Responsibility for the Year Ended 31 December 2016

The Directors and Management are responsible for the preparation, integrity and fair presentation of the financial statements of Sabie River Share Block Proprietary Limited. The financial statements presented on pages 12 to 21 have been prepared in accordance with the International Financial Reporting Standard for Small and Medium Sized Entities and in the manner required by the Companies Act of South Africa.

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 the responsibility for ensuring that accounting records are kept. 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 financial statements comply with the relevant legislation. The Directors are satisfied that the information contained in the 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 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, PricewaterhouseCoopers Inc, audited the financial statements and their report is presented on page 10 and 11.

## Approval of Financial Statements

The financial statements set out on pages 12 to 21 were approved by the Board of Directors on 23 May 2017 and are signed by:



**AH Fuller**  
Chairman



**IGS Cruickshank**  
Director (Chairman - Audit Committee)

## Declaration by the Company Secretary

I hereby confirm, in my capacity as Company Secretary of Sabie River Share Block Proprietary Limited that for the year ended 31 December 2016, the Company has filed all required returns and notices in terms of the Companies Act, 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



# Sabie River Share Block Proprietary Limited

Report of the Audit Committee for the Year Ended 31 December 2016

The audit committee has pleasure in submitting this report, as required by section 94 of the Companies Act, 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 financial statements, culminating in a recommendation to the board. In the course of its review the committee:
  - took appropriate steps to ensure that the financial statements are prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa, as suitably modified for South African share block companies;
  - considered and, when appropriate, made recommendations on internal financial controls;
  - deals 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;
- 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 independent non-executive directors being Ian Cruickshank (Chairman), Ajith Ramsarup and Anthony Ridl.
- 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 S94 (8) of the Companies Act, 2008. Requisite assurance was provided by the auditor that internal governance processes within the audit firm support and demonstrate its claim to independence.



**Ian Cruickshank**

Chairman

23 May 2017

# Sabie River Share Block Proprietary Limited

Report of the Directors for the Year Ended 31 December 2016

The Directors present their annual report of the Company for the year ended 31 December 2016.

## 1 Business Activity

The Company and its subsidiary owns the land and buildings known as Sabi River Sun Resort which comprises of a hotel and a chalet timesharing scheme. The chalets are utilised by the "A" and "C" members on a timeshare basis with respective members' 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.

The "B" class member has the right of use of the hotel property excluding the timesharing chalets.

The "D" class shares of the Company convey to the "D" class members the right to occupy continuous ownership chalets. No continuous ownership chalets were erected during the year and no "D" class shares have been issued.

## 2 Financial results

The financial results of the Company are set out in the attached financial statements.

In accordance with the provisions of the Share Blocks Control Act, and in common with other timeshare operations in South Africa, your 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 R12,152,732 (2015: R12,203,785) was transferred to the reserve for property, plant and equipment.

No dividends have been declared during the year and none is recommended (2015: R Nil).

## 3 Share capital

The authorised and issued share capital has remained unchanged.

## 4 Insurance

The chalet and hotel buildings and their contents, dam wall and bridges are insured at current replacement values under an All 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.

# Sabie River Share Block Proprietary Limited

Report of the Directors for the Year Ended 31 December 2016

## 5 Directors and Secretary

The Directors in office during the year under review and at the date of this report are:

Representing "A" and "C" class shareholders

IGS Cruickshank \*  
RDT Jeffray  
AB Ramsarup \*  
AN Ridl \*

Representing the "B" class shareholders

DP Viljoen	Resigned 31 August 2016
AH Fuller	Chairman - Appointed 1 September 2016
PJ Boshoff	
GE Stevenson	Resigned 30 September 2016
L Tyali	
WG Whiteboy	
W Wilson	

\* Audit Committee Members

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

Business:	Postal:
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, of which Mr PJ Boshoff is a Director.

## 7 Material events after year end

The Directors are not aware of any matter or circumstance arising since the end of the financial year, not otherwise dealt with in this report or in the financial statements, that would affect the financial position of the Company or the results of its operations significantly.

## 8 Holding Company

The holding Company is Southern Sun Hotel Interests Proprietary Limited, a Company registered in the Republic of South Africa. The ultimate holding Company is Tsogo Investment Holding Company Proprietary Limited, a Company registered in the Republic of South Africa.

## 9 Subsidiary

The following information relates to the Company's financial interest in its subsidiary, which did not change during the year. Sabie Golf Proprietary Limited is a property company which owns the land portions 27 and 31 of the farm "Perry's Farm" No 9, White River. Golf holes 7 - 12 are located on this land.

	No of Shares	Shares % holding	Shares at cost R
Sabie Golf Proprietary Limited	1	100%	1

The Directors are of the opinion that it would be of no real value to members to prepare group financial statements, as the only asset of the subsidiary is a property and the subsidiary does not trade.

# Sabie River Share Block Proprietary Limited

Report of the Independent Auditors

## To the Shareholders of Sabie River Share Block Proprietary Limited

### Report on the audit of the financial statements

#### Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Sabie River Share Block Proprietary Limited (the Company) as at 31 December 2016, 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.

#### What we have audited

Sabie River Share Block Proprietary Limited's financial statements set out on pages 12 to 21 comprise:

- the statement of financial position as at 31 December 2016;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

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

#### Independence

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).

#### 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 Audit Committee's Report and the Company Secretary's Certificate. 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 and will 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 identified above 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 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.

# Sabie River Share Block Proprietary 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.



PricewaterhouseCoopers Inc.

Director: Rodney D Klute

Registered Auditor

34 Richefond Circle,

Ridgeside Office Park,

Umhlanga Ridge,

4319

23 May 2017



# Sabie River Share Block Proprietary Limited

Statement of Comprehensive Income - "A" and "C" Class Shareholders for the Year Ended 31 December 2016

	Note	2016 R	2015 R
<b>Income</b>		<b>35 277 370</b>	33 239 893
Levy income		<b>34 610 121</b>	32 362 428
Other income		<b>667 249</b>	877 465
<b>Expenses</b>		<b>(25 057 817)</b>	(22 470 135)
Levy surplus before interest and taxation	3	<b>10 219 553</b>	10 769 758
Net finance income	4	<b>2 526 959</b>	1 937 781
Levy surplus before taxation		<b>12 746 512</b>	12 707 539
Income tax expense	5	<b>(593 780)</b>	(503 754)
<b>Levy surplus for the year</b>		<b>12 152 732</b>	12 203 785

Statement of Comprehensive Income - "B" Class Shareholders for the year ended 31 December 2016

	2016 R	2015 R
<b>Revenue</b>		
Levy income	<b>204 554</b>	192 061
	<b>204 554</b>	192 061
<b>Expenses</b>		
Audit fees	<b>(6 000)</b>	(6 000)
Rates	<b>(198 554)</b>	(186 061)
	<b>(204 554)</b>	(192 061)
<b>Levy surplus for the year</b>	<b>-</b>	-

# Sabie River Share Block Proprietary Limited

Statement of Financial Position as at 31 December 2016

	Notes	2016 R	2015 R
<b>ASSETS</b>			
<b>Current assets</b>			
Trade and other receivables	6	3 399 473	3 375 392
Levies receivable	7	511 145	512 883
Cash and cash equivalents		36 834 348	29 190 127
<b>Total current assets</b>		<b>40 744 966</b>	<b>33 078 402</b>
<b>Total assets</b>		<b>40 744 966</b>	<b>33 078 402</b>
<b>EQUITY</b>			
<b>Capital and reserves</b>			
Share capital	11	13 926	13 926
Reserve for property, plant and equipment - "A" and "C" class shareholders	8	18 966 855	17 177 850
<b>Total equity</b>		<b>18 980 781</b>	<b>17 191 776</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Exchange fee rebate		256 239	492 765
<b>Total non-current liabilities</b>		<b>256 239</b>	<b>492 765</b>
<b>Current liabilities</b>			
Trade and other payables	9	9 795 196	4 663 157
Levies received in advance		11 118 971	10 226 950
Current tax liabilities		593 780	503 754
<b>Total current liabilities</b>		<b>21 507 946</b>	<b>15 393 861</b>
<b>Total liabilities</b>		<b>21 764 185</b>	<b>15 886 626</b>
<b>Total equity and liabilities</b>		<b>40 744 966</b>	<b>33 078 402</b>

## Statement of Changes in Equity for the Year Ended 31 December 2016

	Notes	2016 R	2015 R
<b>Share capital</b>			
131,770 - "A" Class ordinary shares of 1 cent each		1 318	1 318
1,197,000 - "B" Class ordinary shares of 1 cent each		11 970	11 970
63,820 - "C" Class ordinary shares of 1 cent each		638	638
Ordinary shares at beginning and end of year	11	<b>13 926</b>	<b>13 926</b>
<b>Reserve for property, plant and equipment - "A" and "C" class shareholders</b>			
At beginning of year		17 177 850	15 797 041
Levy surplus for the year		12 152 732	12 203 785
Property, plant and equipment additions and replacements during the year	8	(10 363 727)	(10 822 976)
At end of year		<b>18 966 855</b>	<b>17 177 850</b>

# Sabie River Share Block Proprietary Limited

Statement of Cash Flows for the Year Ended 31 December 2016

	2016 R	2015 R
<b>Cash flow from operating activities</b>		
Levy surplus before taxation for the year transferred to the "A" and "C" class shareholders reserve for property, plant and equipment	12 746 512	12 707 539
Adjustments for:		
Net interest received	(2 526 959)	(1 937 781)
Non cash items		
- Movement in exchange fee rebate	(236 526)	(236 526)
Net surplus before working capital changes	9 983 027	10 533 232
Changes in working capital		
- Movement in levies receivable	1 738	31 595
- Movement in trade and other receivables	(24 081)	(936 264)
- Movement in levies received in advance	892 020	1 117 738
- Movement in trade and other payables	5 132 039	(1 432 584)
Cash flows from operating activities	15 984 743	9 313 717
Net interest received	2 526 959	1 937 781
Tax paid	(503 754)	(438 707)
Net cash inflow from operating activities	18 007 948	10 812 791
<b>Cash flow from investing activities</b>		
Property, plant and equipment additions and replacements	(10 363 727)	(10 822 976)
Net cash outflow from investing activities	(10 363 727)	(10 822 976)
<b>Net movement in cash and cash equivalents</b>	7 644 221	(10 185)
Cash and cash equivalents at beginning of year	29 190 127	29 200 312
<b>Cash and cash equivalents at end of year</b>	<b>36 834 348</b>	<b>29 190 127</b>

# Sabie River Share Block Proprietary Limited

Notes to the Annual Financial Statements for the Year Ended 31 December 2016

## 1 Accounting policies

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

### 1.1 Basis of preparation

The 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 Companies Act of South Africa. 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 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 assumptions and estimates were significant to the 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 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.

### 1.4 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.

# Sabie River Share Block Proprietary Limited

Notes to the Annual Financial Statements for the Year Ended 31 December 2016

## 1.5 Cash and cash equivalents

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

## 1.6 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.

## 1.7 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.

## 1.8 Equity

Ordinary shares are classified as equity.

## 1.9 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.

## 1.10 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.



# Sabie River Share Block Proprietary Limited

Notes to the Annual Financial Statements for the Year Ended 31 December 2016

## 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 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 in respect of levies due. There is no significant concentration of credit risk on amounts due by shareholders.

The Company invests its 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.

### 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.

# Sabie River Share Block Proprietary Limited

Notes to the Annual Financial Statements for the Year Ended 31 December 2016

	2016 R	2015 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 benefits	5 532 331	5 067 443
- contributions to retirement funds	358 645	301 573
Management fees	2 178 372	2 068 728
Audit fees	155 866	136 102
Professional fees	(2 650)	480
Other operating expenses	16 835 253	14 895 809
	<b>25 057 817</b>	<b>22 470 135</b>
<b>4 Net finance income</b>		
Interest earned on fixed deposits, call deposits and current account	2 526 959	1 939 947
Interest paid	-	(2 166)
	<b>2 526 959</b>	<b>1 937 781</b>
<b>5 Income tax expense</b>		
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 Sec 10(1)e of the Income Tax Act.		
Current	593 780	503 754
	<b>593 780</b>	<b>503 754</b>
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.		
The holder of the "B" class shares has, in terms of the Memorandum of Incorporation, indemnified the holders of the "A", "C" and "D" class shares against payment of taxation which may arise on income derived from the hotel property trading operations or on the distributable reserves of the Company. This indemnification does not apply to contributions made by the holders of the "A", "C" and "D" class shares to the levy fund or income from the investment of such contributions.		
<b>6 Trade and other receivables</b>		
Trade receivables	186 384	260 639
Other receivables	200 255	91 172
Receiver of Revenue - Vat	749 481	1 070 555
Prepayments (Refer Note 13)	1 057 922	1 107 300
Interest receivable	1 205 431	845 726
	<b>3 399 473</b>	<b>3 375 392</b>

# Sabie River Share Block Proprietary Limited

Notes to the Annual Financial Statements for the Year Ended 31 December 2016

	2016 R	2015 R
<b>7 Levies receivable</b>		
Levy debtors	176 241	287 388
Repossessed debtors	441 021	315 902
Provision for repossessed debtors	(106 117)	(90 407)
- Opening balance	(90 407)	(46 265)
- Movement	(15 710)	(44 142)
	<b>511 145</b>	<b>512 883</b>
<b>8 Reserve for property, plant and equipment - "A" and "C" class shareholders</b>		
At beginning of year	17 177 850	15 797 041
Levy surplus for the year	12 152 732	12 203 785
	<b>29 330 582</b>	<b>28 000 826</b>
Property, plant and equipment additions and replacements during the year	(10 363 727)	(10 822 976)
At end of year	<b>18 966 855</b>	<b>17 177 850</b>
<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 2017 of R13,858,412 (2015: approved R13,912,614 for 2016) which it is anticipated will decrease the reserve fund by R985,427 (2015: decrease by R1,768,622 in 2015). There were no capital commitments made at year end (2015: R725,539).</p>		
<b>9 Trade and other payables</b>		
Sundry payables (Refer Note 13)	2 115 004	897 419
Accruals (Refer Note 13)	853 444	995 950
Provision for audit fees	108 248	108 047
Southern Sun Hotel Interests Proprietary Limited (Refer Note 13)	6 475 774	2 419 015
Southern Sun Timesharing Resales Proprietary Limited (Refer Note 13)	6 200	6 200
Exchange fee rebate	236 526	236 526
	<b>9 795 196</b>	<b>4 663 157</b>

## 10 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 20 of "Perry's Farm" No 9, White River, with hotel buildings thereon.
- Portion 25 of "Perry's Farm" No 9, White River
- Portions 20 and 25 have been consolidated into Portion 26 of the farm "Perry's Farm"
- Subsidiary's land consisting of Portions 27 and 31 (a consolidation of Portion 28 and 29) of the farm "Perry's Farm" No 9, White River

Land and buildings were originally purchased for R19,661,853 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 R98,500,000 for rates purposes. There are no bonds on the property.

# Sabie River Share Block Proprietary Limited

Notes to the Annual Financial Statements for the Year Ended 31 December 2016

	2016 R	2015 R
<b>11 Share capital</b>		
<b>Authorised</b>		
Ordinary shares		
133,000 - "A" Class ordinary shares of 1 cent each	1 330	1 330
1,197,000 - "B" Class ordinary shares of 1 cent each	11 970	11 970
152,000 - "C" Class ordinary shares of 1 cent each	1 520	1 520
114,000 - "D" Class ordinary shares of 1 cent each	1 140	1 140
	<b>15 960</b>	<b>15 960</b>
<b>Issued</b>		
Ordinary shares		
131,770 - "A" Class ordinary shares of 1 cent each	1 318	1 318
1,197,000 - "B" Class ordinary shares of 1 cent each	11 970	11 970
63,820 - "C" Class ordinary shares of 1 cent each	638	638
	<b>13 926</b>	<b>13 926</b>

## Voting Rights

The "A", "B", "C" and "D" class shares have equal voting rights.

## Dividends

Only the "B" class shareholders have the right to dividends.

## Winding-up

In terms of the Memorandum of Incorporation, should the Company be wound up and have funds remaining for distribution to members, after paying all liabilities other than the loan obligation, the liquidator shall obtain a separate valuation for the land, hotel buildings and chalets.

An amount equal to the fair value of the land will be distributed to the holder of the "B" class shares. The balance available for distribution will be distributed to the holders of the "A", "B", "C" and "D" class shares in the proportion of the values of the chalets and the hotel buildings respectively. Such distribution will be deemed to firstly discharge the members loan and thereafter, a liquidation dividend.

## Unissued shares

In terms of an option, the unissued "A", "C" and "D" class shares may be subscribed for by Southern Sun Hotel Interests Proprietary Limited prior to the development of additional chalets on the Company's property.

## 12 Capital commitments

The Company is responsible for a portion of the annual subscriptions of the Sabi River Sun Golf Club and during the year contributed R1,846,656 (2015 : R1,738,279). This expense is reflected under Estate Maintenance in the "A" and "C" class shareholders' statement of comprehensive income.

## 13 Related party transactions

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:

Management fee	2 178 372	2 068 728
Levy administration and collection fee	193 694	184 570

# Sabie River Share Block Proprietary Limited

Notes to the Annual Financial Statements for the Year Ended 31 December 2016

	2016 R	2015 R
<b>13 Related party transactions (continued)</b>		
During the financial year the Company paid membership fees to Sunswop (a division of SSHI), which is affiliated to Interval International.		
Sunswop exchange services	<b>827 880</b>	682 200
During the financial year the Company paid the following SSHI internal charges:		
- Information technology administration charge	<b>257 767</b>	236 513
Most expenses of the Company are paid by Sabie River Sun Hotel, a division of SSHI, and reimbursed by the Company.		
In addition, certain costs are incurred by SSHI in terms of contracts negotiated on behalf of members of the Southern Sun group, including the Company. These costs, which include insurance and certain maintenance and operating lease contracts, are recovered from the Company via Sabie River Sun Hotel.		
Due (to)/by SSHI and its subsidiaries:		
- included in Payables (Refer Note 9)	<b>(7 505 398)</b>	(2 439 475)
- included in Receivables (Refer Note 6)	<b>75 678</b>	168 112
	<b>(7 429 720)</b>	(2 271 363)
In addition, Southern Sun Timesharing Resales Proprietary Limited ("SSTR"), on behalf of the Company, provides a rental service and recovers levies from the sale and rental of timeshare weeks.		
Balance owing to SSTR (Refer Note 9)	<b>(6 200)</b>	(6 200)

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

	Number of units	Levies paid R	Levies received in advance R
<b>2016 - shareholding</b>			
AB Ramsarup - The Leisure Holiday Club	91	630 175	278 980
AH Fuller - Sunswop (a division of SSHI) - Appointed 1 September 2016	9	62 325	15 080
AN Ridl - Club Leisure Group	164	1 197 850	541 260
<b>2015 - shareholding</b>			
AB Ramsarup - The Leisure Holiday Club	91	602 820	256 225
DP Viljoen - Sunswop (a division of SSHI) - Retired 31 August 2016	9	59 580	13 850
AN Ridl - Club Leisure Group	163	1 095 420	611 885

## 14 Directors emoluments

Directors have been remunerated for their services to the Company. In addition, Directors are reimbursed for costs incurred whilst on the Company's business. Further the Directors are insured for medical costs and personal accident. 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 the Directors representing the "B" class shareholders are borne by SSHI.

	2016 R	2015 R
Directors emoluments paid for the year:		
IGS Cruickshank	<b>14 000</b>	14 130
RDT Jeffray	<b>20 798</b>	13 800
DP Viljoen Retired 31 August 2016	<b>7 000</b>	-
	<b>41 798</b>	27 930



# Sabie River Share Block Proprietary Limited

Unaudited Supplementary Schedules to the Financial Statements

Detailed Levy Fund Operating Statement - "A" and "C" Class shareholders for the Year Ended 31 December 2016

	2016 R	2015 R
<b>INCOME</b>		
Levies	34 610 121	32 362 428
Sale of capital assets	52 632	34 152
Sundry income		
- telephone, rentals and penalties etc	614 617	843 313
	<b>35 277 370</b>	<b>33 239 893</b>
<b>EXPENDITURE</b>		
<b>Rooms Expenses</b>		
Cleaning supplies	42 204	11 522
Guest entertainment		
- videos, cocktails, games and prizes	127 313	98 572
- M-Net	301 997	277 696
Guest supplies	166 374	156 943
Laundry	584 914	654 842
Personnel costs		
- outside services	2 515 652	2 240 430
- salaries and wages	2 021 200	1 713 668
Pest control	56 263	95 862
Replacement of cutlery, crockery, linen, towels, uniforms etc	704 790	726 055
Security services	1 860 789	1 588 543
	<b>8 381 496</b>	<b>7 564 133</b>
<b>Administration and General</b>		
Auditors remuneration		
- current year	114 480	113 258
- prior year under provision	6 652	-
- expenses	34 734	22 844
Bank charges	25 864	26 962
Credit card commission	153 596	138 704
Information technology costs	575 866	675 539
Insurance		
- excess	10 000	38 899
- premiums	239 473	57 920
Internal audit fees	-	41 211
Professional fees	(2 650)	480
Levy collection fee	193 694	184 570
Licences and permits	40 346	42 366
Loss on repossessed debtors	2 221	36 202
Marketing	2 038	21 250
Penalties	(30 604)	30 594
Personnel costs		
- salaries and wages	2 414 249	2 470 911
Postage	(1 338)	(1 921)
<b>Balance carried forward</b>	<b>3 778 621</b>	<b>3 899 789</b>

# Sabie River Share Block Proprietary Limited

Unaudited Supplementary Schedules to the Financial Statements

Detailed Levy Fund Operating Statement - "A" and "C" Class shareholders for the Year Ended 31 December 2016

	2016 R	2015 R
<b>Balance brought forward</b>	<b>3 778 621</b>	3 899 789
Printing and stationery	116 264	100 691
Provision for repossessed debtors	15 710	44 142
Railage, cartage and hire transport	4 251	7 647
Subscriptions	44 441	59 868
Sunswoop exchange service	827 880	682 200
Telephone	96 556	95 971
Travel		
- management and directors	81 199	62 567
Vehicles		
- fuel and oil	119 915	151 738
	<b>5 084 837</b>	5 104 613
<b>Electricity, Water and Refuse</b>		
Electric bulbs	88 037	41 573
Electricity	1 717 118	1 416 381
Water	6 325	5 817
Generator fuel	94 539	-
	<b>1 906 019</b>	1 463 771
<b>Repairs and Maintenance</b>		
Airconditioning	16 941	85 821
Buildings	102 697	86 336
Electrical and mechanical	106 764	122 010
Engineers tools	56 019	13 027
Fire equipment	142 292	141 733
Furniture and fixtures	42 119	42 831
Painting and redecorating	43 587	8 101
Personnel costs		
- salaries and wages	1 455 527	1 184 437
Major repairs and maintenance	398 171	414 583
Plumbing and heating	90 762	68 563
Radio and TV	22 004	7 189
Room care	713 806	210 054
Swimming pool cleaning and repairs	38 143	27 427
Security Fence	38 736	55 623
Vehicles	14 520	14 096
	<b>3 282 088</b>	2 481 831
<b>Estate Maintenance</b>	<b>3 463 468</b>	3 268 801
<b>Corporate Charges</b>		
Annual report and statutory costs	141 241	41 470
Furniture and equipment leases	210 398	90 000
Municipal rates and taxes	409 898	386 788
	<b>761 537</b>	518 258
<b>Management Fee</b>	<b>2 178 372</b>	2 068 728
<b>Total Expenditure</b>	<b>25 057 817</b>	22 470 135
Excess of income over expenditure before finance income and taxation	<b>10 219 553</b>	10 769 758
<b>Net finance income</b>		
Net interest received	<b>2 526 959</b>	1 937 781
Excess of income over expenditure before taxation	<b>12 746 512</b>	12 707 539
<b>Taxation</b>	<b>593 780</b>	503 754
Excess of income over expenditure after taxation for the year transferred to the "A" and "C" class shareholders reserve for property, plant and equipment	<b>12 152 732</b>	12 203 785

# Sabie River Share Block Proprietary Limited

**DRAFT Minutes of the Annual General Meeting of Members for the year ended 31 December 2015 held on Tuesday, 19 July 2016 at 13h00, in the Imbizo 3 Room, Garden Court OR Tambo International Airport, Kempton Park**

## **1. CONSTITUTION OF THE MEETING, WELCOME AND APOLOGIES**

The Chairman, Deon Viljoen, was pleased to welcome so many Shareholders to the Annual General Meeting of the Company and thanked them for taking the time to attend. The Notice of Meeting had been properly given but the necessary quorum in terms of the Companies Act was not present and the Meeting could not be declared duly constituted. While there were sufficient Shareholders personally present, the Shareholders together with proxies, did not meet the minimum shareholding requirement of 25% of all voting rights entitled to be exercised at the Meeting. In these circumstances the Meeting was therefore automatically postponed by one week to Tuesday 26 July 2016, to the same place and time, when attendees at that Meeting would be deemed to constitute the required quorum.

In light of the fact that this Meeting was not duly constituted nor was there a quorum at last year's Annual General Meeting or at the informal Meeting, the Chairman wished to note that the informal Meeting Minutes from the previous year would not be raised as an Agenda item today. The Chairman proposed that this Meeting continue on an informal basis per the Agenda on page 6 of the Annual Report. The Chairman reminded attendees that no resolutions may be carried while proposals may be discussed and recommendations made to be proposed and adopted at the postponed Annual General Meeting, which would take place the following week. The Chairman advised that should the presented Memorandum of Incorporation (MOI) be approved by the Shareholders the following week, the quorum in future would only require that 5% of Shareholders be present to declare an Annual General Meeting duly constituted.

## **2. CLOSURE/ CONCLUSION**

The Chairman declared this Meeting duly postponed at 13h02, to Tuesday 26 July 2016.

Read and confirmed this \_\_\_\_\_ day of \_\_\_\_\_ 2017.

\_\_\_\_\_  
Chairman

# Sabie River Share Block Proprietary Limited

**DRAFT Minutes of the Informal Meeting of Shareholders held on Tuesday 19 July 2016 at 13h02, in the 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 2015**

## **CONSTITUTION OF THE MEETING, WELCOME AND APOLOGIES**

The Chairman thanked the Shareholders for attending the Annual General Meeting and following the notification of the postponement, proposed that the Meeting continue on an informal basis and that the Agenda for the Annual General Meeting be followed. No objections were recorded.

The Chairman introduced the following Directors, members of Management and invitees:

Wayne Wilson	-	General Manager of the Resort and Director representing the B class Shareholders
Ian Cruickshank	-	Shareholder and Director, representing the A and C Class Shareholders
Raymond Jeffray	-	Shareholder and Director, representing the A and C Class Shareholders
Lubabalo Tyali	-	Director representing the B Class Shareholder
Georgina Stevenson	-	Director representing the B Class Shareholder and the Secretaries, Southern Sun Secretarial Services (Proprietary) Limited
Warren Whiteboy	-	Director representing the B Class Shareholder and Resorts Financial Manager
Lisa Sutton	-	Secretary to the Company Secretary

Apologies had been received from fellow Directors, Jaco Boshoff, Ajith Ramsarup and Anthony Ridl who was currently travelling abroad. Mrs Brough, Financial Controller, was away on annual leave and unable to attend the Meeting today. The Chairman extended a special welcome to Adam Fuller of Tsogo Sun. Mr Fuller would be taking over from him as Director of Operations for Southern Sun Resorts when he retired at the end of August 2016. Mr Fuller would also become a Director on the Sabie River Share Block Board and as per the Use Agreement and Articles of Association, assume the position of Chairman for the Board of Directors. Mr Fuller had extensive experience in the industry and had many years ago, worked at uMhlanga Sands Resorts as General Manager. The Chairman wished Mr Fuller success in the position.

As at previous Annual General Meetings, the Chairman would chair the Meeting for the adoption of the previous year's Minutes and thereafter for the remainder of the Meeting, beginning with the election of the Directors. Mr Cruickshank would take over the chair for matters concerning the "A" and "C" Class Shareholders.

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

As the quorum, according to the Companies Act, was not present at the 2014 Annual General Meeting, the Shareholders present had agreed to continue the Meeting on an informal basis. The postponed Meeting on 30 July 2015 took place and the Shareholders present at that Meeting, having constituted the required quorum, agreed and adopted matters raised at the informal Meeting of 23 July 2015. Subsequently there were two sets of Minutes to adopt today.

The Minutes of the Annual General Meeting for the year ended 31 December 2014 held on 23 July 2015 as well as the Minutes of the postponed Annual General Meeting held on 30 July 2015, were recommended as a correct record of the proceedings for approval and adoption at the postponed Annual General Meeting, to be held the following week.

## **2. MATTERS ARISING FROM PREVIOUS ANNUAL GENERAL MEETING**

No matters were raised by the Meeting.

## **3. ANNUAL FINANCIAL STATEMENTS**

Item 5 on the Agenda was Resolution 1, to receive and adopt the Annual Financial Statements for the year ended 31 December 2015 and for this Resolution, the Chairman, in terms of Good Corporate Governance, handed the Chair over to Mr Ian Cruickshank.

Mr Cruickshank took the Chair to discuss these matters as the financial statements were the concern of the "A" and "C" Class Shareholders.

Mr Cruickshank stated that the Annual Financial Statements for the financial year ended 31 December 2015, read with the Chairman's Review, fully covered the activities of the Company for the period under review. Mr Cruickshank referred to page 12 of the Annual Report and reported that the independent Auditors had provided confirmation that they were satisfied with the audit process and audit of the financial statements of the Share Block. Page 13 reported that the levy surplus for the year had amounted to R12,203,785. Much of that reserve would be spent during the 10-year capital expenditure plan for the property. The annual levy increment would be debated at the following Board Meeting to take place in August 2016 and would be circulated to each Shareholder thereafter. The Company was in a very sound financial position with total current assets recorded at R33m. Money was spent by the Board in a very conservative manner and very well done. There were plans for consideration in place to upgrade various structures on the property and would be explained to Shareholders in due course.

# Sabie River Share Block Proprietary Limited

Shareholder Mr Dymond enquired about the change in capital charges due to the assessment of the property. Mr Cruickshank replied that the reduction had been as a result of the property being rezoned and correctly rated according to the business, residential and commercial zone rate allocations. The total municipal rate charged had reduced considerably. Mr Viljoen noted that this process had taken 2 years to complete and had cost the Share Block while the rates and taxes were more in line and charged correctly. The Meeting thanked the Board for the initiative and reduction in costs.

Mr Cruickshank had nothing further to add. The motion to recommend the adoption the Annual Financial Statements for the year ended 31 December 2015 at the postponed Annual General Meeting to be held the following week, was agreed.

## 4. RE-APPOINTMENT OF AUDITORS

As Chairman of the Audit Committee, Mr Cruickshank recommended the next item on the Agenda, being to re-appoint PricewaterhouseCoopers Incorporated as Auditors of the Company. One objection was recorded. The Meeting approved the majority recommendation that the proposal to re-appoint PricewaterhouseCoopers Incorporated be carried to the postponed Annual General Meeting, to be held the following week. When Mr Viljoen enquired about the objection recorded, the Shareholder apologised for his misunderstanding and retracted his objection. Mr Cruickshank handed back the Chair to the Chairman for the remainder of the Meeting.

## 5. RETIREMENT AND RE-ELECTION OF DIRECTORS

Item 7 on the Agenda was Resolution 3, to elect Directors (representing the Timesharers) to the Board for the ensuing year. Mr Cruickshank, Mr Jeffray, Mr Ramsarup and Mr Ridl automatically retired at this Annual General Meeting but were eligible and available for re-election. No nominations for Directorship were recorded. Mr Viljoen recorded that the Tsogo Sun employed Directors, Mr Wilson, Mr Tyali, Mr Boshoff, Ms Stevenson and himself, were automatically appointed by Tsogo Sun. In terms of the Companies Act, the appointment of each Director must be voted individually. One Shareholder objected to the appointment of Mr Cruickshank, Mr Jeffray and Mr Ramsarup. Majority vote recorded that Messrs Cruickshank, Jeffray, Ramsarup and Ridl were recommended for appointment as Directors of the Company, on an individual basis, at the postponed Annual General Meeting, to be held the following week.

## 6. APPOINTMENT OF DIRECTORS AS MEMBERS OF THE AUDIT COMMITTEE

Item 8 on the Agenda was to appoint Directors as members of the Audit Committee. The Companies Act required public Companies to have 3 Directors appointed as members of the Audit Committee. The Chairman proposed and the Meeting approved the recommendation that Messrs Cruickshank, Jeffray and Ridl be appointed as Members of the Audit Committee at the postponed Annual General Meeting, to be held the following week.

## 7. DIRECTORS REPORT

The Chairman referred to page 4 and 5 of the Annual Report which explained the reason for and process of the Memorandum of Incorporation (MOI) and required approval at this Annual General Meeting. The Secretary advised that a Share Block Company, acting under the current Companies Act, had very onerous duties and each Share Block had felt it beneficial to convert from a public Company to a private Company. The MOI had been prepared and once adopted by Shareholders, would assist and dictate how the Company should be operated. The Memorandum and Articles of Association of the Company would then become redundant. The MOI was not very different to current practice however one major change would be that the quorum required to constitute an Annual General Meeting, would be reduced from 25% to 5%. This was more achievable and meant there would no longer be a need to hold the postponed Annual General Meetings a week later. The MOI compilation and process had taken 3 years to complete however while it had taken some time, the benefit had been learning from other external Resort Share Blocks rejections and acceptance by the Companies and Intellectual Property Commission (CIPC). The MOI had been compiled by James (Jimmy) Diamond, the previous Company Secretary for Southern Sun Resorts, and had received much legal input from various other channels.

## 8. SPECIAL AND ORDINARY RESOLUTIONS

Item 10 on the Agenda was to present and approve Special and Ordinary Resolutions as listed:

- 8.1 Special Resolution 1: To convert the Company from a public Company to a private Company. The recommendation would be put to the Shareholders present at the postponed Annual General Meeting the following week.
- 8.2 Special Resolution 2: To change the name of the Company to reflect the change of designation to a private Company. The recommendation would be put to the Shareholders present at the postponed Annual General Meeting, the following week.
- 8.3 Special Resolution 3: To 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 Act, in this regard. The recommendation would be put to the Shareholders present at the postponed Annual General Meeting, the following week.

# Sabie River Share Block Proprietary Limited

8.4 Ordinary Resolution: To authorise the Directors and Company Secretary to complete all and any documentation required for the filing and registration of the Special and Ordinary Resolutions, listed here today, together with the Memorandum of Incorporation (MOI) and annexure thereto with the Companies and Intellectual Property Commission (CIPC). The recommendation would be put to the Shareholders present at the postponed Annual General Meeting, the following week. The Chairman thanked all parties involved in the compilation of the MOI. No queries or objections were raised and the Meeting recommended that the Special and Ordinary Resolutions be recommended for adoption at the postponed Annual General Meeting.

## 9. INSURED VALUE OF THE PROPERTY

Item 11 on the Agenda was to table for discussion, the insured value of the property, as approved by the Directors in terms of the Use Agreement. The insured value of the property, as approved by Quantity Surveyors, Brian Heineberg and Associates, was R279,543,230. The Directors were confident that the necessary processes had been followed and due diligence conducted. The Chairman stated that Sabi River Sun Resort formed part of the Tsogo Sun Group bulk purchase insurance package, negotiated through the purchasing power of the Tsogo Sun Group, with independent evaluators making professional recommendations. The premium was very competitive. The recommendation was made to the Board of Directors and once confirmed by the Board, Shareholders were required to approve the insurance cover. Insurance at Sabi River Sun was very good with claims always being paid by the insurers. The process had once again been put to the test in 2016 with the fire and burning down of 2 Chalets. Adequate cover afforded the Share Block the necessary funds to replace the 2 Chalets. The insurance cover was received through negotiations with a whole host of reinsurance companies, managed to a large extent, by Glenrand MIB. Public liability insurance was through Lloyds of London while buildings and contents was through Zurich Insurance. While the insurance premium was low, the excess amount for each claim was high at R30k per claim.

The Chairman recommended that this insured valuation of R279,543,230 required for insurance purposes be carried for recommendation at the postponed Annual General Meeting to be held the following week, which the Meeting approved.

Mr Cruickshank welcomed all Shareholders to inspect the 2 newly completed Chalets, 95 and 96, as they were being built with various considerations to be included in the next major Chalet refurbishment process. The Chairman complimented Mr Wilson and his team for their very quick and successful reaction to the fire outbreak in those 2 units. The fire spread had been extinguished and the spread had been limited before the fire brigade had reached the property. The risk factors involved in the fire had been mitigated in all other Chalets and initiatives implemented. No injuries were recorded.

## 10. REPORT OF GENERAL MANAGER (INCLUDING SOCIAL AND ETHICS COMMITTEEN FEEDBACK)

Mr Wilson mentioned how wonderful it was to see the Shareholders again and that he looked forward to seeing them again on the property. 2015 had been a very busy but fantastic year with much development taking place. The overall 2015 eGuest satisfaction survey result was 89%, which was just below the 90% target. The Resort had scored 4.56 out of 5 through RCI, which was well above Gold Crown requirements and results achieved by the region. QPro food, safety and hygiene audits were conducted and an overall 90% was achieved, against the 75% target. The internal KPMG audit achieved an overall 89% which was slightly below the target of 90% however still a good score. Mr Wilson was very pleased with Tripadvisor ranking Sabi River Sun first in the top 10 Hazyview Hotels. The Resort had also won the 2015 Tripadvisor Travellers Choice Award and the Tripadvisor Certificate of Excellence.

The Resort continued to support the very successful annual Cansa Shavathon and had raised R21k in 2015. The Choc House Tekkie Tax fundraiser was again supported and for Mandela Day, celebrated on 18 July 2016, the Resort had donated 4 bakkie loads of food parcels for the Sizabantwana drop-in centres. These drop-in centres were places of safety for the children after school where they were assisted with homework and given a meal before going home. Sabi River Sun would continue with and help grow this very successful initiative. Mr Wilson would soon circulate a Resort newsletter to all Shareholders including photographs of the community support initiatives. Save the Rhino Trust support continued as it was a very important cause.

The Resort always tried to improve environmental best practice and each time something was replaced or refurbished, the team considered more and new initiatives. As a result, success can be recorded in having reduced landfill waste over the past 5 years, by 66%; 90% of alien vegetation eradicated; energy consumption being reduced by 33%; and water consumption for irrigation being reduced by 25%. Mr Wilson was very pleased to report that the Resort had entered and won the Kruger Lowveld Chamber Business and Tourism Environmental Award for 2015, which meant that the Resort was the "greenest" Resort in the Lowveld. The Meeting applauded the achievement. Great focus was being placed on citizenship and empowerment processes which continued efforts to employ according to Tsogo Sun's empowerment commitments, seek employment opportunities for disabled persons at the Resort, assist potential entrepreneurs from local disadvantaged communities and continue to have a more humane approach to the community and environment. The B-BBEE Empowerdex certification had recorded the Resort as a Level 2 Contributor.

Mr Wilson presented "before and after" slides of the Hotel refurbishment project. Fibre optic cables had been installed to each Chalet for better WiFi connectivity and access through the telephone system. WiFi was working very well and Sabi River Sun had now become the only Resort in South Africa with the much faster and better quality fibre optic connectivity. The 4 generators installed on the property were running very well.

# Sabie River Share Block Proprietary Limited

The 1st phase of the desilting project had been completed 8-9 months ago. The silt trap was working extremely well and the first controlled drainage process would be done within the next few weeks. Mr Wilson presented various photographs of the desilting project and success to date. The difference was amazing with much of the dam now full with water and hippos having returned to the property. The hippo population had increased to 30 hippos and a handful of baby hippos. A few small islands were left when desilting the dams for birdlife and the build of a walkway and deck to watch hippos. A fence would this week be erected around the hippo pool to safeguard guests. The property was looking very good.

The Golf cart pathway project continued and by the end of 2018, a total of 3.6km of pathways would have been constructed. Indigenous gardens were being planted along the pathways to beautify the property. The 2 rebuilt Chalets, used as mock up Chalets, were due to be completed by the end of July/ mid August 2016. The mock up had taken into consideration various comments and requests made by Shareholders over the years. The main bathroom included both a separate shower and bath while the second bathroom incorporated a walk-in shower only. Tiling was lighter and more contemporary. All other bathrooms would later mirror the approved bathroom mock up as best as possible to accommodate the different size units. The loft areas had been closed in with a window and air-conditioning unit to add a third bedroom to the Chalet. This would improve the value and exchange points of each Chalet.

Mark Pain had constructed a nursery by harvesting plants from the property. Guests would soon be encouraged to purchase from the nursery. Keith Howie was once again offering bird walks on Mondays at 7am. He had a fountain of birdlife, tree and plant knowledge.

Gavin Brough had returned to the Resort and replaced Dudley Neilson as Golf Club Manager. Hlengiwe Mkhize had joined the front office team, bringing both 5 star and international experience. Hannes van Raaij, the new maintenance manager from Drakensberg Sun Resort, also offered a wealth of knowledge with very good Resort and offshore experience. Training and development of staff was ongoing.

Journalists had been invited to spend time at the property with their families, in celebration of the Hotel refurbishment project and the re-launch of the Hotel. Their experiences had proven most favourable with many great articles being published about the property. Articles were still being published. The Resort had been favourably mentioned in various magazines and newspapers such as Golf Digest, Signature Golf, The Sunday Tribune, Lowveld Living, Saturday Citizen, Longevity Magazine, Saturday Star, Hello JHB, Skyway Magazine and Saturday Independent Traveller (Pretoria News). The Chairman thanked Mr Wilson for his excellent presentation.

## GENERAL

### 11.1 Shareholder Comments/ Feedback

Mr Healey mentioned that Mr Wilson and his team had treated both himself and his wife like royalty when they celebrated their 50th wedding anniversary at the Resort. It had been their best experience and they were once again satisfied when they returned this year in May 2016 for another holiday. He mentioned that the property looked brilliant even with the lack of rainfall and he stated that the Resort felt like a family once again. Mr Healey enquired whether pensioners could benefit from a discounted annual levy, if the amount was paid earlier, or be afforded an option to pay the annual levy over the year, or even pay a set amount each month. Mr Whiteboy explained that total levy income for the year amounted to R32m. Cash on hand was currently R29.2m and R3.2m cash had been received in advance. The advance payment of levies had enabled the Share block to earn R1.9m in interest income this past year, which equated to 6% of the levy amount. Additional funds benefited the Share Block when negotiating with suppliers and benefited Shareholders by reducing the annual levy increment by that 6%. The Chairman noted that organisations offering discounts made up the financial variance by other means. Mr Whiteboy added that if a discount was afforded, then levies would have to increase to make up the deficit for offering that reduction. Invoices were issued 6 months ahead of occupation while payment was expected 90-days prior to occupation. Most Shareholders paid earlier than 90 days. Management had investigated a cost analysis for receiving levies on a monthly instalment or debit order. The cost to implement the exercise and financial loss in the process did not make the exercise worthwhile, in the interest of the Shareholders or the Share Block. Shareholders were welcome to email the levy department or Mr Whiteboy, to negotiate payment terms where possible, should they find themselves in financial difficulty. Mr Cruickshank suggested that Shareholders place money in a separate bank account each month to set aside the levy amount, while earning their own interest prior to paying the levy to paying the Share Block.

Mr Healey enquired whether pensioner discount was possible on the Golf cart hire, as many pensioners were unable to walk the course. Mr Wilson was very happy to review a further reduction based on usage or rounds of Golf. He would also consider a 5-day Golf package specific to pensioners and confirm the possibility in his next newsletter. Mr Cruickshank stated that the Golf cart charge was not much higher than that at other Clubs while the carts at Sabi River Sun were in excellent condition, compared to other Golf Clubs.

Mr Healey stated that the Share Block paid a large sum of money to DSTV for a viewing package that did not offer channels he enjoyed watching. He stated that surely Tsogo Sun had adequate buying power to change the offering and include BBC News, 24-hour sports channels and the like, especially now that Chalets had additional televisions to watch from.



# Sabie River Share Block Proprietary Limited

The Chairman replied that Tsogo Sun had 14,000 Hotel rooms and although this did apply pressure to suppliers and increase purchase power of Tsogo Sun, DSTV was the only service provider for television channels and for this fact, they remained non-negotiable. Tsogo Sun had argued and negotiated extensively however DSTV refused to accept the Resorts or Hotels as residential units, or offer the same bouquet of channels as one would receive at home. Only a group purchasing discount had been achieved. Management and the Tsogo Sun IT department however were investigating an alternative through the newly installed fibre optic connection to stream movies, channels and so on. The most popular channels were however sports channels, which were specific to DSTV. Mr Healey stated that Cabana Beach Resort offered an additional 2 channels to swap channels should Shareholders request them. The Chairman agreed that it was possible however cautioned that Cabana Beach Share Block had agreed to pay the considerably higher additional cost for this option. He advised that an altered channel affected all viewers at the property, so a channel must be enjoyed by majority of guests at the time. All solutions would be considered by management and the Board.

Mr Healey cautioned that steps leading from designated Chalet parking had no handrails and a few steps were unsafe. He mentioned that it would help for management to walk around the property and consider issues that elderly people may experience. The Chairman thanked Mr Healey for his very valid comment and ensured him that management would investigate to make the area safer.

Mr Healey requested that Minutes from the Annual General Meetings be circulated sooner to Shareholders. The Chairman replied that this request was not often received however a Shareholder insisting on reading the draft Minutes before they were circulated in the Annual Report for the following year, they may be sent the draft version via email. Shareholders were complaining about receiving too many emails and this would therefore not be sent to any Shareholder without a request made in writing either to the Company Secretary or Mr Wilson. The Secretary advised that the Company Secretariat email address may be found in the Annual Report, which was the same email address to which proxy forms were sent. Mr Healey requested that Mr Wilson's newsletter and a copy of his presentation made today, be sent to his email address.

## 11.2 Shareholders' Correspondence

Ms Huckwell had requested that a dishwasher be placed in each Chalet. A lady Shareholder replied that a dishwasher used more water than having a maid wash the dishes by hand. Mr Cruickshank noted that maintenance costs and dishwashing detergent costs must also be considered. The Chairman replied that the Board had reconsidered this request and had again rejected the motion to include a dishwasher in each unit, which this Meeting agreed.

Requests had been received during Shareholder forums for covered parking. Mr Cruickshank replied that 60-70% of Chalet parking was below trees while the balance in direct sunlight. The motion had previously been investigated however the Board had before this Meeting, agreed to reconsider the cost to install shade covered parking as well as shade covered parking areas away from the Chalets, to be more aesthetically pleasing. The Board anticipated a costly exercise of R10k-R15k per parking. Decision would be taken by the Board in the interest of the Shareholders.

Mrs Young had enquired whether the rental prices of units during the Christmas period could be limited. Mrs Young was present and stated that she had been quoted 114% above the annual levy amount. The Secretary noted that owners either used the timeshare week themselves or rented the unit during that busy period to cover their levy amount and more, if demand allowed. Mrs Young stated that there should be some control over the price so it did not stop other owners from swapping into other Resorts or at different times of the year. The Chairman noted that owners could not be dictated to, especially if they received the income from a market that was willing to pay.

Mrs Young enquired about one-bedroom units being developed on the property. The Chairman replied that development rights were available to develop one-bedroom units and the design proposal that had been discussed, was to build standalone lockout rooms. Mrs Young mentioned that owners may be interested as families had gotten older and smaller. A Chalet for just a couple was often a waste of space. The Chairman stated that if the development proceeded, owners would be given first preference to purchase the units off plan.

A Shareholder enquired about the difference between "A" and "C" Class shares. The Chairman replied that it was named according to the different phases in the development process.



# Sabie River Share Block Proprietary Limited

## 11.3 Compliments and Thanks

The Chairman again complimented Mr Wilson on a great presentation and looked forward to seeing the newsletter for Sabi River Sun. The last year under review had experienced a closed Hotel component, the build of a brand new Hotel, a new restaurant, the installation of fibre optic cables throughout the property, the installation and commission of 4 generators, the major and ongoing desilting project, as well as the major fire incident. All these incidents had occurred while the Resort was receiving the great publicity and feedback from guests. The Chairman congratulated Mr Wilson and his team for the effort and achievement over the tough but great year.

Mr Cruickshank had served on the Board for many years and stated that it had been absolute pleasure to work with Mr Viljoen while he had been a Director at Tsogo Sun and a Chairman on this Board. Mr Viljoen had run Meetings efficiently and had looked after the Resort just as efficiently. On behalf of himself and the Board, Mr Cruickshank wished to thank Mr Viljoen most sincerely, for all the effort that he had put in and for the work that he had done for Sabi River Sun. Mr Jeffray reiterated what Mr Cruickshank had mentioned and added that the Resort would not be where it was or what it was, without the effort of Mr Viljoen. Mr Viljoen thanked the Board and appreciated their kind comments.

A Shareholder thanked Mr Cruickshank for his input over the past 25 years. Mr Cruickshank thanked the Shareholders for their confidence in him. He noted that Sabi River Sun was a passion of his and that he had worked hard over the years to improve the facilities and property. The Shareholder also thanked Mr Jeffray for his involvement in the Golf course over the years.

## 12. CLOSURE/ CONCLUSION

The Chairman thanked all for their participation and there being no further business, declared the Meeting closed at 14h45.

Read and confirmed this \_\_\_\_\_ day of \_\_\_\_\_ 2017.

\_\_\_\_\_  
Chairman

# Sabie River Share Block Proprietary Limited

**DRAFT Minutes of the Postponed Annual General Meeting of Members for the year ended 31 December 2015 held on Tuesday, 26 July 2016, at 13h00, at Garden Court OR Tambo International Airport, Kempton Park**

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

The Chairman, Deon Viljoen, welcomed Raymond Jeffray and Ian Cruickshank to the continuation of the postponed Annual General Meeting (AGM) of Sabie River Share Block Limited from the previous Tuesday, 19 July 2016.

The Company Secretary, Georgina Stevenson, was due to attend this Meeting but had to cancel at the last minute due to personal reasons. Apologies were also recorded from Anthony Ridl, Ajith Ramsarup, Lubabalo Tyali, Jaco Boshoff, Wayne Wilson, Donna Brough and Lisa Sutton.

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

With the attendance of Mr Jeffray and Mr Cruickshank, as well as the Chairman holding proxies recorded for the AGM, the Chairman declared the Meeting duly constituted. The voting requirement of 25% of voting rights entitled to be exercised at an AGM and to be present, did not apply for this postponed AGM.

A draft copy of the Minutes of the AGM and the informal Meeting of Shareholders, that followed immediately thereafter, had been prepared and was available for perusal at this Meeting. The Chairman confirmed that the Minutes reflecting the informal Meeting of Shareholders had dealt with all matters on the Agenda for the AGM.

### **The Meeting accordingly approved the following matters:**

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

The Minutes of the AGM held on 23 July 2015 and the Minutes of the postponed AGM held on 30 July 2015, read with the informal Meeting Minutes of 23 July 2015, 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 2015, including the Reports of the Directors and Auditors, was ratified and approved.
- 6 Resolution 2:** The re-election of PricewaterhouseCoopers Incorporated (PWC) as Auditors of the Company was ratified and adopted.
- 7 Resolution 3:** As recommended at the informal Meeting and for record purposes, each Director namely, Ian Cruickshank, Raymond Jeffray, Ajith Ramsarup and Anthony Ridl were individually elected to the Board for the ensuing year. The election was ratified and approved.
- 8 Resolution 4:** The Meeting ratified the recommendation made at the informal Meeting to approve the appointment of Ian Cruickshank, Raymond Jeffray and Anthony Ridl as Members of the Audit Committee.

## **9 Directors' Report**

The Annual Report had explained the process of and reason for the Memorandum of Incorporation (MOI). No queries were recorded.

## **10 Special and Ordinary Resolutions**

- 10.1 Special Resolution 2: The recommendation to convert the Company from a Public Company to a Private Company was ratified and adopted.
- 10.2 Special Resolution 3: The recommendation to change the name of the Company to reflect the change of designation to a Private Company was ratified and adopted.
- 10.3 Special Resolution 4: The recommendation to 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, was ratified and adopted.
- 10.4 Ordinary Resolution 1: The recommendation to authorise the Directors and / or Company Secretary, Georgina Elizabeth Stevenson, to complete all and any documentation required for the filing and registration of the Special and Ordinary Resolutions, listed here today, together with the Memorandum of Incorporation (MOI) and annexure thereto with the Companies and Intellectual Property Commission (CIPC), was ratified and adopted.

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

The recommendation to approve the valuation of the property, including plant and machinery of R244,669,742 and the contents of R34,873,488, at a total insured value of R279,543,230 for 2016/2017, was ratified and adopted.

## **12 Report of the Social and Ethics Committee and General Manager's Report**

The Chairman recorded that the report of the Social and Ethics Committee had been included in the Annual Report while a slide presentation had been made the previous week, at the informal AGM. The informal AGM Meeting Minutes, made available today, had accurately recorded the feedback and discussion.

## **13 General Matters**

It had been agreed by the Board of Directors, prior to this Meeting, that the Minutes of the informal Meeting had correctly reflected the discussions made under this section.

## **Closure**

As there was no further business, the Chairman declared this Meeting closed at 13h10.

Read and confirmed this \_\_\_\_\_ day of \_\_\_\_\_ 2017.

\_\_\_\_\_  
Chairman



