

Pine Lake Share Block Limited

DRAFT Minutes of an Informal Meeting of Shareholders held on Tuesday 25 July 2017 at 10h18, in Imbizo 3 Room, Garden Court OR Tambo International Airport, Kempton Park, following the postponement of the Annual General Meeting of Shareholders for the Year Ended 31 December 2016

CONSTITUTION OF THE MEETING, WELCOME AND APOLOGIES

With the postponement of the Annual General Meeting, the Chairman James Olive, proposed that the Meeting continue on an informal basis and that the Agenda for the Annual General Meeting (AGM) be followed. The Meeting agreed to the proposal. The Chairman thanked the Shareholders in attendance today noting that he felt honoured by their presence.

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

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

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

No apologies were recorded.

1. MINUTES OF PREVIOUS ANNUAL GENERAL MEETING

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

The Chairman had no further comments and called for the Minutes of the previous Annual General Meeting to be recommended for adoption at the postponed Annual General Meeting, to be held the following week on 1 August 2017. The Meeting approved the recommendation.

2. MATTERS ARISING FROM PREVIOUS ANNUAL GENERAL MEETING

No matters were raised by the Meeting.

3. ANNUAL FINANCIAL STATEMENTS

The next item on the Agenda was Resolution 1, to receive, consider and adopt the Report of the Directors, Report of the Audit Committee and Annual Financial Statements for the year ended 31 December 2016. The Chairman's Review fully covered the activities of the Company for 2016 and the Chairman had nothing further to add. There were no queries relating to the financial statements and the Meeting resolved that the Annual Financial Statements for the year ended 31 December 2016, be recommended for approval and adoption at the postponed Annual General Meeting, to be held the following week.

4. APPOINTMENT OF AUDITORS

Resolution 2 was the re-appointment of PricewaterhouseCoopers Incorporated (PWC) as Auditors of the Company. The Meeting carried the recommendation for the re-appointment of PWC at the postponed Annual General Meeting, to be held the following week.

5. ELECTION OF DIRECTORS

Resolution 3, to elect Directors (representing the Timesharers) to the Board for the ensuing year. The Chairman himself, Ms McMillan and Mr Ridl retired at this Meeting and were available for re-election. No other nomination had been received and no nomination was raised from the floor. No objection was received for the re-election of Mr Olive, Ms McMillan and Mr Ridl. The Meeting carried the recommendation that, in terms of the Companies Act, each Director recommended here today, would be proposed and voted for individually, at the postponed Annual General Meeting, to be held the following week.

6. APPOINTMENT OF DIRECTORS AS MEMBERS OF THE AUDIT COMMITTEE

As a provision of the Companies Act 3 members were required on the Audit Committee. The Chairman proposed that he himself, Ms McMillan and Mr Ridl be appointed members of the Audit Committee, which the Meeting approved. The recommended elections would be carried to the postponed Annual General Meeting to be held the following week.

7. APPOINTMENT OF DIRECTORS AS MEMBERS OF THE SOCIAL AND ETHICS COMMITTEE

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

8. INSURED VALUE

The 2017 / 2018 valuation for the Pine Lake Share Block was R162,310,970. The replacement value of the buildings was R149,769,934 with the replacement value of furniture, fittings and equipment was R12,541,036. The Board had discussed prior to this Meeting whether the property was perhaps over insured. The property was physically assessed every 5 years with a desktop calculation of inflation in between the audits. Having said this, the previous year's premium was only R55k. The Board had agreed to investigate further. The Chairman recommended that this valuation required for insurance purposes be carried for recommendation at the postponed Annual General Meeting to be held the following week, which the Meeting approved.

9. SOCIAL AND ETHICS COMMITTEE REPORT

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

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

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

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

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

Mr Aurel enquired about the timeline of the Chalet refurbishment programme. The Chairman replied that discussions and consideration for a refurbishment project had been ongoing for years. Timelines had been discussed, costs had been debated, the scope of works had been negotiated and the project greatly trimmed down. While the Share Block did not have the necessary funds available, a special levy option was

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

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

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

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

10. GENERAL

10.1 Shareholders Correspondence

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

11. CLOSURE

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

Read and confirmed this _____ day of _____ 2018

Chairman