

Pine Lake Share Block Proprietary Limited

Registration No. 1981/008079/07



Annual Report

for the year ended 31 December 2018

Pine Lake Share Block Proprietary Limited

Annual Financial Statements

for the year ended 31 December 2018

COMPANY INFORMATION

Registration number: 1981/008079/07
Registered address: Palazzo Towers East
Montecasino Boulevard
Fourways
2055
Postal address: Private Bag X200
Bryanston
2021

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The annual financial statements have been audited as required by Section 30(2)(b)(1) of the South African Companies Act 71, of 2008. Mr Warren Whiteboy CA(SA), in his capacity as financial manager of Pine Lake Share Block Proprietary Limited, supervised the preparation of the annual financial statements.

Pine Lake Share Block Proprietary Limited

Chairman's Annual Review for the Year Ended 31 December 2018

My fellow shareholders, I am privileged to share with you a brief overview of the year in review, ending 31 December 2018.

Pine Lake Resort, like the domestic vacation industry in general, experienced a very challenging year in a market struggling amidst a stagnant economy and real erosion of disposable incomes. Nevertheless, I am proud to say that your board, along with the professional support of our management team, have strived to maintain the high standards of our assets and services that combine to create a wonderful and relaxing holiday opportunity in an especially charming environment.

Our vibrant general manager, Mr Thuso Moroe, has settled in well and I thank him for being such a dependable ambassador for our resort; we continue to leverage his positivity and passion for the resort.

Facilities

As a fellow owner and frequent guest to Pine Lake Resort, I understand the frustration of inconsistent wifi connectivity whilst on-site. Your board and our management team have debated the challenges associated with the property and investigated various alternatives that are available to improve the system. We are committed to providing a more efficient solution in 2019.

The asphalt access road to the resort is holding up well and issues of guests struggling to access the resort are a thing of the past. Thuso, together with co-operative neighbours, monitor the condition of the road and entrance to the resort and effect whatever maintenance is required.

The chalets are of an age when most exposed timberwork is deteriorating; this has necessitated replacing timber columns with steel stanchions and the "mock tudor" beams on the roof gables are being removed altogether, as part of the refurbishment process. This project requires the erection of scaffolding and chalets will be painted at the same time to save maintenance costs.

The resort is equipped with a generator with capacity to power the resort should a power outage affect the property and/or area. Thankfully, the property has not been greatly affected by load shedding unlike the rest of the country, however the resort is suitably geared for any such interruption.

Each chalet patio braai area is now covered for a more comfortable experience on the patio during inclement weather. The year ahead includes plans to replace patio braais and floor tiles to improve the look-and-feel, as we progress into the chalet refurbishment programme.

The spa is a wonderful facility to have on the property and it is something your board believes should be grown to enhance the resort experience as well as to offer alternatives to people visiting the area, thereby attracting other guests to stay at Pine Lake. The tranquil and peaceful setting offers a perfect opportunity for a great spa experience and for it to become a destination resort by marketing spa packages. The spa team has taken over the running of our little convenience store and this has been relocated to the gym, for better access and service. A small coffee shop area is being created to allow visitors to sit for a while and enjoy a hot or cold beverage.

I am pleased with what the spa ladies have achieved so far, and I am happy that guests will still be able to purchase essential items that are necessary during their holiday. The previous convenience store site now houses a smaller gym.

The stainless-steel cable fencing in the swimming pool area had proven to be an effective deterrent to the geese. More recently, these determined "neighbours" have succeeded in squeezing underneath the cable, so we have now supplemented the fencing with a green solution of small shrubs.

The landscaping team, under the passionate guidance and leadership of our maintenance manager, Mr Tinus Botha, continues to provide excellent service to the share block and we are all proud of the state of the gardens and grounds.

As always, security is of paramount importance and to further improve security, the perimeter electric fence has been reinstated to secure the property and the south border fence has been upgraded with 24-hour thermal camera surveillance. Improved security access to the property at the guard house is being reviewed and discussions are continuing.

2018 Property Re-classification

Towards the end of 2018, the Mbombela municipality re-classified Pine Lake Resort from agricultural to a business and commercially rated property. This change increased our rates charges considerably from R5,353 to R51,835 per month which has a huge implication for the occupancy costs borne by the share block. Southern Sun Resorts has, on behalf of your board, lodged a formal objection to the re-classification, requesting that the rating be changed to a residential status, which would reduce the charges to approximately R15,000 per month. In the interim, the municipality has re-classified the property to "other", which is still more than double the cost of "residential". With the support of Southern Sun Resorts, your board has met with the valuations department at Mbombela municipality to submit and substantiate our compelling reasons for a residential classification. I'm sure that, as a part owner of a holiday home, you would agree that we are not operating a commercial business - there is no profit derived for any of us. We feel that we have successfully got that message across and all parties have agreed to a follow-up meeting, probably in August 2019.

Occupancy

As stated above, 2018 was a tough year for the vacation industry and Pine Lake did not escape unscathed with an occupancy rate of 70%, which was 5% lower than the prior year. The highest occupancy of 82% was recorded in the fourth quarter. Of notable concern is the increase in repossessed weeks, rising during the year from 47 to 82. Whilst out of a total stock of 1,734 weeks, the percentage is not alarming, but the trend should not be ignored. To secure levy income, our first priority remains the resale of repossessed weeks and our agent, Sunswop, has dedicated personnel to this imperative focus. Your board is also exploring the possibility of generating alternative revenue streams from unowned weeks.

Pine Lake Share Block Proprietary Limited

Chairman's Annual Review for the Year Ended 31 December 2018

Financial Results for the Year Ended 31 December 2018

Shareholders are referred to the statement of comprehensive income set out on page 13 which reflects the income and expenditure of the share block company in a summarised format. As before, the detailed levy fund operating statement, which is not audited, is presented as supplementary information to shareholders on pages 23 to 24 and will be referred to when I comment on the financial results for the year.

The statement of comprehensive income for the year ended 31 December 2018 reflects total income, including net finance income of R14.070m (2017: R12.409m) and total expenditure of R9.396m (2017: R8.677m). The levy surplus, after taxation, was R4.458m (2017: R3.549m) and has been transferred to the reserve for property, plant and equipment. Below is a more detailed review of variances in income and expenditure.

Income

Income increased by 13.4% partially due to net finance income increasing by R159k. This was as a result of additional funds being invested for longer periods and yielding higher returns. As noted in prior years, all items of a capital nature that have been sold during the year, are reflected as income in the statement of comprehensive income.

Expenditure

Total expenditure for the year of R9.396m (2017: R8.677m) increased by 8.3%. Below is a more detailed review of the expenditure:

- **Rooms** - Expenses increased by 12.2% year-on-year. Shop costs increased by R61k due to the shop only commencing business in November 2017. Security services increased by R122k due to the utilisation of an extra night guard to improve safety at the resort. Replacement of operating equipment increased by R45k due to replacement of linen.
- **Administration and general** - Expenses increased by 13.3% year-on-year. Banking service fees decreased by R10k due to lower fees charged by the service provider, G4S. Corporate social initiatives (CSI) decreased year-on-year by R40k due to 2017 including repair costs spent on the road leading to the resort. Marketing costs increased by R58k due to commissions paid on additional booking channels used, such as Booking.com and Travelground. The provision for repossessed debtors increased by R64k, whilst the loss on repossessed debtors increased by R40k. Directors fees increased due to 2018 including directors' fees for 3 additional meeting compared to 2017, a higher AGM charge due to the postponed AGM meeting costs being borne in full by the resort as well as increased management travel due to the refurbishment meetings that were held.
- **Electricity, water and refuse** - Electricity costs increased by R53k due Eskom's rate increase of 7.32% and diesel purchased for the generator.
- **Repairs and maintenance** - Expenses decreased year-on-year by 3.8%. Air-conditioning increased by R16k due to the purchase of a new water pump and compressor unit. Buildings expenditure increased by R109k due to the repair of water leaks, new handrails for the gym patio and general maintenance. Painting and decorating increased by R20k due to painting of the Chalets. Savings were recorded in furniture and fixtures, garden and grounds, as well as office machines.
- **Corporate charges** - Expenses decreased by 25.8% in comparison to the prior year, due to the reversal of the municipal rates provision.

Statement of Financial Position

The statement of financial position on page 14 together with the related notes thereto, reflect the financial position of Pine Lake Share Block Proprietary Limited as at 31 December 2018.

Cash and cash equivalents amounted to R10.520m (2017: R9.266m) with levies received in advance amounting to R3.868m (2017: R3.680m). The reserve for property, plant and equipment was R6.304m compared to R4.513m as at 31 December 2017. As always, I wish to thank shareholders for promptly paying their levies. The surplus funds can then be invested for the benefit of the share block company. This is particularly important during times of economic restraint. At year-end, levies outstanding amounted to 0.13% compared to 0.59% for 2017.

The Company incurred capital expenditure of R2,667,211 (2017: R2,255,047) in respect of the following major expenses:

• Refurbishment of chalets	R 1,787,639
• Patio roofs	R 216,376
• Drainage & Sewage	R 117,029
• Fencing	R 109,633
• Coffee Shop/Spa	R 81,336
• Borehole - new pump and pipes	R 49,180
• Televisions	R 40,863
• Wood work (Handrails & window frames)	R 32,485
• Pool Cushions	R 31,580

Levy 2020

As is the case each year, levies for the following year are approved at the August board meeting, which is held after the Pine Lake Share Block's Annual General Meeting in July. The 2020 levies are therefore not available at this time. The levy increase for this last year was 6.9% which brought us more in line with comparable resorts.

Proposed Refurbishment Program

Quite justifiably, some shareholders have expressed frustration at the apparent lack of progress with the long-heralded refurbishment programme. Only chalets 21 and 22 were completed during 2018 and, despite positive overall feedback from guests, your board and the management team accumulated several concerns regarding the long-term durability and functionality of some aspects of design and fittings. To protect shareholders' interests, we decided to delay the previously proposed roll-out whilst we re-evaluated the contract with the original service provider. This resulted in the termination of that contract and we decided to recommence the tendering process, incorporating the learning points from the pilot chalets. In April of this year, your board approved the appointment of new contractors to complete the refurbishment of 12 chalets during the quiet winter period. At the time of writing, chalets 9-12 have been completed and, barring some minor adjustments, are ready for occupation. We remain on track to complete the budgeted 12 units for 2019. It is worth mentioning that the refurbishment capital expenditure for 2018 included the replacement of lounge furniture and curtains in all chalets as there was a cost benefit in doing so.

Pine Lake Share Block Proprietary Limited

Chairman's Annual Review for the Year Ended 31 December 2018

SunSwap and RCI Affiliation

I am very pleased to confirm that as of 4 February 2019, RCI has become affiliated with our team at SunSwap and RCI has taken over the exchange service process from Interval International. We would like to thank Interval International for its contribution in making SunSwap the success that it has become over the last 10 years. Owners will continue transacting with SunSwap and will still be calling a dedicated telephone number for assistance. The only real difference is that RCI now provides international exchange resort options and provides a greater number of local exchange options for members.

Vacation Ownership Association of Southern Africa (VOASA)

For new owners and as a reminder, VOASA is a self-regulatory member-based trade association for the shared vacation ownership industry in South Africa. It exists to protect consumer rights and commit to ongoing growth in the timeshare industry, in a positive and organised manner. The share block remains a member of VOASA and both Mr Adam Fuller and Mr Anthony Ridl represent the share block on the VOASA board. Tony stands as Chairman of VOASA and is very positive regarding the influence of VOASA on the industry, on behalf of each member.

Companies Act Requirements

Last year saw us having to amend and resubmit our memorandum of incorporation ("MOI") to the Companies and Intellectual Property Commission ("CIPC") office. The discrepancy pertaining to the value of shares recorded by the share block company, to the value of shares recorded at CIPC was addressed and rectified and the amended MOI was approved for submission by shareholders at last year's AGM. The MOI was registered with CIPC in October 2018. Not only did the submission rectify the discrepancy just mentioned, but it also recorded a reduced quorum required to hold an AGM. The recorded quorum requires that a total of shareholders' voting rights, held personally present or by proxy be reduced to 5% from a previous 25%. This reduced requirement should be achieved each year and should no longer require a postponed AGM process due to an insufficient quorum calculated on the date of the AGM.

Social and Ethics Committee

Our social and ethics committee consists of Messrs McMillan, Moroe, Ridl and myself. Thuso is chairman of the committee and will report separately about many exciting projects and initiatives that the resort and staff have supported this past year. I am very proud of the committee's willingness to involve itself in the community and improve environmental best practice, amongst many other initiatives and I will direct you to pages 8 and 9 in this annual report for a summarised version from Thuso himself. He will be providing a comprehensive presentation on each aspect of social and ethics at the AGM.

General

Your board has recently tasked management to promote the resort through additional social media platforms to better improve sundry income, for the benefit of all shareholders. Additional sundry revenue certainly assists in covering costs incurred in operating the resort and as with receiving levies in advance, in turn, helps reduce the necessary increase in annual levies. Thuso has trialled a few options and has been particularly pro-active in approaching new markets for exposure and to generate further interest in our resort. As mentioned earlier in the financial section, costs were incurred for trialling alternative booking websites but the uptake is improving.

Your board intends to return the property to the limelight in the area and to reach as many people as possible to extol the exclusive attributes of our environment and location. Whilst accepting that our range of facilities are limited, we will always offer a tranquil escape from the hectic lifestyle that most of our owners and guests experience.

I have to thank the shareholders who advise the resort in advance should they be unable to take up their holiday, and who arrange an alternative use for their unit during that occupancy period. "No-shows" should be avoided as much as possible and even though a levy is usually paid for that week, a shareholder may either reap some reward by renting the unit or allowing the resort to rent the unit on their behalf, to earn income for the owner as well as a small income for the share block. Your board has deliberated a major drive to improve sundry income as mentioned above, so that the good standard of the resort may be maintained and also so that we can contain levy increases to the minimum. A few major focuses for the year ahead is to promote the resort through various marketing channels to additional market segments; to achieve higher sales targets for rental of units; to reduce repossessed units; to advertise rentals through various social media platforms and booking channels; to package mid-week specials, golf holidays in conjunction with local golf clubs, rentals through Discovery Health, spa specials; and so on. All possibilities are being investigated and discussed for optimum results.

Recent visitors to Pine Lake will have noticed the flourishing agricultural industry with macadamia trees and granadillas replacing gum tree forests – this has to be positive for our local economy as does the super new shopping centre at the entrance to White River, due to open in August 2019. This will prove to be a major attraction for visitors to a self-catering resort such as ours.

Conclusion

I take this opportunity to thank my fellow directors for their support, commitment, insight, experience and dedication in serving the interests of all shareholders. I am privileged as chairman, to have such a reliable and knowledgeable team at my side. I must thank our management team of Southern Sun Resorts/Tsogo Sun for providing the best service and assistance possible. I appreciate their contribution to the resort, board discussions and to the overall guest experience. On that note, our resort always rates very highly on all review platforms and for this, we owe our gratitude to Thuso and his team who really go the extra mile to ensure that all of our guests leave with fond memories of their visit.

In closing, I encourage every shareholder to either attend the AGM on 23 July 2019 or to kindly complete the form of proxy enclosed in this annual report on page 5, should you find yourself unable to attend.

I wish you all a safe and prosperous year ahead.



James Blane

Notice is hereby given to the shareholders of the Company that the Annual General Meeting ("AGM") of the Company will be held on **Tuesday, 23 July 2019 at 10h00 at The Pivot, 1 Montecasino Boulevard, Fourways, Midrand** for the purposes of considering the following business to be transacted and, if deemed fit, passing with or without amendment, the ordinary and special resolutions set out hereunder, and considering any other matters raised by shareholders at the AGM:

1. Receipt and adoption of annual financial statements and reports

Ordinary resolution 1: Resolved as an ordinary resolution to receive and adopt the annual financial statements of the Company for the financial year ended 31 December 2018, together with the reports of the Directors, the independent auditors thereon, and further to receive the reports of the audit committee, the social and ethics committee, contained in the annual report of the Company for the financial year ended 31 December 2018, and tabled at the meeting at which this resolution was proposed.

2. Appointment of auditors

Ordinary resolution 2: Resolved as an ordinary resolution upon the recommendation of the audit committee that SNG Grant Thornton be and are hereby appointed as independent auditors of the Company until the conclusion of the next AGM of the Company.

3. Election of Directors

The Board is limited by the Memorandum of Incorporation ("MOI") to seven (7) Directors in number. It would facilitate secretarial procedures if nominations for the appointment of those Directors representing the timesharers be received by no later than 10h00 on Thursday, 18 July 2019 at the registered office of the Company or email address. **Nominations must be in writing with the name of the proposer and seconder and be accompanied by the acceptance of such nomination by the nominee and their curriculum vitae (CV).**

Ordinary resolution 3.1: Resolved as an ordinary resolution that Ms Louise McMillan who retires in terms of the Company's MOI, and who is eligible and available for re-election, be and is hereby elected as a Director of the Company.

Ordinary resolution 3.2: Resolved as an ordinary resolution that Mr James Olive who retires in terms of the Company's MOI, and who is eligible and available for re-election, be and is hereby elected as a Director of the Company.

Ordinary resolution 3.3: Resolved as an ordinary resolution that Mr Anthony Ridl who retires in terms of the Company's MOI, and who is eligible and available for re-election, be and is hereby elected as a Director of the Company.

4. Appointment of audit committee

Ordinary resolution 4.1: Resolved as an ordinary resolution that Ms Louise McMillan be and is hereby elected as a member of the Company's audit committee in terms of the Company's MOI.

Ordinary resolution 4.2: Resolved as an ordinary resolution that Mr James Olive be and is hereby elected as a member of the Company's audit committee in terms of the Company's MOI.

Ordinary resolution 4.3: Resolved as an ordinary resolution that Mr Anthony Ridl be and is hereby elected as a member of the Company's audit committee in terms of the Company's MOI.

5. Non-executive Directors' fees

Special resolution 1: Resolved as a special resolution that R5,300 (Vat payable, to the extent applicable to this remuneration) payable to the non-executive Directors of the Company for their services as Directors of the Company and/or as members of the Board, sub-committees, or cluster of meetings, in respect of the period from 24 July 2019 until the next AGM of the Company, and tabled at the meeting at which this resolution was proposed, be and is hereby approved.

The reason for and effect of this special resolution:

In terms of Section 66(8) of the South African Companies Act 71, of 2008, the Company may pay remuneration to its Directors for their service as Directors. Section 66(9) requires the remuneration to be paid in accordance with a special resolution approved by the shareholders within the previous two (2) years. Section 66(12) requires that any particular Director appointed to more than one (1) committee of the Company, be calculated only once. Directors will be entitled to be paid attendance fees/emoluments in respect of the above period.

Subject to the provisions of the South African Companies Act 71, of 2008, no business shall be transacted at any AGM unless a quorum of shareholders is present at the time when the meeting proceeds to business. The quorum at any AGM shall be no less than three (3) shareholders present, holding at least five percent (5%) of the share capital and voting rights, personally or by proxy, and who are entitled to be exercised at the meeting.

In the event of a quorum not being present within half-an-hour of the appointed time for the meeting to begin, the AGM will be automatically adjourned for one (1) business day, to Wednesday, 24 July 2019 and if at such adjourned meeting a quorum is not present within half-an-hour of the start time, the shareholders there present in person or by proxy shall be deemed to constitute the necessary quorum.

For an ordinary resolution to be adopted by shareholders at the AGM, it must be supported by more than fifty-percent (50%) of the voting rights in favour of such a resolution. For a special resolution to be adopted by shareholders at the meeting, it must be supported by more than sixty-percent (60%) of the voting rights in favour of such a resolution.

The record date for determining shareholder's voting rights is 15 July 2019.

Any shareholder entitled to attend and vote, is entitled to appoint a proxy to attend, vote and speak in his/her stead, and such proxy need not be a shareholder of the Company. **Forms of proxy should be forwarded to reach the registered office of the Company, for the attention of the company secretary, by no later than 10h00 on Thursday, 18 July 2019.** A form of proxy is enclosed on page 7 for this purpose.

**By order of the Board
Southern Sun Secretarial Services Proprietary Limited
22 May 2019**

Pine Lake Share Block Proprietary Limited
 Registration Number: 1981/008079/07
 ("the Company")

Registered Office
 Palazzo Towers East
 Montecasino Boulevard
 Fourways, 2055

Private Bag X200, Bryanston, 2021
 Telephone (031) 561-2204
 Facsimile (031) 561-7334
 E-mail: Resorts.companyservices@tsogosun.com

Form of proxy for use by shareholders at the Annual General Meeting ("AGM") of the Company to be held on **Tuesday 23 July 2019 at 10h00, The Pivot, 1 Montecasino Boulevard, Fourways, Midrand.**

Form of Proxy

I/We, being the shareholder/s of ordinary shares in the Company, with right of use of Chalet, week, hereby appoint

1., or failing him/her,
2., or failing him/her,
3. The Chairman of the AGM.

As my/our proxy to vote for me/us on my/our behalf at the AGM of the Company, to be held on the above-mentioned date and at any adjournment thereof as follows:-

	In Favour Of	Against	Abstain
Ordinary Resolution 1: Receipt and adoption of annual financial statements and reports - Year ended 31 Dec 2018			
Ordinary Resolution 2: Appointment of auditors			
Ordinary Resolution 3: Election of Directors			
3.1 Louise McMillan			
3.2 James Olive			
3.3 Anthony Ridl			
Ordinary Resolution 4: Appointment of audit committee			
4.1 Louise McMillan			
4.2 James Olive			
4.3 Anthony Ridl			
Special Resolution 1: Non-executive Directors' fees			

Signed at this day of 2019.

Signature assisted by (where applicable)

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

Any alteration or correction made to this form of proxy (excluding the deletion of alternatives and excluding the deletion of singular/plural alternatives) must be initialled by the signatory/ies. **Documentary evidence establishing the authority of a person signing this form of proxy in an appointee/representative capacity (e.g. on behalf of a Company, Close Corporation, Body Corporate or Trust) must be attached to this form, failing which the proxy will be invalid.**

The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the meeting and speaking and voting in person thereat, to the exclusion of any proxy appointed in terms thereof, should such shareholder wish to do so. Any shareholder entitled to attend and vote, is entitled to appoint a proxy to attend, vote and speak in his/her stead and such proxy need not be a shareholder of the Company.

Forms of proxy forms should be forwarded to reach the registered office of the Company, for the attention of the company secretary, by no later than 10h00 on Thursday, 18 July 2019.

Pine Lake Share Block Proprietary Limited

Statement of Director's Responsibility for the Year Ended 31 December 2018

The Directors and management are responsible for the preparation, integrity and fair presentation of the annual financial statements of Pine Lake Share Block Proprietary Limited. The annual financial statements presented on pages 13 to 22 have been prepared in accordance with the International Financial Reporting Standard for Small and Medium Sized Entities and in the manner required by the South African Companies Act 71, of 2008.

The Directors and management are also responsible for maintaining the Company's systems of internal financial control. These are designed to provide reasonable, but not absolute, assurance as to the reliability of the annual financial statements and to adequately safeguard, verify and maintain accountability of assets, and to prevent and detect misstatement and loss.

Nothing has come to the attention of the Directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The Directors and management have responsibility for ensuring that accounting records are 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 annual financial statements comply with the relevant legislation. The Directors are satisfied that the information contained in the annual financial statements fairly presents the results of operations for the year and the financial position of the Company at year-end.

The going concern basis has been adopted in preparing the annual financial statements. The Directors have no reason to believe that the Company will not be a going concern in the foreseeable future.

The Company's external auditors, SNG Grant Thornton, audited the annual financial statements and their report is presented on page 11 and 12.

Approval of Annual Financial Statements

The annual financial statements set out on pages 13 to 22 were approved by the Board of Directors on 22 May 2019 and are signed by:



JS Olive
Chairman



AN Ridl
Director (Chairman - audit committee)

Declaration by the Company Secretary

I hereby confirm, in my capacity as company secretary of Pine Lake Share Block Proprietary Limited that for the year ended 31 December 2018, the Company has filed all required returns and notices in terms of the South African Companies Act 71, of 2008 and that all such returns and notices are, to the best of my knowledge and belief true, correct and up to date.



MJ Mahloele
For Southern Sun Secretarial Services Proprietary Limited

Pine Lake Share Block Proprietary Limited

Report of the Audit Committee for the Year Ended 31 December 2018

The audit committee has pleasure in submitting this report, as required by Section 94 of the South African Companies Act, 71 of 2008. The audit committee is an independent statutory committee appointed by the shareholders at each Annual General Meeting ("AGM").

1. Members of the audit committee

The members of the audit committee comprise three independent non-executive Directors being Mr Anthony Ridl (Chairman), Mr James Olive and Ms Louise McMillan.

2. 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.

3. 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 by invitation.

4. Duties of the audit committee

The work of the audit committee during the year focused on:

- 4.1 Evaluation of the independence and effectiveness of, and the fees terms of engagement of, the external auditors;
- 4.2 Ensuring that the appointment of the auditor complies with the provision of the South African Companies Act and any other legislation relating to the appointment of auditors;
- 4.3 Approving external audit and internal audit plans;
- 4.4 Determining, subject to the provisions, the nature and extent of any non-audit services that the auditor may provide to the company;
- 4.5 Reviewing of prospective accounting standard changes;
- 4.6 Evaluation of financial reporting procedures;
- 4.7 Reviewing of and recommending to the board for approval of the annual financial statements;
- 4.8 Assessing the internal control environment, particularly in relation to the system on internal financial controls; and
- 4.9 Performing such other oversight functions as may be determined by the Board.

5. Independence of external auditors

The audit committee has satisfied itself that the external auditor is independent of the company, as set out in Section 94(8) of the South African Companies Act 71, of 2008. Requisite assurance was provided by the auditor that internal governance processes within the audit firm support and demonstrate its claim to independence.



AN Ridl

Chairman

22 May 2019

Pine Lake Share Block Proprietary Limited

Report of the Social and Ethics Committee for the Year ended 31 December 2018

I am delighted to present the report of Pine Lake Resort's social and ethics committee ("the committee") for the financial year ended 31 December 2018. The purpose of this report is to outline how the social and ethics committee has discharged its responsibilities as set out in the South African Companies Act.

The committee is a statutory committee which assists the board in the monitoring the resort's corporate citizenship, sustainability and ethics.

ROLE OF THE COMMITTEE

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

- Social and economic development;
- Good corporate citizenship;
- The environment, health and public safety;
- Consumer relationships;
- Labour and employment; and
- Report to the board in terms of development and progress.

RESPONSIBILITY OF THE COMMITTEE

The purpose of these terms is to set out the committee's role and responsibilities as well as the requirements for its composition. The committee is established to assist the board with the oversight of social and ethical matters and in ensuring that the Company is and remains a committed socially responsible corporate citizen. The committee's primary role is to supplement, support, advise and provide guidance on the effectiveness of management's efforts in respect of social, stakeholder relationships, ethics and sustainable development related matters.

The role of the committee is to assist and advise the board on:

- The way in which the resort is expected to manage its ethical affairs, the ethical values and principles which underline a specific corporate governance regime;
- All relevant aspects that may have a significant impact on the long-term sustainability of the resort;
- Monitor the social, economic, employment, good corporate citizenship, health & public safety and environmental activities of the resort and report to the board in terms of development and progress;
- Skills and other development programmes aimed at the educational development of its employees; and
- Corporate social investment programmes, including details of donations and charitable giving.

The committee is accountable to the board and must submit reports to the board of its meetings, including any recommendations it may wish to make, provided that the committee is accountable to the shareholders with regard to its statutory duties.

COMPOSITION AND FUNCTIONING

The committee, comprising myself as chairman, as well as our three Directors, Mr James Olive, Mr Anthony Ridl, Ms Louise McMillan and Southern Sun Resorts' Director of operations, Mr Adam Fuller, met twice between February 2018 to December 2018 and the frequency of meetings was adequate to deal with the various matters that have arisen and we achieved a 100% member attendance.

The legal/company secretary and Southern Sun Resorts' financial manager attend committee meetings as invitees.

Our objective is to build an innovative and vibrant employee team that is resourceful, learns from failures should any arise, takes intelligent risks, delivers on its promises, beats its competitors by out-thinking them and listens to guests, all while acting ethically, legally and in compliance with the various policies that we have adopted.

The mix of experience and expertise on the committee allows for strong debate on matters put forward to the committee and we are satisfied that initiatives undertaken by the resort are adequately challenged when tabled at this committee.

ENVIRONMENTAL HEALTH & SAFETY

The safety of all guests and shareholders at our resort will always be one of our primary focus areas. The committee continuously reviews the resort's compliance with applicable health and safety laws. Health and public safety matters are considered in detail, and the committee actively monitors and reports on compliance with the relevant legislation in this regard.

ORGANISATIONAL RESILIENCE MANAGEMENT SYSTEM (ORMS)

Implemented by Southern Sun Resorts/Tsogo Sun throughout all its properties, ORMS is a comprehensive management system that records plans and systems, relating to fire protection, safety, security, business continuity, environmental impact, risk analysis and the effects on the business. This management system is updated quarterly and audited by Tsogo Sun on an annual basis. The committee is pleased to announce that Pine Lake Resort again met the requirements for the reviewed financial year.

GUEST RELATIONS & CORRESPONDENCE

Pine Lake Resort understands the importance of guest feedback in maintaining the resort's standard and expectations. We review and consider every guest comment and monitor all forms of social media including TripAdvisor, eGuest satisfaction surveys and RCI score cards for input and feedback.

The electronic eGuest satisfaction survey system and TripAdvisor is carefully monitored and individually responded to on a daily basis by myself, because guest feedback is an insight into what is working and what is not working, with our product and/or service. We welcome ideas and suggestions for future consideration.

We are honoured to have once again, been classified as an RCI Gold Crown Resort, a distinction which is earned on the basis of ratings provided by guests, through a full spectrum of operations, facilities and property as a whole.

LABOUR, EMPLOYMENT RELATIONS, TRAINING & BBBEE

Our staff and development strategy coincides with our Living Tsogo Sun's value system. The committee supports a deep value-based culture that is critical for Pine Lake Resort's performance and sustainability.

Pine Lake Share Block Proprietary Limited

Report of the Social and Ethics Committee for the Year ended 31 December 2018

Pine Lake Resort complies with the Labour Relations Act of South Africa and all employees are treated equally. The pride, development and happiness of our staff directly impacts the experience of each guest.

The Pine Lake Resort's BBBEE rating for the 2018 financial year, as verified, is Level 1.

ACTIVITIES OF THE COMMITTEE

The committee evaluated the resort's corporate social investment (CSI) programme, focusing primarily on:

- Investment in the employee learning and development;
- Achievement of the commitment to donate a minimum of 1% of the sundry income;
- Donation of unused linen and equipments to various non-profit organisation;
- Reviewed results of past employee satisfaction surveys and planned to enhance employee engagement and retention through living Tsogo value system and the training and development of staff; and
- Reviewed compliance with the regulatory frameworks applicable to the resort and relevant to the committee's mandate.

CONCLUSION

The committee recognises that the areas within its mandate are evolving and that management's responses too will adapt to changes in the environmental, social and governance agenda.

There has been no non-compliance with legislation, regulations or non-adherence with codes of best practice in terms of the areas within the committee's mandate. As such, we are satisfied that the resort has operated as a socially responsible corporate citizen demonstrating an ongoing commitment to sustainable development.



Thuso Moreo

Chairman of the social and ethics committee
22 May 2019

Pine Lake Share Block Proprietary Limited

Report of the Directors for the Year Ended 31 December 2018

The Directors present their annual report of the Company for the year ended 31 December 2018.

1 Business Activity

The Company owns the land and buildings known as Pine Lake Resort which are utilised by the shareholders on a timeshare basis with respective shareholders' time interest being apportioned through the issue of shares according to share block regulations. These regulations provide for the following:

1. Shares are issued in predefined blocks which are linked by a use agreement relating to specific units during specific weeks of the year;
2. Linked to the respective share blocks are obligations on the share block owners to make loans to the Company; and
3. Obligations on share block owners to contribute levies to enable the Company to defray its expenditure.

2 Financial results

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

In accordance with the provisions of the Share Blocks Control Act, and in common with other timeshare operations in South Africa, 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 R4,458,454 (2017: R3,549,172) was transferred to the reserve for property, plant and equipment.

No dividends have been declared during the year and none is recommended (2017: R Nil).

3 Share capital

The authorised and issued ordinary share capital has remained unchanged.

4 Insurance

The resort buildings and their contents are insured at current replacement values under 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.

5 Directors and Secretary

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

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

* Audit Committee Members

^ Social & Ethics Committee Members

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

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.

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 annual financial statements, that would significantly affect the financial position of the Company or the results of its operations.

Pine Lake Share Block Proprietary Limited

Report of the Independent Auditors

Report on the audit of the annual financial statements

Opinion

We have audited the annual financial statements of Pine Lake Share Block Proprietary Limited set out on pages 13 to 22, which comprise the statement of financial position as at 31 December 2018, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the annual financial statements, including a summary of significant accounting policies.

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of Pine Lake Share Block Proprietary Limited as at 31 December 2018, 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 South African Companies Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The directors are responsible for the other information. The other information comprises the Directors' Report as required by the South African Companies Act and the supplementary information set out on pages 23 and 24. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the South African Companies Act, and for such internal control as the directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Pine Lake Share Block Proprietary Limited

Report of the Independent Auditors

Auditor's responsibilities for the audit of the annual financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette 39475 dated 04 December 2015, we report that SNG Grant Thornton has been the auditor of Pine Lake Share Block Proprietary Limited for 2 year.



SNG GRANT THORNTON

Registered Auditors

Practice number: 946016

per A Timol

Registered Auditor

Director

SizweNtsalubaGobodo Grant Thornton Inc.

22 May 2019

2nd Floor

4 Pencarrow Crescent

Pencarrow Park

La Lucia Ridge Office Estate

4019

Pine Lake Share Block Proprietary Limited

Statement of Comprehensive Income for the Year Ended 31 December 2018

	Note	2018 R	2017 R
Income		13 301 169	11 799 821
Levy income		12 422 595	11 083 995
Other income		878 574	715 826
Expenses		(9 396 381)	(8 676 990)
Levy surplus before interest and taxation	3	3 904 788	3 122 831
Net finance income	4	769 056	609 610
Levy surplus before taxation		4 673 844	3 732 441
Income tax expense	5	(215 390)	(183 269)
Levy surplus for the year		4 458 454	3 549 172

Pine Lake Share Block Proprietary Limited

Statement of Financial Position as at 31 December 2018

	Note	2018 R	2017 R
ASSETS			
Current assets			
Inventories		-	9 168
Trade and other receivables	6	1 159 698	899 805
Levies receivable	7	296 765	185 879
Cash and cash equivalents		10 520 026	9 265 909
Total current assets		11 976 489	10 360 761
Total assets		11 976 489	10 360 761
EQUITY			
Capital and reserves			
Share capital	10	5 730	5 730
Reserve for property, plant and equipment	8	6 304 119	4 512 876
Total equity		6 309 849	4 518 606
LIABILITIES			
Non-current liabilities			
Exchange fee rebate		-	6 065
Total non-current liabilities		-	6 065
Current liabilities			
Trade and other payables	9	1 583 092	1 972 718
Levies received in advance		3 868 158	3 680 103
Current tax liability		215 390	183 269
Total current liabilities		5 666 640	5 836 090
Total liabilities		5 666 640	5 842 155
Total equity and liabilities		11 976 489	10 360 761

Statement of Changes in Equity for the Year Ended 31 December 2018

	Note	2018 R	2017 R
Share capital			
Ordinary shares at the beginning and end of the year	10	5 730	5 730
Reserve for property, plant and equipment			
At beginning of year		4 512 876	3 218 751
Levy surplus for the year		4 458 454	3 549 172
Property, plant and equipment additions and replacements	8	(2 667 211)	(2 255 047)
At end of year		6 304 119	4 512 876

Pine Lake Share Block Proprietary Limited

Statement of Cash Flows for the Year Ended 31 December 2018

	2018 R	2017 R
Cash flow from operating activities		
Levy surplus before taxation	4 673 844	3 732 441
Adjustments for:		
Interest received	(769 056)	(610 086)
Interest paid	-	476
Non cash items		
- Movement in exchange fee rebate	(6 065)	(72 784)
Net surplus before working capital changes	3 898 723	3 050 047
Changes in working capital		
- Movement in inventories	9 168	(9 168)
- Movement in levies receivable	(110 886)	(42 845)
- Movement in trade and other receivables	(259 893)	(128 891)
- Movement in levies received in advance	188 055	294 320
- Movement in trade and other payables	(389 626)	574 460
Cash flows from operating activities	3 335 541	3 737 923
Interest received	769 056	610 086
Interest paid	-	(476)
Tax paid	(183 269)	(155 375)
Net cash inflow from operating activities	3 921 328	4 192 158
Cash flow from investment activities		
Property, plant and equipment additions and replacements	(2 667 211)	(2 255 047)
Net cash outflow from investing activities	(2 667 211)	(2 255 047)
Net movement in cash and cash equivalents	1 254 117	1 937 111
Cash and cash equivalents at beginning of year	9 265 909	7 328 798
Cash and cash equivalents at year-end	10 520 026	9 265 909

Pine Lake Share Block Proprietary Limited

Notes to the Annual Financial Statements for the Year Ended 31 December 2018

1 Accounting policies

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

1.1 Basis of preparation

The annual financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium Sized Entities (IFRS for SME's) and the South African Companies Act 71, of 2008. The annual financial statements have been prepared on the historical cost basis unless otherwise indicated in the policies set out below.

The accounting policies are consistent with previous periods.

The preparation of annual financial statements in conformity with IFRS for SME's requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the annual financial statements and the reported amounts of revenues and expenses during the reporting period based on management's best knowledge of current events and actions. Actual results may ultimately differ from these estimates. During the current year, there were no areas involving a high degree of judgement or complexity, or areas where assumption and estimates are significant to the annual financial statements.

1.2 Reserve for property, plant and equipment

Normal maintenance expenditure is written off against the statement of comprehensive income.

A reserve for capital expenditure in respect of additions and replacements of property, plant and equipment is provided. This reserve is intended to provide for the expenditure incurred. Transfers are made to and from this reserve, having regard to surpluses, if any, in the statement of comprehensive income and to amounts expended in respect of property, plant and equipment. The right of use of all property, plant and equipment is vested in the shareholders.

All proceeds on the disposals of property, plant and equipment are credited to the statement of comprehensive income.

1.3 Inventories

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

1.4 Leases

Leases of assets under which substantially all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

1.5 Financial instruments

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment. Such provision is established when there is evidence that the Company will not be able to collect the full amount owing. The provision is the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows, discounted at the market rate of interest for similar borrowers. Bad debts are written off in the year during which they are identified.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost.

Gains and losses on subsequent measurement of financial instruments are reflected in the statement of comprehensive income.

Pine Lake Share Block Proprietary Limited

Notes to the Annual Financial Statements for the Year Ended 31 December 2018

1.6 Cash and cash equivalents

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

1.7 Revenue recognition

Revenue is stated exclusive of value-added tax.

Levy revenue is recognised when the right to occupation arises.

Interest income is recognised as it accrues, taking into account the effective yield on the asset.

Sundry revenue is recognised when it is earned.

1.8 Provisions

Provisions are recognised when the Company has a present or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be established.

The Company recognises a provision for onerous contracts when the expected benefits to be derived from a contract are less than the unavoidable costs of meeting the obligations under the contract.

1.9 Equity

Ordinary shares are classified as equity.

1.10 Current taxes

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the financial year-end date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authority.

1.11 Retirement benefits

The Company participates in two defined contribution plans, the assets of which are held in a separate trustee-administered fund. The Company pays fixed contributions into a separate entity. Contributions are charged to the statement of comprehensive income in the year to which they relate. The Company has no further payment obligations once the contributions have been paid. The Pension Fund Act of South Africa governs the defined contribution plans. All permanent employees are required to belong to the defined contribution plans.

Pine Lake Share Block Proprietary Limited

Notes to the Annual Financial Statements for the Year Ended 31 December 2018

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 include liquidity, credit and interest rate risk.

Liquidity Risk

In terms of the use agreements associated with the shares of the Company, shareholders are obliged to contribute levies sufficient to cover the costs of the maintenance, upkeep, control and management of the Resort.

In order to manage the liquidity requirements of the Company, a rolling 10-year capital replacement and refurbishment plan is maintained and reviewed regularly by the board of directors. This plan provides for the orderly refurbishment of the property and maintenance of sufficient contingency reserves, based on increases in annual levies.

The financial instruments to which the Company is exposed represent bank balances and accounts receivable and payable in respect of the operation of the levy fund. Accounts payable are generally settled within 30 days. The carrying values of the financial instruments approximate fair value.

Credit risk

Credit risk arises from bank balances and amounts due from shareholders. There is no significant concentration of credit risk on amounts due by shareholders.

The Company invests surplus cash on deposit and on call, only with the four largest South African banking institutions.

Credit risk arising from levy amounts due is managed by close monitoring of outstanding balances and prompt repossession of defaulting units through the exercise of a lien on shares as provided in the Memorandum of Incorporation of the Company.

In terms of the Company's accounting policies, levies receivable are recognised in the statement of financial position only when the right to occupation arises.

Interest Rate Risk

The Company is exposed to interest rate risk to the extent that interest rates on bank balances with financial institutions may vary. As a matter of practice, adverse interest rate risk is minimised by conservative budgeting.

Pine Lake Share Block Proprietary Limited

Notes to the Annual Financial Statements for the Year Ended 31 December 2018

	2018 R	2017 R
3 Levy surplus before interest and taxation		
The levy surplus before interest and taxation is stated after taking into account the following:		
Employee costs		
- salaries, wages and other benefits	2 369 469	2 104 824
- contributions to retirement funds	138 111	136 248
Management fees	771 290	771 290
Audit fees	54 572	49 711
Professional, legal and internal audit fees	34 822	21 491
Other operating expenses	6 028 117	5 593 426
	9 396 381	8 676 990
4 Net finance income		
Interest earned on fixed deposits, call deposits and current account	769 056	610 086
Interest paid	-	(476)
	769 056	609 610
5 Income tax expense		
A provision is made for Company taxation on the net non-levy income of the levy fund.		
No tax is payable on levy income from the owners, in terms of Section 10(i)(e) of the Income Tax Act.		
Current year	215 390	183 269
	215 390	183 269
A reconciliation of the taxation charge is not considered appropriate as share block companies are liable for taxation only on net non-levy income.		
6 Trade and other receivables		
Trade receivables (Refer Note 12)	10 626	729
Other receivables (Refer Note 12)	149 982	154 970
Receiver of Revenue - Vat	200 098	90 834
Interest receivable	368 672	282 472
Prepayments	430 320	370 800
	1 159 698	899 805
7 Levies receivable		
Levy debtors	18 860	74 591
Repossessed debtors	489 505	195 878
Provision for repossessed debtors	(211 600)	(84 590)
- Opening balance	(84 590)	(21 813)
- Movement	(127 010)	(62 777)
	296 765	185 879

Pine Lake Share Block Proprietary Limited

Notes to the Annual Financial Statements for the Year Ended 31 December 2018

	2018 R	2017 R
8 Reserve for property, plant and equipment		
At beginning of year	4 512 876	3 218 751
Levy surplus for the year	4 458 454	3 549 172
	8 971 330	6 767 923
Property, plant and equipment additions and replacements during the year	(2 667 211)	(2 255 047)
At year-end	6 304 119	4 512 876
<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 2019 of R6,488,560 (2017: R6,021,050 for 2018) which it is anticipated will decrease the reserve fund by R2,235,113 (2017: decrease the reserve fund by R1,884,181 in 2018). The directors have approved a rooms refurbishment of R11.8m over the next 3 years of which R3.9m will be spent in 2019 which is included in the R6.5m recommended 2019 budgeted expenditure. The design company being used is Falconer Management Proprietary Limited trading as Falconer Design. There were no capital commitments made at year-end (2017: R nil).</p>		
9 Trade and other payables		
Trade payables (Refer Note 12)	592 775	806 344
Other payables:		
- Accruals (Refer Note 12)	672 570	756 798
- Provision for auditor's remuneration	53 000	50 000
- Sundry payables	258 682	286 792
- Exchange fee rebate	6 065	72 784
	1 583 092	1 972 718
10 Share capital		
Authorised		
162,146 "A" Class ordinary shares of 4 cents each		
Issued		
143,248 ordinary shares of 4 cents each		
	5 730	5 730

11 Property, plant and equipment

The Company complies with the SAICA Guide on Financial Reporting for Share Block Companies with respect to the treatment of property, plant and equipment. In terms of the SAICA Guide the right of use of property, vested with the shareholders, has been offset against the loan from shareholders with the balance transferred to the reserve for property plant and equipment.

Land and buildings comprise the following property:

Portion 47 of the farm Klipkopje 228 registration division, JT Transvaal District, White River with buildings thereon, known as Pine Lake Resort.

Land and buildings were originally purchased for R6,238,858 and are not recognised. Although the Company has legal title to the property, it effectively only owns the bare dominium over the property which is considered to be of no value. The property is currently valued by the Municipality at R30,313,000 for rates purposes. There are no bonds on the property.

Pine Lake Share Block Proprietary Limited

Notes to the Annual Financial Statements for the Year Ended 31 December 2018

	2018 R	2017 R
12 Related party transactions		
The operations of the Company are managed by Southern Sun Hotel Interests Proprietary Limited ("SSHI"). The Company is charged the following fees in terms of the management agreement:		
Short-term rental fee	60 518	74 357
Management fee	771 290	771 290
Central accounting and levy collection fee	492 682	465 150
Southern Sun Timesharing Proprietary Limited ("SST") is the accredited rental and resale services provider. During the financial year the Company received the following fee in terms of the management agreement:		
Commission on resale and rental of weeks - SST	(2 007)	-
Share Registry Management Services Proprietary Limited ("SRMS") provides an exclusive transfer of shares service to shareholders. During the financial year the Company (received)/paid the following fees in terms of the management agreement:		
Commission on transfer of ownership - SRMS	(7 354)	-
Secretarial fees on repossessed debtors and use agreement fees - SRMS	30 024	21 110
During the financial year the Company paid membership fees to SunSwop (a division of SSHI), which is affiliated to Interval International.		
SunSwop exchange services	312 195	300 098
During the financial year the Company paid the following SSHI internal charges:		
- Information technology administration charge	53 727	18 099
- Training related charges	24 600	7 220
- Sunrands related charges	6 486	-
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, certain maintenance and operating lease contracts are recovered from the Company via loan accounts. The balance of these loan accounts is as follows:		
Due (to)/by SSHI and its subsidiaries:		
- included in payables (Refer Note 9)	(122 503)	(83 690)
- included in receivables (Refer Note 6)	1 920	-
	(120 583)	(83 690)

	Number of units	Levies paid R	Levies received in advance R
SSHI own units in the Company as follows:			
SunSwop (a division of SSHI) - 2018 shareholding	15	117 410	25 230
SunSwop (a division of SSHI) - 2017 shareholding	15	104 400	31 200
The following entity, related through common directorship, own units in the Company as follows:			
AN Ridl - Club Leisure Group - 2018 shareholding	223	1 768 900	613 920
AN Ridl - Club Leisure Group - 2017 shareholding	223	1 576 110	641 160

Pine Lake Share Block Proprietary Limited

Notes to the Annual Financial Statements for the Year Ended 31 December 2018

	2018 R	2017 R
13 Directors' emoluments		
Non-executive directors have been remunerated an agreed upon fee per meeting attended for their services to the Company. In addition, all directors are reimbursed for costs incurred whilst on the Company's business. Further, all directors are insured for medical costs and personal accident while on the Company's business. All directors are also covered by insurance taken out by the Company as indemnification against all liability of any director towards the Company, in respect of any negligence, default, breach of duty or breach of trust. All costs relating to Messrs Fuller and Whiteboy are borne by Southern Sun Resorts/Tsogo Sun.		
Directors' emoluments paid for the year:		
LE McMillan	23 100	12 900
JS Olive	23 100	16 200
	46 200	29 100

Pine Lake Share Block Proprietary Limited

Unaudited Supplementary Schedules to the Annual Financial Statements
Detailed Levy Fund Operating Statement for the Year Ended 31 December 2018

	2018 R	2017 R
INCOME		
Levies	12 422 595	11 083 995
Rental pool and short term rentals	569 501	412 869
Sale of capital assets	33 147	-
Net sundry income		
- unclaimed surpluses, shop revenue, electricity and penalties, etc.	275 926	302 957
	13 301 169	11 799 821
EXPENDITURE		
Rooms expenses		
Cleaning supplies	29 027	27 658
Guest entertainment	51 864	50 953
Guest supplies	119 481	128 469
Laundry	548 300	493 751
M-Net	123 963	122 173
Personnel costs		
- outside services	890 676	892 160
Pest control	17 018	9 242
Plants and decorations	11 193	9 734
Printing and stationery, including reception	89 703	97 514
Replacement of cutlery, crockery, linen, towels, uniforms, etc	174 493	129 076
Security services	418 598	296 761
Shop costs	76 236	15 432
	2 550 552	2 272 923
Administration and general		
Audit fees		
- current year	54 500	50 000
- prior year overprovision	-	(289)
- expenses	72	-
Bank charges	10 161	10 843
Central accounting and levy collection fee	492 682	465 150
Corporate social initiatives	32 492	72 795
Credit card commission	80 385	68 703
Information technology costs	306 283	299 029
Insurance		
- premium	73 332	61 301
- excess	30 000	-
- claim	(38 009)	-
Internal audit fees	19 272	-
Legal fees	15 550	6 121
Licences and permits	9 311	7 201
Loss on repossessed debtors	46 484	6 348
Marketing	64 993	6 610
Postage	720	437
Professional fees	-	15 370
Provision for repossessed debtors	127 010	62 777
Railage, cartage and hire transport	1 934	1 952
Security		
- banking services	30 250	40 314
SunSwop exchange service	312 195	300 098
Subscriptions	13 559	15 872
Balance carried forward	1 683 176	1 490 632

Pine Lake Share Block Proprietary Limited

Unaudited Supplementary Schedules to the Annual Financial Statements
Detailed Levy Fund Operating Statement for the Year Ended 31 December 2018

	2018 R	2017 R
Balance brought forward	1 683 176	1 490 632
Telephone	38 884	46 794
Travel		
- management and directors	127 334	94 057
Vehicles		
- fuel and oil	-	947
	1 849 394	1 632 430
Electricity, water and refuse		
Electric bulbs	19 838	22 341
Electricity	397 821	344 703
Refuse	-	3 465
Water	10 970	12 342
	428 629	382 851
Repairs and maintenance		
Airconditioning	22 319	6 188
Buildings	169 520	60 522
Electrical and mechanical	82 426	85 178
Engineer's tools	2 752	5 019
Furniture and fixtures	10 327	55 175
Gardens and grounds	678 905	766 256
Office machines		
- maintenance contracts	(2 559)	29 471
Painting and redecorating	45 441	25 298
Plumbing and heating	96 515	104 951
Radio and TV	19 277	14 183
Generator	-	14 279
Room care	-	20 289
Swimming pool cleaning and repairs	36 149	21 898
Vehicles	10 844	10 071
	1 171 916	1 218 778
Corporate charges		
Annual report and statutory costs	47 791	40 804
Municipal rates and taxes	69 229	116 842
	117 020	157 646
Personnel costs		
Rooms	909 391	847 625
Administration and general	873 101	719 611
Repairs and maintenance	725 088	673 836
	2 507 580	2 241 072
Management fee	771 290	771 290
Total expenditure	9 396 381	8 676 990
Excess of income over expenditure before finance cost and taxation	3 904 788	3 122 831
Net finance income		
Net interest received	769 056	609 610
Excess of income over expenditure before taxation	4 673 844	3 732 441
Taxation	215 390	183 269
Excess of income over expenditure after taxation for the year transferred to reserve for property, plant and equipment	4 458 454	3 549 172

Pine Lake Share Block Proprietary Limited

Minutes of the Annual General Meeting of Shareholders of Pine Lake Share Block Limited for the Year Ended 31 December 2017 held on Tuesday, 24 July 2018 at 10h08 in the Imbizo 2 Room, Garden Court OR Tambo International Airport, Kempton Park

1. Welcome, Notice of Meeting, Attendance, Apologies and Proxies

The Chairman, Mr James Olive, welcomed all to the Annual General Meeting ("AGM") of the shareholders of Pine Lake Share Block and requested that all shareholders present sign the attendance register for this Meeting.

The Chairman advised that without the registration of the Memorandum of Incorporation ("MOI") by the Companies and Intellectual Properties Commission (CIPC), Pine Lake Share Block was regulated by the provisions as set out in the South African Companies Act 71, of 2008.

Notice of the Meeting was properly given but the required quorum in terms of the South African Companies Act, was not present. While sufficient shareholders were present, the minimum shareholding of at least 25% of all the voting rights, personally present or held by proxy, was not present and the Chairman was therefore unable to declare the AGM duly constituted. Total shareholding present was approximately 17% and as it was highly unlikely that the quorum of 25% would be achieved. The Chairman proposed that the Meeting not wait an hour to confirm whether the quorum would be achieved. The Meeting was in favour of the Chairman's proposal.

Consequently, the Chairman declared the AGM automatically postponed for one week to Tuesday, 31 July 2018, to the same venue and time of 10h00, where the attendees there present shall constitute the required quorum.

The Chairman further proposed that the attendees of this Meeting remain and continue the Meeting, according to the Agenda provided, but on an informal basis. No decisions would be made however the discussions held during the informal Meeting would be presented at the postponed AGM the following week to ratify any recommendations. All attendees were in favour of closing this Meeting and to follow the agenda on an informal basis.

2. CLOSURE

At 10h22, the Chairman declared the AGM duly postponed for one week.

Read and confirmed this _____ day of _____ 2019

Chairman

Pine Lake Share Block Proprietary Limited

Minutes of the Informal Meeting of Shareholders held on Tuesday 24 July 2017 at 10h23, in Imbizo 2 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 2017

1. Welcome, Notice of Meeting, Attendance, Apologies and Proxies

The Chairman welcomed all to this informal Meeting of the Annual General Meeting ("AGM"). He reiterated that as there was no quorum to hold the AGM scheduled to take place today and that no decisions may be finalised and no resolutions may be carried at this informal Meeting. While discussions and decisions may be recorded, the postponed AGM would receive a copy of the Minutes to be ratified by the attendees at the postponed AGM, to be held the following week, on Tuesday, 31 July 2018, at 10h00.

The Chairman advised that the Board of Directors were independent and non-executive Directors. The Board consisted of himself Mr James Olive representing all shareholders, Ms Louise McMillan representing all shareholders and Mr Anthony Ridl, representing the shareholder, Club Leisure Group. He introduced the management team of Southern Sun Resorts consisting of Mr Adam Fuller, operations director, Mr Warren Whiteboy, financial manager, Ms Lisa Sutton, company secretarial and last but not least, Mr Thuso Moroe, the general manager of Pine Lake Resort.

Mr Peter Pienaar, general manager of SunSwop, would join the Meeting as soon as he arrived at the Hotel.

The Chairman turned to the agenda on page 6 of the Annual Report and proceeded from point 3.

2. Minutes of Previous Annual General Meeting

The previous year's AGM was postponed, as had been the case for this year's AGM. For this reason, there were three sets of Minutes from the prior year. This included the brief AGM, the informal Meeting and the postponed AGM which took place a week later. The informal Meeting Minutes were used as a reference at the postponed AGM.

Item 3 On the agenda was to:

- approve the Minutes of the last AGM held on 25 July 2017;
- approve the Minutes of the Informal Meeting held on 25 July 2017; and
- approve the Minutes of the Postponed Annual General Meeting held on 1 August 2017.

The Chairman had nothing further to add and called for these sets of Minutes to be recommended for approval and adoption at the Postponed AGM to be held the following week, on 31 July 2018. No objections were raised. The Meeting was in favour of the motion and the recommendation was carried.

3. Matters Arising from Previous Annual General Meeting

No matters were raised by the Meeting.

4. Annual Financial Statements

Item 5, Ordinary Resolution 1, was to receive, consider and adopt the:

- report of the Directors;
- report of the Audit Committee;
- report of the Social and Ethics Committee; and
- Annual Financial Statements for the year ended 31 December 2017.

The Chairman's Review fully covered the activities of the Company for 2017 and the Chairman had nothing further to add. There were no queries relating to the financial statements or the reports and the Meeting resolved that the Annual Financial Statements for the year ended 31 December 2017 would be recommended for approval and adoption at the postponed AGM.

5. Appointment of Auditors

Item 6, Ordinary Resolution 2, was the appointment of auditors of the Company for the ensuing year. Following a request for proposals in the audit firm industry, it was confirmed to the Board that Grant Thornton Durban was in a position to audit the Share Block Company for a sum less than what PricewaterhouseCoopers Inc. (PWC) had contracted to charge for the 2017 financial year. PWC was unable to match or better the audit fees of Grant Thornton Durban. With Pine Lake Share Block being such a small Share Block Company and having considered all cost items very closely, the Board had agreed, for the best interest of all shareholders, that Grant Thornton Durban progress with the audit process.

Pine Lake Share Block Proprietary Limited

PWC subsequently resigned as auditors and Grant Thornton Durban was appointed for the prior year's audit. The Board and management team were very satisfied with the service provided by Grant Thornton Durban this past year and saw no reason not to recommend Grant Thornton Durban for a second year as the audit firm of Pine Lake Share Block. The Chairman recommended that Grant Thornton Durban, as auditors of the Company for the 2018 financial year, be appointed by the postponed AGM, the following week. The Meeting was in favour of the motion and the recommendation was carried to the following week.

6. Election of Directors

Item 7, Ordinary Resolution 3, was to elect Directors (representing the Timesharers) to the Board for the ensuing year. The Chairman Mr Olive, Ms McMillan and Mr Ridl retired at this Meeting. No other nomination was received and no nomination was received from the floor.

The Chairman advised that the Board was limited by the Articles of Association to seven Directors in number. Due to the size of the Share Block, the Board had taken a decision many years ago to limit the positions to three. The Board would again proceed on this basis. In terms of the Companies Act, the appointment of each Director must be voted for individually. Having confirmed their willingness to stand as a Director for the ensuing year, the Chairman recommended that each nomination be voted for on an individual basis the following week, at the postponed AGM.

For record purposes, the Chairman enquired on a show of hands, those in favour of the election of Ms McMillan for the ensuing year. He enquired on a show of hands, those in favour of the election of Mr Ridl for the ensuing year and he thereafter enquired on a show of hands, those in favour of the election of himself Mr Olive, for the ensuing year. The Meeting was in favour of each election and the recommendation was carried.

7. Appointment of Directors as Members of the Audit Committee

Item 8, Ordinary Resolution 4, was to appoint three Directors as members of the audit committee. While the appointment of an audit committee was not a statutory requirement for Pine Lake Share Block, for good corporate governance and transparency, the Board had elected to continue with this sub-committee and to follow the provision in the Companies Act. The Company was therefore required to appoint three independent and non-executive Directors to the audit committee.

As no quorum was present and having deferred the election of Directors to the postponed Meeting, the Meeting was unable to appoint members of the audit committee at this time. The current members of the audit committee were Mr Olive, Ms McMillan and Mr Ridl. Should the postponed AGM ratify the recommendation put forward earlier to re-elect the Directors to the Board, it was recommended that the same audit committee members be appointed to the audit committee for the ensuing year. No objection was recorded and the recommendation was carried.

8. Appointment of Members of the Social and Ethics Committee

Item 9, Ordinary Resolution 5, was to appoint three members of the social and ethics committee. This was not a statutory requirement however the Board had again elected to continue with this committee for good corporate governance and transparency. According to the provision in the Companies Act, the committee required three members. As no quorum was present and having deferred the election of Directors to the postponed Meeting, the Meeting was unable to appoint members of the social and ethics committee either. The current members of the committee were Mr Olive, Ms McMillan and Mr Ridl and while the recommendation of the King IV Commission was that at least one Director be appointed to the sub-committee, all Directors have been members and very involved. Mr Moroe had assisted greatly this past year and had acted as Chairman of the committee. Other staff members were involved to assist where necessary.

Should the postponed AGM ratify the recommendation put forward earlier to re-elect the Directors to the Board, it was recommended that the same social and ethics committee members be appointed for the ensuing year. No objection was recorded and the recommendation was carried.

9. Special and Ordinary Resolutions for Consideration and if deemed fit, Approval with or without Amendment

As detailed in the Explanatory Memorandum on page 4 and 5 of the Annual Report, the Chairman advised that the Company was required, in terms of the South African Companies Act, to replace its existing Memorandum and Articles of Association with a Memorandum of Incorporation (MOI). To comply with the Act, the Pine Lake Share Block had on 19 July 2016 combined a general meeting with its AGM, to consider and approve the Special and Ordinary Resolutions of the Company, as had been recommended by the Directors. The approved MOI and annexures were submitted to the Companies and Intellectual Property Commission (CIPC) but not approved. A discrepancy was found in the Company's authorised share capital held in record by the Company to that held in record by CIPC. It had been a long process in rectifying the information and this year, the Board had again combined the general meeting with this year's AGM of shareholders, to consider and if thought fit, approve with or without amendment, the Special and Ordinary Resolutions relating to the submission of a new MOI, as recommended by the Directors.

Pine Lake Share Block Proprietary Limited

Item 10.1, Special Resolution 1, was to convert the Company from a Public Company to a Private Company. The Chairman advised that the previous Companies Act, of 1973 had stipulated that a Company with more than 50 members was to be classified as a Public Company. The Companies Act 71, of 2008 (as amended) no longer placed a restriction on the number of shareholders of a Private Company and held other restrictions not applicable to Share Block Companies. In this regard and as recommended in 2016, the Board proposed the conversion to a Private Company, which would have no prejudicial consequence on shareholders. No queries or comments were received and the Chairman recommended that this Special Resolution to convert the Public Company to a Private Company, be deferred to the postponed AGM to be held the following week. The Meeting was in favour and the recommendation was carried.

Item 10.2, Special Resolution 2, was to change the Company's name from Pine Lake Share Block Limited to Pine Lake Share Block Proprietary Limited. The Chairman stated that this Resolution, subject to the approval of Special Resolution 1, was in line with the conversion to a Private Company. The Chairman recommended that this Special Resolution to change the name of the Company to Pine Lake Share Block Proprietary Limited, be deferred to the postponed AGM. The Meeting was in favour and the recommendation was carried.

Item 10.3, Special Resolution 3, was to replace the existing Memorandum and Articles of Association and to replace the previously approved MOI in its entirety, with the new Memorandum of Incorporation (MOI). The Companies Act 71, of 2008 abolished the distinction between the Memorandum and the Articles of Association and provided that only one constitutional document, the MOI, be the constitutional document of a Company. The Board proposed adopting a new MOI in order to comply with the Companies Act 71, 2008 and to, inter alia, to reflect the correct authorised share capital of the Company. The Chairman noted that shareholders had been directed to inspect the new MOI online and had been invited to request an email version of the MOI should they so require. The Chairman enquired whether there were any queries or comments from the floor. None were received and the Chairman recommended that this Special Resolution to replace the existing Memorandum and Articles of Association and to replace the previously approved MOI in its entirety, be deferred to the postponed AGM. The Meeting was in favour and the recommendation was carried.

Item 10.4, Special Resolution 4, was to adopt the records maintained by the Companies and Intellectual Property Commission (CIPC) pertaining to the Company's authorised share capital and to ensure that the authorised share capital corresponded with the new MOI. The Chairman advised that by way of Special Resolution, that the Company authorised share capital comprising only 162,146 "A" ordinary shares with a par value of R0.04 each, having the rights and privileges contemplated in the new MOI, approved in terms of Special Resolution 3. To the extent that any redeemable preference shares with a par value of R0.04 each, which shares were created by way of a conversion of the "B" ordinary shares and "C" ordinary shares authorised share capital during 1994 and/or any other classes of shares other than the "A" ordinary shares have not previously been cancelled by the Company, such authorised shares are hereby cancelled and shall cease to form part of the authorised and/or issued share capital of the Company. No queries or comments were raised and the Chairman recommended that this Special Resolution to adopt the records maintained by CIPC pertaining to the Company's authorised share capital, be deferred to the postponed AGM. The Meeting was in favour and the recommendation was carried.

Item 10.5, Ordinary Resolution 6, was to authorise any one Director and/or the company secretary to complete all and any documentation required for filing and registration of the Special Resolutions together with the MOI and annexures thereto. The Chairman recommended that this Ordinary Resolution to authorise any Director and/or company secretary to complete all and any documentation required for the above Special Resolutions, be deferred to the postponed AGM. The Meeting was in favour and the recommendation was carried.

Item 10.6, Special Resolution 5, required authorisation to make payment of remuneration/emoluments to Directors in respect of the 2018 year. The Chairman advised that the proposed R5k was for each Board Meeting, each audit committee Meeting, each social and ethics committee Meeting, or cluster of Meetings. This amount was exclusive of Vat and would increase per annum by no higher than CPI. In terms of Section 66(8) of the South African Companies Act 71, of 2008, the Company may pay remuneration to its Directors for their service as Director. Section 66(9) required that the remuneration be paid in accordance with a Special Resolution approved by the shareholders within the previous two (2) years. Section 66(12) required that any particular Director appointed to more than one committee of the Company, be calculated only once. Directors were entitled to be paid attendance fees/emoluments in respect of the above period.

The Chairman advised that the Board held Meetings on a quarterly basis and usually held them on the same day, which would enforce the "cluster of Meetings" scenario. It was seldom that the Board held separate Meeting dates. Shareholder Mr Lang was satisfied with the resolution. The Chairman recommended that this Ordinary Resolution authorising payment of remuneration/emoluments of R5k for attendance per Board Meeting, per audit committee Meeting, per social and ethics committee meeting or cluster of Meetings, be deferred to the postponed AGM. The Meeting was in favour and the recommendation was carried.

10. Insured Value of the Property

Item 11 was to table for discussion the insured value of the property, as approved by the Directors in terms of the Use Agreement. The valuation for Pine Lake Share Block for the 2018/2019 period was R13,418,916 to replace fixtures, fittings and equipment (FF&E) and R158,671,561 to replace buildings. The total insured value for the property, as provided by independent quantity surveyors, Brian Heineburg and Associates amounted to R172,090,477.

Pine Lake Share Block Proprietary Limited

Shareholder Mr Weber enquired about the valuations. Mr Ridl replied that the values were in line with costs to reinstate the buildings and FF&E and that the valuation had taken into account demolition, professional fees, back of house areas, contingencies and so on. Mr Lang enquired whether the Board had had sight of the insurance schedule. The Chairman replied that the Board had seen the insurance schedule and advised that the premium for this cover, was R61k per annum. Mr Ridl mentioned that the Board had reviewed the insured values prior to this Meeting and were satisfied with all inclusions.

Mr Weber enquired whether the insurance policy covered the replacement of geysers. The Chairman replied that the self-insured element was much higher than the replacement cost of a geyser and this expense would then become a repairs and maintenance cost. Mr Whiteboy advised that the insurance excess amount was R30k. Mr Weber was satisfied that geysers were not included in the cover and Mr Lang was satisfied with the premium for the insurance cover. The Chairman stated that the Board was comfortable with the insured values and the premium paid. He recommended that the approval of the insured value of the property be deferred to the postponed AGM. The Meeting was in favour and the recommendation was carried.

11. Report of the Social and Ethics Committee and the General Manager's Report

Item 12 and 13 was combined. Mr Moroe welcomed all shareholders and mentioned that the property was looking good. Mr Moroe reported that in 2017, the resort had achieved a 90.2% eGuest satisfaction result with more guests responding to the emailed survey. Feedback was very important and all comments were carefully considered. Tripadvisor's guest results had improved and the resort was rated 4.5 out of 5. Negative comments generally related to housekeeping and the lack of activities at the resort. Visitors had expectations without knowing about the resort and its location. The Board and management constantly sought ways to further improve results. Mr Fuller mentioned that all concerns or complaints raised to the Pine Lake team, were reacted to very quickly to rectify the situation and improve guest experience. Mr Moroe added that staff were trained to improve their skills and to empower them so that they were happier while on duty and took more pride in the service they provided guests.

Mr Moroe mentioned that the outside service providers such as Afriboom (cleaning and housekeeping), Servest (landscaping), Landmark Studios (auditing gardens and landscaping) and Hi-Tech Security (security) had improved their performances at the resort and guests were noticing the efforts. Mr Moroe was satisfied with the results achieved by the outside service providers over the last year.

The road towards the Numbi Gate of the Kruger National Park was repaired and in good condition. Guests were now able to drive safely to the Park's entrance gate, closest to Pine Lake Resort. Staff were involved to help maintain the road.

Mr Moroe advised that the management team worked very hard at growing the resort's revenue and humbly requested that shareholders and their guests, confirm their arrival during their designated timeshare week. Channels were in place to better assist shareholders in renting their units even if they still arrived, but a day or two later. Not only would a shareholder potentially receive an income from the rental, but so would the Share Block. This income improved the Company's reserves and in turn reduced the need for a higher levy increment.

The electrified boundary fence surrounding the property had been upgraded and improved for better security. Proactive measures were in place and improvements were always considered. Mr Lang enquired about any security breaches. Mr Moroe replied that Chalets had been broken into prior to the completion of the boundary fence project. Tampering with the surrounding fence would alert the security team immediately. No breaches had since been recorded.

A stainless steel cabled fence had been installed around the swimming pool, mainly to deter geese from settling in the swimming pool water. The swimming pool area looked fantastic. Shareholders would be pleased to learn that all patio braai areas had been covered by a roof. Two mock-up units were completed and the Board was happy with what had been achieved. Mr Ridl advised that shareholders visiting the resort had first option to experience a refurbished unit. 8 Chalets would be refurbished first and a phased approach would be conducted over a few years for the remainder of the project. The refurbishment programme would be extended over a longer period and take longer to refurbish all Chalets however, shareholders were requested to speak to management to arrange the preferential change at the resort. The Meeting was impressed with the mock-up Chalet photograph.

Mr Moroe advised that corporate social investment (CSI) focus would continue at Pine Lake Resort and that the resort had once again sponsored the Penryn College 1st rugby team. Mandela Day was celebrated by all staff members and they enjoyed giving back to the local community. Funds raised for the SPCA in Nelspruit was greatly appreciated. The Meeting congratulated Mr Moroe on his presentation.

Mr Lang enquired whether the name of the resort would ever include the description "Country Estate" as it had many years ago. The Chairman thanked Mr Lang for his comment and stated that the Board would consider the suggestion when it upgraded the name and logo.

Pine Lake Share Block Proprietary Limited

Shareholder Mr Haw was concerned that the population of geese and monkeys at the resort was increasing and could potentially get out of hand. Mr Moroe stated that while the monkey population may have increased, he had not been aware of any incident involving the monkeys. The population of geese had diminished since the previous year but Mr Moroe was unsure whether more would return later in the year. The Chairman echoed Mr Haw's concern and noted that the fence around the swimming pool certainly discouraged the geese from settling on the property. They did wander the property as guests often fed them the scraps from their Chalets. He too had noticed the previous week, having been at the resort that the size of the troops had increased. Guests were discouraged from feeding the geese and monkeys and the bins on the property had baboon-proof lids to reduce opportunities for the monkeys to tamper with the rubbish. Mr Lang stated that the monkeys at the property were living within the property's boundary as the electric fence would prevent them from leaving. The shrubbery and trees close to the boundary fence should be cleared wider so that monkeys traversed less. Mr Lang was of the opinion that the monkeys inside the property needed to be captured and released elsewhere. Mr Moroe would investigate further.

12. General Matters

12.1 Shareholders Correspondence

Ms Sutton reported that shareholder Mr Norris had queried the annual levy increment over the past two years. Mr Norris had mentioned that the levy increases were high and enquired how the levy was broken down. Ms Sutton had responded to Mr Norris to advise that the higher annual levy increases had been effected in order to best avoid the raising of a special levy, to cover costs at the property and to improve the facilities. A higher percentage of the levy was allocated towards increasing the reserves for the Share Block. Mr Lang enquired about the replacement reserve percentage. Mr Whiteboy replied that the percentage of levy to the reserves had been 30% last year and that the Board was slowly increasing the reserves each year. The percentage allocation had previously been quite low and the Board had made a decision to increase the contribution as soon as possible so as to avoid raising a special levy to effect the changes made at the property. Mr Ridl mentioned that the reserves had increased from R3.2m to R4.5m. Mr Lang stated that levy increases had been a gripe for many years and that shareholders did not always understand that approximately 75% of the levy was contributed towards running the resort and keeping the good standard of the facilities. Mr Ridl noted that the Annual Financial Statements did offer a breakdown of where the levy was utilised. Security had increased, labour costs had increased, municipal rates had increased and costs such as those quickly added up. The good standard of the resort was an expectation and it must be protected. A number of the resorts in the industry, that had allowed their property to degenerate over time, were having to close down entirely.

Mr Weber enquired whether the Share Block paid the regulated Community Schemes Ombud Service (CSOS) levy. Mr Whiteboy replied that the Share Block had provided for this levy which was calculated at R40 per month, per unit.

Mr Weber enquired whether development of additional Chalets had been considered. Mr Ridl replied that many shareholders had purchased at Pine Lake for the higher value of points for exchange purposes. Most shareholders did not utilise their timeshare at Pine Lake Resort. Management was working hard to increase occupancy and usage for the Chalets already on the property. The notion had been discussed but it was not advisable at this time. The Chairman agreed with Mr Ridl that occupancy was a challenge and mentioned that he would like Pine Lake Resort to become less of a secret in other markets and to re-establish itself for its facilities and its proximity to the Kruger National Park. Mr Moroe was pushing to increase rental opportunities and to improve the value of the product.

12.2 Compliments

Mr Lang complimented the Board of Directors and the management team for what had been done at the resort over the past year. He noted that a good standard had been maintained and the resort had improved. He thanked all involved for achieving that accolade. The Chairman thanked Mr Lang for his compliment.

13. Closure

There being no further business, the Chairman thanked all for their attendance and declared the informal Meeting closed at 11h28.

Read and confirmed this _____ day of _____ 2019

Chairman

Pine Lake Share Block Proprietary Limited

Minutes of the Postponed Annual General Meeting of Shareholders of the Pine Lake Share Block Limited for the Year Ended 31 December 2017, held on Tuesday, 31 July 2018, at 10h00, at Garden Court OR Tambo International Airport, Kempton Park

1. Welcome, Notice of Meeting, Attendance, Apologies and Proxies

The Chairman, Mr James Olive, welcomed Mr Peter Pienaar, general manager of SunSwop to the postponed Annual General Meeting ("AGM") of Pine Lake Share Block. No other shareholders were physically present. Notice of the Meeting had been properly given and as this was the postponed Meeting of the AGM that was scheduled for 24 July 2018, all attendees present were deemed to constitute the necessary quorum. The Chairman declared the Meeting constituted.

The Chairman and Mr Pienaar signed the attendance register and read through the draft Minutes of the AGM and Minutes of the informal AGM from the previous week, 24 July 2018. The Minutes were available for circulation at this Meeting. The Minutes of the informal AGM would offer reference at this Meeting.

The Chairman acknowledged apologies from Directors Ms Louise McMillan and Mr Anthony Ridl as well as the management team of Messrs Fuller, Whiteboy, Moroe and Sutton. He recorded that the proxies present at this Meeting, were as calculated the previous week. The Chairman turned to the Agenda on page 6 of the Annual Report.

The Meeting accordingly approved the following matters:

2 Minutes of the Previous Annual General Meeting

As no quorum had been achieved at last year's AGM, the shareholders there present had agreed to close the AGM as required by the Companies Act and had continued the Meeting on an informal basis. For this reason, there were three sets of Minutes from the previous year which included the brief AGM, the informal Meeting and the postponed AGM which took place a week later. The informal Meeting Minutes were used as a reference at the postponed AGM, as was the case for this Meeting.

Item 3 on the Agenda was to:

1. approve the Minutes of the last AGM held on 25 July 2017;
2. approve the Minutes of the Informal Meeting held on 25 July 2017; and
3. approve the Minutes of the Postponed AGM held on 1 August 2017.

The Chairman had nothing further to add and called for the Minutes of the last AGM, as recommended the previous week at the informal AGM, be approved and adopted. No objection was recorded and the recommendation was carried.

3. Matters Arising from the Minutes of the Previous Annual General Meeting

No matters were recorded.

4. Ordinary Resolution 1

Item 5 being Ordinary Resolution 1, was to receive, consider and adopt the:

1. report of the Directors;
2. report of the audit committee;
3. report of the social and ethics committee; and
4. Annual Financial Statements for the year ended 31 December 2017.

The Annual Financial Statements for the financial year ended 31 December 2017, read with the Chairman's Review and reports of the audit committee and social and ethics committee fully covered the activities of the Company for the period under review. The Chairman had nothing further to add and as recommended the previous week, he called for the adoption of the report of the Directors, report of the audit committee, report of the social and ethics committee and the Annual Financial Statements for the year ended 31 December 2017. No objection was recorded and the motion was carried.

5. Ordinary Resolution 2

Item 6 being Ordinary Resolution 2, was to appoint auditors to the Company for the ensuing year. In light of the discussion and recommendation proposed the previous week, the Chairman moved that Grant Thornton Durban be appointed as auditors to the Company for the 2018 financial year. No objection was recorded and the motion was carried.

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6. Ordinary Resolution 3

Item 7 being Ordinary Resolution 3, was to elect Directors (representing the Timesharers) to the Board for the ensuing year. The following Directors Mr Olive, Ms McMillan and Mr Ridl retired at this AGM but being eligible, were available for re-election. No additional nominations were received. As discussed and recommended at the previous week's informal AGM, the Chairman proposed that the same Directors be re-elected at this postponed AGM.

As recommended, he enquired on a show of hands, those in favour of the election of Ms McMillan as a Director for the ensuing year. Mr Pienaar voted in favour and Ms McMillan was elected a Director for the ensuing year. The Chairman enquired on a show of hands, those in favour of the election of Mr Ridl as a Director for ensuing year. Mr Pienaar voted in favour and Mr Ridl was elected a Director for the ensuing year. The Chairman enquired on a show of hands, those in favour of the election of himself Mr Olive as a Director for ensuing year. Mr Pienaar voted in favour and Mr Olive was elected a Director for the ensuing year.

7. Ordinary Resolution 4

Item 8 being Ordinary Resolution 4, was to appoint three Directors as members of the audit committee. As discussed and recommended the previous week, the Chairman proposed that himself Mr Olive, Ms McMillan and Mr Ridl be appointed to the audit committee for the ensuing year. No objection was recorded and the motion was carried.

8. Ordinary Resolution 5

Item 9 being Ordinary Resolution 5, was to appoint three members of the social and ethics committee. As discussed and recommended the previous week, the Chairman proposed the appointment of himself Mr Olive, Ms McMillan and Mr Ridl as members of the social and ethics committee. No objection was recorded and the motion was carried.

9. Special and Ordinary Resolutions for Consideration and if deemed fit, to Approve with or without Amendment, Each of the Following Resolutions

As comprehensively explained in the Annual Report and at the previous week's informal AGM, the Chairman addressed the required Resolutions.

Item 10.1 being Special Resolution 1, was to convert the Company from a public Company to a private Company. As discussed and recommended the previous week, the Chairman proposed the approval of Special Resolution 1, to convert the public Company to a private Company. No objection was recorded and the motion was carried.

Item 10.2 being Special Resolution 2, was to change the Company's name from Pine Lake Share Block Limited to Pine Lake Share Block Proprietary Limited. As discussed and recommended the previous week, the Chairman proposed the approval of Special Resolution 2, to change the Company's name. No objection was recorded and the motion was carried.

Item 10.3 being Special Resolution 3, was to replace the existing Memorandum and Articles of Association and to replace the previously approved Memorandum of Incorporation (MOI) in its entirety, with the new MOI. As discussed and recommended the previous week, the Chairman proposed the approval of Special Resolution 3, to adopt the MOI, as circulated, to replace the existing Memorandum and Articles of Association. No objection was recorded and the motion was carried.

Item 10.4 being Special Resolution 4, is to adopt the records maintained by the Companies and Intellectual Property Commission (CIPC) pertaining to the Company's authorised share capital and ensure that the authorised share capital corresponds with the new MOI. As discussed and recommended the previous week, the Chairman proposed the adoption of Special Resolution 4, to adopt the records maintained by CIPC pertaining to the Company's authorised share capital. No objection was recorded and the motion was carried.

Item 10.5 being Ordinary Resolution 6, was to authorise any one Director and/or Company Secretary to complete all and any documentation required for filing and registration of the Special Resolutions together with the MOI and annexures thereto with CIPC. As recommended the previous week, the Chairman proposed that this Ordinary Resolution to authorise any Director and/or company secretary to complete all and any documentation required for the above special resolutions be approved. No objection was recorded and the motion was carried.

Item 10.6 being Special Resolution 5, was to authorise to make payment of remuneration/emoluments to the Directors in respect of the 2018 year. The remuneration of R5,000 would be for attendance per Board Meeting, per audit committee Meeting, per social and ethics committee meeting, or cluster of Meetings. This amount would be exclusive of Vat and would increase per annum, by no higher than CPI. As discussed and recommended the previous week, the Chairman proposed the adoption of Special Resolution 5, to authorise the payment of remuneration/emoluments of R5,000 for attendance per Board Meeting, per audit committee Meeting, per social and ethics committee meeting or cluster of Meetings to the Directors. No objection was recorded and the motion was carried.

Pine Lake Share Block Proprietary Limited

10. 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 valuation for Pine Lake Share Block for the 2018/2019 period included R13,418,916 for fixtures, fittings and equipment (FF&E) and R158,671,561 for buildings. The total insured value for the property, as provided by independent quantity surveyors, Brian Heineburg and Associates, was R172,090,477. As discussed and recommended the previous week, the Chairman proposed the approval of the insured value of the property, at R172,090,477. No objection was recorded and the motion was carried.

11. Report of the Social and Ethics Committee and General Manager's Report

As agreed the previous week, Item 12 and 13 on the Agenda was combined and Mr Moroe had made a presentation to the Meeting. The Chairman referred to the draft Minutes of the Informal AGM which briefly highlighted what Mr Moroe had discussed and presented. Having taken those draft Minutes as an accurate recording, the Chairman proposed that the Meeting accept the recording for today's Meeting. No objection was recorded and the motion was carried.

12. General Matters

Item 14 was to transact any other business which ought to be transacted at an AGM. The Chairman again referred to the draft Minutes of the Informal AGM which briefly highlighted what had been discussed under this section. Having taken those draft Minutes as an accurate recording, the Chairman proposed that the Meeting accept the recording for today's Meeting. No objection was recorded and the motion was carried.

13. Closure

As there was no further business, the Chairman declared this Meeting closed at 10h14.

Read and confirmed this _____ day of _____ 2019

Chairman