

Sabie River Share Block Proprietary Limited

Registration No. 1963/003920/07



Annual Report

for the year ended 31 December 2018

Sabie River Share Block Proprietary Limited

Annual Financial Statements

for the year ended 31 December 2018

COMPANY INFORMATION

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

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

- Detailed Levy Fund Operating Statement - "A" and "C" Class Shareholders 23 - 24

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

Sabie River Share Block Proprietary Limited

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

In February this year, we sadly said farewell to our general manager, Mr Wayne Wilson, after nearly four years' service at Sabi River Sun. He left to pursue his interests in the agricultural sector. We all wish Wayne the very best and much success in his future endeavors. Our management team is actively searching for the most suitable replacement candidate to manage our "piece of heaven" however we have welcomed an interim general manager, Mr Michael Philipson, who has optly stepped in and kept our property operating at a high standard. Thank you, Michael, for your eagerness, dedication and fresh ideas which benefit an already remarkable resort.

2018 was an exciting year for Sabi River Sun and I am delighted to share with you, a brief overview for the period ending 31 December 2018.

Resort Facilities

Our 5km Parkrun event, held every Saturday morning at 08h00, is still very well supported by hundreds of runners and walkers who really enjoy the route around our gorgeous property. Our resort has received great exposure through the popular event over this last year, as it not only encourages local residents to take part and gain some exercise but is a perfect opportunity for shareholders and guests at the resort to enjoy a fabulous and fun start to their Saturday. Becoming a member of the Parkrun tourist group is growing in popularity where "park runners" travel the country and world, to take part in new and "different" parkrun events, so we are pleased to see many new faces being introduced to our gem in Hazyview. Our property is truly wonderful and the beauty of what we appreciate and enjoy, speaks for itself. Anyone taking part in the early morning event can only be charmed and motivated to return for the run or walk another time or be encouraged to book more time at our delightful resort.

The golf shop and clubhouse celebrated its 1-year anniversary in November 2018 and the facility is still thoroughly enjoyed by many golfers and non-golfers. Sunrises and sunsets from the venue are breath-taking. If you have not yet visited the golf shop and/or enjoyed food and beverage from the golf bar area, please do yourself a favour and make it a priority upon your next visit. It's a great experience to sit back and relax while overlooking an amazing view across the golf course.

The golf course continues to be very well maintained by Mr Mark Pain and I think you will agree that the surrounding gardens and grounds have never looked better. Our aloe nursery is flourishing as had been hoped when the nursery was first planted. Our gardens continue to receive positive comments. The golf course is phenomenal with great play for all to enjoy. Golf cart pathways keep improving and new pathways have been built to assist golfers along the course. Mark is a great asset to our team and I would like to extend a much appreciated thank you to him and his team, for their tremendous passion and attention to detail, in making our Sabi River Sun what it is today. The course, landscaping, trees and plants are beautiful.

Petrol golf carts have proven more beneficial than electric golf carts as there is no downtime in golf play. For the 2018 year and based on 100 rounds per day, occupancy on the golf course was 50% in 2018, against 51% in 2017 and 49% in 2016. Green fees rounds for the year amounted to 18,000 rounds, with golf cart rounds amounting to 7,898 rounds. Mark has been trialling replacement grass for our golf greens.

The current option planted does not thatch; provides a softer play; requires a lower frequency of mowing; results in less wear and tear on equipment; and requires minimal irrigation to maintain the good condition.

The golf course irrigation system is very old with excessive water leaks recorded over the past year. A new irrigation system project commenced and is being rolled out on a phased approach across the property. The greens are manually irrigated while the system and areas are out of service. A spring treatment of the greens brings about many discussions however your board has agreed that a spring treatment, as highly recommended by Mark Pain, will be conducted near the end of this year and as soon as dates are confirmed, our team will notify any shareholders occupying during that period.

The dam de-silting project in the hippo dam is ongoing. Good progress was made last year in clearing the dam of excess silt but unfortunately, more silt washed downstream and has built back up in the dam. A year later, negotiations are still underway with the municipal and water authorities, to have a second weir installed in the dam to relieve some pressure on the first weir and to contain more of the silt in a smaller area. This process has been a lengthy one and the management team continues to follow up for feedback and a decision from the authorities. The project has an environmental impact however is very necessary to prevent further damage to the property and affect properties down-stream. While the project has in principle been approved, an engineer's report is awaited. All parties understand the urgency of having the second weir installed.

Your board will continue to invest in our Resort and ensure that it remains best in its class, in the timeshare sector. To this end, following the successful upgrade of the hotel entity, the restaurant and golf club, we will start the long overdue refurbishment plan in the latter part of 2019.

As a safety precaution, your board is investigating a hippo walkway solution, to guide the hippos into and out of the hippo dam along a pre-determined path, further away from potential human interaction. Zookeepers, park rangers and design teams have been consulted for guidance in the project and this will hopefully roll out soon.

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 company in a summarised format. The traditional detailed levy fund operating statement is set out on pages 23 to 24 and is presented as supplementary information to shareholders. I will refer to the detailed levy fund operating statement when commenting on the financial results for the year.

The statement of comprehensive income for the year ended 31 December 2018 as set out on page 13 in this annual report, reflects a surplus of R17m (2017: R14.3m) after taxation which was transferred to the reserve for property, plant and equipment.

Sabie River Share Block Proprietary Limited

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

Income

Income increased compared to 2017, with net finance income increasing significantly by 22.2% year-on-year due to re-investments. Management continues to seek ways of increasing revenue particularly from rental pool and short-term rentals.

Expenditure

Total expenditure for the year was R25.8m (2017: R25.6m) which reflected an increase of 0.9%. This was lower than inflation. Major expense variances are as follows:

- **Rooms** – expenditure increased year-on-year by 5% with above inflationary increases in guest entertainment, pest control and laundry. The increase in guest entertainment followed the costs for the New Year's Eve function, while pest control related to additional treatments and laundry following repairs on the laundry equipment.
- **Administration and general** – There was a 15.8% decrease in comparison to prior year. Majority of the decrease related to the business interruption settlement of R605k received for the 2016 chalet fires incident. Above inflationary increases were recorded in bad debts provision for repossession units, vehicle fuel, additional fuel for the new maintenance utility vehicles, travel for charges relating to the refurbishment meetings and subscriptions for the new hand-held radios. The R75k corporate social investment relates to contributions made to Sizabantwana Children's Home.
- **Electricity, water, and refuse** – The overall increase in electricity, water and refuse at 10.9% was largely due to an increase in generator fuel required following a few power outages and the replacement of electric bulbs.
- **Repairs and maintenance** – Repairs and maintenance expenditure was up on 2017 by 14.3%. Significant increases were recorded in major repairs and maintenance for the servicing of the generators, buildings following the tiling and repairs to the admin block, painting and decorating back of house areas and varnishing of the wooden pole bridges, plumbing and heating for the replacement of the heat pump elements, Swimming pools for the replacement of filters and lights and security fence following repairs to the electric fence.
- **Estate maintenance** – Estate maintenance showed an increase of 6.4% in line with the budget increase for the outside garden and grounds contractor and golf subscriptions.
- **Capital charges** - Capital charges were down on 2017, with a decrease in municipal rates and taxes due to the revaluation of the property by Mbombela.
- **Management fee** – The management fee reflected a marginal increase of 0.5% due to the new management agreement.

Statement of Financial Position

The statement of financial position (balance sheet) which is reflected on page 14, together with the related notes thereto represents the financial position of the company as at 31 December 2018. The reserve for property, plant and equipment for the timeshare chalets has increased to R37.6m from R24.1m at December 2017. Total capital expenditure was R3,481,204 (2017: R9,123,576) while cash and cash equivalents amounted to R51.5m (2017: R37.9m).

The following major capital expenditure was incurred during the year:

	R
Pool loungers/umbrellas	365,990
Jacobsen ride on mower	350,000
Beds	307,175
Club cars maintenance	302,193
Golf course improvements	262,352
Road repaving	246,926
Sewerage plant rollers	244,000
Laundry washers	242,931
Utility vehicle garden & grounds	192,742
Main dam EIA and council submissions	163,352
Phase 5 pool resurfacing	132,600
Multi-purpose field	100,093
Air-conditioners	80,998
Microwaves	49,075
Ovens, cooker hood and hobs	45,862

Refurbishment

The previous mock-up units received a great response and I would like to thank everyone who was able to view the units and provide valuable feedback. Your board considered all comments and has prepared an amended scope of works for the chalets. After much design and cost deliberation we believe that we will achieve a fresher, brighter and more comfortable chalet for all to enjoy. The chalet will incorporate the bright colour elements inspired by local flora and fauna; flora depicted in botanical line drawings; and leather furniture and fabric detail to create an old-style traveler and African bush theme. Mock-up units are currently in progress and should be completed by the end of August 2019. Please inspect the units when you next visit Sabi River Sun and provide us with your feedback.

SunSwop and RCI Affiliation

I am very pleased to confirm that as of 4 February 2019, RCI has become affiliated with our team at SunSwop and RCI took over the exchange service process from Interval International. We would like to thank Interval International for its contribution in making SunSwop the success that it has become over the last 10 years. Owners will continue transacting with SunSwop and will still call 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 organized manner. The share block remains a member of VOASA and both myself, and Anthony Ridl represents 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.

Sabie River Share Block Proprietary Limited

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

Social and Ethics Committee

The social and ethics committee comprises Mr Raymond Jeffray, Mr Lububalo Tyali and Mr Peter Pienaar, with the assistance of myself and our general manager. I welcome you to read the report of the social and ethics committee on page 8 of this annual report. The committee certainly has some exciting information to share with you and will be presenting a comprehensive slideshow on the results and achievements at the AGM.

General

I encourage every shareholder to either attend this year's AGM on 23 July 2019 or to kindly complete the form of proxy form enclosed in this Annual Report, on page 5 should you find yourself unable to attend.

Conclusion

In conclusion, I wish to thank my fellow directors for their commitment, insight and dedication in serving the interests of all shareholders. I extend my gratitude and appreciation to our management team, Southern Sun Resorts and support team at Tsogo Sun, for their knowledge, reliability and assistance. The success of our resort relies on the wonderful service provided by the friendly and hospitable staff on-site, who keep our "piece of heaven" operating well while we are away.

I wish you all a great and prosperous year ahead.



Adam Fuller
Chairman

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 13h00 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 thirteen (13) Directors in number, the "A" and "C" class shareholders together being entitled to appoint four (4) Directors, the "D" class shareholders being entitled to appoint two (2) Directors and the "B" class shareholders being entitled to appoint the remaining Directors. The "D" class shares have not been issued. The other Directors currently in office and appointed by the "B" class shareholders are Messrs Boshoff, Fuller, Nadasen (appointed 1 March 2019), Pienaar, Tyali, von Aulock (appointed 1 March 2019) and Whiteboy. It would facilitate secretarial procedures if **nominations for the appointment of those Directors representing the "A" and "C" class shareholders be received by no later than 13h00 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 Mr Ian Cruickshank 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 Ajith Ramsarup 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 Raymond Jeffray 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 3.4: 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 Mr Ian Cruickshank 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 Ajith Ramsarup 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 R7,400 (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 four (4) 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 13h00 on Thursday, 18 July 2019. Form of proxy is enclosed on page 5 for this purpose.**

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

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

Registered Office
 Palazzo Towers East
 Montecasino Boulevard
 Fourways, 2055

Private Bag X200, Bryanston, 2021
 Telephone (031) 561 2204
 Facsimile (031) 561 7334
 Email: Resorts.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 13h00, at 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 Ian Cruickshank			
3.2 Ajith Ramsarup			
3.3 Raymond Jeffray			
3.4 Anthony Ridl			
Ordinary Resolution 4: Appointment of audit committee			
4.1 Ian Cruickshank			
4.2 Ajith Ramsarup			
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 13h00 on Thursday, 18 July 2019.

Sabie River Share Block Proprietary Limited

Statement of Directors' 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 Sabie River 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 pages 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 21 May 2019 and are signed by:



AH Fuller
Chairman



IGS Cruickshank
Director (Chairman - audit committee)

Declaration by the Company Secretary

I hereby confirm, in my capacity as Company Secretary of Sabie River Share Block Proprietary Limited that for the year ended 31 December 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

Sabie River 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 Ian Cruickshank (Chairman), Mr Anthony Ridl and Mr Ajith Ramsarup.

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 of 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 and recommending to the board for approval, 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 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.



IGS Cruickshank

Chairman

21 May 2019

Sabie River Share Block Proprietary Limited

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

The social and ethics committee of Sabi River Sun Resort (“the Committee”) is a statutory committee which is governed by the South African Companies Act, guided by King IV and includes all other responsibilities allocated to it by the Board.

Role of the Committee

The Committee ensures that the Resort’s energy, water and waste programmes are in place; ensures good corporate citizenship; monitors employee engagement and development; and ensures that health and safety remains a focus.

Social & Economic Development

The Committee assists its local community through various initiatives: Philisane Home – linen, towels, cutlery, crockery are donated to assist with the upkeep of the home. Various charities are supported such as World Aids Day, CANSA Shavathon, Slipper Day, Tekkie Tax Day and the proceeds are paid over to the appropriate charity.

Corporate Citizenship – CSI

The Committee has a strong regard for corporate citizenship which highlights its social, cultural and environmental responsibility and sustainability. Local CSI initiatives are not only supported through donations of time and written-off operating equipment, but through training and guidance in order for the assisted institute/facility to support and sustain itself.

Environmental Health & Public Safety

The Committee ensures that the Resort’s energy, water and waste programmes are effective and contribute towards its sustainable goals.

Organisational Resilience Management System (ORMS)

ORMS, implemented by Southern Sun Resorts/Tsogo Sun throughout all of its properties, is a comprehensive management system that records and plans 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. Sabi River Sun Resort scored 89% in the most recent audit.

Guest Relations & Correspondence

Guest feedback remains of utmost importance and centrality surveys are carefully managed, monitored and responded to on a daily basis. Other feedback platforms include Facebook, TripAdvisor and Google reviews.

Labour, Employment and Relations, Training and BBBEE

Sabi River Sun Resort complies with the Labour Relations Act of South Africa. All employees are treated equally and employee engagement is monitored.

Management assists in developing, maintaining and improving employee relationships through communication, performance management, processing grievances and/or disputes. Staff at the Resort are continuously trained and further developed where possible.

Sabi River Sun Resort is linked to the BBBEE rating of the Tsogo Sun Group, which is a Level One Contributor.

Strategic Plans

Plans are in place to update/refurbish the Chalets at Sabi River Sun Resort and mock-up Chalets are due to be completed in 2019.

Composition and Functioning

The Committee comprises three Directors, namely: Messrs Jeffray, Tyali and Pienaar, with the assistance of Mr Fuller and the general manager. All Directors are invited to attend Committee Meetings should they wish. Resort staff assist the Committee wherever possible. The Committee holds comprehensive meetings twice a year.

Activities of the Committee

The Committee is focused to ensure that the Resort’s environmental programme has a strong approach to energy, water and waste management. Energy and water consumption is monitored by a live system that updates and advises management of any potential and actual wastage. Abnormal activities that deviate from the set targets for the Resort are highlighted immediately. The system assists in tracking trends for using the Resorts resources, at the best time for optimal use, and cost effectiveness. New boilers, laundry equipment and LED lighting has assisted in better energy results.

The employees at Sabi River Sun Resort are its most valuable asset. Training and development continues to be of great importance and focus.

Chairman

Sabie River 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 and its subsidiary owns the land and buildings known as Sabie River Resort which comprises a hotel and a chalet timesharing scheme. The chalets are utilised by the "A" and "C" 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.

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

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

2 Financial results

The financial results of the Company are set out in the attached 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 R16,960,246 (2017: R14,300,046) 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 share capital has remained unchanged.

4 Insurance

The chalet and hotel buildings and their contents, dam wall and bridges are insured at current replacement values under an All-Risk Policy. In addition, Sasria (Riot) cover has been arranged for the sum insured. The Company does not insure personal belongings of the individual timesharers.

The Company does not guarantee the provision of alternative accommodation in the event of a disaster and does not take out insurance for this.

Sabie River Share Block Proprietary Limited

Report of the Directors for the Year Ended 31 December 2018

5 Directors and Secretary

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

Representing "A" and "C" class shareholders

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

Representing the "B" class shareholders

AH Fuller ^ Chairman
PJ Boshoff
PM Pienaar
L Tyali ^
WG Whiteboy
W Wilson ^ (Resigned 28 February 2019)

* Audit Committee Members

^ Social and 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, of which Mr PJ Boshoff is a Director.

7 Material events after year end

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

8 Holding Company

The holding Company is Tsogo Sun Hotels Limited (previously known as Southern Sun Hotel Proprietary Limited), a Company registered in the Republic of South Africa and listed on the Johannesburg Stock Exchange ("JSE").

9 Subsidiary

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

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

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

Sabie River Share Block Proprietary Limited

Report of the Independent Auditors

Report on the audit of the annual financial statements

Opinion

We have audited the financial statements of Sabie River 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 financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Sabie River 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 Companies Act of South Africa.

Basis for opinion

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

Other information

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

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

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

Responsibilities of the directors for the financial statements

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

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

Sabie River 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 Sabie River Share Block Proprietary Limited for 2 years.



SNG GRANT THORNTON

Registered Auditors

Practice number: 946016

per A Timol

Registered Auditor

Director

SizweNtsalubaGobodo Grant Thornton Inc.

21 May 2019

2nd Floor
4 Pencarrow Crescent
Pencarrow Park
La Lucia Ridge Office Estate
4019

Sabie River Share Block Proprietary Limited

Statement of Comprehensive Income - "A" and "C" Class Shareholders for the Year Ended 31 December 2018

	Note	2018 R	2017 R
Income		40 250 270	37 775 560
Levy income		39 200 517	36 855 855
Other income		1 049 753	919 705
Expenses		(25 833 507)	(25 593 129)
Levy surplus before interest and taxation	3	14 416 763	12 182 431
Net finance income	4	3 436 606	2 812 541
Levy surplus before taxation		17 853 369	14 994 972
Income tax expense	5	(893 123)	(694 926)
Levy surplus for the year		16 960 246	14 300 046

Statement of Comprehensive Income - "B" Class Shareholders for the year ended 31 December 2018

	2018 R	2017 R
Revenue		
Levy income	178 813	218 147
	178 813	218 147
Expenses		
Audit fees	(6 000)	(6 000)
Rates	(172 813)	(212 147)
	(178 813)	(218 147)
Levy surplus for the year	-	-

Sabie River Share Block Proprietary Limited

Statement of Financial Position as at 31 December 2018

	Notes	2018 R	2017 R
ASSETS			
Current assets			
Trade and other receivables	6	2 935 453	2 608 509
Levies receivable	7	340 347	261 060
Cash and cash equivalents		51 531 861	37 914 288
Total current assets		54 807 661	40 783 857
Total assets		54 807 661	40 783 857
EQUITY			
Capital and reserves			
Share capital	11	13 926	13 926
Reserve for property, plant and equipment - "A" and "C" class shareholders	8	37 622 367	24 143 325
Total equity		37 636 293	24 157 251
LIABILITIES			
Non-current liabilities			
Exchange fee rebate		-	19 713
Total non-current liabilities		-	19 713
Current liabilities			
Trade and other payables	9	3 741 757	4 167 120
Levies received in advance		12 536 488	11 744 847
Current tax liabilities		893 123	694 926
Total current liabilities		17 171 368	16 606 893
Total liabilities		17 171 368	16 626 606
Total equity and liabilities		54 807 661	40 783 857

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

	Notes	2018 R	2017 R
Share capital			
131,770 - "A" Class ordinary shares of 1 cent each		1 318	1 318
1,197,000 - "B" Class ordinary shares of 1 cent each		11 970	11 970
63,820 - "C" Class ordinary shares of 1 cent each		638	638
Ordinary shares at beginning and end of year	11	13 926	13 926
Reserve for property, plant and equipment - "A" and "C" class shareholders			
At beginning of year		24 143 325	18 966 855
Levy surplus for the year		16 960 246	14 300 046
Property, plant and equipment additions and replacements during the year	8	(3 481 204)	(9 123 576)
At end of year		37 622 367	24 143 325

Sabie River 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 for the year transferred to the "A" and "C" class shareholders reserve for property, plant and equipment	17 853 369	14 994 972
Adjustments for:		
Net interest received	(3 436 606)	(2 812 541)
Non cash items		
- Movement in exchange fee rebate	(19 713)	(236 526)
Net surplus before working capital changes	14 397 050	11 945 905
Changes in working capital		
- Movement in levies receivable	(79 287)	250 085
- Movement in trade and other receivables	(326 944)	790 964
- Movement in levies received in advance	791 641	625 877
- Movement in trade and other payables	(425 363)	(5 628 076)
Cash flows from operating activities	14 357 097	7 984 755
Net interest received	3 436 606	2 812 541
Tax paid	(694 926)	(593 780)
Net cash inflow from operating activities	17 098 777	10 203 516
Cash flow from investment activities		
Property, plant and equipment additions and replacements	(3 481 204)	(9 123 576)
Net cash outflow from investing activities	(3 481 204)	(9 123 576)
Net movement in cash and cash equivalents	13 617 573	1 079 940
Cash and cash equivalents at beginning of year	37 914 288	36 834 348
Cash and cash equivalents at year-end	51 531 861	37 914 288

Sabie River 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 assumptions and estimates were 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 Leases

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

1.4 Financial instruments

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

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

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

1.5 Cash and cash equivalents

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

1.6 Revenue recognition

Revenue is stated exclusive of value-added tax.

Levy revenue is recognised when the right to occupation arises.

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

Sundry revenue is recognised when it is earned.

Sabie River Share Block Proprietary Limited

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

1.7 Provisions

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

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

1.8 Equity

Ordinary shares are classified as equity.

1.9 Current taxes

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

1.10 Retirement benefits

The Company 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 plan.

2 Financial Risk Management

Capital Management

All costs associated with the maintenance of the Resort, including the refurbishment of the property and replacements of movable property, plant and equipment, are financed out of levies from shareholders.

Financial Risk Factors

The financial risks to which the Company is exposed are liquidity, credit and interest rate risk.

Liquidity Risk

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

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

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

Credit Risk

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

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

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

Interest Rate Risk

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

Sabie River Share Block Proprietary Limited

Notes to the Annual Financial Statements for the Year Ended 31 December 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 benefits	5 289 663	5 596 605
- contributions to retirement funds	375 811	376 221
Management fees	2 326 496	2 313 975
Audit fees	104 303	127 755
Professional and internal audit fees	-	93 867
Other operating expenses	17 737 234	17 084 706
	25 833 507	25 593 129
4 Net finance income		
Interest earned on fixed deposits, call deposits and current account	3 437 935	2 812 541
Interest paid	(1 328)	-
	3 436 607	2 812 541
5 Income tax expense		
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(1)e of the Income Tax Act.		
Current year	893 123	694 926
	893 123	694 926
A reconciliation of the taxation charge is not considered appropriate as share block companies are liable for taxation only on their net non-levy income.		
The holder of the "B" class shares has, in terms of the Memorandum of Incorporation, indemnified the holders of the "A", "C" and "D" class shares against payment of taxation which may arise on income derived from the hotel property trading operations or on the distributable reserves of the Company. This indemnification does not apply to contributions made by the holders of the "A", "C" and "D" class shares to the levy fund or income from the investment of such contributions.		
6 Trade and other receivables		
Trade receivables (Refer Note 13)	233 422	88 137
Other receivables (Refer Note 13)	127 197	138 409
Receiver of Revenue - Vat	107 825	352 874
Prepayments	1 385 494	1 212 020
Interest receivable	1 081 515	817 069
	2 935 453	2 608 509

Sabie River Share Block Proprietary Limited

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

	2018 R	2017 R
7 Levies receivable		
Levy debtors	229 322	182 295
Repossessed debtors	117 402	170 368
Provision for repossessed debtors	(6 377)	(91 603)
- Opening balance	(91 603)	(106 117)
- Movement	85 226	14 514
	340 347	261 060
8 Reserve for property, plant and equipment - "A" and "C" class shareholders		
At beginning of year	24 143 325	18 966 855
Levy surplus for the year	16 960 246	14 300 046
	41 103 571	33 266 901
Property, plant and equipment additions and replacements during the year	(3 481 204)	(9 123 576)
At year-end.	37 622 367	24 143 325
<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 R20,229,586 (2017: approved R7,667,614 for 2018) which it is anticipated will decrease the reserve fund by R5,506,322 (2017: increase by R6,111,651 in 2018). There were no capital commitments made at year-end (2017: R nil).</p>		
9 Trade and other payables		
Sundry payables (Refer Note 13)	816 578	498 636
Accruals (Refer Note 13)	887 037	1 012 339
Provision for audit fees	95 400	90 000
Southern Sun Hotel Interests Proprietary Limited (Refer Note 13)	1 916 830	2 323 419
Southern Sun Timesharing Resales Proprietary Limited (Refer Note 13)	6 200	6 200
Exchange fee rebate	19 712	236 526
	3 741 757	4 167 120

10 Property, plant and equipment

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

Land and buildings comprise the following property:

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

Land and buildings were originally purchased for R19,661,853 and are not recognised. Although the Company has legal title to the property it effectively only owns the bare dominium over the property which is considered to be of no value. The property is currently valued by the Municipality at R37,208,000 for rates purposes. There are no bonds on the property.

Sabie River Share Block Proprietary Limited

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

	2018 R	2017 R
11 Share capital		
Authorised		
Ordinary shares		
133,000 - "A" Class ordinary shares of 1 cent each	1 330	1 330
1,197,000 - "B" Class ordinary shares of 1 cent each	11 970	11 970
152,000 - "C" Class ordinary shares of 1 cent each	1 520	1 520
114,000 - "D" Class ordinary shares of 1 cent each	1 140	1 140
	15 960	15 960
Issued		
Ordinary shares		
131,770 - "A" Class ordinary shares of 1 cent each	1 318	1 318
1,197,000 - "B" Class ordinary shares of 1 cent each	11 970	11 970
63,820 - "C" Class ordinary shares of 1 cent each	638	638
	13 926	13 926

Voting Rights

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

Dividends

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

Winding-up

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

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

Unissued shares

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

12 Capital commitments

The Company is responsible for a portion of the annual subscriptions of the Sabi River Sun Golf Club and during the year contributed R2,094,475 (2017 : R1,975,920). This expense is reflected under Estate Maintenance in the "A" and "C" class shareholders' statement of comprehensive income.

Sabie River Share Block Proprietary Limited

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

	2018 R	2017 R
13 Related party transactions		
The operations of the Company are managed by Southern Sun Hotel Interests Proprietary Limited ("SSH"). The Company is charged the following fees in terms of the management agreement:		
Short term rental fee	38 211	56 196
Management fee	2 326 496	2 313 975
Levy administration and collection fee	219 511	206 725
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	(23 785)	-
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	(29 465)	-
Secretarial fees on repossessed debtors and use agreement fees - SRMS	35 776	24 921
During the financial year, the Company paid membership fees to SunSwop (a division of SSH), which is affiliated to Interval International.		
SunSwop exchange services	954 729	895 174
During the financial year the Company paid the following SSH internal charges:		
- Information technology administration charge	423 531	378 406
Most expenses of the Company are paid by Sabie River Sun Hotel, a division of SSH, and reimbursed by the Company.		
In addition, certain costs are incurred by SSH in terms of contracts negotiated on behalf of members of the Southern Sun group, including the Company. These costs, which include insurance and certain maintenance and operating lease contracts, are recovered from the Company via Sabie River Sun Hotel.		
Due to/by SSH and its subsidiaries:		
- included in payables (Refer Note 9)	(2 330 356)	(2 413 956)
- included in receivables (Refer Note 6)	31 508	4 359
	(2 298 848)	(2 409 597)
In addition, Southern Sun Timesharing Resales Proprietary Limited ("SSTR"), on behalf of the Company, provides a rental service and recovers levies from the sale and rental of timeshare weeks.		
Balance owing to SSTR (Refer Note 9)	(6 200)	(6 200)
Sabi River Sun Golf Club, related through common directorship, was paid annual subscriptions by the Company as follows:		
Subscriptions	2 094 475	1 975 920
Due by Sabie River Sun Golf Club:		
- included in receivables (Refer Note 6)	14 747	11 677
	14 747	11 677

Sabie River Share Block Proprietary Limited

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

13 Related party transactions (continued)

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

	Number of units	Levies paid R	Levies received in advance R
2018 - shareholding			
AH Fuller - SunSwop (a division of SSHI)	9	72 390	17 240
AB Ramsarup - The Leisure Holiday Club	91	732 410	318 940
AN Ridl - Club Leisure Group	165	1 378 740	701 600
2017 - shareholding			
AH Fuller - SunSwop (a division of SSHI)	9	67 860	16 040
AB Ramsarup - The Leisure Holiday Club	91	686 940	296 740
AN Ridl - Club Leisure Group	165	1 293 600	611 060

14 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 performing the Company's business. Further, all Directors are insured for medical costs and personal accident. 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 cost relating to Messrs Fuller, Whiteboy, Pienaar, Tyali and Boshoff are borne by Southern Sun Resorts/Tsogo Sun.

	2018 R	2017 R
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Directors' emoluments paid for the year:

IGS Cruickshank	28 000	28 000
RDT Jeffray	28 000	28 000
	56 000	56 000

Sabie River Share Block Proprietary Limited

Unaudited Supplementary Schedules to the Annual Financial Statements

Detailed Levy Fund Operating Statement - "A" and "C" Class shareholders for the Year Ended 31 December 2018

	2018 R	2017 R
INCOME		
Levies	39 200 517	36 855 855
Rental pool and short-term rentals	437 048	272 601
Sale of capital assets	51 087	113 850
Sundry income		
- telephone, rentals and penalties etc	561 618	533 254
	40 250 270	37 775 560
EXPENDITURE		
Rooms expenses		
Cleaning supplies	24 463	72 668
Guest entertainment		
- videos, cocktails, games and prizes	174 749	151 331
- M-Net	326 992	326 758
Guest supplies	160 059	161 463
Laundry	545 462	497 257
Personnel costs		
- outside services	2 981 740	2 814 458
Pest control	84 093	47 188
Replacement of cutlery, crockery, linen, towels, uniforms, etc	610 856	623 838
Security services	2 103 417	1 984 448
	7 011 831	6 679 409
Administration and general		
Auditors remuneration		
- current year	95 400	90 000
- prior year underprovision	-	6 232
- expenses	8 903	31 523
Bad debts	18 935	-
Bank charges	23 887	22 823
Corporate social initiatives	75 000	-
Credit card commission	162 060	176 120
Information technology costs	617 857	573 739
Insurance		
- excess	-	9 586
- premiums	154 572	141 050
- claims	(605 409)	-
Internal audit fees	-	91 629
Levy collection fee	219 511	206 725
Licences and permits	44 078	42 154
Loss on repossessed debtors	80 261	59 187
Marketing	(1 008)	34 035
Postage	5 472	(1 254)
Professional fees	-	2 238
Printing and stationery	122 115	141 902
Provision for repossessed debtors	(85 226)	(14 514)
Railage, cartage and hire transport	3 289	3 995
Subscriptions	107 753	58 993
SunSwap exchange service	954 729	895 174
Telephone	104 692	109 722
Travel		
- management and directors	165 828	124 416
Vehicles		
- fuel and oil	164 689	90 144
	2 437 388	2 895 619

Sabie River Share Block Proprietary Limited

Unaudited Supplementary Schedules to the Annual Financial Statements

Detailed Levy Fund Operating Statement - "A" and "C" Class shareholders for the Year Ended 31 December 2018

	2018 R	2017 R
Electricity, water and refuse		
Electric bulbs	94 774	72 223
Electricity	1 805 910	1 666 724
Water	18 959	3 264
Generator fuel	53 657	37 310
	1 973 300	1 779 521
Repairs and maintenance		
Airconditioning	30 039	41 955
Buildings	126 776	81 883
Electrical and mechanical	149 373	140 080
Engineers tools	6 026	11 124
Fire equipment	58 933	134 521
Furniture and fixtures	7 521	40 040
Major repairs and maintenance	484 899	296 472
Office machines	2 118	-
Painting and redecorating	30 534	17 293
Plumbing and heating	123 066	67 840
Radio and TV	44 185	64 769
Room care	686 028	684 606
Swimming pool cleaning and repairs	69 596	48 383
Security fence	53 504	31 332
Vehicles	28 956	2 859
	1 901 554	1 663 157
Estate maintenance	3 896 468	3 660 741
Capital charges		
Annual report and statutory costs	149 171	41 951
Furniture and equipment leases	125 992	142 956
Municipal rates and taxes	345 833	442 974
	620 996	627 881
Personnel costs		
Rooms	2 061 450	2 127 343
Administration and general	2 063 721	2 304 314
Repairs and maintenance	1 540 303	1 541 169
	5 665 474	5 972 826
Management fee	2 326 496	2 313 975
Total expenditure	25 833 507	25 593 129
Excess of income over expenditure before finance income and taxation	14 416 763	12 182 431
Net finance income		
Net interest received	3 436 606	2 812 541
Excess of income over expenditure before taxation	17 853 369	14 994 972
Taxation	893 123	694 926
Excess of income over expenditure after taxation for the year transferred to the "A" and "C" class shareholders reserve for property, plant and equipment	16 960 246	14 300 046

Sabie River Share Block Proprietary Limited

Minutes of the Annual General Meeting of Shareholders for the Year Ended 31 December 2017, held on Tuesday 24 July 2018 at 13h10, at Garden Court OR Tambo International Airport, Kempton Park

1 WELCOME, NOTICE OF MEETING, ATTENDANCE AND APOLOGIES

The Chairman introduced himself as Mr Adam Fuller and welcomed all to the Annual General Meeting ("AGM") of the shareholders of Sabie River Share Block Proprietary Limited. He thanked the shareholders for a brilliant turnout at this year's AGM. With the Notice of the Meeting properly given, the Chairman was pleased to advise that the required quorum to hold this AGM had been achieved. This meant that there were four or more shareholders present, which comprised at least three "A", "C" and "D" class shareholders and one "B" class shareholder, holding at least 5% of the share capital, who were entitled to vote. This quorum must be present in person or by proxy throughout the AGM. Notwithstanding the foregoing, the Memorandum of Incorporation ("MOI") stated that no quorum would be regarded as having been properly constituted at any General Meeting of the Company, unless a "B" class shareholder was present and presiding as Chairman throughout the Meeting. This Meeting complied with that regulation.

The Chairman requested that all attendees sign the attendance register. He recorded that all Directors, except for Mr Jaco Boshoff, were in attendance. Several shareholders had provided apologies for being unable to attend this AGM and had submitted forms of proxy for voting purposes in their absence. The Chairman thanked all shareholders who have been able to join this Meeting and those who had submitted a form of proxy.

2 ESTABLISHMENT OF A QUORUM

The Chairman noted that a quorum of 25% had been achieved, which was more than the required 5% for this AGM and declared the Meeting duly constituted. No additional forms of proxy were provided. The Chairman stated that he was a Director and the Chairman on this Board and that he represented the interests of all shareholders. He was also the Director of Operations for Southern Sun Resorts which was a division of the Tsogo Sun Group. He requested that his fellow Directors and management team stand to introduce themselves to the Meeting.

Mr Ajith Ramsarup: Director representing the "A" and "C" class shareholders. He had been on the Board for approximately 7 years. He worked for the Beekman Group, as an accountant, that managed the Holiday Club as well as a number of other Resort properties and investment properties. Mr Ramsarup had a financial background and oversaw the Resorts in the Beekman Group.

Mr Ian Cruickshank: Shareholder and Director representing the "A" and "C" class shareholders. He had been a Director for approximately 25 years. He was passionate about his role as Director and thoroughly enjoyed his involvement, particularly on the golf side of the property. He had been responsible for having the roads paved when he first joined the Board and for the increase in levy by 30%, which as a result, the Share Block was now in a very sound financial position. Mr Cruickshank noted that he had been responsible for the removal of the thatched Chalet roofs and many other projects.

Mr Raymond Jeffray: Shareholder and Director, representing the "A" and "C" class shareholders. He was the longest serving Director on the Board and had joined when there were only 20 Chalets on the property. He had mainly been concerned with the golf course which had improved from a rough 9-hole course to what it was today. He had proudly been part and parcel of the improvements recorded over the past 30 years.

Mr Anthony Ridl: Shareholder and Director, representing the "A" and "C" class shareholders. He was a chartered accountant by profession. He owned units in his personal capacity as well as represented Club Leisure Group with its shareholding at the Resort.

Mr Warren Whiteboy: Southern Sun Resorts financial manager and Director, representing the "B" class shareholders.

Ms Donna Brough: Financial controller at Sabie River Sun Resort and had been employed at the property for the last 26 years.

Mr Peter Pienaar: General manager of SunSwop and responsible for the Southern Sun Timesharing Resales. Director, representing the "B" class shareholders. He had been employed by Southern Sun Resorts for the last 10 years.

Mr Lubabalo Tyali: Director representing the "B" class shareholders for the past 12 years and was a legal officer for Southern Sun Resorts.

Mr Wayne Wilson: Resort's general manager and Director, representing the "B" class shareholders.

Ms Lisa Sutfon: Secretary to the company secretary. She had been employed with Southern Sun for almost 11 years and had been employed by the Resorts' division for the past 7 years.

The process of this AGM would follow the same format as previous years. The Chairman would Chair most of the Meeting while his fellow Director, Mr Cruickshank would take the Chair for discussion matters concerning the "A" and "C" class shareholders.

3 MINUTES OF PREVIOUS ANNUAL GENERAL MEETINGS

Item 3 on the agenda was to adopt the Minutes of the AGM held on 25 July 2017. The Chairman had nothing to add and if there were no other comments, called for these Minutes of the 25 July 2017, to be adopted. No comments were raised and the Minutes of the 25 July 2017 were approved and adopted.

4 MATTERS ARISING FROM PREVIOUS ANNUAL GENERAL MEETING

No matters were raised by the Meeting.

Sabie River Share Block Proprietary Limited

5 RESOLUTION 1: TO RECEIVE, CONSIDER AND ADOPT THE REPORT OF DIRECTORS, REPORT OF THE AUDIT COMMITTEE, REPORT OF THE SOCIAL AND ETHICS COMMITTEE AND ANNUAL FINANCIAL STATEMENTS

Item 5 was Resolution 1, to receive and adopt the Annual Financial Statements for the year ended 31 December 2017. The Chairman, in terms of good corporate governance, handed the Chair over to Mr Cruickshank.

Mr Cruickshank stated that the Annual Financial Statements for the financial year ended 31 December 2017, read with the Chairman's Review, fully covered the activities of the Company for the period under review. Mr Cruickshank stated that income from the levy amounted to R37m with a levy surplus of R14m, as opposed to R12m in the previous year. The Statement of Financial Position presented a very healthy standing with total equity and liabilities amounting to R41m, which was slightly better than the previous year. Mr Hilton Utah, a shareholder of approximately 4 years, raised concern that proof of receipts or proof from the banking institute was necessary. Mr Cruickshank thanked Mr Utah and advised that all cash on hand and deposits were held with Nedbank. Most deposits were held for a period of 12-months and were carefully managed by Ms Brough. They were discussed at every Board Meeting to ensure that the benefit was being achieved for all shareholders. Mr Utah thanked Mr Cruickshank but stated that he still felt it prudent to have copies of the certificates present at an AGM. Mr Whiteboy advised that the Nedbank statements were presented to the audit committee and Board of Directors at every Meeting and that he had a copy with him should any shareholder wish to view the statements after this Meeting. Mr Utah stated that audit firms no longer stood for what they used to stand for. While Grant Thornton Durban had a very good reputation, the practice was merging with another practice and for him, he was unconvinced that Grant Thornton Durban was the right practice for this property. Mr Cruickshank replied that PricewaterhouseCoopers Inc. (PWC) had been appointed at the previous years' AGM however at the end of the year, the Board undertook to request tenders from the top four audit firms. Grant Thornton Durban had responded with the most favourable proposal in terms of value and cost. Mr Cruickshank understood the caution with Grant Thornton Durban entering into a partnership with another firm and he assured all, that the Board would carefully review the partnership.

A shareholder commented that the finances were extremely well managed. Income was up 6.4% which was in line with annual increases and overall expenditure had increased by only 2.1%. The shareholder felt that the Annual Report provided sufficient information for all shareholders. He enquired how the insurance premium could be reduced by half against the previous year. Mr Cruickshank replied that it mainly stemmed from the removal of thatched roofs many years ago, the carefully negotiated premiums through the Tsogo Sun Group and a very good discount achieved through Tsogo Sun's buying power. Mr Ridl stated that the property had quite a high excess amount of R30k which also kept the premium low. The shareholder thanked the Board for all that it had done. Mr Whiteboy noted that Tsogo Sun was self-insured with premiums being adjusted with fewer claims made during a year period, which outside Companies found difficult to compete with. Both international and local insurance influences were reviewed each year.

The same shareholder noted that an internal audit fee had been recorded against a negative balance the previous year. Mr Whiteboy replied that an internal audit was conducted every second or third year and that the provision had been reversed in the current year.

Mr Cruickshank had nothing further to add and recommended that the Annual Financial Statements be approved and adopted. No objections were recorded and the Annual Financial Statements for the year ended 31 December 2017 were approved and adopted.

6 RESOLUTION 2: TO APPOINT AUDITORS OF THE COMPANY

As Chairman of the audit committee, Mr Cruickshank recommended that Grant Thornton Durban be re-appointed auditors of the Company for the ensuing year. Grant Thornton Durban had provided excellent and interactive service to date and had brought a fresh approach to the audit process as well as made beneficial proposals for consideration of the audit Committee. Grant Thornton Durban had been a cheaper option with ample capacity for work at the Share Block's year end. No objection was recorded. The Meeting approved the appointment of Grant Thornton Durban as auditors of the Company for the ensuing year. Mr Cruickshank handed back the Chair to the Chairman for the remainder of the Meeting.

7 RESOLUTION 3: TO ELECT DIRECTORS TO THE BOARD

Item 7 on the agenda was Resolution 3, to elect Directors representing the "A" and "C" class shareholders to the Board for the ensuing year. Messrs Cruickshank, Jeffray, Ramsarup and Ridl automatically retired at this AGM but were eligible and available for re-election. An additional nomination had this year been received for Mr Dennis McCarthy. No other nominations were recorded. In terms of the Memorandum of Incorporation ("MOI"), the Board was limited to a minimum of six Directors and a maximum of 13 Directors. The "A" class and "C" class shareholders were entitled to appoint four Directors while the "D" class shareholders were entitled to appoint two Directors. However, no D Class shares had been issued to date. The "B" class shareholders were entitled to appoint the remaining 7 Directors, which consisted of the Messrs Fuller, Boshoff, Pienaar, Tyali, Whiteboy and Wilson.

In terms of this year's election process, there were five nominations for only four positions on the Board and a poll was therefore called. Ms Sutton had left the Meeting to print the ballot form to include the five nominees. No queries or objections were recorded. The Chairman welcomed Mr McCarthy, who was present, to provide a brief summary of himself. Mr McCarthy introduced himself to the Meeting, stating that he had many years' experience as a chartered management accountant in the United Kingdom ("UK") and had worked for three large UK manufacturing groups. He came to South Africa in the early 1980's which had added to his experience, the retail industry and positions as a finance manager, operations Director, general manager of group services and company secretary for several companies. He had studied through Witwatersrand University accomplishing his MBA and later his Chartered Directors qualification through the Institute of Directors. He had added value on various Boards. Mr McCarthy was a timeshare owner of Sabie River Share Block and felt that he had the skills, qualifications and capabilities to add value to the Share Block's Board. The Chairman thanked Mr McCarthy for his introduction.

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As the current Directors had introduced themselves earlier in the Meeting, the AGM continued. The Chairman noted that the ballot forms to be handed out would include the five nominations listed on the form, for the four positions. He requested that shareholders tick the appropriate boxes, with one vote for each name. A box was listed "For", "Against" and "Abstain". Shareholders had a maximum of four "For" votes. If shareholders were husband and wife on the timeshare, only one vote would be recorded. Ms Sutton returned and handed out the ballot forms. The shareholders completed the ballot forms and returned them to Ms Sutton.

The Chairman continued that the poll and tally process usually took time to complete and recommended that while the finance manager, Mr Whitebooy, financial controller Ms Brough and the secretary to the company secretary, Ms Sutton conduct the tally, that the Meeting continue until the outcome finalised. No objections were recorded.

8 RESOLUTION 4: TO APPOINT DIRECTORS TO THE AUDIT COMMITTEE

Item 8 was Resolution 4, to appoint Directors as members of the audit committee. An audit committee must comprise at least three members, all of which were to be Directors of the Company. The audit committee comprised three independent, non-executive Directors from the Board. The current members of the committee were Messrs Cruickshank, Ramsarup and Ridl.

Without the tally of the poll, the Meeting was unable to appoint an audit committee without first confirming the Board of Directors. The Chairman therefore recommend that this Resolution be delayed until the announcement had been made. No objections were recorded and the motion was deferred until later in the Meeting.

9 RESOLUTION 5: TO APPOINT DIRECTORS TO THE SOCIAL AND ETHICS COMMITTEE

Item 9 on the agenda was Resolution 5, to appoint members of the social and ethics committee. The committee was recommended to comprise at least three members, with one being a Director of the Board. The current members of the committee were Messrs Wilson, Jeffray and Tyali.

Again, without the tally of the poll, the Meeting was unable to appoint the full committee members and for this reason, the Chairman recommended that the process be delayed. No objections were recorded and the motion was deferred until later in the Meeting.

10 SPECIAL RESOLUTION 1

Item 10 was Special Resolution 1, to authorise payments of remuneration/emoluments to the Directors in respect of the 2018 year. This resolution was to formalise payments made to the Directors in respect of their duties and responsibilities. In terms of the South African Companies Act, the Company may pay remuneration to its Directors for their service as a Director and it required that the remuneration, be paid in accordance with a Special Resolution, approved by the shareholders, within a two-year period. The Companies Act did however restrict the remuneration in that attendance to more than one committee on one day, be calculated only once.

This motion related to the payment of R7,000 to each Director per Board Meeting, per audit committee Meeting and per social and ethics committee meeting, or cluster of Meetings. The Directors of Sabie River Share Block usually held Meetings in a cluster so as to save travel costs and other related costs. While the resolution referred to each Meeting, most quarterly Meetings took place together on the same day or the day before each other, so that one trip to the Resort or venue of the Meeting was necessary. Having mentioned the above, the Board had agreed that only independent Directors would receive remuneration as all other Directors received a salary, relative to the Company that they worked for or represented on the Board. At present, only Mr Cruickshank and Mr Jeffray were eligible. Mr Ridl noted that although he and Mr Ramsarup represented multiple shares through their Clubs, they were both independent of the Company and were not involved in the day-to-day running of the Resort.

The Meeting was unable to confirm the Directors at this time however, the Chairman suggested that an overall approval, to authorise the amount of the remuneration for the 2018 year to the independent Directors, be considered. No objection as recorded and the Meeting confirmed that the Special Resolution to authorise payments of remuneration/emoluments to Directors in respect of the 2018 year, be carried.

11 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. As recommended by independent Quantity Surveyors, Brian Heineberg and Associates, the proposed insured value for Sabie River was R317,848,549. Buildings was valued at R276,802,453 and furniture fittings and equipment was valued at R41,046,096. The Chairman noted that the Board had discussed the proposed insured value and was satisfied with the valuation and premium paid. No queries were raised and no objections were recorded. The motion was carried.

12 REPORT OF THE SOCIAL AND ETHICS COMMITTEE AND REPORT OF THE GENERAL MANAGER

Item 11 and 12 on the agenda was combined and the Chairman called on Mr Wilson, general manager of the Resort, to provide his overview and summary of the results and happenings over the past year.

The overall 2017 eGuest satisfaction survey result was 89%, the Organisational Resilience Management Systems ("ORMS") audit which measured policies and procedures relating to risk had scored 88%, the internal audit score was 92% for audit compliance and RCI had scored the Resort 4.53 out of 5, which was well above the Gold Crown status requirements. Management was very happy with the results. The Chairman stated that a change in the internal auditors was a recommendation that would be raised to the Directors at the next Board Meeting.

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Mr Wilson was very pleased to share that Sabi River Sun had been chosen by Tripadvisor as the 6th Best Family Resort in Africa and that it had been awarded the 2018 Travellers Choice Award as well as the Tripadvisor Certificate of Excellence. RCI had awarded the Resort with the RCI Energy Management Award for 2017.

The Resort's BBBEE status, through Tsogo Sun, remained at Level One and the Resort, through stringent processes and negotiations, was fully compliant in its procurement processes. The Share Block had through the year raised and contributed R75,000 towards corporate social responsibility projects, which mainly consisted of support towards Sizabantwana. Staff were continuously offered training to improve skills and maintain a positive working environment. A target was set at the beginning of each year to achieve savings in consumption levels for energy, water, gas, recycling and so on. Most areas of concern were working well and were on track with energy consumption a little off target due to higher occupancy during the year.

Mr Wilson explained that Sizabantwana set up care centres in Bushbuck Ridge by converting space into safe havens for children to safely conduct their homework and play after school before going home. They were generally orphans and were given a meal, often their only meal of the day. The social and ethics committee had a plan to continue its support of Sizabantwana to build more care centres and make a difference in the community surrounding the Resort. Through the rotary club, donations were made to sponsor blankets to the community in Bushbuck Ridge. It had been a very cold Winter and the blankets had been greatly appreciated. The Cansa Shavathon had raised R12k by holding a fun run, a golf day and the shavathon event itself. This would be an ongoing event to raise awareness and to support the very worthy cause. The support for nationally celebrated days included Earth Hour, Slipper Day, Tekkie Tax Day and Mandela Day. This year meals for 100 orphaned children was sponsored and netball hoops and soccer goals were built for the children to play with. Netballs and soccer balls were also sponsored. Another charity supported included Endangered Wildlife Trust to save the rhinos.

The Parkrun facility was greatly supported. The 5km Parkrun route at Sabi River Sun had celebrated its first year in existence and on average, close to a hundred runners and walkers supported the facility each Saturday morning. The Resort as well as the Hazyview area received superb exposure through the well supported Parkrun facility.

The Golf Shop was operating very well and was well supported with a large variety of items in the shop.

Mr Wilson presented an artist's impression of the anticipated Chalet refurbishment process, to lighten and modernise the Chalets. The designs were not yet confirmed however Mr Wilson thought it useful to show shareholders possible designs. Mr Cruickshank added that a consideration was to enclose the loft room area. Mr Wilson noted that a tri-bunk, with a double bed below and a single bunk on top, was a consideration for the space. Two mock-up units would be finalised for comment and monitoring.

Mr Wilson played a video that was being aired throughout the Tsogo Sun Hotels, explaining what Sabi River Sun was about, what it offered, what the area offered. The video showed Mr Wilson presenting detailed information of the property while running through his general day-to-day duties on the property. The video received an applause from the shareholders.

A shareholder thanked Mr Wilson for his great and positive presentation. He enquired about the negotiation process with unions. Mr Wilson replied that two unions affected the staff at Sabi River Sun which included SACAWU which was the bargaining forum for Southern Sun/Tsogo Sun permanent staff members and SAPAWU which was the bargaining forum for other staff members. There was a very stable approach at the Resort with regular Meetings being held. The industrial relations team has a very good relationship with stakeholders at the unions and this assisted in the forums being well structured and filtered through where necessary. There was no acrimonious relationship taking place with the staff.

A shareholder advised that on one occasion his wife had been ill and had required medical assistance. He had been advised by reception staff that no doctor was available to assist. He enquired whether it was possible to have an arrangement with a local doctor to be on call should something happen to a guest whilst on the Resort. Mr Wilson replied that a local paramedic was on call should a medical emergency arise. He tended to the emergency and should the patient require further medical attention, he would then arrange for the patient to be transported to the nearest doctor or hospital. Another shareholder advised that he had previously called for the paramedic's assistance and that he had been very good with immediate assistance provided. The Chairman noted that information would be advertised in each Chalet, to communicate the procedure to follow should medical assistance be required. The Resort would do everything possible to ensure a guest's safety and security and that the night team, when issues often arose, would be upskilled to handle such incidents more effectively.

A shareholder thanked the Board and the Resort's team for a fantastic looking Resort as her visit was a highlight each year. She was a very keen gardener and enquired who was responsible for the magnificent gardens on the property. Mr Wilson replied that Mr Mark Pain provided all the landscaping on the property and that he too shared a keen interest in the entire property. She commended Mr Pain for the beautiful condition of the gardens. She further enquired whether recycling bins would be included in the Chalets. Mr Wilson replied that internal recycling bins would be introduced in the refurbished kitchen design. The previous recycling bins had been unsightly. He noted that all waste was directed to a central point on the property where local, unemployed people separated the waste. Recycling had improved immensely where one skip was filled and removed each week, instead of the previous 3 skips.

A shareholder enquired about the previous Golf Shop space. Mr Wilson replied that it would be included in another phase for improvement on the property and that decisions were taking place to install the best option for the space. The Meeting applauded Mr Wilson for his comprehensive presentation and feedback.

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RESULT OF THE ELECTION POLL

The Chairman called on Mr Whiteboy to confirm the voting results and the Directors who had been elected to the Board for the ensuing year. Mr Whiteboy advised that the four Directors elected to represent the "A" and "C" class shareholders were Messrs Cruickshank, Jeffray, Ramsarup and Ridl. There was no change to the Board for the year ahead. The Chairman thanked Mr McCarthy for his nomination and his willingness to participate on the Board. It was great to keep the interest of contributing going.

In terms of the appointment for the audit committee, the Chairman recommended that Messrs Cruickshank, Ramsarup and Ridl be re-appointed to the audit committee for the ensuing year. The Meeting was in favour and the motion was declared carried.

In terms of the appointment of the social and ethics committee, the Chairman recommended that Mr Jeffray join Mr Tjali and Mr Wilson on the committee for the ensuing year. The Meeting was in favour of the recommendation and the motion was carried. The Chairman noted that Mr Pienaar, also a Director Sabie River Share Block, would join the social and ethics committee to assist.

14 GENERAL

14.1 Shareholders' Correspondence

Mike and Sue Bowles

Mr and Mrs Bowles had mentioned raising the quality of the greens. Mr Wilson advised that the greens had been re-grassed a few years previously and although play was not as fast as hoped, it had improved. This remained a focus point for Mr Wilson and Mr Pain who continuously investigated other products and suitable grasses used at other golf courses. Mr Wilson noted that golfers from Leopard Creek had played the course at Sabi River Sun and that they had raved about the condition of the course and speed of play. Leopard Creek had made suggestions of grass types for consideration. Mr Wilson stated the golfers were very happy with the course as it was, however it remained a priority for any kind of improvement of play.

John Orchard

Mr Orchard had mentioned that the school holidays had changed since purchasing his week, 17 years ago. Mr Pienaar advised that a few peak weeks which usually fell within school holidays no longer did for 2019. The use agreement made provision for peak levies set in the early days of timeshare of the calendar for the Resort. Regardless of whether a peak week fell within or outside school holidays, a peak week levy payer received through SunSwop, peak points for the week. Mr Orchard would receive the peak points for his peak levy and SunSwop would be able to assist him in exchanging those points into a convenient school holiday period. SunSwop dealt with each instance on an individual basis. The school holidays were controlled by government and not by the Resort.

Kevin Goodrem

Mr Goodrem had complained that his bar bill had fluctuated during his stay. Mr Wilson advised that golfers received a discount at the golf bar however the discount was for a certain period only. He had not been successful in contacting Mr Goodrem but suspected that Mr Goodrem may have received a discount while playing golf and was later charged full price when the discount no longer applied.

David Walgrove

Mr Walgrove was concerned with the treatment and remuneration of the caddies. He had suggested that a wage be imposed to cover the travel costs of the caddies' especially on days with no play. Mr Wilson noted that this was something to consider and that the human resources department was investigating this further. A concern was not to limit a caddy's ability to freelance and if a wage was paid, then they would be tied into only one golf course. The caddies were encouraged to join the staff team at the Resort, to provide a wage or salary and to improve their skills by working at the Resort. This had proven successful in the past with caddys showing great enthusiasm and working through the ranks in the various departments. A few waiters and barmen had first joined the team as a caddy. The Chairman added that labour regulations guidelines were always consulted and applied.

14.2 Other Matters

A shareholder enquired about the new structure of Tsogo Sun and the standing of Sabi River Sun in the new structure. The Chairman explained that the structure consisted of three entities being Southern Sun Hotels and Resorts properties, a Tsogo Sun property management company which oversaw the properties owned by Tsogo Sun and then the gaming properties.

Mr Cruickshank proposed a vote of thanks to Mr Pain for his incredible work provided on the property and for a tremendous job in the gardens and on the golf course. He proposed a vote of thanks to each shareholder for the support given over the year and he further proposed a vote of thanks to the Chairman, for his conduct of the Meeting. The Meeting concurred, and a round of applause was extended.

15 CLOSURE/CONCLUSION

The Chairman thanked all very much for their participation and there being no further business, declared the Meeting closed at 14h36.

Read and confirmed this _____ day of _____, 2019.

Chairman