

Sabie River Share Block Proprietary Limited

Registration No. 1963/003920/07



Annual Report

for the year ended 31 December 2019

Sabie River Share Block Proprietary Limited

Annual Financial Statements

for the year ended 31 December 2019

COMPANY INFORMATION

Registration number: 1963/003920/07
Registered address: Palazzo Towers West
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 25 - 26

Minutes of the Previous Annual General Meeting 27 - 29

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 2019

2019 was yet another exciting and event filled year for Sabi River Sun and I am delighted to share with you, a brief overview for the period ending 31 December 2019.

Mr Ian Cruikshank has been a valued owner and board member for approximately 25 years. At our last AGM, Mr Cruikshank decided to step down as a Director. The board would like to thank Mr Cruikshank for his years of selfless dedication and sterling service to the Board and to our owners during his tenure. We wish him and his wife, Denise everything of the best for their future.

We welcomed Mr Michael Philipson to the resort in his capacity as interim general manager, last year March. Mr Philipson maintained the property very well and kept Sabi River Sun operating at its high standard. I take this opportunity to thank Mr Philipson for his hard work and great efforts over the past year. I would also like to take this opportunity to welcome our new general manager, Mr Malcolm Bone to our home-away-from-home. Mr Bone has been with the Tsogo Sun Group for 25 years and has gained his experience from working at properties such as Johannesburg Sun and Towers, Sandton Sun and Towers Inter-Continental, The Palazzo, Sandton Convention Centre and Gold Reef City.

Resort Facilities

Our well supported 5km parkrun event is held every Saturday morning at 08h00. In-house guests are encouraged to take part in the activity and local residents enjoy using the facility and earning their parkrun points. These parkrun events attract walkers and runners from all over the country and the resort welcomes all to enjoy our beautiful property which is a favourite for Hazyview regulars.

The relocated golf shop and clubhouse celebrated its 2-year anniversary in November 2019. The facilities are thoroughly enjoyed by many golfers and non-golfers alike, and the terrace overlooking the golf course is a firm favourite for cocktails and sundowners. This location remains to be one of the most beautiful views of the golf course on the resort.

The landscaped gardens and golf course continue to receive great feedback as guests enjoy the neatly planted and pruned plants and trees as well as the great play of golf. The property is very well maintained by Mr Mark Pain and his team. Their passion for our property and their pleasure and professionalism allows us all to enjoy and appreciate the detail and beauty all around. Mr Pain remains a great asset to us at Sabi River Sun and I would like to thank him for being as involved and his incredible passion of our resort.

Mr Pain trialled replacement grass for our golf greens during 2018 and 2019 and has grown a good match for our location and climate. The back 9 holes are being upgraded from February 2020 and the front 9 holes are scheduled to be upgraded from August 2020. The proposed spring treatment of the greens was therefore postponed due to the greens upgrade project.

The dam de-silting project for the hippo dam is ongoing with annual clearance maintenance schedules. The preliminary work for the build of the proposed second weir, aimed at reducing the inflow of silt into the hippo dam, has commenced. The initial phase comprises an environmental impact assessment ("EIA"), applying for a water usage licence, conducting an ichthyology study, river mapping, assessing the 100-year flood line and introducing a fish ladder system. As soon as phase 1 is completed and approval received, the resort will follow to the 2nd developmental phase.

The very old and leaking golf course irrigation system was replaced and completed in September 2019 which has been a great relief. Many leaks and issues were reported and repaired again in 2019. The old system resulted in manual labour being required to irrigate parts of the property, leaks leading to higher repair costs and a higher consumption of water across the property. This new system is fully automated and enables the management team to water each area according to its watering needs. This has effectively reduced water consumption by up to 30%.

The tennis courts and squash court have been upgraded and the main swimming pool has been fibre glassed.

Financial Results for the Year Ended 31 December 2019

Shareholders are referred to the statement of comprehensive income set out on page 14 that reflects the income and expenditure of the Company in a summarised format. The traditional detailed levy fund operating statement is set out on pages 25 to 26 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 2019 as set out on page 14 of this annual report, reflects a surplus of R16.8m (2018: R17m) 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 2019

Income

Income increased compared to 2018, with net finance income increasing significantly by 22.1% year-on-year due to re-investments. Management continues to seek ways of increasing revenue particularly through rental pool and short-term rental options.

Expenditure

Total expenditure for the year was R29m (2018: R25.8m) which reflected an increase of 12.5% mainly due to a R3m increase in estate maintenance to fund the golf course irrigation upgrade project. This was higher than inflation. Major expense variances are as follows:

- **Rooms** – expenditure increased year-on-year by 8.6% with above inflationary increases in cleaning supplies, pest control, guest supplies and replacement of operating equipment. The increase in cleaning supplies resulted from the outsourcing of the carpet cleaning, pest control related to additional treatments, guest supplies due to the increase in split weeks and the replacement of operating equipment with the purchase of linen and towels;
- **Administration and general** – expenditure increased by 1.8% in comparison to the prior year;
- **Electricity, water, and refuse** – the overall decrease in electricity, water and refuse at 4.2%, was largely due to a decrease in electricity following the change-over to Ruraflex tariffs;
- **Repairs and maintenance** – expenditure was down on 2018 by 12.4%, due to a decrease in major repairs and maintenance;
- **Estate maintenance** – expenditure showed an increase of 74.5%, which was in line with the budgeted increase of the funding to the golf course, for the irrigation upgrade project;
- **Capital charges** – expenditure was down year-on-year due to a decrease in municipal rates and taxes following the revaluation of the property by the Mbombela municipality; and
- **Management fee** – the 4.6% increase was in line with inflation.

Statement of Financial Position

The statement of financial position, reflected on page 15 together with the related notes thereto, represents the financial position of the Company as at 31 December 2019. The reserve for property, plant and equipment for the timeshare chalets had decreased to R35.8m from R37.6m as at December 2018. Total capital expenditure was R18.6m (2018: R3.5m) while fixed deposits held with bank amounted to R46.1m (2018: R45.1m).

The following major capital expenditure was incurred during the year:

	R
Chalet refurbishment	13,174,541
DSTV upgrade	1,441,733
Laundry machines	394,671
Beds	301,536
Certificate of Compliancy	282,518
Tennis courts resurfacing	213,043
Council submissions for weir	208,009
Water plant upgrade phase 1	188,213
Dam desilting	180,126
Swimming pools resurfacing, pumps and motors	153,300
Dishwashers	130,435
Utility vehicle	120,800
Storage containers	104,714

Chalet refurbishment

The major chalet refurbishment project has progressed well, with 24 chalets being completed by 13 December 2019. The project's completion has been planned for September 2020. I wish to thank all who were able to inspect the mock-up units and provide comment. Your input has been invaluable, and all feedback was reviewed by the Board. After much design changes and deliberation of costs, the Board believes that the new chalets offer a fresher, brighter and more comfortable dwelling for all to enjoy.

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 Company remains a member of VOASA and our Director Mr Anthony Ridl represents the Company on the VOASA Board. Mr Ridl stands as Chairman of VOASA and remains 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 2019


General

I encourage every shareholder to either attend or register on-line for this year's AGM on 15 October 2020. Should you find yourself unable to attend in any capacity, I humbly request you to complete the form of proxy form enclosed in this annual report, on page 5.

Conclusion

In closing, I humbly thank my fellow Board of Directors for their commitment, insight and dedication in serving the interests of all shareholders. I extend my gratitude and appreciation to our management and support team, Tsogo Sun, for their knowledge, expertise, reliability and assistance. The success of our resort relies heavily on the wonderful service provided by our friendly and hospitable employees, who keep our "piece of heaven" operating so wonderfully well.

Thanks once again and I wish you all a great and prosperous year ahead.



R Nadasen
Chairman

Notice is hereby given to the shareholders of the Company that the Annual General Meeting ("AGM") of the Company will be held on Thursday, 15 October 2020, at 11h00 at The Pivot, 1 Montecasino Boulevard, Fourways, 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 2019, 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 2019, 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 BDO South Africa Inc. ("BDO") 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 Jaco Boshoff, Johannes van Rooyen (appointed 1 August 2020), Peter Pienaar, Lubabalo Tyali, Marcel von Aulock, Warren Whiteboy and Ms Samantha Croft (appointed 1 July 2020). 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 11h00 on Tuesday, 13 October 2020 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 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 3.2: 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 3.3: Resolved as an ordinary resolution that Mr Anthony Ridl who retires in terms of the Company's MOI, and who is eligible and available for re-election, be and is hereby elected as a Director of the Company.

Ordinary resolution 3.4: Resolved as an ordinary resolution that Mr Antonio Rossetti 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 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 4.2: 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.

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

5. Approval of insured value of property

Ordinary resolution 5: Resolved as an ordinary resolution the recommended insured value of the property, as tabled at the meeting at which this resolution was proposed, be and is hereby approved.

6. 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, per meeting or cluster of meetings, in respect of the period from 16 October 2020 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 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 Friday, 16 October 2020 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 2 October 2020.

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 11h00 on Tuesday, 13 October 2020.** A form of proxy is enclosed on page 5 for this purpose.

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

Registered Office
 Palazzo Towers West
 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 **Thursday, 15 October 2020 at 11h00.**

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 December 2019			
Ordinary Resolution 2: Appointment of auditors			
Ordinary Resolution 3: Election of Directors			
3.1 Ajith Ramsarup			
3.2 Raymond Jeffray			
3.3 Anthony Ridl			
3.4 Antonio Rossetti			
Ordinary Resolution 4: Appointment of audit committee			
4.1 Ajith Ramsarup			
4.2 Anthony Ridl			
4.3 Antonio Rossetti			
Ordinary resolution 5: Insured value of property			
Special Resolution 1: Non-executive Directors' fees			

Signed at this day of 2020.

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 should be forwarded to reach the registered office of the Company, for the attention of the company secretary, by no later than 11h00 on Tuesday, 13 October 2020.

Sabie River Share Block Proprietary Limited

Statement of Directors' Responsibility for the Year Ended 31 December 2019

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 14 to 24 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 the responsibility for ensuring that accounting records are kept. The accounting records should disclose with reasonable accuracy the financial position, financial performance and cash flows of the Company to enable the Directors to ensure that the 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. Based on the cash flow forecasts, available cash resources and the other measures the Company has taken, the Directors and management are of the opinion that the Company has sufficient resources to continue operations as a going concern in a responsible and sustainable manner in the foreseeable future.


In preparing the cash flow forecasts utilised to assess going concern, the impact of the COVID-19 pandemic on the Company's operations and liquidity was considered. The Directors have assessed the cash flow forecasts together with the other actions taken or proposed by management and are of the view that the Company has sufficient liquidity to meet its obligations and to counteract possible losses that may result from the impact of COVID-19 on the Company's operations in the next financial year.

While the Company supports government's efforts to safeguard the health of citizens, the prolonged lockdown has had, and will continue to have, a devastating impact on the South African economy in general, the Southern African travel and tourism industry, and its employees. No industry can survive extended periods without revenue. We welcome the recent announcement by President Cyril Ramaphosa of the move to risk level 3 and appeal to government to continue to open the economy as quickly as possible, with due regard for safety.

The Company's external auditors, BDO South Africa Incorporated ("BDO"), audited the annual financial statements and their report is presented on pages 12 and 13.

Approval of annual financial statements

The annual financial statements set out on pages 14 to 24 were approved by the Board of Directors on 27 July 2020 and are signed by :



R Nadasen
Chairman



AB Ramsarup
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 2019, 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 2019

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 Ajith Ramsarup (Chairman), Mr Anthony Ridl and Mr Antonio Rossetti.

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, and 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 71, of 2008 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 of and recommending to the Board for approval of the annual financial statements;
- 4.8 Assessment of the internal control environment, particularly in relation to the system on internal financial controls; and
- 4.9 Performing such other oversight functions as may be determined by the Board.

5. Independence of external auditors

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



AB Ramsarup

Chairman

27 July 2020

Sabie River Share Block Proprietary Limited

Report of the Social and Ethics Committee for the Year Ended 31 December 2019

The social and ethics committee of Sabie River Share Block (“the Committee”) is a statutory committee that is governed by the South African Companies Act 71, of 2008, guided by King IV, and includes all other responsibilities allocated to it by the Board.

Composition and Functioning

The committee comprises three (3) Directors, namely: RDT Jeffray, L Tyali and PM Pienaar, with the assistance of the general manager. All Directors are welcome to attend committee meetings, which take place twice a year. Company employees assist the committee wherever possible.

Role of the Committee

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

Social and Economic Development

The committee assists its local community through various initiatives: The SizaBantwana Children’s home based in Hazyview that performs a selfless service, looking after orphaned and vulnerable children and youth. In 2019, the Company donated used items of cutlery, crockery, linen, pillows, towels and blankets to the value of R80k, to assist the home. The Company again, received fantastic support for its CANSA Shavathon, with over R10k raised for the 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, to not only assist but for the institute or facility to continue its own support and sustainability.

Environmental Health & Public Safety

The committee ensures that the resort’s energy, water and waste programmes are effective and contributes towards its sustainability 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 effects on the business. This management system is updated quarterly and audited by Tsogo Sun on an annual basis. Sabi River Sun Resort improved its score in 2019 and achieved 89.8% in the most recent audit.

Guest Relations & Correspondence

Guest satisfaction remains of utmost importance and centrality surveys are carefully managed, monitored and responded to on a daily basis. The resort achieved an overall average score of 89% for 2019. Other feedback platforms monitored include Facebook, TripAdvisor and Google reviews.

Labour, Employment and Relations, Training and BBBEE

The Company complies with the Labour Relations Act of South Africa. All employees are treated equally and employee engagement is continually monitored. Employees are one of the resort’s most valuable asset.

Management assists in developing, maintaining and improving employee relationships through communication, performance management, processing of grievances and/or disputes. Employees at the resort are trained and further developed where possible. Sabi River Sun resort is linked to the BBBEE rating of the Tsogo Sun Group, which currently rates as a level 1 contributor.

Tracking of the Committee

The committee is focused on ensuring that the resort’s environmental programme has a strong approach to energy, water and waste management. Energy and water consumption is monitored through a live system that automatically updates and advises management of any potential and/or actual wastage taking place. The system assists in tracking trends of usage of the resources, and highlights the best time for optimal use and cost effectiveness. Abnormal activities that deviate from the targets set for the resort, are highlighted immediately.

Strategic Plans

The chalet refurbishment project has progressed well, with 24 chalets being completed by 13 December 2019. The project’s completion had been planned for September 2020.

Preliminary work on the second weir project commenced in November 2019 with the appointment of the required vendors. This initial phase comprises an environmental impact assessment (“EIA”), applying for a water usage licence, conducting an ichthyology study, river mapping, assessing the 100-year flood line and introducing a fish ladder system. As soon as phase 1 is completed and approval received, the resort will follow to the 2nd developmental phase.



PM Pienaar
Chairman

Sabie River Share Block Proprietary Limited

Report of the Directors for the Year Ended 31 December 2019

The Directors present their annual report of the Company for the year ended 31 December 2019.

1 Business activity

The Company and its subsidiary owns the land and buildings known as Sabie River Resort which comprises of 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, the Company has, since its inception as a share block company, raised an annual levy making a provision for the maintenance and upkeep of the property. Asset replacement costs and additions to property, plant and equipment have been charged against this amount annually. Before providing for property, plant and equipment additions and replacements, a surplus of R16,758,283 (2018: R16,960,246) was transferred to the reserve for property, plant and equipment.

No dividends have been declared during the year and none is recommended (2018: 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.

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 *	Resigned 23 July 2019
RDT Jeffray ^	
AB Ramsarup *	
AN Ridl *	(Alternate MN Ridl - appointed 21 May 2019)
A Rossetti *	Appointed 23 July 2019

Sabie River Share Block Proprietary Limited

Report of the Directors for the Year Ended 31 December 2019

5 Directors and secretary (continued)

Representing the "B" class shareholders

PJ Boshoff	
AH Fuller ^	
R Nadasen	Chairman Appointed 1 March 2019
PM Plenaar	
L Tyali ^	
MN Von Aulock	Appointed 1 March 2019
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 West	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 and Mr R Nadasen are directors.

7 Material events after year-end and going concern

Covid-19 status and action plan

Since implementation of the national lockdown on 27 March 2020, the Company has been in close communication with its employees, suppliers and tenants in order to arrive at mutually sustainable operating solutions during these extraordinarily difficult times. The Company has implemented the following steps to reduce costs and preserve cash:

- **Reduction of payroll burden:** The Company has implemented the temporary layoff of employees and has had to materially reduce pay for all levels, including executive management. The Company will continue to operate on skeleton staffing levels until demand returns. In addition, employee recruitments and training have been placed on hold while salary increases and accrued bonus settlements have been deferred. In order to alleviate the cash flow burden on both the Company and its employees, applications have been submitted for: UIF TERS grants; pension and medical aid fund contribution holidays for a period of three months; as well as SDL payment holidays;
- **Suppliers:** The Company has negotiated reduced or extended payment terms with major suppliers, particularly those providing fixed cost services such as security and lift maintenance. Municipal rates and taxes are a material fixed monthly cost for the Company and while we currently continue to meet these obligations, the Company is lobbying government through industry bodies, to grant a deferral or payment holiday. Contractual variable costs with suppliers have been reduced to nil until trading resumes by extending the period of the contracts; and
- **Reduction/delay in capital expenditure:** The Company has taken the decision to delay all non-essential capital expenditure however, where the funds are available, it makes operational sense to complete some of the more disruptive work while there is no impact on our guests. For this reason, some of the refurbishment work will continue from risk level 3 and onwards.

Inter-provincial travel is vital for the timeshare industry, and the Company has been actively lobbying through industry bodies for the earliest relaxation of these travel restrictions.

Due to the extended lockdown and closure of the resort, the enforced social distancing regulations and restrictions on gatherings, the resort is likely to be operationally restructured. In anticipation of the reopening, the Company has a number of health protocols and control measures already in place, to safeguard employees and guests through employee training programmes, the availability and use of personal protective equipment, sanitation, hygiene resources and screening methods. Hygiene processes will be followed, and social distancing will continue to be respected.

The COVID-19 pandemic and subsequent lockdown of the economy on 27 March 2020, and in particular the hospitality sector, has had a profound impact on the industry. The measures taken by government to limit the spread of COVID-19 and the resultant inability of travellers to travel both inter-provincially and internationally will limit the demand for rooms in the 2020 financial year. The impact of COVID-19 is expected to have a longer-term impact on the hospitality industry and it is expected that recovery will be slow.

Sabie River Share Block Proprietary Limited

Report of the Directors for the Year Ended 31 December 2019

7 Material events after year-end and going concern (continued)

Management has prepared an analysis that the Company could operate without income and meet its obligations from existing resources for a period longer than 12 months from approval of the annual financial statements. As a result, no material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

The Directors are of the opinion that the COVID-19 pandemic and subsequent lockdown of the economy are non-adjusting events and have no impact on the financial results for the year ended 31 December 2019. The Directors are not aware of any other matter or circumstance arising since the end of the financial year, not otherwise dealt with in this report or in the annual financial statements, that would the financial position of the Company or the results of its operations significantly.

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 that 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

To the shareholders of Sabie River Share Block Proprietary Limited

Opinion

We have audited the financial statements of Sabie River Share Block Proprietary Limited (the Company) set out on pages 14 to 24, which comprise the statement of financial position as at 31 December 2019, and the statement of 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 2019, 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 sections 290 and 291 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised January 2018), parts 1 and 3 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised November 2018) (together the IRBA Codes) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) respectively. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Subsequent Event and Going Concern

Without qualifying our opinion, we draw attention to Note 19 in the financial statements which describes the subsequent events related to COVID-19.

Refer to Note 19 on page 24 in the financial statements, the directors do not consider that Covid-19 will have a material impact on the ability of the company to continue as a going concern because management has prepared an analysis that the entity could operate without income and meet its obligations from existing resources for a period longer than 12 months from approval of the financial statements. As a result, the Company concluded that no material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the document titled "Sabie River Share Block Proprietary Limited Annual Financial Statements for the year ended 31 December 2019", which includes the Directors' Report as required by the Companies Act of South Africa and the Detailed Levy Fund Operating Statement. 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

Sabie River Share Block Proprietary Limited

Report of the Independent Auditors

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

We also:

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

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

BDO South Africa Inc

BDO South Africa Incorporated

Registered Auditors

A Timol

Director

Registered Auditor

27 July 2020

5A Rydall Vale Office Park
38 Douglas Saunders Drive
La Lucia, 4051

Sabie River Share Block Proprietary Limited

Statement of Comprehensive Income - "A" and "C" Class Shareholders for the Year Ended 31 December 2019

	Note	2019 R	2018 R
Income		42 664 544	40 250 270
Levy income		41 792 129	39 200 517
Other income		872 415	1 049 753
Expenses		(29 051 123)	(25 833 507)
Levy surplus before interest and taxation	3	13 613 421	14 416 763
Net finance income	4	4 196 050	3 436 606
Levy surplus before taxation		17 809 471	17 853 369
Income tax expense	5	(1 051 188)	(893 123)
Levy surplus for the year		16 758 283	16 960 246

Statement of Comprehensive Income - "B" Class Shareholders for the year ended 31 December 2019

	2019 R	2018 R
Revenue		
Levy income	136 273	178 813
	136 273	178 813
Expenses		
Audit fees	(6 000)	(6 000)
Rates	(130 273)	(172 813)
	(136 273)	(178 813)
Levy surplus for the year	-	-

Sabie River Share Block Proprietary Limited

Statement of Financial Position as at 31 December 2019

	Notes	2019 R	2018 R
ASSETS			
Current assets			
Trade and other receivables	6	4 047 930	2 935 453
Levies receivable	7	323 260	340 347
Fixed deposits held with bank	12	46 148 813	45 148 813
Cash and cash equivalents	13	7 238 810	6 383 048
Total current assets		57 758 813	54 807 661
Total assets		57 758 813	54 807 661
EQUITY			
Capital and reserves			
Share capital	11	13 926	13 926
Reserve for property, plant and equipment - "A" and "C" class shareholders	8	35 776 271	37 622 367
Total equity		35 790 197	37 636 293
LIABILITIES			
Current liabilities			
Trade and other payables	9	9 101 567	3 741 757
Levies received in advance	14	11 815 861	12 536 488
Current tax liabilities		1 051 188	893 123
Total current liabilities		21 968 616	17 171 368
Total liabilities		21 968 616	17 171 368
Total equity and liabilities		57 758 813	54 807 661

Statement of Changes in Equity for the Year Ended 31 December 2019

	Notes	2019 R	2018 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		37 622 367	24 143 325
Levy surplus for the year		16 758 283	16 960 246
Property, plant and equipment additions and replacements during the year	8	(18 604 379)	(3 481 204)
At year-end		35 776 271	37 622 367

Sabie River Share Block Proprietary Limited

Statement of Cash Flows for the Year Ended 31 December 2019

	2019 R	2018 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	17 809 471	17 853 369
Adjustments for:		
Net interest received	(4 196 050)	(3 436 606)
Non cash items		
- Movement in exchange fee rebate	-	(19 713)
Net surplus before working capital changes	13 613 421	14 397 050
Changes in working capital		
- Movement in levies receivable	17 087	(79 287)
- Movement in trade and other receivables	(1 112 477)	(326 944)
- Movement in levies received in advance	(720 627)	791 641
- Movement in trade and other payables	5 359 810	(425 363)
Cash flows from operating activities	17 157 214	14 357 097
Net interest received	4 196 050	3 436 606
Tax paid	(893 123)	(694 926)
Net cash inflow from operating activities	20 460 141	17 098 777
Cash flow from investing activities		
Property, plant and equipment additions and replacements	(18 604 379)	(3 481 204)
Movement in fixed deposits held with bank	(1 000 000)	(14 193 224)
Net cash outflow from investing activities	(19 604 379)	(17 674 428)
Net movement in cash and cash equivalents	855 762	(575 651)
Cash and cash equivalents at beginning of year	6 383 048	6 958 699
Cash and cash equivalents at year-end	7 238 810	6 383 048

Sabie River Share Block Proprietary Limited

Notes to the Annual Financial Statements for the Year Ended 31 December 2019

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

Fixed deposits held with bank are recognised when the Company becomes a party to the contractual provisions of the respective instrument and are held to collect contractual cash flows where those cash flows represent solely payments of principal and interest. Fixed deposits held with bank are recognised initially at fair value and subsequently measured at amortised cost. Fixed deposits held with bank are derecognised when the right to receive cash flows from the asset has expired or has been transferred and the Company has transferred substantially all risks and rewards of ownership. Interest income from these term deposits is included in finance income using the effective interest rate method.

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 2019

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 plans.

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 2019

	2019 R	2018 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	5 400 853	5 289 663
- contributions to retirement funds	387 326	375 811
Management fees	2 433 908	2 326 496
Audit fees	106 306	104 303
Internal audit fees	43 758	-
Other operating expenses	20 678 972	17 737 234
	29 051 123	25 833 507
4 Net finance income		
Interest earned on fixed deposits, call deposits and current account	4 196 050	3 437 934
Interest paid	-	(1 328)
	4 196 050	3 436 606
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	1 051 188	893 123
	1 051 188	893 123
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	106 617	233 422
Other receivables (refer note 16)	62 923	127 197
Receiver of revenue - Vat	657 116	107 825
Prepayments (refer note 16)	1 658 597	1 385 494
Interest receivable	1 562 677	1 081 515
	4 047 930	2 935 453
7 Levies receivable		
Levy debtors	199 803	229 322
Repossessed debtors	397 748	117 402
Provision for repossessed debtors	(274 291)	(6 377)
- Opening balance	(6 377)	(91 603)
- Movement	(267 914)	85 226
	323 260	340 347

Sabie River Share Block Proprietary Limited

Notes to the Annual Financial Statements for the Year Ended 31 December 2019

	2019 R	2018 R
8 Reserve for property, plant and equipment - "A" and "C" class shareholders		
At beginning of year	37 622 367	24 143 325
Levy surplus for the year	16 758 283	16 960 246
	54 380 650	41 103 571
Property, plant and equipment additions and replacements during the year	(18 604 379)	(3 481 204)
At year-end	35 776 271	37 622 367
<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 10 years.</p> <p>The Directors have approved capital expenditure for 2020 of R36,467,839 (2018: approved R20,229,586 for 2019) that is anticipated to decrease the reserve fund by R21,654,387 (2018: decrease by R5,506,322 in 2019). There were capital commitments made at year-end for R29,670,793 (2018: R nil).</p>		
9 Trade and other payables		
Sundry payables (refer note 16)	879 804	816 578
Accruals (refer note 16)	1 775 010	887 037
Provision for audit fees	106 000	95 400
Southern Sun Hotel Interests Proprietary Limited (refer note 16)	6 334 553	1 916 830
Southern Sun Timesharing Resales Proprietary Limited (refer note 16)	6 200	6 200
Exchange fee rebate	-	19 712
	9 101 567	3 741 757
10 Property, plant and equipment		
<p>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.</p> <p>Land and buildings comprise the following property:</p> <ul style="list-style-type: none"> - 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. <p>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.</p>		
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

Sabie River Share Block Proprietary Limited

Notes to the Annual Financial Statements for the Year Ended 31 December 2019

	2019 R	2018 R
11 Share capital (continued)		
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 shareholders 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 Fixed deposits held with bank		
Fixed deposits held with bank	46 148 813	45 148 813
13 Cash and cash equivalents		
Bank balances	7 238 810	6 383 048
14 Levies received in advance		
Levies received in advance	11 815 861	12 536 488
Shareholders are billed 6 months in advance and this represents levies received in advance (for the future year) that have been received at the end of the financial year.		
15 Capital commitments		
The Company is responsible for a portion of the annual subscriptions of the Sabie River Sun Golf Club and during the year contributed R4,857,482 (2018 : R2,094,475). This expense is included under estate maintenance in the "A" and "C" class shareholders' statement of comprehensive income.		
16 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 rentals	27 467	38 211
Rental pool	57 076	54 863
Management fee	2 433 908	2 326 496
Levy administration and collection	228 410	219 511

Sabie River Share Block Proprietary Limited

Notes to the Annual Financial Statements for the Year Ended 31 December 2019

	2019 R	2018 R
16 Related party transactions (continued)		
Southern Sun Timesharing Proprietary Limited ("SST") is the accredited rental and resale services provider. On behalf of the Company, SST provides a rental service and recovers levies from the sale and rental of timeshare weeks. During the financial year the Company received the following fee in terms of the management agreement:		
Commission on resale and rental of weeks - SST	(71 648)	(23 785)
Balance owing to SST (refer note 9)	(6 200)	(6 200)
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	(26 618)	(29 465)
Secretarial fees on repossessed debtors and use agreement fees - SRMS	38 504	35 776
During the financial year, the Company paid membership fees to SunSwop (a division of SSHI), which is affiliated to Interval International.		
SunSwop exchange services	80 343	954 729
During the financial year, the Company paid the following SSHI internal charges:		
- Administration - Information technology	627 514	423 531
Most expenses of the Company are paid by Sabi River Sun Hotel, a division of SSHI, and reimbursed by the Company.		
In addition, certain costs are incurred by SSHI in terms of contracts negotiated on behalf of members of the Southern Sun group, including the Company. These costs, which include insurance and certain maintenance and operating lease contracts, are recovered from the Company via Sabi River Sun Hotel.		
Due to/by SSHI and its subsidiaries:		
- included in payables (refer note 9)	(6 398 423)	(2 330 356)
- included in receivables (refer note 6)	105 944	31 508
	(6 292 479)	(2 298 848)
Sabi River Sun Golf Club, related through common directorship, was paid annual subscriptions by the Company as follows:		
Subscriptions	4 857 482	2 094 475
Due (to)/by Sabi River Sun Golf Club:		
- included in payables (refer note 9)	(47 780)	-
- included in receivables (refer note 6)	-	14 747
	(47 780)	14 747

Sabie River Share Block Proprietary Limited

Notes to the Annual Financial Statements for the Year Ended 31 December 2019

16 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
2019 - shareholding			
AH Fuller - SunSwop (a division of SSHI)	9	77 580	18 400
AB Ramsarup - The Leisure Holiday Club	91	784 420	239 200
AN Ridl - Club Leisure Group	165	1 479 260	531 760
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

17 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 covered by insurance taken out by the Company as indemnification against all liability of any Director towards the Company in respect of any negligence, default, breach of duty or breach of trust. All costs relating to Messrs Fuller, Whiteboy, Pienaar, Tyali, Nadasen, von Aulock and Boshoff are borne by Southern Sun Resorts/Tsogo Sun.

	2019 R	2018 R
Directors' emoluments paid for the year:		
IGS Cruickshank	14 000	28 000
RDT Jeffray	35 800	28 000
A Rossetti	14 800	-
	64 600	56 000
	2018 Restated R	2018 R

18 Comparative figures

Certain comparative figures have been reclassified. The effects of the reclassification is as follows:

Statement of financial position

Fixed deposits held with bank	45 148 813	-
Cash and cash equivalents	6 383 048	51 531 861

Statement of cash flows

Movement in fixed deposits held with bank	(14 193 224)	-
Cash and cash equivalents at beginning of year	6 958 699	37 914 288
Cash and cash equivalents at end of year	6 383 048	51 531 861

Sabie River Share Block Proprietary Limited

Notes to the Annual Financial Statements for the Year Ended 31 December 2019

19 Subsequent events and going concern

Covid-19 status and action plan

Since implementation of the national lockdown on 27 March 2020, the Company has been in close communication with its employees, suppliers and tenants in order to arrive at mutually sustainable operating solutions during these extraordinarily difficult times. The Company has implemented the following steps to reduce costs and preserve cash:

- **Reduction of payroll burden:** The Company has implemented the temporary layoff of employees and has had to materially reduce pay for all levels, including executive management. The Company will continue to operate on skeleton staffing levels until demand returns. In addition, employee recruitments and training have been placed on hold while salary increases and accrued bonus settlements have been deferred. In order to alleviate the cash flow burden on both the Company and its employees, applications have been submitted for: UIF TERS grants; pension and medical aid fund contribution holidays for a period of three months; as well as SDL payment holidays;
- **Suppliers:** The Company has negotiated reduced or extended payment terms with major suppliers, particularly those providing fixed cost services such as security and lift maintenance. Municipal rates and taxes are a material fixed monthly cost for the Company and while we currently continue to meet these obligations, the Company is lobbying government through industry bodies, to grant a deferral or payment holiday. Contractual variable costs with suppliers have been reduced to nil until trading resumes by extending the period of the contracts; and
- **Reduction/delay in capital expenditure:** The Company has taken the decision to delay all non-essential capital expenditure however, where the funds are available, it makes operational sense to complete some of the more disruptive work while there is no impact on our guests. For this reason, some of the refurbishment work will continue from risk level 3 and onwards.

Inter-provincial travel is vital for the timeshare industry, and the Company has been actively lobbying through industry bodies for the earliest relaxation of these travel restrictions.

Due to the extended lockdown and closure of the resort, the enforced social distancing regulations and restrictions on gatherings, the resort is likely to be operationally restructured. In anticipation of the reopening, the Company has a number of health protocols and control measures already in place, to safeguard employees and guests through employee training programmes, the availability and use of personal protective equipment, sanitation, hygiene resources and screening methods. Hygiene processes will be followed, and social distancing will continue to be respected.

The COVID-19 pandemic and subsequent lockdown of the economy on 27 March 2020, and in particular the hospitality sector, has had a profound impact on the industry. The measures taken by government to limit the spread of COVID-19 and the resultant inability of travellers to travel both inter-provincially and internationally will limit the demand for rooms in the 2020 financial year. The impact of COVID-19 is expected to have a longer-term impact on the hospitality industry and it is expected that recovery will be slow.

Management has prepared an analysis that the Company could operate without income and meet its obligations from existing resources for a period longer than 12 months from approval of the annual financial statements. As a result, no material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

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

The Directors are of the opinion that the COVID-19 pandemic and subsequent lockdown of the economy are non-adjusting events and have no impact on the financial results for the year ended 31 December 2019.

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 2019

	2019 R	2018 R
INCOME		
Levies	41 792 129	39 200 517
Rental pool	68 492	73 392
Short term rentals	175 792	363 656
Sale of capital assets	71 870	51 087
Sundry income		
- telephone, rentals, penalties, etc.	556 261	561 618
	42 664 544	40 250 270
EXPENDITURE		
Rooms expenses		
Cleaning supplies	48 748	24 463
Guest entertainment		
- videos, cocktails, games and prizes	143 360	174 749
- DSTV	322 725	326 992
Guest supplies	208 802	160 059
Laundry	524 517	545 462
Personnel costs		
- outside services	3 096 540	2 981 740
Pest control	112 487	84 093
Replacement of cutlery, crockery, linen, towels, uniforms, etc.	798 386	610 856
Security services	2 358 908	2 103 417
	7 614 473	7 011 831
Administration and general		
Auditors remuneration		
- current year	106 000	95 400
- expenses	306	8 903
Bad debts	37 166	18 935
Bank charges	26 871	23 887
Corporate social initiatives	-	75 000
Credit card commission	154 798	162 060
Directors emoluments	64 600	56 000
Information technology costs	733 761	617 857
Insurance		
- premiums	171 038	154 572
- claims	-	(605 409)
Internal audit fees	43 758	-
Levy collection fee	228 410	219 511
Licences and permits	45 579	44 078
Loss on repossessed debtors	24 528	80 261
Marketing	12 550	(1 008)
Postage	9 791	5 472
Printing and stationery	125 227	122 115
Provision for repossessed debtors	267 914	(85 226)
Railage, cartage and hire transport	12 551	3 289
Subscriptions	71 520	107 753
SunSwap exchange service	80 343	954 729
Telephone	50 586	104 692
Travel		
- management and Directors	111 449	109 828
Vehicles		
- fuel and oil	101 804	164 689
	2 480 550	2 437 388

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 2019

	2019 R	2018 R
Electricity, water and refuse		
Electric bulbs	80 294	94 774
Electricity	1 686 110	1 805 910
Water	23 509	18 959
Generator fuel	100 260	53 657
	1 890 173	1 973 300
Repairs and maintenance		
Airconditioning	62 237	30 039
Buildings	56 088	126 776
Electrical and mechanical	160 318	149 373
Engineers tools	8 242	6 026
Fire equipment	95 886	58 933
Furniture and fixtures	19 931	7 521
Major repairs and maintenance	162 567	484 899
Office machines	2 318	2 118
Painting and redecorating	27 534	30 534
Plumbing and heating	120 700	123 066
Radio and TV	49 435	44 185
Room care	713 900	686 028
Swimming pool cleaning and repairs	111 525	69 596
Security fence	53 074	53 504
Vehicles	22 495	28 956
	1 666 250	1 901 554
Estate maintenance	6 798 390	3 896 468
Capital charges		
Annual report and statutory costs	(34 319)	149 171
Furniture and equipment leases	169 572	125 992
Municipal rates and taxes	243 947	345 833
	379 200	620 996
Personnel costs		
Rooms	2 287 080	2 061 450
Administration and general	2 090 905	2 063 721
Repairs and maintenance	1 410 194	1 540 303
	5 788 179	5 665 474
Management fee	2 433 908	2 326 496
Total expenditure	29 051 123	25 833 507
Excess of income over expenditure before finance income and taxation	13 613 421	14 416 763
Net finance income		
Net interest received	4 196 050	3 436 606
Excess of income over expenditure before taxation	17 809 471	17 853 369
Taxation	1 051 188	893 123
Excess of income over expenditure after taxation for the year transferred to the "A" and "C" class shareholders reserve for property, plant and equipment	16 758 283	16 960 246

Sabie River Share Block Proprietary Limited

Minutes of the Annual General Meeting of Shareholders for the Year Ended 31 December 2018, held on Tuesday 23 July 2019 at 13h00, at The Pivot, 1 Montecasino Boulevard, Fourways, Johannesburg

1 WELCOME AND PREAMBLE

The Chairman of the Company, Mr Adam Fuller representing the "B" class shareholders, welcomed all shareholders present at the meeting. The Chairman advised that the meeting had been convened in terms of the notice of annual general meeting ("AGM"), dated 21 May 2019.

The Chairman introduced his fellow Directors, Messrs. Lubabalo Tyali, Warren Whiteboy and Peter Pienaar representing the "B" class shareholders and the independent non-executive Directors, Messrs. Ian Cruickshank, Raymond Jeffray, Anthony Ridl and Ajith Ramsarup representing the "A" and "C" class shareholders. Apologies were tendered on behalf of Messrs. Marcel von Aulock, Ravi Nadasen and Jaco Boshoff. Members of the management team, Messes. Moja Mahloele (Tsogo Sun Company Secretary), Lisa Sutton (Secretary to Company Secretary), Donna Brough (Financial Controller) and Mr Michael Phillipson (General Manager) were duly welcomed.

2 QUORUM

The Chairman noted that 19 shareholders were present in person or by proxy, representing a total of 14,020 shares, constituting 7.17% of the Company's issued share capital of 195,550.

With the required quorum being present, being at least three shareholders present and holding at least 5% of the share capital, the Chairman declared the meeting properly constituted.

3 NOTICE OF MEETING

All shareholders present consented, the notice of Meeting dated 21 May 2019 was taken as read.

4 VOTING

The Chairman informed the meeting that voting on the resolutions be taken by means of show of hands. Accordingly, this was agreed by the meeting.

5 ADOPTION OF ANNUAL FINANCIAL STATEMENTS AND REPORTS

The Chairman presented the annual financial statements for the year ended 31 December 2018, together with the reports of Directors, the independent auditors thereon, and the reports of the audit committee, and the social and ethics committee, as contained in the annual report of the Company.

ORDINARY RESOLUTION 1

The Chairman proposed ordinary resolution 1, as set out in the notice convening the meeting, relating to the receipt and adoption of the annual financial statements and accompanying reports contained in the annual report of the Company for the financial year ended 31 December 2018. There were no questions or comments on the resolution.

It was unanimously RESOLVED that the annual financial statements for the year ended 31 December 2018 be and is hereby approved and adopted.

6 APPOINTMENT OF AUDITORS

ORDINARY RESOLUTION 2

The Chairman proposed ordinary resolution 2, as set out in the notice convening the meeting, relating to the appointment of SNG Grant Thornton as the independent auditors of the Company until the conclusion of the next AGM of the Company. There were no queries or comments on the resolution.

It was unanimously RESOLVED that SNG Grant Thornton be and is hereby appointed as the independent auditors of the Company.

7 DIRECTORS

The Chairman reported that, in terms of the Company's memorandum of incorporation ("MOI"), the Board is limited to thirteen (13) directors. 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. He explained that the Directors who retire at this meeting, representing the "A" and "C" class shareholders, but being eligible, are available for re-election, except for Mr Cruickshank who had decided to retire at this meeting.

Sabie River Share Block Proprietary Limited

The Chairman advised that a nomination on behalf of Mr Antonio Rossetti was received prior to the meeting. It was confirmed that the nominee, proposer and seconder were present at the meeting. Mr Rossetti has kindly consented to the nomination and submitted a copy of his CV. The Chairman requested that Mr Rossetti introduce himself and provide a summary of his expertise and experience.

7.1 ORDINARY RESOLUTION 3.1

The Chairman proposed that ordinary resolution 3.1, as set out in the notice convening the meeting, relating to the re-election of Mr Ian Cruickshank, be amended to the election of Mr Antonio Rossetti as a Director. It was unanimously agreed. There were no questions or comments on the resolution.

It was unanimously RESOLVED that Mr Antonio Rossetti be and is hereby elected as a Director of the Company.

7.2 ORDINARY RESOLUTION 3.2

The Chairman proposed ordinary resolution 3.2, as set out in the notice convening the meeting, relating to the re-election of Mr Ajith Ramsarup, as a Director. There were no questions or comments on the resolution.

It was unanimously RESOLVED that Mr Ajith Ramsarup be and is hereby re-elected as a Director of the Company.

7.3 ORDINARY RESOLUTION 3.3

The Chairman proposed ordinary resolution 3.3, as set out in the notice convening the meeting, relating to the re-election of Mr Raymond Jeffray, as a Director. There were no questions or comments on the resolution.

One objection was recorded however, it was RESOLVED that Mr Raymond Jeffray be and is hereby re-elected as a Director of the Company.

7.4 ORDINARY RESOLUTION 3.4

The Chairman proposed ordinary resolution 3.4, as set out in the notice convening the meeting, relating to the re-election of Mr Anthony Ridl, as a Director. There were no questions or comments on the resolution.

It was unanimously RESOLVED that Mr Anthony Ridl be and is hereby re-elected as a Director of the Company.

8 APPOINTMENT OF AUDIT COMMITTEE

The Chairman reported that, in terms of the Company's MOI, the Company is required at each AGM to elect an audit committee, comprising at least three (3) members.

8.1 ORDINARY RESOLUTION 4.1

The Chairman proposed ordinary resolution 4.1, as set out in the notice convening the meeting, relating to the election of Mr Ian Cruickshank as a member of the Company's audit committee, be amended to the election of Mr Antonio Rossetti as a member of the Company's audit committee. It was unanimously agreed. There were no questions or comments on the resolution.

It was unanimously RESOLVED that Mr Antonio Rossetti be and is hereby elected as a member of the Company's audit committee.

8.2 ORDINARY RESOLUTION 4.2

The Chairman proposed ordinary resolution 4.2, as set out in the notice convening the meeting, relating to the election of Mr Ajith Ramsarup as a member of the Company's audit committee. There were no questions or comments on the resolution.

It was unanimously RESOLVED that Mr Ajith Ramsarup be and is hereby elected as a member of the Company's audit committee.

8.3 ORDINARY RESOLUTION 4.3

The Chairman proposed ordinary resolution 4.3, as set out in the notice convening the meeting, relating to the election of Mr Anthony Ridl as a member of the Company's audit committee. There were no questions or comments on the resolution.

It was unanimously RESOLVED that Mr Anthony Ridl be and is hereby elected as a member of the Company's audit committee.

Sabie River Share Block Proprietary Limited

9 NON-EXECUTIVE DIRECTORS' FEES

SPECIAL RESOLUTION 1

The Chairman proposed special resolution 1, as set out in the notice convening the meeting, relating to the approval of the fees payable to non-executive Directors for their services as Director in respect of the period from 24 July 2019 until the next AGM of the Company. There were no questions or comments on the resolution.

It was unanimously RESOLVED that in terms of the provisions of section 66(9) of the Companies Act 71 of 2008, 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 and/or 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, be and is hereby approved.

10 OTHER BUSINESS

10.1 INSURED VALUE OF PROPERTY

The Chairman mentioned that as approved by the Directors, in terms of the use agreement and recommended by the independent quantity surveyors, Brian Heineberg and Associates, the insured value of the property is R342,094,880. Buildings are valued at R298,175,576 and furniture, fittings and equipment are valued at R43,919,304. There were no questions or comments.

10.2 GENERAL MANAGER PRESENTATION AND REPORT OF THE SOCIAL AND ETHICS COMMITTEE

The Chairman requested Mr Michael Phillipson, to present the general manager's presentation and report of the social and ethics committee.

Mr Phillipson proudly commenced his presentation with the corporate social investment ("CSI") spend year-to-date. He highlighted that the resort contributed 2 nights B&B towards Desiland Kleuterskool fundraising event, 4 x 2 nights B&B for Skukuza Primary fundraising golf day and 2 nights B&B towards Con Amore School golf day. The resort also hosted major events, such as the Cansa Shavathon, Mandela day and Tsogo Sun's 50th birthday. He added that each month, the resort donates condemned linen and towels to local charities.

Mr Phillipson gave an overview of the following achievements:

- ORMS risk audit score: 89%;
- Guest centricity results: 87.6%, this score has improved, a great deal of focus has been placed on food quality and consistency; and
- Awards: TripAdvisor awarded the resort with the certificate of excellence and 2019 Travelers' Choice within the categories of top 10 hotels for families in South Africa and top 25 hotels for families in Africa.

10.3 SHAREHOLDERS' COMMENTS

The following salient comments were received and recorded from shareholders and discussed:

- Management was requested to promote synergy between maintenance and housekeeping departments;
- It was noted that the problem with the sewerage system has been identified and was in the process of being rectified;
- The proposal for covered parking is under discussion with the Board of Directors;
- A mock-up room is scheduled for completion by mid-August 2019, for approval at the next Board of Directors' meeting;
- A request for a glass side (instead of shower curtains) will be escalated to the development team for consideration as part of the refurbishment project; and
- The chalets bathroom towels have been replaced by new quality towels, as in the hotel.

11 VOTE OF THANKS

On behalf of the Board of Directors, the Chairman thanked Mr Ian Cruickshank for his sterling contribution to the Board for a period spanning approximately 25 years.

12 CLOSURE

There being no further business to discuss, the Chairman thanked his fellow Directors and all shareholders for their attendance and declared the meeting closed at 13h40.

Chairman

