

Pine Lake Share Block Proprietary Limited

Registration No. 1981/008079/07



Annual Report

for the year ended 31 December 2020

Pine Lake Share Block Proprietary Limited

Annual Financial Statements

for the year ended 31 December 2020

COMPANY INFORMATION

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

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

Pine Lake Share Block Proprietary Limited

Chairman's Annual Review for the Year Ended 31 December 2020

My fellow shareholders, it is a pleasure to provide you with a report on our beautiful resort for the year ending 31 December 2020, together with one or two comments on subsequent events.

Apart from the awful effects of the lockdown closure, the two major risks of the pandemic to the share block, are falling levy revenue and enforced closure due to an outbreak of Covid-19 at the resort. I am both delighted and relieved to confirm that, thanks to the continued support from the majority of shareholders, combined with proactive interventions by the SunSwop team, the effect on revenue has not been significant and, to date, thanks to fastidious adherence to prevention protocols by the Pine Lake management team, there have been no forced closures.

We are deeply indebted to the Southern Sun Resorts executive team, as well as the resort management team, for the professional manner in which they have sought to mitigate the massive impact of the pandemic on the business, including enduring personal financial sacrifices during lockdown whilst maintaining a high state of readiness for reopening. Mr Thuso Moroe, general manager, and his team have stuck together and persevered through the most challenging of times – a testament to the morale and loyalty that makes Pine Lake such a special place for our shareholders and guests to spend precious relaxation time.

Following the lockdown closure, the pent-up demand for accommodation has realised very high occupancy rates and we thank our shareholders for their cooperation in accepting the alternative dates made available as the SunSwop team work to reduce the backlog.

Access, facilities and the environment

The pandemic has affected several projects that we had planned to finalise during 2020, including the entrance structure which we now hope to complete before you read this annual report. A new jungle gym has been installed near the adventure golf, presenting a more compact, exciting and safe facility for youngsters to expend their energy.

Our back-up generator had coped well during times of load-shedding until December 2020, when a heavy electrical storm destroyed the Eskom transformer at the resort. This resulted in having to rely on just the generator for a whole week, during which we had to restrict times of supply. Whilst Eskom replaced the transformer at their own expense, there were other costs incurred as a consequence of the storm: the porte-cochere at reception (which had to be partly dismantled to enable the replacement transformer to be delivered); a small fire in the roof of chalet number 7 and several electrical appliances needing replacement. *Post period note: the insurance claim has been assessed and submitted in the amount of approximately R100k, of which the self-insured excess is R30k.*

Water supply in the White River area remained constrained through most of the year; of particular concern was the Klipkop dam (upstream from Longmere), which fell below 20% for several months and the allocation for irrigation purposes remained restricted.

Ironically, the lockdown closure substantially reduced the annual borehole consumption of drinking water. *Post period note: tropical cyclone Eloise massively improved the water retention along the Witrivier system with all four dams recording 100% capacity for 8 consecutive weeks – a completely full Longmere dam has not been seen since 2013!*

Wi-Fi connectivity and speed is acceptable to guests for most of the time, though susceptible to intermittent connectivity during periods of peak demand, severe weather and load-shedding. The hosts (Yellowwood Wireless Internet) have installed a UPS at the tower to assist, but we continue to monitor performance and look for a better supply option. Fibre-optic cabling is the obvious solution, though cost prohibitive at this time. *Post period note: the resort televisions head-end upgrade was completed in 2020 and this included the re-cabling structure to improve the signal and picture quality. An additional Smart television set has been installed in the main bedroom for all 34 chalets. Guests are able to access their Netflix account on this second television, and to date, the Wi-Fi speed is coping with this technology.*

Fortunately, the owners of the convenience store and spa survived the lockdown closure and have been rewarded with increased patronage since the re-opening. Regrettably, the liquor license, applied for just before the lockdown, has still not been finalised as the Mpumalanga Economic Regulator is still not functioning at full capacity. Social distancing requirements have impacted negatively on the much smaller gym, so we need to review the current location and space.

It is relieving to report that there have been no notable security incidents through the year. The resort maintains a high standard of vigilance and continues to collaborate with our perimeter neighbours on security issues. *Post period note: the maximum water level in the dam has necessitated raising the height of fencing installed in the water at our north and south boundaries.*

2018 Property re-classification

There has been no progress by central government on this issue, so we continue to be classed as "other".

Marketing initiatives

In collaboration with Inkosi Tours and Caress Spa, the resort continues to offer guests our midweek special packages, which include a visit to the Kruger National Park or the Panorama Route. For rentals, Bookings.com and Travel Ground remain our main focus and these are positively impacting rental pool revenue. *Post period note: once the refurbishment programme is completed in May 2021, there are plans to elevate brand presence, supported by the Tsogo Sun marketing and sales team, including a revamped webpage and permeating through social media platforms such as Facebook, Google, Tripadvisor and others.*

Pine Lake Share Block Proprietary Limited

Chairman's Annual Review for the Year Ended 31 December 2020

Occupancy

As stated earlier, 2020 was a tough year for the vacation industry and Pine Lake did not escape unscathed with an occupancy rate of 75.4%, which was 4.4% higher than the prior year, when excluding the weeks affected by the Covid-19 lockdown. The highest occupancy of 87.9% was recorded in the fourth quarter. To secure levy income, our first priority remains the resale of repossessed weeks and our preferred agent, Southern Sun Timesharing, has dedicated personnel to this key focus area. Your Board is also exploring the possibility of generating alternative revenue streams from repossessed weeks.

The statement of comprehensive income for the year ended 31 December 2020 reflects total income, including net finance income of R14.648m (2019: R14.691m) and total expenditure of R8.062m (2019: R9.809m). The levy surplus after taxation, was R6.463m (2019: R4.668m) and has been transferred to the reserve for property, plant and equipment. Below is a more detailed review of variances in income and expenditure.

Income

Income increased by 2.2% year-on-year. As noted in prior years, all items of a capital nature that have been sold during the year, are reflected as income in the statement of comprehensive income.

Expenditure

Total expenditure for the year of R8.062m (2019: R9.809m) decreased by 17.8%. Below is a more detailed review of the expenditure:

- **Rooms** – overall expenses decreased by 29.3% year-on-year, largely due to the Covid-19 lockdown and closure of the resort. The total spend on Covid-19 supplies was R17k for 2020.
- **Administration and general** - expenses increased by 31.5% year-on-year. Loss on repossessed debtors increased on prior year by R417k due to losses realised on sale of repossessed weeks but was offset by the year-on-year decrease of R869k on the provision for repossessed debtors. Insurance premiums increased by R156,284 due to toughening market conditions. SunSwop's exchange service increased year-on-year by R1.1m due to fees paid for points on weeks affected by the Covid-19 lockdown. Many expenses reflected year-on-year decreases due to the Covid-19 lockdown closure with the most notable being the R80k decrease in travel cost when compared to prior year.
- **Electricity, water and refuse** showed an overall saving of 1.7% year-on-year.
- **Repairs and maintenance** spend decreased by 38.6% with majority of savings being noted due to closure during the Covid-19 lockdown.
- **Corporate charges** increased by 165% year-on-year due to the R188k increase in municipal rates as a result of the change in the resort's rating category.

- **Personnel costs** decreased by 52.8% due to the Covid-19 lockdown, resulting in staff being placed on short-time pay during the lockdown closure as well as being rostered to work fewer shifts per business requirements upon re-opening in August 2020. Short-term bonus pay-outs have also been deferred until further notice.
- **Management fees** increased by 4.1% in-line with the management agreement.

Statement of financial position

The statement of financial position on page 14 together with the related notes thereto, reflect the financial position of Pine Lake Share Block as at 31 December 2020.

Fixed deposits held with bank amounted to R6.150m (2019: R6.650m); cash and cash equivalents amounted to R4.108m (2019: R2.574m); and levies received in advance amounted to R3.713m (2019: R3.784m). The reserve for property, plant and equipment was R6.582m compared to R5.649m as at 31 December 2019. As always, I wish to thank shareholders for promptly paying their levies. The surplus funds can then be invested for the benefit of the share block Company. This is particularly important during times of economic restraint.

The Company incurred capital expenditure of R5.530m (2019: R5.323m) in respect of the following major expenses:

	R
• Refurbishment of chalets	4,555,000
• Operating equipment – linen	270,000
• Television upgrade	228,000
• Bedroom safes	86,000
• Children's jungle gym	45,000
• Tree felling	39,000
• Ferry, canoes and jetty	38,000
• Braai trays	36,000
• Swimming pool pump, repairs to tiling and fibre glass	36,000

Levy 2021

As is the case each year, levies for the following year are approved annually in August, and will be communicated to shareholders in due course.

Refurbishment programme

Although we were unable to make any progress during the lockdown period, we completed the phase planned for 2020, leaving just 8 chalets for 2021, 4 to be completed before the Easter peak period and the final 4 by the end of May 2021. Whilst this completes the scope of the budgeted refurbishment programme, there are further enhancements we plan to make as funds become available, for example the rotting timberwork on the western sides of the chalets.

Pine Lake Share Block Proprietary Limited

Chairman's Annual Review for the Year Ended 31 December 2020

Vacation ownership association of Southern Africa ("VOASA")

Pine Lake Resort continues to be a member of VOASA, the self-regulatory member-based trade association for the shared vacation ownership industry in South Africa. It exists to protect consumer rights and commit to ongoing growth in the timeshare industry, in a positive and organised manner. Our Director, Mr Anthony Ridl, represents the share block on the VOASA Board and is very optimistic regarding the influence of VOASA on the industry, on behalf of each member.

Social and ethics committee

Our social and ethics committee consists of Messrs Moroe, Ridl and Ms McMillan. Mr Moroe is chairman of the committee and his report on social and ethics can be viewed on page 8. We can all be proud of the achievements of a committee that has demonstrated willingness to be involved in the community and to improve environmental best practice, amongst other initiatives. Mr Moroe will also be providing a comprehensive presentation at the AGM. The total budget for corporate social investment ("CSI") has been doubled in the light of the drastic impact of the pandemic in our neighbouring communities. As a reminder, all CSI expenditure is funded from sundry revenue and not from levy income.

Conclusion

Despite the constraints on movement during the hard lockdown, the Board has throughout the year, continued to serve the interests of shareholders with unstinting commitment in the face of exceptional circumstances. I thank my co-Directors, Ms McMillan and Mr Ridl for their knowledge, guidance, experience and support throughout the year. I must also thank the management team of Tsogo Sun for continuing to provide a gold-standard service, especially in managing the impacts of the pandemic on our shareholders' investment.

The completion of the refurbishment programme and associated facility improvements represent the "hard" aspects that contribute to our guests' experience; the "soft" corollary is, of course, their interface with the staff at the resort and for this we look to Mr Moroe and his team to maintain the high standards for which Pine Lake has become renowned.

In closing, I encourage every shareholder to either attend the AGM on Tuesday, 31 August 2021 or to kindly complete the form of proxy enclosed in this annual report on page 5 should you be unable to attend.

I wish you all a safe and healthy year ahead.



James Olive
Chairman

A handwritten signature in cursive script that reads "James Olive".

Notice is hereby given to the shareholders of the Company that the annual general meeting ("AGM") of the Company will be held on **Tuesday, 31 August 2021, at 12h00 at Sabi River Sun Resort, R536 Main Sabie Road, Hazzyview**, 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 2020, 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 2020, 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 Board that BDO South Africa Incorporated ("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 five (5) Directors in number. It would facilitate secretarial procedures if **nominations for the appointment of those Directors representing the timesharers be received by no later than 12h00 on Friday, 27 August 2021 at the registered office of the Company or email address. Nominations must be in writing with the name of the proposer and seconder and be accompanied by the acceptance of such nomination by the nominee and their curriculum vitae ("CV").**

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

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

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

4. Appointment of audit committee

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

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

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

5. 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 R5,300 (Vat payable, to the extent applicable to this remuneration) payable to the non-executive Directors of the Company for their services as Directors of the Company and/or as members of the sub-committees, per meeting or cluster of meetings, in respect of the period from 1 September 2021 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 three (3) shareholders present, holding at least five percent (5%) of the share capital and voting rights, personally or by proxy, and who are entitled to be exercised at the meeting.

In the event of a quorum not being present within half-an-hour of the appointed time for the meeting to begin, the AGM will be automatically adjourned for one (1) business day, to Wednesday, 1 September 2021 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 23 August 2021.

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 12h00 on Friday, 27 August 2021. A form of proxy is enclosed on page 5 for this purpose.**

By order of the Board
Southern Sun Secretarial Services Proprietary Limited
17 June 2021

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

Registered Office
 Palazzo Towers West
 Montecasino Boulevard
 Fourways, 2055

Private Bag X200, Bryanston, 2021
 Telephone (031) 561 2204
 Facsimile (086) 765 2272
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, 31 August 2021 at 12h00 at Sabi River Sun Resort, R536 Main Sabie Road, Hazyview.**

Form of proxy

I/We, being the shareholder/s ofordinary 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 2020			
Ordinary resolution 2: Appointment of auditors			
Ordinary resolution 3: Election of Directors			
3.1 Louise McMillan			
3.2 James Olive			
3.3 Anthony Ridl			
Ordinary resolution 4: Appointment of audit committee			
4.1 Louise McMillan			
4.2 James Olive			
4.3 Anthony Ridl			
Ordinary resolution 5: Insured value of property			
Special resolution 1: Non-executive Directors' fees (R5,300)			

Signed at this day of 2021.

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 12h00 on Friday, 27 August 2021.

Pine Lake Share Block Proprietary Limited

Statement of Director's Responsibility for the Year Ended 31 December 2020

The Directors and management are responsible for the preparation, integrity and fair presentation of the annual financial statements of Pine Lake Share Block Proprietary Limited. The annual financial statements presented on pages 13 to 23 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. 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, BDO South Africa Incorporated, 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 23 were approved by the Board of Directors on 17 June 2021 and are signed by:


JS Olive
Chairman


AN Ridl
Director (chairman - audit committee)

Declaration by the company secretary

I hereby confirm in my capacity as company secretary of Pine Lake Share Block Proprietary Limited, that for the year ended 31 December 2020, the Company has filed all required returns and notices in terms of the South African Companies Act 71, of 2008, and that all such returns and notices are to the best of my knowledge and belief, true, correct and up to date.


MJ Mahloele
For Southern Sun Secretarial Services Proprietary Limited

Pine Lake Share Block Proprietary Limited

Report of the Audit Committee for the Year Ended 31 December 2020

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 non-executive Directors being Ms Louise McMillan, Mr James Olive and Mr Anthony Ridl (Chairman).

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 evaluating the independence and effectiveness of, 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 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, or a related Company;
- 4.5 reviewing of prospective accounting standard changes;
- 4.6 evaluating of financial reporting procedures;
- 4.7 reviewing of and recommending to the Board for approval, the annual financial statements;
- 4.8 assessing 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.



AN Ridl
Chairman
17 June 2021

Pine Lake Share Block Proprietary Limited

Report of the Social and Ethics Committee for the Year ended 31 December 2020

It is my pleasure to present the report of Pine Lake Resort's social and ethics committee ("the committee") for the financial year ended 31 December 2020. The purpose of this report is to outline how the committee has honoured its responsibilities as set out in the South African Companies Act 71, of 2008.

Activities, outcomes and mandate of the committee

The activities undertaken by the committee during 2020 are outlined below:

Oversight of social and ethical issues

- Monitored the development and application of policies, guidelines and practices;
- Monitored whether management had allocated adequate resources to comply with social and ethics policies, codes of best practice and regulatory requirements;
- Recommended such measures and/or activities which, in the committee's opinion, may serve to enhance our overall social and ethics objectives;
- Reviewed the processes in consulting and communicating with internal and external stakeholders with respect to social and ethical issues; and
- Evaluated the resort's corporate social investment ("CSI") programme, with primary focus on:
 - I. investment on all employees' learning and development; and
 - II. donating a minimum of 1% of levy income to various non-profit organisations, through donations of unused, old linen and equipment, staff time as well as cash donations towards meeting the needs of the recipient organisation.

Ensuring responsible corporate citizenship

- Evaluated and monitored performance in respect of socio-economic development and how we operate within the community;
- Reviewed the processes in consulting and communicating with internal and external stakeholders with respect to social and ethical issues;
- Monitored progress against BBBEE targets, the employment equity and skills development plans; and
- Reported to the Board in terms of development and progress.

The committee's main role amongst others, is to support the Board in executing its fiduciary duties. The resort's BBBEE rating for the 2020 financial year, as verified, is a Level 1 contributor.

Committee members and attendance at meetings

The committee comprises myself as Chairman, and our three Directors, Ms Louise McMillan, Mr James Olive and Mr Anthony Ridl. Senior members of the management team Company are invited to join all meetings. The committee meets twice a year and the frequency of meetings is adequate to deal with the various matters.

Guest feedback

Pine Lake Resort's management team strive to provide the best holiday offering and is operated and staffed to the highest standard. Guest feedback has tremendous importance and all comments and/or suggestions are carefully reviewed and considered. The resort's eGuest survey platform was temporarily closed during the lockdown period however, the team has received much positive and helpful feedback through various other channels and platforms. Social media platforms such as Facebook, Tripadvisor, Google and the like, are closely monitored.

Pine Lake Resort has continued to hold its RCI Gold Crown status which is a valued rating earned through guest feedback and satisfaction. Tripadvisor has rated Pine Lake Resort 3rd best, out of 30 properties in the area, with which we are pleased.

Environment, health and safety

Environment, health and safety is of outmost importance to the committee and staff of Pine Lake Resort. The safety of all guests, staff and contractors is paramount. The committee is kept abreast of various comprehensive reports distributed by the management team, to ensure continued compliance.

The organisational resilience management system ("ORMS") implemented by Tsogo Sun throughout all its properties, is a comprehensive management system that records plans and systems, relating to fire protection, safety, security, business continuity, environmental impact, risk analysis and the effects on the business. This management system is updated quarterly by the management team and is audited by Tsogo Sun on an annual basis. The committee is pleased to announce that Pine Lake Resort once again excelled in the audit.

Corporate citizenship

Pine Lake Resort takes every opportunity to create a memorable guest experience and to create awareness in its environment and community.

We all experienced a major life-change in early 2020 when South Africa was affected by the Coronavirus ("Covid-19") pandemic. President Cyril Ramaphosa announced to the nation on 15 March 2020 that South Africa would need to take urgent and drastic measures to manage the disease, protect the people of South Africa and reduce the impact of the virus on our society and economy. A national state of disaster was declared and along with many other businesses and organisations, the resort was officially closed at midnight, on the 26 March 2020. The government-imposed lockdown continued well past the initial three-week period and our hospitality industry suffered a significant and detrimental impact. Local and international travel was cancelled and social distancing regulations were heightened.

Our resort was permitted to re-open on 21 August 2020 and it continues operating in compliance with government-regulated health and safety protocols and guidelines. Each guest that enters our property is screened through the Covid-19 health and safety questionnaire and by having their temperature taken. Social distancing is monitored and guests, as well as staff, are instructed to wear a cloth mask to cover both their nose and mouth when in public areas. Hand sanitisers/wipes are available throughout each unit and at reception for convenience. For added protection, staff wear protective gear while cleaning each unit and will only enter a unit when the guest is out.

We are satisfied that the resort has operated as a socially responsible corporate citizen, demonstrating an ongoing commitment to sustainable development.



Thuso Moreoe
Chairman

Pine Lake Share Block Proprietary Limited

Report of the Directors for the Year Ended 31 December 2020

The Directors present their annual report of the Company for the year ended 31 December 2020.

1 Business activity

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

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

2 Financial results

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

In accordance with the provisions of the Share Blocks Control Act, and in common with other timeshare operations in South Africa, 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 R6,462,585 (2019: R4,667,974) was transferred to the reserve for property, plant and equipment.

No dividends have been declared during the year and none are recommended (2019: R Nil).

3 Share capital

The authorised and issued ordinary share capital has remained unchanged.

4 Insurance

The resort buildings and their contents are insured at current replacement values under an all-risk policy. In addition, Sasria (Riot) cover has been arranged for the sum insured. The Company does not insure personal belongings of the individual timesharers.

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

5 Directors and secretary

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

JS Olive **	Chairman	(Alternate AH Fuller - resigned 30 June 2020)	(Alternate SJ Croft - appointed 1 July 2020)
LE McMillan **		(Alternate WG Whiteboy - resigned 31 October 2020)	(Alternate DA Park - appointed 1 November 2020)
AN Ridl *		(Alternate MN Ridl)	

* 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.

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 affect the financial position of the Company or the results of its operations significantly.

Pine Lake Share Block Proprietary Limited

Report of the Directors for the Year Ended 31 December 2020

8 Covid-19

The Coronavirus (Covid-19) pandemic and subsequent lockdown of the economy at midnight on 26 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, impacted and limited operations in the 2020 financial year.

The Company was closed for business for the period 27 March 2020 to 20 August 2020 due to the government implementing the national lockdown. The Company maintained close communication with its employees, suppliers and tenants in order to arrive at mutually sustainable operating solutions during these extraordinarily difficult times. The Company had implemented the following steps to reduce costs and preserve cash:

- **Reduction of payroll burden:** The Company implemented the temporary layoff of employees and materially reduced pay for all levels, including executive management. The Company operated on skeleton staffing levels until demand returned. In addition, employee recruitments and training were placed on hold, while salary increases and accrued bonus settlements were deferred. In order to alleviate the cash flow burden on both the Company and its employees, applications were submitted for: UIF TERS grants; pension and medical aid fund contribution holidays for a period of twelve months and three months respectively; as well as SDL payment holidays;
- **Suppliers:** The Company negotiated reduced or extended payment terms with major suppliers, particularly those providing fixed cost services such as security and lift maintenance. Contractual variable costs with suppliers were reduced to nil until trading resumed by extending the period of the contracts; and
- **Rebate to shareholders:** Shareholders with ownership of weeks 13 to week 34, were directly affected by the Company closing for business due to the nationwide lockdown as a result of Covid-19. The Board assessed and quantified the operational costs involved in running the resort during the lockdown period, as well as the savings brought about as a result of the resort being closed during this period, and resolved to offer shareholders 2 options related to their affected week/s. In reaching this decision however, it was important to give all shareholders the assurance that extensive measures were put into place to ensure that operational costs were reduced wherever possible during the lockdown period. The intention of the Board was to go back to shareholders affected by the lockdown, to provide some relief to these shareholders based on the savings effected during the lockdown period, whilst also taking into consideration the future financial requirements of the Company, as well as the capital projects which need to be undertaken in the future so that the standards of the resort were not compromised in any way. The options were as follows:

Option 1

- Spacebank the week with SunSwop for 2020;
- Shareholders receive 100% of their points, for use over a 5-year period (the period was increased from 3 to 5 years); and
- Shareholders also receive a credit to the value of R509 on their levy account (R509 was the value of an exchange fee when doing an exchange back into another Tsogo Sun managed resort).

Option 2

- Receive a credit to the value of 25% of the levy, which was passed against the shareholders levy account in the current year;
- SunSwop did not allocate any points to these owners for weeks affected during the lockdown period in 2020; and
- Shareholders receive no other benefit in respect of the week affected during the lockdown period.

In addition to the measures mentioned above, all shareholders received a 0% levy increase for 2021.

Pine Lake Share Block Proprietary Limited

Report of the Independent Auditors

To the shareholders of Pine Lake Share Block Proprietary Limited

Opinion

We have audited the financial statements of Pine Lake Share Block Proprietary Limited ("the company") set out on pages 13 to 23, which comprise the statement of financial position as at 31 December 2020, 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 Pine Lake Share Block Proprietary Limited as at 31 December 2020, 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 of 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 corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). 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 information included in the document titled "Pine Lake Share Block Proprietary Limited Annual Financial Statements for the year ended 31 December 2020", which includes the Directors' Report as required by the Companies Act of South Africa. 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 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.

Pine Lake 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

Ahmed Timol

Director

Registered Auditor

17 June 2021

5A Rydall Vale Office Park

38 Douglas Saunders Drive

La Lucia, 4051

Pine Lake Share Block Proprietary Limited

Statement of Comprehensive Income for the Year Ended 31 December 2020

	Note	2020 R	2019 R
Income		14 212 019	13 907 448
Levy income		13 758 989	13 277 732
Other income		453 030	629 716
Expenses		(8 061 615)	(9 809 430)
Levy surplus before interest and taxation	3	6 150 404	4 098 018
Finance income	4	436 471	783 061
Levy surplus before taxation		6 586 875	4 881 079
Income tax expense	5	(124 290)	(213 105)
Levy surplus for the year		6 462 585	4 667 974

Pine Lake Share Block Proprietary Limited

Statement of Financial Position as at 31 December 2020

	Note	2020 R	2019 R
ASSETS			
Current assets			
Trade and other receivables	6	932 289	1 268 040
Levies receivable	7	1 457 179	311 043
Fixed deposits held with bank	11	6 150 000	6 650 000
Cash and cash equivalents	12	4 108 114	2 574 206
Total current assets		12 647 582	10 803 289
Total assets		12 647 582	10 803 289
EQUITY			
Capital and reserves			
Share capital	10	5 730	5 730
Reserve for property, plant and equipment	8	6 582 086	5 649 338
Total equity		6 587 816	5 655 068
LIABILITIES			
Current liabilities			
Trade and other payables	9	2 222 817	1 151 564
Levies received in advance	13	3 712 659	3 783 553
Current tax liability		124 290	213 104
Total current liabilities		6 059 766	5 148 221
Total liabilities		6 059 766	5 148 221
Total equity and liabilities		12 647 582	10 803 289

Statement of changes in equity for the year ended 31 December 2020

	Note	2020 R	2019 R
Share capital			
Ordinary shares at the beginning and at year-end	10	5 730	5 730
Reserve for property, plant and equipment			
At beginning of year		5 649 338	6 304 119
Levy surplus for the year		6 462 585	4 667 974
Property, plant and equipment additions and replacements	8	(5 529 837)	(5 322 755)
At year-end		6 582 086	5 649 338

Pine Lake Share Block Proprietary Limited

Statement of Cash Flows for the Year Ended 31 December 2020

	2020 R	2019 R
Cash flow from operating activities		
Levy surplus before taxation	6 586 875	4 881 079
Adjustments for:		
Interest received	(436 471)	(783 061)
Net surplus before working capital changes	6 150 404	4 098 018
Changes in working capital		
- Movement in levies receivable	(1 146 136)	(14 278)
- Movement in trade and other receivables	335 751	(108 342)
- Movement in levies received in advance	(70 894)	(84 605)
- Movement in trade and other payables	1 071 253	(431 528)
Cash flows from operating activities	6 340 378	3 459 265
Interest received	436 471	783 061
Tax paid	(213 104)	(215 391)
Net cash inflow from operating activities	6 563 745	4 026 935
Cash flow from investing activities		
Property, plant and equipment additions and replacements	(5 529 837)	(5 322 755)
Movement in fixed deposits held with bank	500 000	1 350 000
Net cash outflow from investing activities	(5 029 837)	(3 972 755)
Net movement in cash and cash equivalents	1 533 908	54 180
Cash and cash equivalents at beginning of year	2 574 206	2 520 026
Cash and cash equivalents at year-end	4 108 114	2 574 206

Pine Lake Share Block Proprietary Limited

Notes to the Annual Financial Statements for the Year Ended 31 December 2020

1 Accounting policies

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

1.1 Basis of preparation

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

The accounting policies are consistent with previous periods.

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

1.2 Reserve for property, plant and equipment

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

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

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

1.3 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 fixed deposits held with bank 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 on call with the bank. These are reflected in the statement of financial position and statement of cash flow at cost.

Pine Lake Share Block Proprietary Limited

Notes to the Annual Financial Statements for the Year Ended 31 December 2020

1.6 Revenue recognition

Revenue is stated exclusive of value-added tax.

Levy revenue is recognised when the right to occupation arises.

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

Sundry revenue is recognised when it is earned.

1.7 Provisions

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

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

1.8 Equity

Ordinary shares are classified as equity.

1.9 Current taxes

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

1.10 Retirement benefits

The Company 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 board of Directors. This plan provides for the orderly refurbishment of the property and maintenance of sufficient contingency reserves, based on increases in annual levies.

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

Pine Lake Share Block Proprietary Limited

Notes to the Annual Financial Statements for the Year Ended 31 December 2020

Credit risk

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

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

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

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

Interest rate risk

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

Pine Lake Share Block Proprietary Limited

Notes to the Annual Financial Statements for the Year Ended 31 December 2020

	2020 R	2019 R
3 Levy surplus before interest and taxation		
The levy surplus before interest and taxation is stated after taking into account the following:		
Employee costs		
- salaries, wages and other benefits	1 201 069	2 493 876
- contributions to retirement funds	66 270	189 828
Management fees	840 317	806 898
Audit fees	52 500	61 000
Professional fees - legal and internal audit	-	4 202
Other operating expenses	5 901 459	6 253 626
	8 061 615	9 809 430
4 Finance income		
Interest earned on fixed deposits, call deposits and current account	436 471	783 061
	436 471	783 061
5 Income tax expense		
A provision is made for Company taxation on the net non-levy income of the levy fund. No tax is payable on levy income from the shareholders, in terms of Section 10(i)(e) of the Income Tax Act.		
Current year	124 290	213 105
	124 290	213 105
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.		
6 Trade and other receivables		
Trade receivables (refer note 15)	9 826	1 648
Other receivables (refer note 15)	157 056	153 998
Receiver of Revenue - Vat	206 858	385 053
Interest receivable	43 641	131 884
Prepayments (refer note 15)	514 908	595 457
	932 289	1 268 040
7 Levies receivable		
Levy debtors	1 428 741	73 930
Repossessed debtors	229 162	877 741
Provision for repossessed debtors	(200 724)	(640 628)
- Opening balance	(640 628)	(211 600)
- Movement	439 904	(429 028)
	1 457 179	311 043
8 Reserve for property, plant and equipment		
At beginning of year	5 649 338	6 304 119
Levy surplus for the year	6 462 585	4 667 974
	12 111 923	10 972 093
Property, plant and equipment additions and replacements during the year	(5 529 837)	(5 322 755)
At year-end	6 582 086	5 649 338

Pine Lake Share Block Proprietary Limited

Notes to the Annual Financial Statements for the Year Ended 31 December 2020

	2020	2019
	R	R

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.

The Directors have approved capital expenditure for 2021 of R5,638,225 (2019: R7,697,532 for 2020) which it is anticipated will decrease the reserve fund by R1,143,512 (2019: decrease the reserve fund by R2,836,054 in 2020). The Directors had approved a rooms refurbishment of R12.8m over a 3-year period, commencing in 2019. R3.7m will be spent in 2021 which is included in the R5.6m approved 2021 budgeted expenditure (2019: R4.7m will be spent in 2020). The design company being used is Falconer Management Proprietary Limited trading as Falconer Design. There were no capital commitments made at year-end (2019: R1,900,932).

9 Trade and other payables

Trade payables (refer note 15)	198 286	243 227
Other payables		
Accruals (refer note 15)	1 773 382	681 794
Provision for auditor's remuneration	59 000	61 000
Sundry payables (refer note 15)	192 149	165 543
	2 024 531	908 337
	2 222 817	1 151 564

10 Share capital

Authorised

162,146 "A" Class ordinary shares of 4 cents each

Issued

143,248 ordinary shares of 4 cents each

5 730	5 730
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11 Fixed deposits held with bank

Fixed deposits held with bank	6 150 000	6 650 000
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12 Cash and cash equivalents

Bank balances	4 098 034	2 557 271
Cash on hand	10 080	16 935
	4 108 114	2 574 206

13 Levies received in advance

Levies received in advance	3 712 659	3 783 553
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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.

Pine Lake Share Block Proprietary Limited

Notes to the Annual Financial Statements for the Year Ended 31 December 2020

	2020 R	2019 R
14 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> <p>Portion 47 of the farm Klipkopje 228 registration division, JT Transvaal District, White River with buildings thereon, known as Pine Lake Resort.</p> <p>Land and buildings were originally purchased for R6,238,858 and are not recognised. Although the Company has legal title to the property, it effectively only owns the bare dominium over the property which is considered to be of no value. The property is currently valued by the municipality at R30,313,000 for rates purposes. There are no bonds on the property.</p>		
15 Related party transactions		
<p>The operations of the Company are managed by Southern Sun Hotel Interests Proprietary Limited ("SSHIL"). The Company is charged the following fees in terms of the management agreement:</p>		
Short term rentals	23 416	34 778
Rental pool	22 347	57 966
Management fee	840 317	806 898
Central accounting and levy collection	537 186	515 822
<p>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:</p>		
Commission on resale and rental of weeks - SST	(830)	(2 139)
<p>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:</p>		
Commission on transfer of ownership - SRMS	(4 506)	(21 322)
Secretarial fees on repossessed debtors and use agreement fees - SRMS	18 291	31 230
<p>During the financial year the Company paid fees to SunSwop (a division of SSHIL), which is affiliated to RCI.</p>		
Membership fees	-	26 645
Fees for points on weeks affected by Covid-19	1 093 073	-
	1 093 073	26 645
<p>During the financial year the Company paid the following SSHIL internal charges:</p>		
- Administration - Information technology, training, industrial relations, etc.	76 038	85 109
- Training related	1 420	17 636
- Frequent guest loyalty program	1 100	2 279

Pine Lake Share Block Proprietary Limited

Notes to the Annual Financial Statements for the Year Ended 31 December 2020

	2020 R	2019 R
<p>Certain costs are incurred by SSHI in terms of contracts negotiated on behalf of members of the Tsogo Sun group, including the Company. These costs, which include insurance, certain maintenance and operating lease contracts are recovered from the Company via loan accounts. The balance of these loan accounts is as follows:</p>		
<p>Due (to)/by SSHI and its subsidiaries:</p>		
- included in trade payables (refer note 9)	(45 192)	(49 750)
- included in sundry payables (refer note 9)	-	(12 600)
- included in accruals (refer note 9)	(194 700)	-
- included in trade receivables (refer note 6)	9 476	998
- included in other receivables (refer note 6)	5 090	-
- included in prepayments (refer note 6)	-	43 454
	(225 326)	(17 898)
	Number of units	Levies paid
		Levies received in
		advance
		R
		R
<p>SSHI own units in the Company as follows:</p>		
SunSwop (a division of SSHI) - 2020 shareholding	15	134 850
SunSwop (a division of SSHI) - 2019 shareholding	15	126 150
<p>The following entity, related through common directorship, own units in the Company as follows:</p>		
AN Ridl - Club Leisure Group - 2020 shareholding	224	2 044 560
AN Ridl - Club Leisure Group - 2019 shareholding	224	1 903 990
<p>16 Directors emoluments</p>		
<p>Non-executive Directors have been remunerated an agreed upon fee per meeting attended for their services to the Company. In addition, all Directors are reimbursed for costs incurred whilst on the Company's business. Further, all Directors are insured for medical costs and personal accident while on the Company's business. All Directors are also covered by insurance taken out by the Company as indemnification against all liability of any Director towards the Company, in respect of any negligence, default, breach of duty or breach of trust. All costs relating to Messrs Fuller, Park and Whiteboy and Ms Croft are borne by Southern Sun Resorts/Tsogo Sun.</p>		
<p>Agreed upon reimbursements paid for the year:</p>		
LE McMillan	26 500	25 600
JS Olive	26 500	25 600
	53 000	51 200

Pine Lake Share Block Proprietary Limited

Notes to the Annual Financial Statements for the Year Ended 31 December 2020

17 Covid-19

The Coronavirus ("Covid-19") pandemic and subsequent lockdown of the economy at midnight on 26 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, impacted and limited operations in the 2020 financial year.

The Company was closed for business for the period 27 March 2020 to 20 August 2020 due to the government implementing the national lockdown. The Company maintained close communication with its employees, suppliers and tenants in order to arrive at mutually sustainable operating solutions during these extraordinarily difficult times. The Company had implemented the following steps to reduce costs and preserve cash:

- **Reduction of payroll burden:** The Company implemented the temporary layoff of employees and materially reduced pay for all levels, including executive management. The Company operated on skeleton staffing levels until demand returned. In addition, employee recruitments and training were placed on hold, while salary increases and accrued bonus settlements were deferred. In order to alleviate the cash flow burden on both the Company and its employees, applications were submitted for: UIF TERS grants; pension and medical aid fund contribution holidays for a period of twelve months and three months respectively; as well as SDL payment holidays;
- **Suppliers:** The Company negotiated reduced or extended payment terms with major suppliers, particularly those providing fixed cost services such as security and lift maintenance. Contractual variable costs with suppliers were reduced to nil until trading resumed by extending the period of the contracts; and
- **Rebate to shareholders:** Shareholders with ownership of weeks 13 to week 34, were directly affected by the Company closing for business due to the nationwide lockdown as a result of Covid-19. The Board assessed and quantified the operational costs involved in running the resort during the lockdown period, as well as the savings brought about as a result of the resort being closed during this period, and resolved to offer shareholders 2 options related to their affected week/s. In reaching this decision however, it was important to give all shareholders the assurance that extensive measures were put into place to ensure that operational costs were reduced wherever possible during the lockdown period. The intention of the Board was to go back to shareholders affected by the lockdown, to provide some relief to these shareholders based on the savings effected during the lockdown period, whilst also taking into consideration the future financial requirements of the Company, as well as the capital projects which need to be undertaken in the future so that the standards of the resort were not compromised in any way. The options were as follows:

Option 1

- Spacebank the week with SunSwop for 2020;
- Shareholders receive 100% of their points, for use over a 5-year period (the period was increased from 3 to 5 years); and
- Shareholders receive a credit to the value of R509 on their levy account (R509 was the value of an exchange fee when doing an exchange back into another Tsogo Sun managed resort).

Option 2

- Receive a credit to the value of 25% of the levy, which was passed against the shareholders levy account in the current year;
- SunSwop did not allocate any points to these shareholders for weeks affected during the lockdown period in 2020; and
- Shareholders receive no other benefit in respect of the week affected during the lockdown period.

In addition to the measures mentioned above, all shareholders received a 0% levy increase for 2021.

Pine Lake Share Block Proprietary Limited

Unaudited Supplementary Schedules to the Annual Financial Statements
Detailed Levy Fund Operating Statement for the Year Ended 31 December 2020

	2020 R	2019 R
INCOME		
Levies	13 758 989	13 277 732
Rental pool	38 473	87 488
Short term rentals	277 551	227 682
Sale of capital assets	45 983	46 343
Net sundry income		
- unclaimed surpluses, shop revenue, electricity, penalties, etc.	91 023	268 203
	14 212 019	13 907 448
EXPENDITURE		
Rooms expenses		
Cleaning supplies	5 751	19 157
Covid supplies	17 402	-
DSTV	57 519	106 201
Guest entertainment	25 821	66 653
Guest supplies	96 109	110 634
Laundry	317 444	544 176
Personnel costs		
- outside services	521 204	894 634
Pest control	9 238	12 183
Plants and decorations	10 613	12 746
Printing and stationery, including reception	38 840	71 963
Replacement of cutlery, crockery, linen, towels, uniforms, etc.	75 628	139 401
Security services	540 729	449 641
Shop costs	-	470
	1 716 298	2 427 859
Administration and general		
Audit fees		
- current year	59 000	61 000
- prior year overprovision	(6 500)	-
Bank charges	5 685	8 872
Central accounting and levy collection fee	537 186	515 822
Corporate social initiatives	46 313	43 904
Credit card commission	59 889	71 333
Directors emoluments	53 000	51 200
Information technology costs	316 301	347 451
Insurance		
- premium	234 481	78 197
Internal audit fees	-	6 360
Legal fees	-	(2 158)
Licences and permits	11 795	6 911
Loss on repossessed debtors	475 775	59 209
Marketing	57 243	54 019
Postage	-	739
Provision for repossessed debtors	(439 904)	429 028
Railage, cartage and hire transport	586	5 277
Security		
- banking services	18 468	33 354
SunSwop exchange service	1 093 073	26 645
Subscriptions	15 068	15 060
Telephone	36 368	41 782
Travel		
- management and Directors	17 919	97 948
Vehicles		
- fuel and oil	11 669	27 184
	2 603 415	1 979 137

Pine Lake Share Block Proprietary Limited

Unaudited Supplementary Schedules to the Annual Financial Statements
Detailed Levy Fund Operating Statement for the Year Ended 31 December 2020

	2020 R	2019 R
Electricity, water and refuse		
Electric bulbs	12 949	28 815
Electricity	500 603	494 464
Water	13 711	13 056
	527 263	536 335
Repairs and maintenance		
Air-conditioning	13 743	24 643
Buildings	28 402	131 945
Electrical and mechanical	21 835	18 306
Engineer's tools	2 765	5 343
Furniture and fixtures	2 670	13 304
Gardens and grounds	463 787	724 132
Office machines		
- maintenance contracts	2 691	3 686
Painting and redecorating	16 085	60 776
Plumbing and heating	100 514	167 839
Radio and TV	27 842	5 271
Generator	1 106	7 179
Room care	57 476	37 102
Swimming pool cleaning and repairs	22 715	35 285
Vehicles	4 306	11 962
	765 937	1 246 773
Corporate charges		
Annual report and statutory costs	16 845	(7 242)
Municipal rates and taxes	324 201	135 966
	341 046	128 724
Personnel costs		
Rooms	547 593	955 777
Administration and general	325 721	931 442
Repairs and maintenance	394 025	796 485
	1 267 339	2 683 704
Management fee	840 317	806 898
Total expenditure	8 061 615	9 809 430
Excess of income over expenditure before finance cost and taxation	6 150 404	4 098 018
Finance income		
Interest received	436 471	783 061
Excess of income over expenditure before taxation	6 586 875	4 881 079
Taxation	124 290	213 105
Excess of income over expenditure after taxation for the year transferred to reserve for property, plant and equipment	6 462 585	4 667 974

Pine Lake Share Block Proprietary Limited

Minutes of the Annual General Meeting of the shareholders held at The Pivot, 1 Montecasino Boulevard, Fourways, Johannesburg on Thursday, 15 October 2020 at 14h30

1 WELCOME AND PREAMBLE

The Chairman of the Company, Mr James Olive representing the "A" class shareholders, welcomed all shareholders present to the meeting. The Chairman advised that the meeting had been convened in terms of the notice of Annual General Meeting ("AGM") dated 27 July 2020.

The Chairman introduced his fellow non-executive Director, Ms Louise McMillan, to the meeting. Mr Anthony Ridl was unfortunately unable to attend. Members of the senior management team were duly introduced.

2 QUORUM

The Chairman noted that 13 shareholders were present in person or by proxy, representing a total of 24 470 "A" ordinary shares, constituting 17.08% of the Company's issued share capital of 143,248.

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 consenting, the notice of Meeting dated 27 July 2020 was taken as read.

4 VOTING

The Chairman informed the meeting that voting on the resolutions be taken by means of show of hands. He advised that 50% of total votes exercised must be in favour of an ordinary resolution and that 60% of total votes exercised must be in favour of a special resolution in order for the resolutions to be carried. 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 2019, 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 2019. There were no questions or comments on the resolution.

It was unanimously RESOLVED that the annual financial statements for the year ended 31 December 2019 be and was 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 BDO Incorporated ("BDO") as the independent auditors of the Company until the conclusion of the next AGM of the Company. There were no questions or comments on the resolution.

It was unanimously RESOLVED that BDO Incorporated ("BDO") be and was 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 five (5) Directors. He explained that due to the size of the resort, the Board recommends that the Board of Directors be kept to a maximum of three (3) Directors in order to save costs. He further explained that the Directors who retire at this meeting, but being eligible, are available for re-election. No additional nominations were received.

Pine Lake Share Block Proprietary Limited

7.1 ORDINARY RESOLUTION 3.1

The Chairman proposed ordinary resolution 3.1, as set out in the notice convening the meeting, relating to the re-election of Ms Louise McMillan as a Director. There were no questions or comments on the resolution.

It was unanimously RESOLVED that Ms Louise McMillan be and was hereby re-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 himself, Mr James Olive, as a Director. There were no questions or comments on the resolution.

It was unanimously RESOLVED that Mr James Olive be and was 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 Anthony Ridl as a Director. There were no questions or comments on the resolution.

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

8 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 Ms Louise McMillan as a member of the Company's audit committee. There were no questions or comments on the resolution.

It was unanimously RESOLVED that Ms Louise McMillan be and was 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 himself, Mr James Olive, as a member of the Company's audit committee. There were no questions or comments on the resolution.

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

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 16 October 2020 until the next AGM of the Company. These fees remained unchanged from the previous year. 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, R5,300 (Vat payable, to the extent applicable to this remuneration), payable to the non-executive Directors of the Company, for their services as Directors and/or members of the sub-committees, per meeting or cluster of meetings, in respect of the period from 16 October 2020 until the next AGM of the Company, be and was hereby approved.

Pine Lake Share Block Proprietary Limited

10 OTHER BUSINESS

10.1 INSURED VALUE OF THE PROPERTY

The Chairman mentioned that as recommended by the independent quantity surveyors, Brian Heineberg and Associates, and duly approved by the Board of Directors, the insured value of the property is R190,149,245. Buildings is valued at R175,288,457 and furniture, fittings and equipment is valued at R14,860,788. There were no questions or comments.

It was unanimously RESOLVED that the insured valued of the property of R190,149,245 be and was hereby approved.

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

The Chairman requested that Mr Thuso Moroe present the general manager's presentation and report of the social and ethics committee.

Mr Moroe raised the following:

- the overall eGuest satisfaction/guest centricity score for 2019 was 92.5%, resulting from a 34% response rate;
- Tripadvisor had rated Pine Lake Resort third best in the area;
- While RCI had awarded the resort the Gold Crown status, the award would not be given to any establishment in 2020 as most properties had been forcibly closed due to the Coronavirus ("Covid-19") pandemic;
- The corporate social investment ("CSI") initiatives supported during the year which consisted of:
 - i. food donations towards the Sinani orphanage's grade 12 youth celebration;
 - ii. installation of a sliding door to enclose each veranda and create a bathroom for each unit, at the Old Age Home in White River;
 - iii. new flooring was donated and laid for Betty's Haven, an orphanage, following a devastating fire; and
 - iv. new cupboards were installed at Betty's Haven in its communal kitchen.

Mr Moroe presented various before-and-after photographs of the refurbished chalets, to show the vast improvement of the project.

11 CLOSURE

There being no further business to discuss, the Chairman thanked all for their attendance and declared the meeting closed at 11h05.