



CHAMPAGNE SHARE BLOCK



NEWSLETTER NUMBER 75

16TH FEBRUARY 2021

INTRODUCTION

As we move into the year 2021 we are dealt with events that all spell uncertainty, be it on a societal level, the vaccine rollout, the third wave, or macro events such as the finances of RSA, the Zondo Commission bombshells, and of course the unavoidable knock-on micro events that affect our company. Sometimes it feels as though we are chaff in the wind.

Wet... That's the only description of the resort as I write this missive. The valley had 105mm of rain in a short period on Tuesday evening. Water went metres over the bridge between the 10th and 11th golf holes, not for the first time this season. Some damage to the golf course and general property occurred but less than it looks. Repair work commenced immediately.

EXECUTIVE SUMMARY

Once again for those in a hurry, we have two main messages in this newsletter

[AN APPEAL TO OUR OWNERS TO BOOK](#)

Firstly, please book your week as soon as possible. Of the single week owner group only 16% of the eligible owner group booked their timeshare in the 5 weeks from week 4 to week 8. As you can imagine this is not sustainable. The result, even after mitigation by our managers, is that weeks go empty and levy funds will be reduced accordingly for only the second time in our history.

[THE GOVERNMENT SCHOOLS CALENDAR CHANGE](#)

Secondly, an announcement was made on the 9th February that the government school holidays have changed. The booking chart and the calendar was set last year and placed on the website in November. This type of situation was envisaged many years ago, and in 2001 special resolutions were passed at a special

general meeting, which gave the directors discretion should unexpected events occur. Taking many factors into account, the Board have decided to leave the calendar unchanged for this year. So many bookings have already been made together with personal arrangements.

Any peak owners who wish to move their booking are reminded that they may book into any other flexi week, obviously subject to availability. Please, however do so now as the flexi weeks that fall into the new government school holidays may be booked quite soon.



AND NOW THE NEWSLETTER

AN APPEAL TO OUR OWNERS TO BOOK!

The current booking level of timeshare in January and February is very slow. In the 5 weeks from week 4 to 8 only 43 of our single week owner group have booked, an average of 8 per week. Normally that should be, in theory, 48 owners. This is not sustainable.

Management have tools to deal with these events which arise in imbalances. This is a particular problem in the early part of almost every year - a seasonal effect. This is generally managed by increasing the number of rentals and bulk banking empty weeks with RCI.

Unfortunately, at this unprecedented level of owners holding back on their bookings, such tools are not enough. As a result, timeshare weeks are going empty. The consequences are that there will be a reduction in levy funds available. Your directors will be monitoring this matter closely.

Your Board decided that an appeal directly to the owner body to book would be appropriate. It is clear that flexi owners have the right to hold back and decide when to book. The later they leave it, however, the less likely they are to get the unit and week they would like. The normal diversity of actions has allowed this to work in the past, although there have been some severe effects from time to time.

THE GOVERNMENT SCHOOLS CALENDAR CHANGE

On the 9th February 2021, the government has announced changes to the school holidays for this year. This can create chaos amongst our owner group if not managed correctly. In our flexi system in particular, we must have calendar setting rules which are encompassed in all our use and occupancy agreements. As you can imagine, the central rule is that we can never be in a situation where two owners have a right to the same week and unit. Management are guided and, in fact, instructed by these rules. If there are two different calendars with an overlap, and there is a double booking, this needs to have a clear solution.

This type of situation was envisaged many years ago, and in 2001 special resolutions were passed at a special general meeting which gave the directors discretion, should unexpected events occur, to take decisions about the calendar - This rule was also referred to at various AGM's. The resolutions empowered the board to decide what to do with the calendar.

The chart and the calendar were set last year and placed on the website in November. (An earlier version was withheld until the last minute for changes which in fact did take place) Taking many factors into account, the Board have decided to leave the calendar unchanged for the year. So many bookings have already been made together with personal arrangements. Over 35% of affected owners have already given the Board their preference which is to leave it unchanged.

Any peak owners who wish to move their booking are reminded that they may book into any other flexi week, obviously subject to availability. Please, however do so now as the flexi weeks that fall into the new government school holidays may be booked quite soon.



THE YEAR 2020

“Thank goodness that’s behind us”, is the comment we hear most often. The same applies to the affairs of our company for 2020 – a really tough year – we had to watch the situation like hawks. Of course, we had the lockdown and the uncertainty around the opening ramp-up of bookings to so called normalcy. This detail has been and will be covered in past and future newsletters.

FINANCES - A SNAPSHOT

The accounts for December 2020 are not finalised, however, the forecast given by management, taking all they could into account, was remarkably accurate. As stated in the previous newsletter, the targeted balance of reserves of about R4m was achieved.

The Covid related business interruption insurance claim is still in progress. The parties, Champagne Share Block, Champagne Sports Resort (the hotel managers) and HPF (the hotel property owners, themselves owned by Tsogo Sun) worked closely together, and while remaining respectful of each other’s position, have co-operated as best they could to get us through this period. In particular, it should be mentioned that the cost sharing mechanisms between CSR and CSB were impractical to an extent with a totally different set of numbers, but the standard system was maintained. HPF were very accommodative with the hotel’s rental obligations, thus giving it breathing room.

THE YEAR 2021

Your Board have an odd job this year (we thought that last year) with the level 3 lockdown and all its implications and uncertainties. Our carefully thought through schedule of the refurbishment rollouts, and the funding implications, will have to be redrawn once this event is over. At this stage all softs refurbishment and building refurbishment projects are on hold. The building refurbishment of the remainder of the original 20 units may still be able to be completed this year depending on our financial outcomes. Even the scheduled long term maintenance funds are being carefully doled out - further allocations will have to be made, particularly to thatching given the heavy rainfall we've had.

LEVY COLLECTION

SARS gave taxpayers an extra 15 days for the end of January returns. CSB will do the same with granting the discount to our owners, as many levies were received shortly after the 31st January cut-off, for many lockdown-related reasons. The levy collections were a concern with this dreadful economy, but they appear to be close to normal – many individual owners had credits from last year which were set off against this year's levy.

GOING FORWARD

The key for this year is to be ready for unexpected events. A third wave is likely before vaccinations get to a sufficient level, and there may be further restrictions imposed as well as any number of possibilities. Your Board will be taking careful note of these matters.

A very experienced and knowledgeable person in the industry said that the heartbeat of a business needs to be nurtured, as does the heart of mankind. There may well be a reset in behaviour patterns, and if so, then our resort almost seems to be designed for social distancing -There are open spaces everywhere, from the widely spaced chalets and hotel facilities with their open walkways, to the outdoor guest facilities and the Little Explorers club, but whichever way you look at it – it is a magical place!

We hope that all our owners are well and keeping safe in these uncertain times. As always, please enjoy your stay when you are next with us.

With Warm Regards,

Your Managers

CHAMPAGNE SHARE BLOCK LIMITED (REG 1956/003056/06)

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