

29 September 2021

**EVERGREEN BERGVLIET RESIDENTS
30 HOMESTEAD AVE
BERGVLIET
CAPE TOWN
7945**

Dear Resident,

**EVERGREEN BERGVLIET ("VILLAGE"): VILLAGE OPERATING RESULTS FOR THE YEAR ENDED
28 FEBRUARY 2021 ("FY2021") AND THE BUDGET FOR THE YEAR ENDING 28 FEBRUARY 2022 ("FY2022")**

The above noted matter was raised at the recent Annual General Meeting ("AGM") of the Village.

After requests from the Rescom Finance Sub Committee, we initiated an in-depth review of the actual results and the budget for the FY2021 and FY2022.

From our investigation, it is clear that several expenses that Evergreen Lifestyle Villages (Pty) Ltd ("ELV") is entitled to recover in terms of the provisions of the Life Right Agreements have been omitted from the FY2021 and FY2022 results and budgets respectively.

The Life Right Agreement under the heading "FACILITIES AND SERVICES" states: -

"The nature and extent of the basic facilities and services that are to be provided or rendered in connection with the Life Right shall include the following:

- 1) *perimeter security and access control;*
- 2) *24-hour emergency alert system, specifically excluding all medical costs such as paramedic, ambulance, hospital and medical practitioner costs and charges, which costs and charges will be for the Life Right Holder's direct account;*
- 3) *building and public liability insurance;*
- 4) *maintenance of all communal property, maintenance of all communal gardens and maintenance of the exterior and structure of all individual buildings;*
- 5) *provision of monthly Levy accounts and statements;*
- 6) *employing and contracting an adequate complement of qualified staff and/or service providers to ensure that all services specified are provided; and*
- 7) *access to and usage of the Lifestyle Centre and facilities housed therein."*

ELV is obliged to provide these facilities and services and ELV is entitled to include the cost of the above noted facilities and services when calculating the monthly levy.

We have therefore revised the results for the FY2021 and the budget for FY2022 and we have enclosed these revised results and budget for your reference.

You will note that the following items are now included in the updated budgets: -

- 1) Head office cost allocation;
- 2) Depreciation of capital expenditure;
- 3) Building and public liability insurance; and
- 4) Provision for long term building maintenance.

Further to the above expenses the items noted below have been separately disclosed as they are non-contractual services: -

- 1) Catering Services;
- 2) Healthcare Services; and
- 3) Incidental COVID-19 healthcare expenses.

The Rescom Chairperson, Finance Sub-Committee and ELV Management have met to discuss the above noted issues. Both parties have agreed and are committed to ongoing debate around the future budget of the village and in particular how to improve the way CAPEX and OPEX is accounted for.

Consequently, with the inclusion of the above noted expenses in the updated results and budget it is evident that the levies currently being collected are insufficient to cover Village expenses. Inevitably we will need to work together to ensure we reach a breakeven point over the next few months, which breakeven budget we would like to table before 28 February 2022.

However, in line with the ELV credo of creating a "Partnership for Life" the levy increase with effect from 01 September 2021 for the 12-month period will be as per your specific Life Right Agreement. Life Right Agreements that provide for levy increases to be determined by the Operator will be limited to an increase of 6% per annum.

All past losses, including the results for the FY2021 will be carried permanently by the Evergreen Group on the strict understanding that we must work together to achieve a breakeven Village budget. ELV has no intention to recover past losses from the Village.

The new levy statements will be distributed this week. ELV would like to apologise for any inconvenience or expectations caused by our omission of legitimate contractual expenditure from the results and budget previously distributed at the AGM.

ELV is committed to working with the elected Village Rescom to find a suitable and equitable levy which has the effect of balancing the Village annual budget.

Yours Sincerely,

GARRY REED
MANAGING DIRECTOR
EMAIL: garryr@evergreenlifestyle.co.za