

Dear Resident,

It was a great pleasure for our senior management team to engage with you at the recent Annual General Meeting ("AGM") held in the clubhouse on 14 June 2022. We all enjoyed the engagement and robust debates on key matters such as monthly levies, operating costs, as well as the quality services delivered.

Evergreen Lifestyle Villages (Pty) Ltd ("ELV") is committed to our "Partnership for Life" philosophy which is underpinned by our five pillars, which are:

- Physical Security
- Financial Peace of Mind
- Continuous Care
- Sense of Community
- World Class Hospitality

Our initial thoughts were to move the levy cycle and proposed a change to the annual Levy increase date (Sept to Aug) to align with Evergreen's financial year (March to Feb), further proposals and suggestions have brought forth an alternative approach. The proposal of a Target Levy was presented to the Residents Committee ("ResCom") Chairman, Alan Baxter and Deputy Chair Brian Dalton and members of the Fincom

We have identified a number of items that require our focus, which we intend to address as follows:

#### **In Summary**

1. Establishing one **Target Levy** for houses and apartments.
2. The **Target Levy** will be determined by the total budgeted operating expenses of the village divided between the total number of units.
3. By following this process residents who are already contributing higher than this **Target Levy** will get a reduction on current monthly levy.
4. Where residents are contributing less than the **Target Levy**, Evergreen Property Investments (Pty) Ltd. ("EPI") will subsidise the shortfall to ensure the target levy is contributed for those units.
5. Residents who are paying below the **Target Levy** will receive an increase in accordance with their signed Life Right Agreement ("LRA") on 1 September annually until such time they reach the target levy.
6. Additional Person Levy of R500 will be charged for a home with two occupants

1. **Increase in monthly levies**

The direct economic impact of the COVID-19 pandemic has resulted in a significant rise in the cost of living across the globe. In South Africa this has resulted in an increase in the cost of many basic products and services. We are very aware that our residents, who predominantly live on fixed income streams, are in a very difficult position. It is clear from our engagement with many residents that this is causing a lot of anxiety. We accept our responsibility and by the introduction of a Target Levy we endeavour to maintain levies at the lowest rate possible.

## 2. Historic Levy Structures

The levy structure is recorded in each individual Life Right Agreement, which is a legally binding contract.

## 3. Future Levy Structure

As our Village has expanded and matured, we have revised our financial forecasts through an ongoing interactive process in order for us to once and for all set an equal levy to all houses and apartments within the village.

We thought long and hard about this, and after discussions with Rescom and various other residents we propose to implement it in the following way.

## 4. Calculating the Target Levy

As the basic levies in the village are used for common expenses it stands to reason that the fair and equitable calculation will be to establish the actual expense to operate the village and to then divide it by the number of units within the village.

We have re-evaluated our annual budget for the year ended 28 February 2023 and concluded that we can sustain a balanced budget for our village for the year ending 28 February 2023 at a Target monthly levy of **R6100**(six thousand one hundred rand) per house excluding the additional person levy of **R500** (five hundred rand).

## 5. Life Right Agreement

We will never unilaterally alter our Life Right Agreements. Nor will we compromise on our commitment to delivering great services. Therefore, the owner of the village, Evergreen Property Investments (Pty) Ltd ("the Owner"), has agreed to cover the difference in the current levy paid by residents to ensure that a standardised levy is collected for all homes and apartments

For example if you live in a house and your Life Right Agreement currently requires you to pay R5100 per month, you will receive an LRA determined increase on 1 September, then EPI will contribute the balance per month. This will ensure that all homes will contribute R6100 per month to the village budget.

This contribution from the owner will continue on a catch-up basis until such time all residents are on the required target levy.

## 6. Change of Levy Cycle

Although originally a discussion point, there will be no change in levy cycle at this moment in time. The revised structure explained in this document will be implemented in October 2022 and increases will be backdated to September 2022 in line with the existing Levy Increase Cycle.

7. Practical Implementation

Residents that are already contributing the **R6100** per month or higher will receive a downward adjustment towards the target levy, whilst residents below this amount will only receive a n LRA based increase, on 1 September annually, according to their LRA, until such time they have reached the target levy, remembering that EPI will cover the difference.

8. On Site Clinic

It is accepted that Healthcare Services do NOT form part of the LRA under basic facilities and services. It has been indicated, via Rescom and Resident Surveys, that Healthcare Services in its current form is and underutilized resource and is not required by the majority of residents and it will cease to operate from 1 September 2022. Evergreen Health has already started engaging with residents that require dedicated home care services and we urge residents to please contact Evergreen Health, via Village Management should they want to explore the options available via these home care contracts.

9. Emergency Alert System

It became clear at the AGM that several residents were concerned about after hour medical assistance. As additional Healthcare resources were not a suitable solution as part of a Healthcare Levy. We have alternatively relooked the services and subsequently found a solution that will be far more beneficial to residents than the current Telecare system. After engaging with Cape Medical Response ("CMR") we successfully negotiated a completely revamped and improved service that will replace Telecare in its entirety. Residents will be issued with a CMR pendant/panic button directly linked to their call centre. The pendant will have a roaming capability within the Bergvliet Village and southern Peninsula and will include several other services that will be shared in more detail in separate communication.

10. Catering Services

It is accepted that Catering Services do NOT form part of the LRA under basic facilities and services. It has been indicated, via Rescom and Resident Surveys, that catering services in its current form is underutilized and not desired by the majority of residents and it will cease to operate from 1 October 2022. The Rescom have tried to source a supplier that will operate the Bistro, without a management fee, but to date have not been successful. Management will continue to support Rescom to find a solution to supply catering within the village in time to come.

11. Example of Levy Statement for illustrative purposes – based on a single person occupancy.

**TARGET LEVY FOR A HOME \*\*\*EXAMPLE\*\*\***

1 August 2022 - your Levy is

R5100

1 September 2022 – Annual Levy increase of 7.4% R5480

**(R5100x 7.4% = R5480)**

1 September 2022 your billing will look as follows:

**Target Levy R6100**

Resident Contribution R5480

Add: Evergreen Property Investment Levy Subsidy R620

**Total Contribution per house R6100**

## 12. Surplus

Any financial surplus that is generated will be ringfenced within the village. Surpluses will be taken in consideration in a 24-month cycle.

### In Conclusion

The global cost of living crisis is well documented.

The Owner has willingly agreed to contribute additional income to our village to assist us to balance our budget for the year end 28 February 2023. No doubt they will do so again, as and when required, in the future.

We expect that the levies of those residents who are below the Target Levy to escalate annually in September, and will eventually catch up. Where there is a shortfall, the Owner will pay in the difference.

Together with the Developer paying the levies for the unsold houses and apartments we are confident that we will reach a breakeven within the village shortly.

The proposal of a Target Levy was discussed with ResCom Chairman, Alan Baxter and Deputy Chair, Brian Dalton and both have endorsed the proposal as beneficial to all the residents as well as the long-term sustainability of the village.

Should you have any questions, you are most welcome to contact Bronwyn directly or alternatively please speak to either Alan or Brian.

There will be an information session on Monday the 29<sup>th</sup> of August at 10 in the Clubhouse for those residents who have any questions regarding this communication and the levies specifically.

Yours Faithfully,

Garry Reed

Managing Director – Evergreen Lifestyle Village