

25 August 2022

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 7 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

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

### **In Summary**

- Establishing one Target Levy for houses (regardless of size) and one Target Levy for apartments (Regardless of size).
- The Target Levy will be determined by the total expenses of the village divided between the total number of units with the apartment levies being based on 80% of house levies.
- By following this process residents who are already contributing higher than this Target Levy will get a reduction on current monthly levy.
- 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.
- Residents who are paying below the Target Levy will receive an increase per the signed Life Right Agreement (“LRA”) on 1 September annually until such time they reach the target levy.
- It is accepted that Catering and Healthcare Services do NOT form part of the LRA under basic facilities and services.
- Catering Services in its current form, comes at a cost of R54 676 per month, R250 per home per month, will be part of the costs and divided equally between all the units in the village and will contribute to the Target Levy. Management will endeavour to find an alternative solution that does not attract a Management Fee.
- It has been indicated that Healthcare Services in its current form is not required but that a dedicated village nurse, operating from Monday to Friday, from 8-5pm, will attract a cost of R31 050 per month, R150 per home per month, will be part of the costs and divided equally between all the units in the village and will contribute to the Target Levy
- A “Developer Levy” based on single occupation will be paid by Evergreen Property Investments (Pty) Ltd. (“EPI”) for all vacant apartments until a Life Right Agreement is signed and they are relieved of this responsibility.
- Additional Person Levy will remain as per your current Life Right Agreement.

## **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 levy**

As the basic levies in the village is 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. All houses regardless of size will pay one levy and all apartments regardless of size will pay one levy. Apartment levies regardless of size will be based on 80% of house levies. Healthcare and Catering expenses do not form part of the Basic Facilities and services. In order to establish this cost contribution to the Target Levy, healthcare and catering costs will be divided equally by 238 units, this will contribute to the target levy. 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 R4800 (four thousand eight hundred rand) per house and a Target monthly levy of R3900 (three thousand nine hundred rand) per apartment excluding the additional person levy according to your Life Right Agreement.

## **5. Bridging the gap**

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 R3800 per month, you will receive a CPI +1.5% increase on 1 September, then EPI will contribute the balance per month. This will ensure that all homes will contribute R4800 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.

## 7. Practical Implementation

Residents in houses that are already contributing the R4800 per month or higher, and residents in apartments that are already contributing the R3900 per month or higher will receive an adjustment towards the target levy, whilst residents below this amount will only receive a CPI based increase, on 1 September annually, according to their LRA, until such time as they have reached the target levy, remembering that EPI will subsidise the difference until the targeted levy has been reached.

## 8. Healthcare and Catering Services

As articulated at the AGM these two services, which are currently being provided for free and ultimately subsidised by EPI, cannot be delivered for free indefinitely. We have worked diligently with the Residents Committee ("ResCom") to find mutually acceptable solutions to resolve this situation and it is therefore included in the total target levy of as set out above.

Catering package will be implemented which in the long term will have a positive impact on meal prices.

We are preparing a list of clinical services which will be provided by the Village Nurse at not extra charges and will distribute in the next week.

## 9. Example of Levy Statement for illustrative purposes – based on a house with a single person occupancy.

### TARGET LEVY FOR A HOUSE \*\*\*EXAMPLE\*\*\*

1 August 2022 - your Levy is R3800

1 September 2022 – Annual Levy increase of 7.4% (CPI + 1.5%) R4080

**(R3800 x 7.4% = R4066)**

1 September 2022 your billing will look as follows:

Basic Facilities and Services Levy	R4400
Healthcare	R150
Catering	R250

**Total Target Levy R4800**

Resident Contribution R4080

Add: Evergreen Property Investment Levy Subsidy R 720

**Total Contribution per house R4800**

## **9. Early Adopters**

There are a handful of “Early Adopters” within the village. These are residents that purchased houses first in the village. These residents pay a levy that is inclusive of property rates. In order to determine their contribution to the Target Levy, we will extract the rates portion of their current levy and this they will pay for separately; we will then establish what their pure levy is. Once this process is completed, we will follow the same steps as outlined in point 5 above.

### **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.

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.

We have had numerous engagements with the Chair of Rescom, Lorraine Lotter and Cecil Fann and Rescom and Management believe that this proposal is beneficial to all the residents as well as the long-term sustainability of the village.

There will be an information session in the upcoming weeks, in the meantime, do not hesitate to contact if we may be of assistance.

Kind Regards

**Garry Reed**  
**Managing Director ELV**