

26 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 30 May 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 - Management have successfully negotiated with the catering supplier to provide catering services to the village without any management fee and therefore no catering levy will be charged.**
- **It has been indicated, via Rescom and the Surveys and Referendum, that Healthcare Services in its current form is underutilized and not required. Rescom and Management have agreed to appoint, within the village operating budget, a Duty Manager resource that will be a fully qualified Forst Aider with a Paramedic Background.**
- **Additional Person Levy of R500 will be added 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. Futuristic 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 260 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 **R4200** (four thousand two hundred rand) per house and a Target monthly levy of **R3350** (three thousand three hundred and fifty rand) per apartment excluding the additional person levy of **R500** (five hundred rand).

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 R3250 per month, you will receive a CPI based increase on 1 September, then EPI will contribute the balance per month. This will ensure that all homes will contribute R4250 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 **R4200** per month or higher, and residents in apartments that are already contributing the **R3350** 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 they have reached the target levy, remembering that EPI will cover the difference.

8. 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. Evergreen Management have managed to get catering services provided to the village via Western Province Catering without them charging us a management fee. For this reason, there will be no catering levy charged.

9. 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. Residents are reminded that for emergency care they must press the red button – 24 hours per day. For Home care they can contract directly with Evergreen Health and for Frail or Dementia care the services and facilities in the care centre is available.

10. 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 and will include several other services that will be shared in more detail in separate communication.

11. 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	R3200
1 September 2022 – Annual Levy increase of 7% per your LRA	R3435
(R3200 x 7.4% = R3435)	
1 September 2022 your billing will look as follows:	
Total Target Levy	R4200
Resident Contribution	R3435
<u>Add: Evergreen Property Investment Levy Subsidy</u>	<u>R765</u>
Total Contribution per house	R4200

12. 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. 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 Rescom and Management believe that this proposal is beneficial to all the residents as well as the long-term sustainability of the village.

Kind Regards

Garry Reed
Managing Director
Evergreen Lifestyle Villages (Pty) Ltd