

2020 CHAIRPERSON'S REPORT

29 July 2020

Ninth Annual General meeting

It is an honor for me as chairperson of the Trustee Committee of Brandwacht Aan Rivier and to report at the ninth annual general meeting on the state of affairs of the Association during the period under review.

At the previous AGM which was held on 6 June 2019, the following trustees were elected.

- Pierre de Villiers
- Jan Cilliers
- Stefan Crouse
- Willem van der Colff
- Fanie Neethling
- Holden Marshall

During the year under review there were 8 Trustee Committee meetings and I would like to deal with several subjects of interest under the following key headings:

1. Rehabilitation of the riverbed

Riverbed stabilisation phase 1 and special levies

The Trustee Committee is pleased to confirm that the riverbed stabilization (Phase 1) has been successfully completed within the allowed timeframe and budget of R2 000 000. The total cost of phase 1 amounted to R1 938 849.

The riverbed will continue to be closely monitored and further phases may be implemented if needed. To date there has been no indication that further phases will be required in the short/medium term.

The Committee thanks Gary and his team for all their hard work and contributions, especially with regard to the erecting of the balustrades at the 2nd and 3rd structures as well as the planting and rehabilitation along the riverbank.

During April 2020, to provide some relief to the members due to the Covid-19 pandemic, the Trustee Committee decided to suspend the last three special levies (R500 per month) for April, May, and June 2020 until further notice.

North bank erosion repairs

With regard to the stabilization of the north bank, the Trustee Committee is pleased to report that the stabilization/repair of the badly eroded bank (opposite Slot 4) was successfully completed in December 2019 with the design assistance of a resident specialist engineer, from existing financial resources. The cost incurred for the north bank erosion repairs amounted to R343 814 (Trustee Committee approved R350 000 for this repair). Refer to note 14 of the financial statements.

Engagement with Stellenbosch Municipality and further work required

The Trustee Committee's ongoing engagement with the Municipality with regard to their responsibility to improve, repair and maintain the storm water runoff system from Brandwacht suburb (to our north) has been successful in that the Municipality has:

1. Accepted responsibility to effect upgrades and repairs to the storm water outlets into the river.

2. The Municipality have appointed a specialist engineering firm (JG Africa Engineers) to assess and design solutions to the storm water along the North bank.
3. Gary, Holden and our engineer met with the Municipality's responsible person and their consultants on site to brief them of our concerns.
4. The Trustees await the first draft of their proposal which has been delayed due to Covid19.
5. The Municipality have confirmed that the repairs have been earmarked as a high priority from their side and have undertaken to affect the repairs prior to the next rain season.
6. The Trustee Committee will continue to maintain pressure on the Municipality to ensure compliance with their undertakings.

Once the Municipal repairs have been affected the Trustees together with our engineer will assess the north bank and undertake any remaining structural and/or cosmetic repairs, which are expected to be executed within the specific existing budget. As a high level estimate, further repairs required could cost between R500 000 and R1 000 000.

We also thank Residents for their co-operation and value add during the process.

2. SECURITY

The Committee is pleased to confirm that there have been zero breaches to the perimeter security and that the system continues to operate in terms of the specifications

The software is currently being upgraded, within existing budget, to ensure that the entire system continues to operate optimally

That said, the Committee reminds all residents that security remains the responsibility of all and appeals to all residents to remain vigilant and report any suspicious events.

3. FINANCIAL

The Association's financial position is healthy. For more information, please refer to the audited financial statements.

Financial position: Before considering the River Rehabilitation project and building penalties, the Association made a surplus after tax of R11 943.

River Rehabilitation: Cumulative incurred project cost of R1 938 849 was incurred and cumulative special levies of R1 202 000 was collected for phase 1 during the past 2 years. The project was completed within the approved budget of R2 000 000. In addition, R343 814 was incurred to repair erosion opposite Vierde Slot. Due to the Covid-19 pandemic, the special levy relating to the months of April, May and June 2020 was suspended until further notice.

Other income: The Association earned interest of R122 652 and building penalties of R97 900.

Operating expenses: Excluding Water (R305 806 (2019: R187 625) which is recovered from the members, the operating expenses increased by 7.2% from R2 618 178 to R2 807 074. The increase is largely due to increased cost of maintaining the estate and security costs. The association received a credit of ±R33 938 from the managing agent (Trafalgar)

for three months management fees as a gesture of goodwill due to service delivery issues.

Reserve levels: At 29 February 2020, the Association's reserves amounted to R1 739 959 (R14 499 per member). The 1% contribution of properties being sold during the year contributed R308 250 to the reserves. The Association aims to have a reserve level of between 3 to 6 months of ordinary levy income (thus between R675 000 to R1 350 000 calculated using the 2020/21 levy income). The capital reserves are deemed adequate. The Committee continues to monitor the medium- and long-term capital replacement requirements of the Association.

The Association budgeted for a break-even position for the next financial year (total operating expenses, excluding water, of R2 864 909.

The monthly levy was increased by 5.6% from R1 775 to R1 875 per member per month.

4. OUTSTANDING LEVIES

Regrettably, there is an owner whose outstanding levies amounts to ±R52 631. A process is underway to determine the options available to recover the outstanding levies.

5. NOISE

It has come to the Trustees' attention that there is a great deal of uncertainty regarding the rules on noise levels on the estate. Refer to the separate document for a resolution to amend the Estate Rules.

6. BUILDING PROJECTS

There are currently 2 vacant erven in the estate and the penalty levy is being applied.

7. GOING FORWARD AND ACKNOWLEDGMENTS

The Trustee Committee will continue monitoring Stellenbosch Municipality's progress towards the repair and upgrade of their storm water systems to the north of BAR.

We are thankful for the contributions of Lauren de Freitas from Trafalgar, who was appointed as our portfolio manager since August 2019.

This is my last report as chairperson of the Committee. Looking back on the last 5 years, I would like to express my sincerest thanks to our estate manager Gary, with whom I have worked closely during this time. I am especially grateful for his energy, motivation, and the fact that he cares deeply for BAR.

I would also like to thank all the trustees who have served on the Committee. In particular, I would like to acknowledge the contributions of Holden Marshall and Willem van der Colff to the HOA. Holden played a big role in the security upgrade and river rehabilitation project; Willem assisted with disputes and was instrumental in the Airbnb special meeting. Thank you very much, fellow trustees!

Pierre de Villiers

Chairperson: Brandwacht aan Rivier HOA