

The Adderley Body Corporate

Chairperson's report 02 March 2020

Welcome to the Annual General Meeting of The Adderley Body Corporate for 2020, covering the financial period year-end August 2018 and August 2019.

The AGM was delayed for various reasons. The 2018 AGM was delayed due to the VAT matter. The trustees then decided to call the 2019 AGM as soon as possible after the Aug. 2019 year end. Unfortunately, we only received the annual financial statements recently, even after the managing agent forwarded the necessary documentation timeously. For the record note that the auditors are appointed at the AGM.

This year was the same as the other years regarding the ongoing maintenance and improvements that comes with a building of this size. Dealing with the day-to-day activities and attending to renovations does not come without its challenges. The main objective is and always will be to have the building operate efficiently with sound management decisions, that will allow the building to grow in value and rating.

We have managed to complete some projects during the year and other will need to be picked up again in the new year. Hopefully, I'll answer some of your questions here.

Firstly, the board of trustees remain mostly unchanged during this time period, with Ms T Maasdorp who resigned due to personal commitments.

Of paramount importance to any organization is the quality of its staff. Our staff complement of 24 have remained relatively the same, and their duties covers the areas of building manager (1), office administrator (1) supervisor (2), concierge (15) and housekeeping (5). We have installed a biometric time keeping system in order to assist with time management. As reported previously we will probably always have the usual staff turnaround and HR matters which are handled by an independent labor law practice. Despite the additional administration, the in-house staff concept still proves financially beneficial to the Body Corporate and at the same time improve the accountability, service delivery, maintenance and the building's appearance.

Nearly all the lights have been replaced with energy savings bulbs or LED's over the last few years. We have reduced the swimming pool water consumption by installing a dual "back-wash" system. The recycling system is also operational, it can be further improved by changing the main refuse room to make it more accessible for the owners.

We are again slowly building up the maintenance reserve after our exterior painting project of the building 3 years ago. The goal is to have 100% of annual levies in reserve as stipulated by the Act. (it is an interesting requirement, that I'm sure will lead to future discussions.) Our financial position

is now standing at R3,6 million (as of January 2020) in the bank, compared to previous year R3.1 million.

In order to continue to build on the financial stability of the Body Corporate we propose an increase of 8.5% (compare to 7.5% last year) in levies effective from 1 April 2020 for the year-end Aug. 2020. In fact, the levy increase is less than 8.5%, because we will only apply it to the last 4 months until year end August 2020. For the budget 2020/21 we propose a 5% levy increase, still increasing our maintenance reserve fund with 1,7 million.

There were further improvements in collecting our outstanding levies over the last few years. During last year the outstanding levies decreased from R180,000 (2018) to R104,510 (Feb. 2020). This means only 0.02% of the Body Corporate's annual levy fund of R5,6 million were outstanding, a result of a strong approach strategy in collecting outstanding levies and the monthly reviewing of the levy accounts.

Security. This will always be a concern for everybody. This year we will try to focus on additional camera monitoring on the outside of the building. It seems that the current indoor camera setup, monitoring the Adderley Apartments, Adderley Terraces, Singer Apartments and Adderley Park seems to be sufficient. The number of short-term lettings has drastically increased to 85% of all residential apartments, which in itself creates additional challenges on guest behavior, noise and record keeping of occupants. The concierge staff will continue to receive in house training in order to handle any deliveries and short-term guests, etc. There will always be new challenges, please make use of the incident books at the reception desks to report any matters.

The insurance claims during the year was again lower than the previous year. It seems that the painting, repairs to the building's exterior and balconies assisted in reducing the claims. We are also in the process in compiling a "geyser policy" that will focus on the maintenance and service thereof. A list of serial numbers is currently being gathered and we request that owners please keep in mind during any renovations of their apartments that easy access to geyser must be part of the design and even consider alternative instantaneous water heaters.

In our last report we mentioned the repair work of the balconies encroaching over the Adderley Street pavement. All balconies have been repaired, except the terracotta balcony, currently being supported by scaffolding. A heritage architect as well as a health and safety officer have been appointed. We have also received the permit from Heritage Western Cape to allow work. The question now is who is really responsible to do structural repair to the encroachment on council land. Clarity is required before spending a significant amount of money on the repairs. We have already been engaging with the city. In the meantime, the Heritage Architect will proceed with tender documents in order to determine actual cost.

We have completed the maintenance in the Adderley Apartment side. (new ceiling boards in passages, lift lobbies painted, new lighting, carpets cleaned, post boxes installed, etc.) To continue with maintenance in the building, we will look at the upgrading of the main entrance of the building

and the exterior undercover walkway around the building. In addition to the new cameras, the adding of lights along the walkway, will give the building a safer and more welcoming atmosphere at night time.

We have also started to look at replacing the sandstone tiles in the open courtyard of Adderley Terraces. Proper planning will be required as outside tiling is never an easy project due to noise, residential access and the weather.

There will be a need to look at the swimming pool's decking area that is 15 years old. The wooden decking planks have shrunk over time and the base structure will require maintenance. Specifications will be drawn up for tender.

We have successfully rolled out (body corporate owned) fiber in the building that went live in October 2019. There are currently 24 subscribers. If interested please email fibre@theadderley.co.za

There were the normal renovations going on in the building, but I need to highlight the latest addition – the Pilcrow & Cleaver bar in the old Geneva building back in Parliament Street. A great improvement and increasing the street appeal. Offices on the F & G level have been converted into apartments and some are still in progress.

Legal matters. We are currently in discussion with SA Revenue Service's legal department regarding the VAT saga. Correspondence have been circulated regarding this matter. In a nutshell the current board of trustees disputed the legality of the 2002 VAT registration by the trustees and developer at the time. It was determined that the Body Corporate were not registered. There are various technical points in this complicated matter, the body corporate has appointed an advocate to assist with litigation.

We are also currently in litigation to rectify a section on H level in order to register the use of common area as residential and access to common property.

Under the new Community Service Ombuds Service Act (to assist in dispute resolutions and control sectional title governance) we had two cases. One was resolved by agreement and it referred to the AGM to be held within 4 months of year end. As stated before, the trustees can only call for an AGM after receiving the final annual financial statements. This was accepted by the applicant. The other application was resolved, after we advised the owner that access is being denied to common area and water ingress repairs will commence as soon as the contractor gained access.

For all new sectional title owners please remember to visit our updated website "www.theadderley.co.za" for up to date copies of the Rules, financials, insurance details, trustees meeting dates and other useful information.

Note that the Sectional Tiles Act was amended and it affects various aspects, like quorums at meetings, proxies, budget reserve funds, etc.

I want to thank my fellow trustees for their support and time, and on behalf of all the Body Corporate members.

My sincere thanks to our Building Manager, Tracey Paulsen, and to her team for their support and work throughout the year. Without their commitment, we would not have been able to manage this building; and to Derek de Reuck from Permanent Trust for handling the administration.

I also wish to express thanks to the 303 members of the Body Corporate and request that you please interact with the building manager and staff, for your compliments, suggestions and criticism.

I believe that we have developed a sound model for this unique and complicated structure incorporating residential, offices, commercial and parking, to provide a balance between a place to live and work.

Thank you, and I wish the new Board all the best for the coming year.

Regards

George Wolfaardt
Chairman