

Mutual Heights

Darling Street Cape Town.

NEWS FROM YOUR TRUSTEES

Edition 12.

March 2008

Dear Fellow Owner,

Your trustees have recently been in consultation once more with the bean counters this time to anticipate our expenses for the year 2008/9 which technically commences on 1st April. I attach a copy of our conclusions and this will form the budget proposed by your trustees for consideration and formal approval at the forthcoming AGM the date of which I hope to let you have in a little while.

We took careful advice and are satisfied that it is prudent to build in an uplift for inflation of 8%. Each of the service contracts will be tested against market conditions before renewal and the figures inserted should not be relied on by anyone (contracting parties please note) as conclusive. Your trustees will continue to pay the keenest available rates for the best standards of services. The figures in the attached budget reflect only the current costs plus 8%.

We have not included anything for the rent of the sign after the expiry of the present lease in August. Previous AGMs have authorised that income from the sign be put aside for special purposes such as the improvement of the building about which more later. We are about to go into the market to either to find a new tenant or negotiate a new lease with the existing lessee.

Close examination of the attached will reveal that for the first time we propose that a sum be provided for service and repair of air conditioning equipment and the sum of R74, 000 is included in accordance with advice we have received.

The eagle eyed will ponder why applying an 8% uplift to levy income R2,335,947 should result in an anticipated reduction in levies, R2,190,271 for the forthcoming year. The answer is that for the first time levies do not include the rates and CCID levies now assessed by the Council directly on each of us owners.

You will also notice a regrettable and substantial increase in percentage uplift for electricity supply and other municipal services. This again is in response to advice your trustees have received.

As always the budget is a management tool and cannot be set in stone. Nevertheless your trustees will treat with the utmost suspicion any proposal that takes our expenditure over those indicated in the attached, whilst welcoming any unbudgeted income with open arms.

As I have said this budget will be put forward for approval at the AGM though in the mean time the levies will be increased from the first of April. Like the levels of expenditure proposed, such increase will of course be open for discussion and approval at the AGM but must in the mean time be paid.

Counting is not my foremost expertise, but I would be happy to field any comments on the attached between now and the AGM though it might be wiser in the first place to aim them at Charles Keefer. Alternatively if you prefer to keep your comments til the AGM then it would be very helpful to me if you would let me have some notice of them before we assemble, so that I can get the most expertly considered answer available for you at the meeting itself.

I hope that this year is treating you well and that you are still pleased to be a member of the Body Corporate,

With kind regards,

Paul Rippon

Chairman of your trustees.