<u>LBV Wine Estate Property Owners Association</u>

Historic position during the start-up months:

* Confusion as to who is responsible for gardens, villa electricity, potable water etc.
* No clear hand-over from developer to HOA
* Outstanding responsibilities from developer
* No management and financial control

Resulting in:

* Non-payment of levies
* Bad cash flow position
* Overspending on expenses such as security and gardening services etc.
* Growing loan account debt with Sante

On 27 February 2004, the members approved a Special levy to fund "capital improvements" on the Estate

CAPITAL PROJECT	Budget	Actual	Variance
Gutters along roads	110 000,00	148 795,01	-38 795,01
Roses along Vineyards	80 000,00	13 365,00	66 635,00
Repairs to big dongas	80 000,00	35 034,04	44 965,96
Improvements to main gate & entrance road	35 000,00	0,00	35 000,00
Estate drainage	200 000,00	20 049,75	179 950,25
Water issues:			
Dams			
Fish			
Quality of pipelines	20 000,00	2 730,30	17 269,70
Total	**525 000,00**	**219 974,10**	**305 025,90**

All amounts incl. VAT

* Only R73 000 (15%) of the R525 000 was collected before August 2004
* The loan account with Sante Wellness Centre (Pty Ltd was reconciled during August 2004
* Sante Wellness Centre (Pty) Ltd capital contribution of R371 878 was used to settle part of the loan account debt that was escalating due to the lack of cash flow

Election of current Board of Trustees - AGM 2004

* Investigation into financial position and other contentious issues that impacted on the HOA
* Appointed Estate Manager to oversee operational side of business
* Put strict financial controls in place
* Facilitated cost recovery projects
  - Road signage & building plans: R50 076 from Fundev Property Investment (Pty) Ltd
  - Kunnenberg security: R34 572 from Turn Around Trading (Pty) Ltd
* Kept spending well within budget constraints (3.6% within)
* Healthy cash flow position
* Busy to rectify historic overspending by strict budget control