

CHAIRMAN'S REPORT – FOR THE PERIOD 1 APRIL 2018 TO 31 MARCH 2019

The Board of Management pays tribute to Rae Brown, who had been CEO of Rand Aid Association for almost 15 years. We were all deeply shocked and saddened by Rae's passing on 26 August 2019. The achievements of Rand Aid over these years can all be attributed to Rae's incredible insight, knowledge and ability to inspire staff to develop and realise a common vision. He left an unbelievable legacy and may we honour his memory as we move into the future.

I have been proudly associated with Rand Aid for 17 years and have been Chairman for the last 8 years. Taking stock of events over the past year, I am once again amazed at the capacity of the organisation to thrive despite the many difficulties in the political and economic environment that impact on planning, implementation and service delivery. The direction and strategic guidance given by the Board of Management is very important. Rand Aid is very fortunate to have a highly skilled Board with a strong vested interest in the success of the organisation. However, our real strength lies in the commitment shown by each and every staff member across all spheres of management and direct service delivery. If staff, in any organisation, do not give their all to realise the mission and vision of an organisation, success will not follow. In Rand Aid the demands are high. Efficiency and effectiveness have to be aligned to the values of the organisation. I believe that the Rand Aid difference comes to the fore in the way staff members identify with the work of the organisation. It sets Rand Aid apart from its competitors. This was most evident during the Strategic Planning session, undertaken during August 2018, where Rand Aid management, with Board participation, undertook strategic planning for the next 5 years. Stock was taken of objectives reached in the past and new goals and priorities were set. I was privileged to be part of this session and can only commend the management team for their enthusiasm, believe in the work of the organisation and their willingness to embrace new goals and challenges. There have been many new initiatives too, such as the successful implementation and extension of the community care programme, the growth of the Eden Alternative philosophy in all our services and the commencement of the Men Shed workshop. These matters are further detailed in the Operational Report.

As you are aware, the continuation of Rand Aid's social welfare services is dependent on its business model of internal cross-subsidisation. In short, the development and sale of retirement accommodation on a life right basis by the RA Welfare Development Trust generates the funds required to fund any shortfall on our social welfare services. A careful balance between the need for and the availability of funds is thus of the utmost importance. Over time, the Board and Management have concluded that the development of a new life right retirement village will be invaluable in sustaining our welfare services in years to come. Thus, when the opportunity arose to submit a proposal for the purchase of land at the Glendower golf course, all stops were pulled out to ensure our submission would be attuned to the sensitivities attached to this great site. I am proud to announce that the Rand Aid proposal was selected above 3 other proposals from commercial developers. The purchase of the 8,1 hectares of land will enable the development of 120 cottages and apartments thus extending the life rights portfolio to 731 units. Extensive financial and market feasibility studies confirmed the viability of this project and we were overwhelmed by the number of people who expressed an interest since the project was publicised. Our professional team is currently working on the extensive town planning processes and approvals that precede

such a development and it is trusted that we will be able to commence with construction in 2021.

Our welfare services at Thembalami Care Centre and Wedge Gardens Treatment Centre continue to have a significant positive impact on the lives of people in need. The levels of funding received from government sources are low and thus we expect these services to operate at a loss. At the end of the financial year, an amount of R12,8 million was transferred from the RA Welfare Development Trust to Rand Aid to cover shortfalls. The close relationship between the Trust and Rand Aid, as managing agent of the life right retirement villages, is also of benefit to the residents in these villages. During the past year Rand Aid channelled R1 555 780 from unit sales in the Trust to the levy stabilisation funds of the three life right villages and a further R848 028 to fund capital projects and extraordinary repairs and maintenance in these villages. Since the inception of the levy stabilisation funds in April 2011 an amount of R1 809 852 has been used to ameliorate levy increases and a further R2 447 976 will be utilised in 2019/20. The value of the fund at 31 March 2019 was R6 127 493. The Trust also funded assets and capital projects to the value of R7 115 535 in the remainder of the services, the bulk of which went to the building projects at Thembalami Care Centre. The Trust's investment portfolio, which is being managed by Investec Wealth & Investment, did well considering the insecurities in the market place caused by political ructions and the deterioration in State and State-owned entities. At year end the market value was R142,2 million.

The partnership between Rand Aid and our life right residents in particular needs to be acknowledged. By purchasing a life right, residents contribute to the investment portfolio and thus the funding of our welfare services. Your support is core to the success of the Rand Aid business model. In addition, we are grateful for the way in which residents from all our facilities contribute by serving on the various boards and committees to ensure good governance or enhance social life and wellbeing in the villages. Many residents also become actively involved in our operations as volunteers and even more market our services by word of mouth. We truly appreciate the positive and constructive input of residents at all levels of our operations and the harmony that exists in general. This is essential, not only for the stability of the organisation, but also for the security of its residents and staff.

The spirit that prevails throughout Rand Aid is reflected in the high demand for its services. All our facilities remained places of choice. High occupancy levels were maintained in our 24 hour residential care services. Resales and new leases in the retirement villages were achieved without delay and waiting lists were maintained at healthy levels.

We are set to enter an exciting period with the planning and development of the new village at Glendower golf course. At the same time we have to ensure that we maintain the exceptional standards currently prevailing in all our other services and facilities. The demands on all staff and management in the year to come will thus be high. I will also depend greatly on my fellow board members for their insight and support. From past experience I know that each and every one will give their best to ensure that the goals of Rand Aid are achieved and surpassed.

John Robinson

Chairman

12 September 2019