

BUILDING HOMES AND COMMUNITIES
OVER **80** YEARS
COMMUNICARE

*Annual Report
2012*



Creating integrated, sustainable communities

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Children on the jumping castle at Straton Court

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Communicare Delivering Value

1. Established in 1929, Communicare is the oldest accredited Social Housing Non Profit Company (NPC) in South Africa
2. Communicare currently manages 3600 rental units, the largest Not for Profit landlord in the Western Cape
3. Because of its market share, Communicare is able to provide the cheapest rental accommodation per square metre to individuals and households earning between R 2500 – R 7500 per month
4. Communicare's social investment spent on community development services averages R4,5 million per annum
5. Communicare is one of the preferred social housing providers of the City of the Cape Town and the Human Settlements Department of the Provincial Government of the Western Cape
6. All three of Communicare's GAP Housing projects developed over the last four years received awards from the Southern African Housing Foundation (SAHF)
7. Communicare is the recipient of the Social Housing Regulatory Authority CEO's Special Award for "Excellent and innovative work related to tenant consultation and community empowerment"



Chairperson's Report

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The Chairperson with the winners of the Annual Gardening Competition

It is my pleasure to present to you the 84th Annual Report of Communicare. Like so many Non Profit Organisations (NPOs), Communicare has not been immune to the negative impact of the macro-economic environment on the property market in South Africa.

So in spite of selling more units compared with the previous financial year, our Property Division, which is one of the main contributors to the development of our affordable housing portfolio, remains under pressure to perform even better. Similarly, sales in the Life Rights Division are low as a result of the generally under-performing residential property market, but they are steadier than anticipated.

The outlook is a lot more optimistic following the announcement by the Reserve Bank that the repo rate would be left unchanged at five percent per annum. This will undoubtedly stimulate sales and we believe that Communicare is well positioned to benefit, as a result of our available stock levels.

SOCIAL HOUSING

Our greatest concern however continues to be our core business, Social Housing. The multiple negative impacts of increases in utilities such as water and electricity on the ability of our tenants to pay their rent is

particularly worrying. Social Housing Institutions (SHIs) find themselves in a precarious position when they are expected to charge affordable rentals, in line with prescribed income thresholds, while at the same time needing a return on investment that ensures financial viability and sustainability. The Regulatory Authority needs to address this key factor in the roll-out of social housing projects.

Notwithstanding the problems this creates, Communicare remains committed to charging rentals that are affordable for our primary market. Our competitive rental charges are acknowledged by our tenants. Of those surveyed, in our independent Customer Satisfaction Survey, 71% disagreed with the statement that they could find cheaper rental accommodation elsewhere.

IMPACT OF THE ECONOMY

In spite of this vote of confidence we are sensitive to the impact the economy has on our tenants' financial situation, and have measures aimed at preventing evictions. These measures are more fully described in the Social Housing and Community Development Report. Social Housing remains a viable form of tenure in the South African housing landscape even in the face of some challenges in the sector, and for many

individuals and households it is the only option available in the short to medium term. Communicare will therefore continue to work with local, provincial and national stakeholders to increase the supply of social housing and consequently, the quality of life of the people we serve.

It is therefore reassuring to know that elected representatives and officials in all three spheres of Government are committed to provide affordable housing to poor and middle income households through a mixture of tenure options which is something all South Africans can be proud of.

Communicare's funding model is based on a combination of subsidy funding, loan funding and investment of our own equity, some of which is generated through the development of GAP Housing, market related plot and plan sales and commercial rental opportunities.

WORD OF THANKS

We want to thank the Government for setting very high compliance standards through the Social Housing Regulatory Authority (SHRA) and for facilitating subsidies through National and Provincial Government to provide 340 social rental opportunities in our Drommedaris and Bothasig Gardens

"The negative impact of increases in utilities such as water and electricity, on the ability of our tenants to pay rent, is particularly worrying."

Herman Fourie
Chairperson of the Board of Directors

projects. We also wish to convey our appreciation to the City of Cape Town for their continued support.

I am blessed and humbled to lead an organisation of committed staff and directors who are passionate about their work. A special thanks to all members of the Board whose efforts have been exemplary in steering us through a difficult period. The Managing Director, Chris Mathias continues to lead a strong management team that is growing in stature in the Social Housing sector.

We welcome our new Information Technology Manager, Jonathan Williams who replaces former IT Manager, Alex Chetty, who ably led our IT department and should take credit for developing an efficient and stable IT infrastructure during his tenure at

Communicare. We are confident that Jonathan Williams will further add value in this critical area, and position IT as an enabler for operational efficiency at Communicare.

I close as always with the words of Rev. Tiyo Soya (1829 - 1871): "A home is a place of refuge: it is a school of life. A home is also a place of worship. Indeed a home is everything."



The evolution of Bothasig Gardens, Communicare's latest Social Housing offering



Board of Directors: (Back left to right) Blum Khan, Rick Brosens, Joel Mkunqwana, Clive Justus, André Waters, Paul Kleinsmidt, (Front left to right) Monde Skade, Gerhard Schröden, Herman Fourie and Chris Mathias

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Managing Director's Report

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Managing Director's office, Chris Mathias and Merle Kruger

We will shortly complete the final stages of the Bothasig Gardens Social Housing Project and will be welcoming our first tenants on 1 November 2012. This high-quality development is testimony to the successful public/private partnership model which has been developed with the City of Cape Town, the Department of Human Settlements and our Dutch funders, Dutch International Guarantees for Housing (DIGH).

BOTHASIG GARDENS

Bothasig Gardens will be home to 120 families, many of whom will never have had the benefit of living in formal accommodation before. The new project will be incorporated with the existing 165-unit complex which houses around 400 people. The entire estate will house approximately 700 people of diverse age, gender and colour in a truly integrated Human Settlement. Thanks to the City of Cape Town's valuable support, we have recently been able to acquire the land adjacent to Bothasig Gardens, and plans are already under way to build an additional 100 units on this site. We are also about to roll out a GAP Housing project of 407 units in the Mandalay area in Mitchells Plain. This will be followed by a 650 unit Social Housing project in this area. With the assistance of the SHRA, we have recently commissioned a study of the regeneration possibilities in the Ruyterwacht area where both Communicare and the City of Cape Town own significant tracts of land. This,

together with a number of other potential projects will ensure that there is a healthy pipeline of Social Housing units in support of the Minister's Outcome 8 agreement with the President.

Our Human Settlements colleagues have magnanimously agreed to absolve Communicare from the repayment of a housing loan of R11.6 million provided that these funds are placed into the company's Social Housing Development Reserve and used for Social Housing. This significant development will go a long way to assisting us with the delivery of our housing pipeline and is evidence of the commitment of the company's Social Housing partners.

ACCREDITATION

The Regulatory Authority continues to play a major role in the delivery of Social Housing units in our Province and Communicare was gratified to be one of only three unconditionally accredited Social Housing Institutions this year. We are very grateful to the SHRA, not only for the funding which it provides, but also for its assistance with capacity-building programmes for SHIs.

FUNDING MODEL

Communicare, as the SHI partner, provides the land at historical cost, the expertise to get the project into a state of readiness and the skill to manage the project to completion. In addition to the land, Communicare will contribute our own

equity to the project. In order to do this, we will utilise funds from the Social Housing Development Reserve. This Reserve is funded by an allocation of profits from all divisions of the company. The Property and Life Rights divisions have been major contributors to this fund in the past but because of the sharp downturn in the property market in 2008, it has been, and remains extremely challenging to sustain the contributions to this Reserve. Our response was to launch a new brand for this division in the form of Yes! Properties and to insource the sales function. We also responded to the market by providing an additional product offering in the form of top structures. The results have been encouraging and we are optimistic that the new year will see a reasonable increase in sales.

LIFE RIGHTS

The sale of Life Rights is similarly impacted by the downturn in the property market because most purchasers finance the acquisition of the Life Right by selling their homes. There have also been a number of new entrants into this market in which Communicare had been the dominant player until a few years ago. Cape Retirement Lifestyles was launched to distinguish the brand from the Communicare brand and to allow focused marketing. The brand has been well received by the market and Cape Retirement Lifestyles is now the biggest Life Right player in the market in the Western Cape.

The Regulatory Authority continues to play a major role in the delivery of Social Housing units in our Province and Communicare is gratified to be one of only three unconditionally accredited Social Housing Institutions this year.

Chris Mathias
Managing Director

CALL4CARE

Our investment in the emergency alarm for older and vulnerable persons, Call4Care is now bearing fruit with some 700 units currently in the market. By the end of the 2013 year all Communicare special needs tenants and Cape Retirement Lifestyle clients will have access to this system.

PBO STATUS

Communicare's application for Public Benefit Organisation (PBO) status with the Tax Exemption Unit of the South African Revenue Service has been challenged and we are hopeful that we will be able to resolve this long outstanding matter in the new year. Communicare has now been

paying tax since the 2008 year and its tax affairs are up to date.

In concluding I extend my thanks to our partners, the Department of Human Settlements, in particular the Social Housing Regulatory Authority, the Department of Human Settlements of the Provincial Government of the Western Cape, City of Cape Town and our Dutch funding partners, Dutch International Guarantees for Housing (DIGH). The partnership agreement we have with our partners allows for the provision of land, subsidies and assistance with planning approvals and our partners have certainly delivered on all counts in this regard.

There is no doubt that the new year will provide

its fair share of challenges but I am confident that Communicare and the management team are well equipped to deal with these challenges.



Ground level space at Drommedaris in Brooklyn will be utilised as a Community Learning Centre



Management Team: (Back left to right) Marilyn Adams, Rick Brosens, Waleed Davids, Natalie Burger, André Waters, Chris Mathias, Gavin Wiseman, Joel Mkungwana (Front left to right) Jonathan Williams, Wasima Fisher, Elize de Kock and Raymond Schuller

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Social Housing



Back (L-R) Patricia Mbili, Lourens de Jager, Joel Mkunqwana, Jerome Harry, Front (L-R) Wasima Fisher and Waleed Davids

During the year we focused on sustaining a number of achievements in our Social Housing delivery programme and the establishment of positive relationships with our tenants and stakeholders.

THE REALITY OF AFFORDABILITY

The trust and support demonstrated by our primary clients and local stakeholders in what we do has been significant, and this has resulted in the forging of a collective ownership of our programmes. We have been able to adapt our programmes and service offerings to be more receptive and sensitive to the reality of affordability, while at the same time offering a quality rental housing service along with a supportive social development programme.

We have done this through numerous strategies and interventions ranging from consistent consultation, to engagement with our tenants and stakeholders via various participation platforms. As a result of our dedicated focus on sustainability, we are able to continue achieving success in our primary Social Housing objectives and programmes.

ECONOMIC CLIMATE

In order to soften the impact of the current economic climate on our tenants, we continue to address some of the affordability challenges that they experience. We have a responsive and comprehensive Social Development programme to mitigate the risk and affordability challenges.

HOUSING BENEFIT GRANT

A housing benefit grant is available to tenants who are temporarily unable to pay their monthly rental as a result of proven cases of hardship, such as loss of employment, disability, or death of a spouse. These tenants may apply for a temporary grant which is reviewed monthly and does not exceed three months rental.

Tenants must show a commitment however, to finding alternative employment or income during this period in order for the grant to be extended each month. While these measures only provide temporary relief, they play a critical role in ensuring that evictions are limited and only executed as a last resort.

Joel Mkunqwana
Social Housing and Community Development Director

As a result of our dedicated focus on sustainability, we are able to continue achieving success in our primary social housing objectives and programmes.

PERFORMANCE

Targets for managing our Social Housing rental stock are aligned to the benchmarks for key performance indicators as set by the SHRA. We are proud that in terms of our performance against the most critical indicators, Communicare exceeds the benchmarks set by the SHRA as indicated in the table below.

SHRA KPI	SHRA TARGET	COMMUNICARE PERFORMANCE
Rental Collection	>95%	98%
Rental arrears	<5%	1.5%
Vacancy level	<2%	1,8%

Through meeting our performance goals, we have been able to reach our budgeted revenue targets ensuring that our Social Housing portfolio remains sustainable, and laying the foundation for continued roll out of affordable rental housing projects.

GOVAN MBEKI SETTLEMENTS AWARD

We wish to acknowledge the vote of confidence in our work through receipt of the Govan Mbeki Settlements Award 2012.



Provincial Govan Mbeki Award Ceremony: (L-R) Dr Ivan Meyer (MEC: Cultural Affairs, Sports and Recreation), Joel Mkunqwana (Communicare), Mr Albert Fritz (MEC: Social Development Services), Gavin Wiseman (Communicare) and Mr Bonginkosi Madikizela (MEC: Human Settlements)



Social Housing team: Back(L-R): Marwaan Friday, Conan Pieters, Lourens De Jager, Maurizio Naggi, Waleed Davids, Matthew Marks, Alan Mkunqwana, Danielle Festers, Courtney Hanekom, Teboho (Edward) Kolisang, Jerome Harry, Gerhard Hough, Joel Mkunqwana, Randall Mitchell, Amos Tuse, Zukiswa Munyandekwe, Sharon Hack, Rentia Hanekom, Monica Brown, Lena Ockhuis, Azille Burger, Naomi Malgas, Liezel Williams, Phille Maggo . Front (L-R): Tabile Figlan, Lynn Dippenaar, Patricia Mbili, Barbara Mawisa, Mapule Maragela, Lillian Taabos, Liseletsi Kausele, Wasima Fisher, Angeline Tiwani, Muriel Maseti, Lusu, Charmaine Philander, Yusinda Williams, Liziwe Msila-Ncayo, Jackie James, Gloria Petersen

Community Development



Community Development Team Back (L-R): Wasima Fisher, Lena Ockhuis, Noxolo Matoman, Rentia Hanekom, Phumzeka Folose, Simone Rossouw and Lourens de Jager
Seated (L-R): Elizabeth Jaftha, Nomathamsanqa Lusu, Zukiswa Munyandekwe and Yandisa Mtambeka

Social Housing serves as a valuable tool in restructuring urban areas and creating a socially and economically integrated society. (Michelle Essink, as quoted in Engineering News, July 2011)

SOCIAL COHESION

A major focus of Community Development this past year has been the promotion of social cohesion among our tenants. This follows the results of a study to review the transformation of the Communicare tenant base, in which it was recommended that we conduct social cohesion training programmes for residents.

DIVERSITY TRAINING

A training manual, 'Our Journey Towards our Interconnectedness' has subsequently been developed incorporating life skills and cultural awareness components to promote self-awareness and knowledge of different cultural practices and lifestyles. A tool kit was developed consisting of posters and activities to use in the facilitation of the tenant social cohesion workshops.

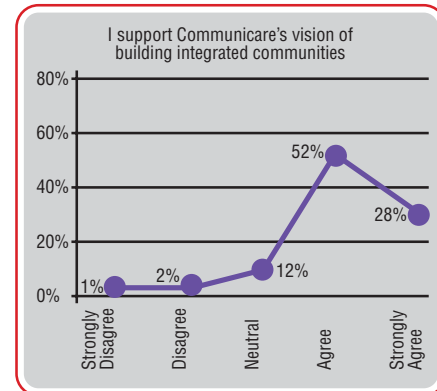
These resources were developed by Qualitative HRD Solutions, who trained the community development staff in facilitation skills and also facilitated the workshops. The workshops were presented to tenant leaders in our Tenant Advisory Committees (TACs), Service Centre Committees and the representatives of our gardening projects. Tenants have responded positively to the training, which many have said offers them an opportunity to safely share and discuss their experiences of

discrimination and also to realise how much they actually have in common with their neighbours.

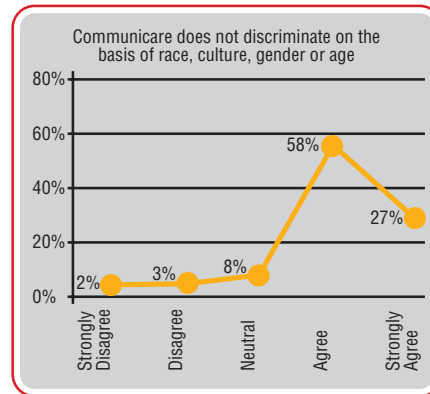
The training has fostered an atmosphere of trust between tenants and Communicare and also created a feeling of empowerment and mutual respect. The Social Development workers, Service Centre Coordinators and the Community Learning Centre staff managed all the workshop logistics. Their hard work is greatly appreciated.

EMBRACING DIVERSITY

The tenants' positive and heart-warming response to the training has been confirmed by feedback received through our Customer Satisfaction Survey which reveals that 80% of those surveyed, endorse Communicare's mission to build integrated communities.



As a further vote of confidence in Communicare's new vision and mission, 85% of tenants surveyed, agree that Communicare does not discriminate on the basis of race, culture, gender or age.



This programme, which we believe is a first among Social Housing tenants in South Africa, has undoubtedly had a positive impact on residents' interpersonal relations. The pilot training programme will now be adjusted where necessary and rolled out to all our tenants.

TENANT CONSULTATION

Working in close consultation with our tenants is fundamental to our community development strategy. Our TACs are in their third year of operation and continue to be very active and committed, engaging constructively with tenants and staff.

JOINT TENANT ADVISORY COMMITTEE

This committee consists of the tenant representatives of each of the three Area Offices and meets annually to review implementation of Social Housing support programmes. The Committee also advises and provides feedback

“A major focus of Community Development this past year has been the promotion of social cohesion among our tenants”

Wasima Fisher
Community Development and Special Needs Manager

on a wide range of tenant related issues including customer service, increasing tenant participation, maintenance, social cohesion and training.

We pay tribute to all our tenants for their involvement and commitment which now has been officially acknowledged through the SHRA CEO's Special Award for “Excellent and innovative work related to tenant consultation and community empowerment”.

COMMUNITY LEARNING CENTRE

The Community Learning Centre in Ruyterwacht offers a diverse range of programmes in line with Communicare's community development objectives. Programmes at the CLC are informative, educational and interactive. They include computer literacy, parenting skills, life skills, sport, youth diversionary programmes and arts and crafts.

ENTERPRISE DEVELOPMENT

As part of our commitment to economic empowerment the CLC assists emerging enterprises, providing an incubation period during which mentoring and training as well as financial support is provided. We currently have seven businesses enrolled in this programme.

GARDENING

This programme involving tenants and members from surrounding communities has expanded enormously since its inception three years ago.

Its main objective is to encourage self-sufficiency through the growing of food. All efforts are rewarded at the annual Garden Competition finale. This year we also presented a prize for the Best Complex, focusing on tenants' ability to work together on a project.

Huis Alleyne Yeld in Bishop Lavis emerged as the proud winner of this award. The Department of Agriculture, through Keep the Dream, gave the programme a substantial donation, including training and equipment worth approximately R300 000 over two years.



Joint Tenant Advisory Committee representatives attending a planning meeting



Learning to embrace diversity: Social cohesion training for tenants



CRL team Back (L-R) Dianne Bradshaw, Monique Norman, Elize de Kock, Ian Williams, Allan Broadley, Front (L-R) Avril Barends, Anthea Mesias, Aziza Noordien, Andrea Abrahams

As a result of the slump in the property market and its negative impact on our sales, the Life Right Department, which consists of five Retirement Villages and a Healthcare Centre, commissioned an evaluation of our marketing strategy and brand positioning. Following comparative research it was recommended that the Department create a new corporate identity, including the introduction of a new pay-off line.

REBRANDING

Consequently, the Department embarked on a consultative process to elicit input and feedback from staff and Life Right residents regarding a new corporate identity. In terms of the conceptualisation of the new brand, we wanted a name that was fresh, inspiring and appealing to prospective clients and aimed at evoking positive emotion. It had to create a sense of comfort with existing and future residents and make them feel proud to be associated with the name. A further requirement was that the new name would unequivocally distinguish us both from current operators in the market and future competitors.

After considering all the submissions we agreed on the name Cape Retirement Lifestyles, which positioned us in our area of operation and most accurately described the lifestyle phase of our target market.

'Lifestyles', we felt, represents the variety of our different product offerings. These include bachelor to two bedroom urban modern apartments or quaint cottages, in a range of settings, as well as our Healthcare Centre, for people who are frail or suffer from dementia.

To further endorse the brand positioning, 'Right4Life' was adopted as the new pay-off line, capturing as it does, the essence of the Life Right product.

SALES STRATEGY

The strategic re-branding of the Life Rights Department places us in a much better position to expand our marketing and increase sales. During the period under review we held exhibitions at various shopping malls in our catchment areas, advertised on radio stations that are popular with our target group as well as in specialist print publications and online platforms. As part of our sales strategy, we also introduced a rental option which

Elize de Kock
Cape Retirement Lifestyles Manager

“In terms of the conceptualisation of the new brand, we wanted a name that was fresh, inspiring and appealing to prospective clients and aimed at evoking positive emotion.”

allows prospective Life Right buyers to experience retirement village life before committing to a purchase. The rental option also provides people with short to medium term accommodation in a retirement environment before they fulfil another longer-term plan, such as emigrating or moving elsewhere to be closer to family.

REFURBISHMENT PROGRAMME

To remain competitive and at the cutting edge, Cape Retirement Lifestyles invested over R2 million in the upgrade of the reception areas, lounges and dining rooms of our longest-established Retirement Villages: Berghof, The Rathfelder and Trianon. Here the aim was to create a modern and fresh look and ambiance, reflecting our lifestyles philosophy.

FUTURE GROWTH

In spite of continued tough economic conditions we are confident that through our investment, both in branding and targeted marketing, as well as in our advertising and sales strategy, we have positioned ourselves for growth.



Top: The Rathfelder's refurbished diningroom



Right: Trianon's refurbished lounge



Quality care: Healthcare Centre in Diep River



Yes! Property Team: Back (L-R) Jason Poole, Charl Marais, Gavin Wiseman, Mohamed Salmaan Ismail, Rouxan le Roux, Ashley Skippers, Front (L-R) Avril Sampson, Zoë Hendricks, Marina Botha, Ansley Daniels, Lisa Swart, Rick Brosens, Wendy van Rooy, Victoria Overbeeke

Turbulent is how the South African property market has been described in company with the rest of the world. Forecasting and gauging market conditions remain a formidable challenge, with diverse indicators coming from market analysts, economists, financial institutions and property professionals. Contrary to global tendencies, subtle activity is evident in the respective housing sectors in South Africa with visible trends emerging, despite rising inflation and low economic growth.

ECONOMIC OUTLOOK

Communicare, with all other stakeholders in the real estate trade, are constantly challenged by the relentless effects and influences of prevailing economic factors. While the real estate industry continues to rely on an improved economy and growth in household income, the exceptionally low interest rates and the financial institutions' willingness to grant higher percentage mortgage loans are positive elements playing a key role in the moderate progress of the residential property market.

Following its launch in May 2011 as an independent brand from Communicare, Yes! Properties has developed and flourished as a distinct entity, besides advancing significantly in property sales across its entire housing spectrum; this while the respective housing segments throughout the country are comparatively restrained. The remarkable surge experienced in property sales are the fruits of determination of an enthusiastic and committed

sales team based at the Yes! Properties office in Kuils River.

AFFORDABLE HOUSING SECTOR

Fueled by the dire need in South Africa for decent, well located low cost housing, sales of twenty units in our Drommedaris development in Brooklyn occurred in record time with the first owners taking occupation on 31 March 2012. Subsequently eight proud families have moved into their brand new homes. Still inundated with enquiries to buy in this development as the demand for social housing continues to grow, we look forward to the launch of the final phases of Montclair, near Mandalay. This project will deliver 405 much needed affordable housing opportunities.

PROPERTY SALES

The continuation of the marketing of show houses within all developments in Kuils River and Bellville have seen noticeable growth in interest, yielding several successful sales and a number of transactions in the pipeline. "Uiterwyk" group housing development in Kuils River, comprising 57 houses, was sold out during the year.

The sales team eagerly awaits the launch of "Soneike Crescent", the most recent group housing development on the cards for Kuils River, which has already attracted interest from the market. While looking forward to future developments, the sales team is afforded quality time to focus, inter alia, on the

longstanding single residential developments in Jacarandas, Kuils River. Here, the show house concept has gained momentum and Communicare continues to make working capital available to facilitate the delivery of completed homes to prospective buyers.

At Goedgedacht, Bellville our 24-hour guarded security estate, the last phase was introduced with the launch of five new show houses. With a growing demand for secure living, the uptake has been phenomenal and the development now boasts 62% sales and reservations of plots for potential sales.

NEW APPOINTMENT

This year, the Yes! Properties brand appointed Lisa Swart as the new Sales Manager. Besides strong marketing and conveyancing skills, fresh and innovative strategies are being introduced by her to improve market visibility, sales and service delivery to clients and the bar will continue to be raised for this financial year. 'Out of sight, out of mind' is her dictum and with this focus, the primary objective is to keep the Yes! Properties brand prominent and thriving. To achieve this, we are intent on constructive networking and the sales staff are participating in various networking sessions as an on-going initiative to drive marketing and sales; included were those of the Cape Chamber of Commerce and BNI Networking Forum.

In addition, new marketing materials have been sourced and used extensively during

networking and marketing campaigns.

INTEREST RATE CUT

The prime interest rate at 8.5% will certainly entice the market to look at purchasing immovable property either as a primary residence or as an investment and while affordability remains an important factor in the residential property market, other elements such as obtaining 100% mortgage loans from banks within the stringencies of the National Credit Act, healthy credit profiles, the ratio of disposable income to household debt as well as consumer price inflation are further constraints for potential buyers. These influences play a key role in sustaining healthy activity in the residential property market.

Exciting concepts to improve market visibility are also being planned. We anticipate this will drive further successful sales. The sales team remain motivated and look forward to building on their achievements of this financial year.

PLANNED MAINTENANCE

Communicare spends between R14 to R18 million per annum on planned maintenance. During the year we were able to upgrade and provide central TV reception for Dreyersdal Park, Reygerhof, Goedehoop, Sakabula and Albatros residential complexes. We also completed the upgrade of the Dennehof Shopping complex in Thornton - 14 commercial shops and 20 flats at a total cost of R18 million. We are also planning to improve the following complexes: Rosehaven, Ascot

"The continuation of the marketing of show houses within all developments of Kuils River and Bellville have seen noticeable growth in interest, yielding several successful sales and a number of transactions in the pipeline."

Rick Brosens
Property Director

Square, Kent Durr, Mez Wallach and various smaller flats in Brooklyn and Ruyterwacht. The Support Office in Cape Town was also given a face lift and we have started to upgrade the inside of the fully let building. We are in the process of creating a Technical Support Division that will provide technical advice/ assistance to Communicare's Social Housing, Cape Retirement Lifestyles and Commercial divisions. The Technical Support Division will also implement all new projects for the Company.

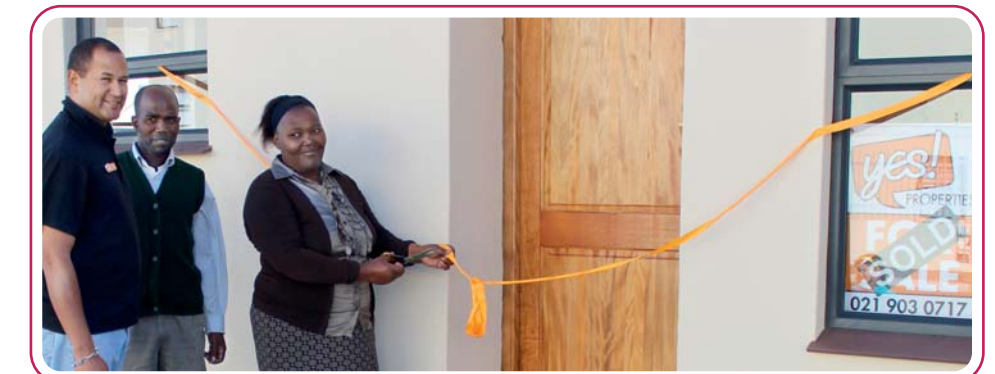
NEW PROJECTS

Delivery of 120 units in Bothasig Gardens for Social and Affordable rent will be completed during October 2012 and ready for occupation by the beginning of November 2012. The Montclair Project has finally acquired planning approvals from the Province and the City of Cape Town and is now ready to be developed.

We will be starting with the GAP Housing portion of the development first - 405 single residential erven for sale followed by about 650 social rental units. The project will also allow for commercial development.



Sales Team: (L-R) Wendy van Rooy, Jason Poole, Marina Botha, Avril Sampson, Lisa Swart



Sales associate Jason Poole welcoming the Mvalo family to their new house at Drommedaris in Brooklyn.

Marketing and Public Relations



Marketing and PR Department (L-R) Raymond Schuller, Nicolette Boois, Yandiswa Boois and Neville Lawrence

Following significant investment in Below the Line marketing and consolidation of the Communicare Mission and Vision project, a key focus for the Department was to provide marketing and advertising support services to the Property Sales Divisions.

To adequately service the costs related to our emphasis on these priority areas, the marketing and advertising budget was increased threefold, a decision vindicated by an exceptionally high level of market exposure that will reflect positively on the bottom line, with good leads having been generated through the various media.

BREAKING NEW GROUND

A first in the history of the Company was the deployment of radio as an advertising medium. Cape Retirement Lifestyles (CRL) and the Healthcare Centre both ran one-month campaigns on Fine Music Radio (FMR) and Gauteng-based Classic FM and a three month campaign on Radio Tygerburg 104FM. Advertisements on these radio stations were aimed at increasing public awareness of the brand and its services. Good leads were generated through this medium, and similar radio campaigns are also planned for Yes! Properties.

PRINT ADVERTISEMENTS

CRL print advertisements appeared in Kulula.com's in-flight magazine, Khuluma, and also Full Circle, a niche lifestyle magazine

targeting some areas in the Southern Suburbs. The marketing and advertising focus for Social Housing was on creating awareness of our latest affordable housing development, Bothasig Gardens, and promoting the rental opportunities available there. We are glad to announce that, at the time of going to print, all 120 units were let.

In spite of the high cost of advertising, particularly in print media, we are confident that the investment will generate a return in terms of both sales and rental opportunities at Communicare.

This is borne out by the fact that during the period 1 July 2011 to 30 June 2012, Communicare generated 21 print media mentions resulting in significant market exposure in high-circulation newspapers and magazines.

SOCIAL MEDIA

As a future strategy, the Department will investigate the use of social media platforms to promote the Communicare brand and to advertise sales and rental opportunities.

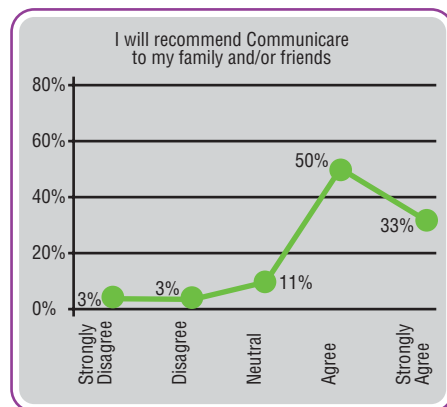
CUSTOMER SATISFACTION

As another first for Communicare, the Marketing & Public Relations Department also coordinated a full scale Customer Satisfaction Survey. We are extremely pleased with the high response rate with 1 229 (38%)

out of 3 200 tenants completing the survey. The primary objectives of the survey were to measure attitudes of residents towards the Communicare brand and gauge sentiments regarding:

- Housing and maintenance issues
- Security at the complexes
- The levels of social cohesion in complexes
- Community development programmes
- Customer relations

We are particularly excited about the high level of endorsement of the Communicare brand, with 83% of respondents stating they would recommend Communicare to their family or friends, as illustrated in the graph below:



Based on the high level of participation and the quality of the feedback received from our tenants, we are planning to repeat the survey

We are particularly excited about the high level of endorsement of the Communicare brand, with 83% of respondents stating they would recommend Communicare to their family or friends.

Raymond Schuller
Marketing and Public Relations Manager

on a more regular basis and will explore extending its scope to include tenant demographic data. Results of the survey will be communicated to all our tenants through presentations to the tenant representative structures, the TACs and via the Communicare Newsletter, "Let's Talk".



Neville Lawrence from the Marketing & PR team thanks Ms. De Vries from Reyger Court for completing the Customer Satisfaction Survey



Diep River Area Manager, Jerome Harry, hands a gift voucher to Elsa Lampropoulos from Musgrave Park, thanking her for her participation in the survey.



Caption: Marketing & PR Manager Raymond Schuller sharing the results of the Customer Satisfaction Survey with tenant representatives.



Lourens de Jager handing a gift voucher to Sibongile Gunguluza from the Johannesburg Social Housing Company (Joshco) who attended the Communicare exhibition at the SAHF Conference.

Human Resources



HR Department (L-R) Ellen Mitchell, Marilyn Adams, Colleen Adams, Geoffrey Bougard and Wedaad Robertson

Communicare remains committed to its investment in the people who work here. They are one of our most valuable assets.

TRAINING AND DEVELOPMENT

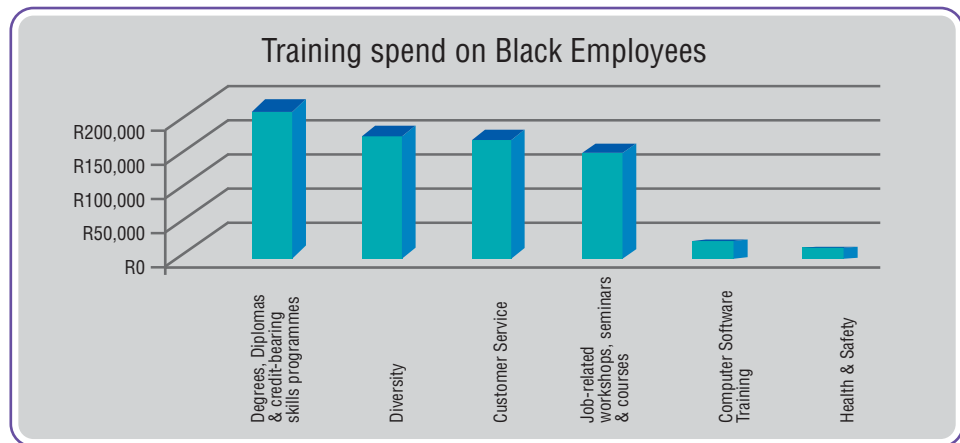
Training and Development form a large component of our investment in the Communicare workforce. Not only do we provide skills training to ensure staff members are able to do their jobs well, but everyone is encouraged and assisted to study for tertiary qualifications. The intention is to help employees develop more holistically and to prepare them for further career opportunities within the Company. This serves the Company's succession management objectives, and promotes retention of staff as well as supporting the national skills development strategy - particularly in the case of those who were previously disadvantaged.

SKILLS REPORT FOR THE YEAR FROM 1 APRIL 2011 TO 31 MARCH 2012

Training spend on Black Employees	
Total Training spend	R745 299
Training spend on Black Employees	R623 743
Training spend on Black Employees	84%



Long Service Awards (L-R): Elize de Kock (20 years), Jackie James (10 years), and Naomi Malgas (20 years)



The graph above represents the training and development investment in African, Coloured and Indian employees.

The degree, diploma and credit-bearing skills programmes include investment in assisting staff with the completion of University and College qualifications through the Cape Peninsula

“The provision of training and development opportunities for staff in all job grades is evidenced by the appointment of existing staff to positions at all levels in the organisational hierarchy.”

Marilyn Adams
Human Resources Manager



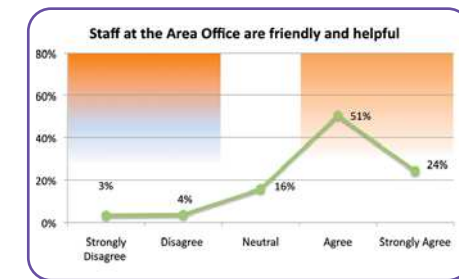
Long Service Awards: (L-R) Alan Mkunqwana (5 years), Elizabeth Jaftha (10 years), Lillian Taaibos (5 years), Wasima Fisher (5 years) and Luyolo Ngxabani (5 years).

University of Technology, Nelson Mandela Metropolitan University, Association of Certified Chartered Accountants, UNISA, Damelin, Varsity College and other accredited training providers. The success rate of the employees is very close to 100%. Where staff members have not been successful, they are encouraged to write supplementary examinations.

CUSTOMER RELATIONS TRAINING

Our customers are the core of our business and Communicare is committed to providing quality, affordable rental accommodation. In its efforts to improve the tenants' experience when dealing with the Area Offices, the Company formed a partnership with the National Association of Social Housing Organisations (NASHO) to

provide Customer Service training. Our most recent Customer Satisfaction Survey indicates that 75% of respondents agree that staff members at our Area Offices are friendly and helpful. Encouraged by this, we will continue to invest in this area to ensure an even higher customer approval rating.



The Company also provides training for

employees who manage or supervise staff. They are trained to build skills in managing poor performance, minor misconduct and inability to perform. We also provide computer skills training.

A need identified among staff to become more proficient in financial skills has resulted in our providing workshops on Saving, Budgeting and Debt Management.

A Budget road show provided the opportunity to present the 2012 Budget to staff in three separate sessions at the Support Office, CLC and Diep River Office. Sharing budget information enables staff to understand the financial position of the Company and has helped pave the way for a better consciousness of expenses. This we believe will encourage staff to partner management in fostering improved cost-containment.

EMPLOYMENT EQUITY

In terms of the Employment Equity plan, the Company is committed to its efforts to create and maintain a better trained and highly motivated workforce which reflects the demographics of South Africa's economically active population.

The Company's Employment Equity plan 2010 to 2015 addresses under-representation of women, Black people and people with disabilities at various occupational levels.

Human Resources

It also contains affirmative action measures to assist the Company to achieve its numerical goals.

The demographic and gender profile of the Company over the past three years is represented as follows:

	2010		2011		2012	
	No.	%	No.	%	No.	%
White	36	26	28	20	27	21
Coloured	61	45	73	52	65	51
African	38	28	36	26	32	25
Indian	2	1	3	2	3	3
Total	137	100	140	100	127	100
Females	80	58	82	59	76	59
Males	57	42	58	41	51	41
Total	137	100	140	100	127	100

The staff complement has reduced by 13 employees in the past year and whilst we reduced the number of White employees by 1, the percentage has increased because of the lower total number of employees.

There has been some positive movement in the reduction of the number of Coloured employees closer to the 2010 level. Due to the resignation of three permanent Black African employees in the past year, we remain challenged with increasing the percentage of Black African employees, as well as reducing the percentage of White employees and employing people with disabilities.

DIVERSITY TRAINING

The Company invested in company-wide diversity programmes, facilitated by Development Dynamics. This comprised initial investment in training, followed by focus groups to explore the issues that arose from the training sessions. The Transformation Committee is currently

exploring methods to implement the findings of the focus groups, which would include the preparation of a diversity strategy.

TRANSFORMATION COMMITTEE

The Transformation Committee plays a crucial role in driving the employment equity initiatives of the Company. Having identified four key areas: Social Cohesion, Employment Equity, Training and Procurement, the Committee holds monthly meetings to report on these key areas.

A very successful Heritage Day event was held in September 2011, when employees were divided into groups and asked to present elements of various South African cultures. This event was the precursor to the Diversity training. The Transformation Committee is currently at a stage where many of the current members have served their two-year term and elections are underway for new member representatives.

EMPLOYEE RETENTION

The Company's commitment to retaining employees is underpinned by our Retention Strategy, an all-encompassing plan, which deals with Recruitment and Selection, Training and Development, Succession Management and Career Development, Reward Management, Performance Management and Grievance and Disciplinary procedures.

SUCCESSION MANAGEMENT

Succession Management is a key focus for the Company and the Succession Management Steering Group has been working towards entrenching the philosophy through a draft Succession Management policy. The succession management model includes a review of the competencies required for successful management and leadership, as well as a review

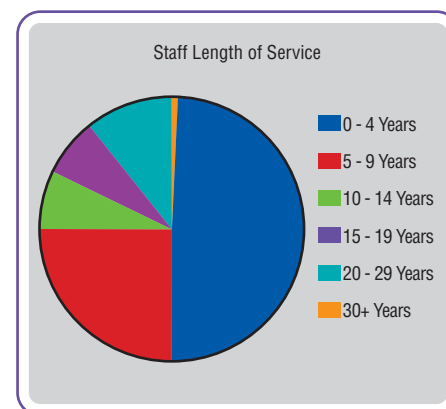
of the key positions within the Company. In addition, training and development interventions are explored in respect of identified candidates.

The provision of training and development opportunities for staff is evidenced by the appointment of existing staff to positions at all levels. Twenty-one appointments were made in the current financial year with nine having been made from among current employees. This represented 42% of the total appointments made. A significant number of the appointments were made in the Finance department mainly as a result of organisational restructuring following the in-sourcing of rental collection processes.

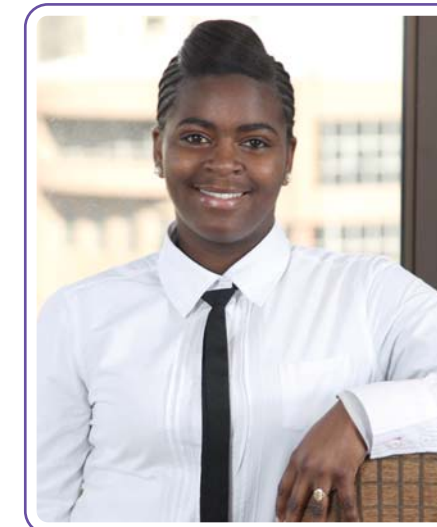
The average number of staff for the financial year was 130. The resignation of seven staff members represents a turnover ratio of 5.4%.

The majority of the staff has less than five years' service, followed by 27% of staff with between 5 and 9 years' service. 10% of our employees have between 20 and 29 years' service followed by 7% each of those with 10 to 14 years' service and those with 15 to 19 years' service. 1 staff member has more than 30 years' service.

The Pie chart below indicates length of service for Communicare staff:



Philile Magqo in traditional Xhosa gear



Northlink College Intern, Kelly Stuurman, will assist with the 2012 Heritage Day event



Neville Lawrence performing a Zulu dance



Joel Mkunqwana, Merle Kruger, Geoffrey Bougard, Marilyn Adams and Wedaad Robertson represented the Afrikaners on Heritage Day



Embracing Diversity: Lillian Taabos and Rentia Hanekom at Heritage Day celebrations



Communicare staff celebrating Heritage Day



Sweat Equity Committee (L - R) Nicolette Boois, Colleen Adams, Wasima Fisher and Raymond Schuller

The level of participation of Communicare staff and management in Corporate Social Investment (CSI) initiatives continues to grow.

BUCKET OF LOVE

Communicare staff and their families filled 65 sixteen-litre buckets with food essentials that were donated to households in Wallacedene who have been identified through our Social Worker referral service in Kraaifontein.

CASH IN YOUR YEARS

Cash in your Years is a Sweat Equity initiative whereby staff are requested to donate an amount equal to their age. This year, proceeds from this initiative will go towards a Non-Profit Organisation (NPO) nominated by staff.



MANDELA DAY

Inspired by the words of former President, Nelson Mandela: "It is in your hands to create a better world for all who live in it", Communicare staff for the third consecutive year participated in Mandela Day.

This day is dedicated to commemorate the selfless contribution by Mr Mandela to inspire people to



Some of the Staff members who contributed to the Bucket of Love campaign are: (L-R) Wasima Fisher, Sivashni Pillay, Danielle Festers, Fatima Adonis, Raymond Schuller, Rick Brosens, Nicolette Boois, Colleen Adams and Nazli Jutzen. Front: Rencia Titus

"We do make a difference - one way or the other. We are responsible for the impact of our lives. Whatever we do with whatever we have, we leave behind us a legacy for those who will follow"
(Stephen Covey)

Wasima Fisher
Community Development and Special Needs Manager

take action to change the world and promote global philanthropy through volunteering of their time and skills. This year Communicare partnered with the Sisanda FunDaytion. As the name denotes, the organisation provides play and learning opportunities to children through what is referred to as Fun Days.

Communicare invited 60 children residing in its rental complexes and through referral of our Kraaifontein office to participate in a fun filled day. Children were treated to an excursion to the Two Oceans Aquarium at the V&A Waterfront where many of them were exposed to the colourful and mysterious underwater world for the first time.

The visit to the aquarium was followed by some fun fitness exercises and song writing at the Ruyterwacht Area Office. The lyrics of the song of course dealt with the legacy of Madiba as Mr. Mandela is affectionately called, wishing him happy birthday by eating delicious birthday cake in his honour.



Children exploring the waterworld at the Two Oceans Aquarium



Communicare staff volunteered their time on Mandela Day

Stakeholder Engagement



Communicare operates in a competitive sector and complex socio-political environment. Our stakeholder engagement approach is based on positioning Communicare as an efficient, well-managed, innovative development agency committed to building a better South Africa.

In terms of this strategy, we identify key stakeholder or interest groups and set out to identify effective means to communicate across these sectors, and to crystallise key messages about the organisation. Stakeholders are grouped as internal and external stakeholders.

INTERNAL STAKEHOLDERS

Staff: Our staff are our most valued human resource ensuring the efficient management of the company's resources and delivering on its mandate. Staff play an active role in the development of organisational strategy through their respective Departments. All staff are expected to attend Budget Roadshows where the annual budgets are tabled for discussion.

Other structures established for staff input and feedback includes the Employees Communication Forum (ECF) and the Transformation Committee.

Tenants: Our tenants are critical in ensuring the sustainability of the organisation. Communicare facilitated the elections of TACs in each of its three Area Offices to serve as the official voice of tenants pertaining to service, maintenance and general issues affecting the relationship

between tenants and Communicare as the landlord.

Tenant feedback regarding the quality and standard of our services are sought through a Customer Satisfaction Survey. Tenant participation in the 2012 Survey was highly positive with a 38% response rate achieved. Critical issues identified through the Survey are addressed through the Area Offices.

In terms of news and information, we communicate with our Tenants via our quarterly Tenant Newsletter, "Let's Talk" which is hand delivered to all our tenants. The feasibility of using social media platforms to communicate and interact with tenants will also be investigated.

EXTERNAL STAKEHOLDERS

External stakeholders and service providers play



Signing of the Partnership Agreement with the City of Cape Town: (L-R) Chris Mathias, MD of Communicare, Willem du Toit, indiza terra, Fungai Mudimu, CTCHC, Seth Maqetuka, City of Cape Town, Alderman Patricia de Lille, Mayor, Brian Moholo, SHRA, Heather Maxwell, SOHCO, Renier Erasmus, Madulammoho, Cllr Ernest Sonnenberg

a critical role in facilitating the roll out of rental housing stock. Our engagement with external stakeholders focuses on four critical themes, namely:

REGULATION & COMPLIANCE

Communicare is accredited by the SHRA as a Social Housing Institution. In terms of the Restructuring Capital Grant Agreement with the SHRA, Communicare provides quarterly reports on subsidized social housing projects to confirm legal compliance with conditions set under the Grant Agreement and to report against milestones set for these projects. SHRA is acknowledged on all publicity materials and their representatives invited to the sod turning and official opening events of these projects.

“Our tenants are critical in ensuring the sustainability of the organisation.”

PROVINCIAL INTERGOVERNMENTAL RELATIONS

Communicare is an active partner in the Provincial Steering Committee as facilitated by means of a Memorandum of Understanding between the Western Cape Department of Human Settlements, the City of Cape Town and Communicare. This forum plays a critical role in creating common understanding around policy and programme intent and unlocking of related risk and technical impediments to delivery. It tracks identified projects and monitors the implementation of projects in the pipeline.

NETWORKING, ADVOCACY & LOBBYING

Communicare plays an active role in the formulation of new social housing policy and also lobbies for an enabling environment for SHIs in South Africa through our membership of the National Association of Social Housing Organisations. NASHO is a federation of SHIs consisting of eighteen members nationwide, which plays a pivotal role in benchmarking development and capacity requirements to enhance best practice within participating member institutions.

CONSOLIDATING INTERNATIONAL PARTNERSHIPS

Our engagement with international organisations is aimed at comparing our policies, services and standards and benchmarking them against such entities. This includes participation in exchange programmes with other Social Housing Institutions, study missions, hosting international housing delegations and through formal funding partnerships. International partners include Rooftops Canada, Chartered Institute of Housing (UK), Toronto Community Housing Company (TCHC), de Alliantie and Dutch International Guarantees for Housing (DIGH).



Visitors from Holland and Canada: (L-R) Victoria Overbeeke (NHTV intern from Holland); Xola Nokonongo and Joel Mkunqwana (Communicare), Sjaak Kruijs (Marketing and Strategy Manger, Woonconcept); Matthew Marks (Communicare) and Mark Guslits from Canada (Guslits and Associates), at Drommedaris in Brooklyn

CORPORATE GOVERNANCE

The Company and its directors subscribe to and are committed to complying with the principles of openness, integrity and accountability as advocated in the King Report on Governance for South Africa (King III).

BOARD OF DIRECTORS

The Board consists of ten directors, of which six are non-executive. The Board meets approximately every five weeks and operates in terms of a formal written charter which is published on the Communicare website (www.communicare.co.za).

New appointments to the Board are submitted through the Nominations Committee to the Board for approval prior to appointment. The Chairperson is elected on an annual basis.

The Board has ultimate responsibility for the management and strategic direction of the Company as well as for attending to legislative, regulatory and best practice requirements. Accountability to all stakeholders remains paramount in Board decisions.

To assist the Board in discharging its collective responsibility for corporate governance, several committees have been established, all but one of which are chaired by non-executive Board members:

AUDIT AND RISK COMMITTEE

The following non-executive directors are members of the Committee:

B L E Khan (Chairperson)
H J Fourie
C R Justus
M N Skade

The Audit and Risk Committee has adopted formal terms of reference via the Audit and Risk Committee Charter and satisfied its responsibilities as contained therein.

During the period under review, the Committee:

- reviewed the annual financial statements and confirmed that they are complete and reflect appropriate accounting principles;
- assessed and confirmed that the external auditors are independent and approved the external auditors' fees for the 2012 financial year;
- approved the internal audit plan and fees for the 2012 financial year;
- reviewed reports on accounting and internal control issues;
- reviewed the risk management function implemented by management;
- reviewed a legal and regulatory compliance framework; and
- reviewed and approved an updated health and safety policy and risk framework.

REMUNERATION COMMITTEE

The following non-executive directors are members of the Committee:

H J Fourie (Chairperson)
P J Kleinsmidt
G J Schröder
M N Skade

The Remuneration Committee advises the Board on remuneration policies, remuneration packages, and other terms of employment for all senior executives and directors. Its specific terms of reference also include recommendations to the Board on matters relating, *inter alia*, to general staff remuneration policy, executive remuneration, directors' remuneration and fees.

NOMINATIONS COMMITTEE

The following directors are members of the Committee:

H J Fourie (Chairperson)
B L E Khan
P J Kleinsmidt
C D G Mathias (Executive)
G J Schröder

The main responsibilities of the Committee are to review the membership of the Board having regard to the current and future needs of the Company, and to make recommendations on Board composition and appointments. The results of this review are considered by the Board as part of the annual Board performance review.

PROPERTY, MAINTENANCE AND SECURITY COMMITTEE

The following directors are members of the Committee:

C D G Mathias (Chairperson - Executive)
G J Schröder
P J Kleinsmidt
C R Justus
A F J Brosens (Executive)
V J Mkunqwana (Executive)

The Committee's mandate is to provide strategic input and advice in regard to land acquisition and disposal, developments and all rental stock.

BOARD EVALUATION

Board evaluations are undertaken by means of a questionnaire sent to all Board members. This evaluation is comprehensive, encompassing all aspects of the Board's responsibility. It covers both individual member's contributions and the effectiveness of the Board as a whole. The Chairperson provides feedback to the full Board on any actions arising from the evaluations.

RISK MANAGEMENT, INTERNAL CONTROL AND INTERNAL AUDIT

Communicare has an active risk management function in place, responsible for identifying, evaluating, managing, measuring and monitoring the strategic, operational and financial risks facing the company throughout the year. A detailed risk assessment has been conducted, and the risk register is updated with risk and control data on an ongoing basis.

The Company has developed, updated and implemented the following during the year under review:

- a risk management framework;
- a combined assurance plan; and
- a compliance risk management plan for identified legislation.

The Company maintains financial and operational systems of internal control. The objectives of systems of internal control are to provide management with reasonable, but not absolute, assurance that the business is conducted in an orderly and efficient manner, that there is adherence to management policies, that assets are safeguarded against loss or unauthorised use and that transactions are executed according to management's authorisation.

Communicare has appointed PricewaterhouseCoopers as its internal auditors. PricewaterhouseCoopers operate independently under the guidance of the Audit and Risk Committee. Internal audit monitors the operation of the internal control system and reports findings and recommendations to management and the Audit and Risk Committee.

Corrective action is taken to address control deficiencies and other opportunities for improving systems as they are identified.

ETHICAL STANDARDS

Communicare has adopted a Code of Ethics which has been fully endorsed by the Board and applies to all directors and employees. The Code is available for review on the Communicare website.

STATEMENT OF RESPONSIBILITY BY THE BOARD OF DIRECTORS

The directors are responsible for the preparation, integrity and fair presentation of the financial statements of Communicare. The financial statements presented in this report have been prepared in accordance with the International Financial Reporting Standards and in the manner required by the Companies Act of South Africa and include amounts based on judgments and estimates.

The directors consider that in preparing the financial statements they have selected the most appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates and that all International Financial Reporting Standards that they consider to be applicable have been followed.

The directors are satisfied that the information contained in the financial statements fairly presents the results of operations for the year and the financial position of the group at year end. The directors also prepared the other information included in the annual report and are responsible for both its accuracy and its consistency with the financial statements.

The directors have responsibility for ensuring that accounting records are kept. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. The accounting records should disclose with reasonable accuracy the financial position of the company to enable the directors to ensure that the financial statements comply with the relevant legislation.

Communicare operates in a well-established control environment, which is well documented and regularly reviewed. This incorporates risk management and internal control procedures, which are designed to provide reasonable, but not absolute, assurance that assets are safeguarded and that the risks facing the business are being controlled.

The going-concern basis has been adopted in preparing the financial statements. The directors have no reason to believe that the company will not be a going concern in the foreseeable future, based on forecasts and available cash resources. The financial statements support the viability of the company.

The Code of Corporate Practices and Conduct has been adhered to.

It is the external auditor's responsibility to report on whether the financial statements are fairly presented. The Company's external auditors, Deloitte & Touche, audited the financial statements and their report is contained in the Annual Financial Statements which are available on request.

The financial statements were approved by the Board of directors on 9 October 2012 and were signed on its behalf by the Chairperson and the Managing Director.

DIRECTORS' AND PRESCRIBED OFFICERS' EMOLUMENTS

The remuneration of directors' and prescribed officers' was as follows:

Name	Category	Salary R	Fees R	Retirement and medical aid contributions R	Other (*) benefits R	Total 2012 R	Total 2011 R
EXECUTIVE²							
A Waters	Director	703 646	-	191 224	49 200	944 070	846 422
V J Mkunqwana	Director	751 457	-	169 731	38 400	959 588	891 168
A F J Brosens	Director	738 068	-	166 065	28 400	932 533	848 404
C D G Mathias	Director	1 223 395	-	346 304	22 947	1 592 646	1 455 431
NON-EXECUTIVE							
H J Fourie	Director	-	157 212	-	-	157 212	145 567
P J Kleinsmidt	Director	-	104 812	-	-	104 812	97 048
C R Justus	Director	-	104 812	-	-	104 812	97 048
G J Schröder	Director	-	104 812	-	-	104 812	97 048
M N Skade	Director	-	104 812	-	-	104 812	97 048
B L E Khan ¹	Director	-	115 711	-	-	115 711	115 111
Total 2012		3 416 566	692 171	873 324	138 947	5 121 008	
Total 2011		3 086 460	648 870	804 657	150 308		4 690 295

(*) Other benefits - these include car allowances.

The remuneration of directors' and prescribed officers' is determined by the remuneration committee.

ATTENDANCE AT MEETINGS

2012	Board	Audit and Risk	Remuneration	Nominations	Property, Maintenance and Security
Number of meetings	12	4	2	0	6
H J Fourie	12	4	2	0	n/a
G J Schröder	11	n/a	1	0	6
A F J Brosens	11	n/a	n/a	n/a	5
C R Justus	10	3	n/a	n/a	4
B L E Khan	7	3	n/a	0	n/a
P J Kleinsmidt	12	n/a	2	0	6
C D G Mathias	11	n/a	n/a	0	6
V J Mkunqwana	12	n/a	n/a	n/a	5
M N Skade	8	4	1	n/a	n/a
A Waters	12	n/a	n/a	n/a	n/a

Notes:

1 Fees paid to Metropolitan Health Corporate (Pty) Ltd.

2 Executive directors, remunerated as salaried employees.

n/a Not an elected member of Committee.

Sustainability Report - 30 June 2012

Economic Sustainability
Value Added Statement

	2012 R	2011 R
Income from sales	121 585 884	94 819 723
Less: Operational costs	81 624 759	70 074 200
Value added from trading operations	39 961 125	24 745 523
Net income from investments	2 037 114	6 092 241
Total Value Added	41 998 239	30 837 764
Distributed As Follows:		
Management	9 563 657	7 840 009
Employees	23 081 235	22 970 290
Social investment	1 376 389	958 047
Community projects	105 461	92 916
Emergency fund expenses	9 522	10 188
Enterprise Development	152 655	74 562
Feeding project	3 605	4 987
Healthcare expense	711 291	455 520
Indigent subsidy - Social Housing tenants	83 283	3 531
Poverty alleviation	14 698	10 582
Study bursaries	295 874	305 761
Taxes paid	0	3 716 019
Retained for investment / (utilised from) investments	7 976 958	-4 646 601
Total Distributions	41 998 239	30 837 764
Reconciliation to Annual Financial Statements:		
Retained for investment / (utilised from) investments (as per above)	7 976 958	-4 646 601
Fair value adjustment	42 846 683	73 493 718
Impairment of assets	-66 181	-943 883
Negative goodwill on acquisition	0	245 641
Deferred taxation raised	-8 690 602	-25 525 881
Net Profit For The Year	42 066 858	42 622 994



Health and Safety Officers, Geoffrey Bougard, Faeeda Almano and Ashley Skippers

The Health and Safety policy was updated and approved by the Audit and Risk Committee and the Board of Directors.

A Health and Safety Audit was undertaken by Handsome Consulting, on our administrative procedures and an audit of selected complexes. The feedback was positive with minor recommendations that are being implemented. Monthly Health and Safety meetings with Area Office management are now in place to improve our processes at complexes. On-going training is given to improve the skills of staff. All Health and Safety related incidents are reported and a register is kept to monitor trends and to improve processes where needed.

In terms of Health and Safety, fire constitutes the biggest risk to Communicare. Our high risk complexes were identified and smoke detection systems installed which are regularly monitored. Emergency procedures are in place at our complexes and fire drills are done twice a year. A fire drill register is updated on a quarterly basis.

Health and Safety consultants are utilised to monitor and report on Health and Safety issues at construction and major upgrading sites. There were no major Health and Safety incidents during the year under review.

HIV and AIDS

The Company recognises the seriousness of the

HIV/AIDS pandemic and the social and economic implications it has for its employees, its business capabilities, for society in general and especially for the individuals suffering from the disease.

The Company has a formal HIV/AIDS policy and is committed to:

- Ensuring compliance with all legal requirements as far as HIV/AIDS is concerned;
- Educating and informing staff of the effects of HIV/AIDS and means to prevent infection;
- Providing opportunities for the voluntary counselling and testing for HIV;
- Ensuring that employees living with HIV/AIDS are aware of their rights and that their rights are respected and protected;
- Ensuring no discrimination against employees or potential employees based on their HIV status
- Providing care and support to employees living with HIV/AIDS.
- Ensuring strict confidential treatment of information on the HIV status of employees.

An HIV/AIDS management programme is available to permanent staff members who are members of the Company appointed medical aid scheme. The programme provides access to services that assist with the early diagnosis, education, adherence to treatment regimes and on-going counselling, to allow those registered on the programme to manage their health so that they can remain active and healthy members of their family, community and workplace. Participation in the programme is voluntary and all services

within the programme are strictly confidential.

ENTERPRISE DEVELOPMENT

The Enterprise Development Programme has increased in size over the past year with more beneficiaries added to the portfolio. New entities include an accounting service and another maintenance company. The enterprise beneficiaries get regular coaching and mentoring on a group and individual basis. They also receive financial support, contracts, discounted rental or even in some cases free business space, administrative support and preferential payment arrangements. Some of these businesses have now matured to an extent where they are now also getting contracts outside of Communicare. The Enterprise Development Programme supports the Broad Based Black Economic Empowerment (BBBEE) aims of the Company and targets Black and female business owners.

The following types of enterprises were supported:

- Gardening Services
- Plumbing and general maintenance
- General and specialist cleaning
- Sewing and arts and crafts
- Construction and general maintenance
- Bookkeeping
- Educare Centres
- Computer training and web design.

ENERGY EFFICIENT BUILDINGS

Our new projects require ongoing adaption to adhere to the new national building regulations (SANS 204) which calls for more efficient design requirements to improve energy conservation and reducing the carbon footprint.

Buildings need to be designed for energy efficiency and these include correct orientation

of the building to the sun, solar water heating, insulation of roofs and ground floor slabs to reduce heat loss. Communicare promotes usage of energy efficient light bulbs (CFC and LED types) and all new projects are fitted with these. We also do retro fits on our existing complexes and offices.

Enterprise Development Beneficiaries, Lutfia Gamiet and Carmelita Kotze



Solar geysers being installed at Bothasig Gardens

30 Statement of Financial Position - 30 June 2012

	2012 R	2011 R
ASSETS		
Non-current assets	1 726 642 428	1 660 557 318
Property, plant and equipment	179 412 109	169 922 926
Land and buildings	176 490 322	167 115 643
Plant, equipment and vehicles	2 921 787	2 807 283
Investment property	1 419 180 000	1 360 044 829
Land held for future development	8 902 795	8 489 162
Investment in subsidiary	-	-
Rental lease receivable	241 340	186 145
Life right receivables	118 906 184	121 914 256
Current assets	122 760 683	132 686 827
Trade and other receivables	3 898 556	2 228 623
Inventories	27 688 278	32 780 244
Investments	84 841 810	93 101 015
Bank balances and cash	6 332 039	4 576 945
Total assets	1 849 403 111	1 793 244 145
FUNDS AND LIABILITIES		
Funds and reserves		
Non-distributable reserves	1 563 273 171	1 536 028 810
Accumulated profit	1 319 083 728	1 286 420 529
Life right revaluation reserve	100 381 306	118 531 961
Life right funds/reserve	6 742 686	9 009 415
Owner occupied property revaluation reserve	11 387 549	7 774 804
Development reserve	121 204 000	111 430 803
Social alarm reserve	4 473 902	2 861 298
Non-current liabilities	255 033 203	233 505 821
Long-term loans	40 632 287	56 084 011
Life right trust funds	148 466 931	138 081 760
Loans from subsidiary companies	1 090 093	1 090 093
Deferred Grant	13 851 049	-
Deferred tax liability	46 351 843	34 071 957
Post-retirement medical aid obligation	4 641 000	4 178 000
Current liabilities	31 096 737	23 709 514
Trade and other payables	27 008 568	19 562 982
Provisions	1 864 754	1 808 117
Current portion of long-term loans	2 223 415	2 338 415
Total funds and liabilities	1 849 403 111	1 793 244 145

Statement of Comprehensive Income - 30 June 2012

	2012 R	2011 R
Revenue	121 217 433	94 528 109
Fund raising income	679	28 678
Health Care income	4 542 616	4 421 247
Management fee income	1 316 116	1 249 776
Property sales income	43 551 585	29 853 519
Rental income and recoveries	69 872 109	57 667 427
Subsidy income	1 934 328	1 307 462
Cost of sales	(28 883 071)	(19 829 782)
Gross profit	92 334 362	74 698 327
Expenses	(86 973 677)	(82 181 372)
Building and property costs	(32 905 474)	(33 447 026)
Finance and support costs	(12 372 214)	(9 712 558)
Health care and meal costs	(4 224 449)	(4 263 369)
Marketing costs	(1 587 332)	(1 164 657)
Office and computer costs	(2 883 183)	(2 594 418)
Personnel costs	(1 287 539)	(1 106 059)
Social costs	(665 099)	(502 527)
Staff costs	(31 048 387)	(29 390 758)
Profit (loss) before other gains (losses) and fair value adjustment	5 360 685	(7 483 045)
Other gains (losses)	512 978	(238 019)
Fair value adjustment	42 846 683	73 493 718
Profit from operations	48 720 346	65 772 654
Finance costs	(3 145 417)	(1 989 681)
Interest received	5 182 531	8 081 921
Net profit before tax	50 757 460	71 864 894
Income tax expense	(8 690 602)	(29 241 900)
Net profit for the year	42 066 858	42 622 994
Other comprehensive income		
Owner occupied property revaluation reserve	3 612 745	906 038
Unrealised loss on life rights	(18 150 655)	(10 121 908)
Total comprehensive income for the year	27 528 948	33 407 124

Statement of Cash Flows - 30 June 2012

	2012 R	2011 R
Cash flows from operating activities		
Net profit for the year	42 066 858	42 622 994
Adjustments to net profit for the year:		
Cost of sales	28 883 071	19 829 782
Depreciation	1 193 117	900 672
Interest received	(5 182 531)	(8 081 921)
Finance costs	3 145 417	1 989 681
Post-retirement medical aid obligation	463 000	297 000
Levies on life rights	1 649 907	1 214 339
Net provisions raised	56 637	303 901
Profit on sale of plant, equipment and vehicles	(188 855)	-
Profit (loss) on sale of investment properties	(21 853)	417 260
Fair value adjustment on investment properties	(42 846 683)	(73 493 718)
Rental lease receivables	(55 195)	(186 145)
Income tax expense recognised in profit or loss	8 690 624	29 241 900
Operating cash flows before movements in working capital	37 853 492	15 055 745
(Increase) decrease in trade and other receivables	(1 669 933)	639 138
(Increase) decrease in inventories	(2 529 588)	1 463 460
Increase (decrease) in trade and other payables	5 795 679	(4 844 437)
Payments made to contractors	(21 261 517)	(42 554 080)
Cash generated (utilised) in operations	18 188 133	(30 240 174)
Finance costs	(3 145 417)	(1 989 681)
Income taxes paid	-	(3 716 019)
Interest received	5 182 531	8 081 921
Net cash inflow (outflow) from operating activities	20 225 247	(27 863 953)
Cash flows from investing activities		
Proceeds on disposal of non-current assets	588 708	3 142 769
Acquisition of other non-current assets	(35 702 975)	(29 210 940)
Net cash outflow from investing activities	(35 114 267)	(26 068 171)
Cash flows from financing activities		
Decrease in borrowings	(1 715 675)	(808 742)
Increase in life right trust funds	10 385 171	8 860 346
Transfer to management associations	(284 587)	(221 959)
Net cash inflow from financing activities	8 384 909	7 829 645
Net change in cash and cash equivalents	(6 504 111)	(46 102 479)
Cash and cash equivalents at beginning of the year	97 677 960	143 780 439
Cash and cash equivalents at end of the year	91 173 849	97 677 960



Finance Team (L-R) starting from front row:
 Nazli Jutzen, Jonathan Williams, Fatima Adonis
 Alice Papier, Marcia Mbola,
 Faeeda Almano, Sivashni Pillay
 Falruze Sydow, Konita Levy, Dodi Blaauw
 Natalie Burger, Kevin Sikweza
 Jacqui Dreyden, Fayaz Dhorat

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