



# ATLANTIC BEACH ESTATE

## Atlantic Beach Estate Homeowners Association NPC

### Chairman's Report

*“Atlantic Beach Estate is the ‘hidden gem’ of South African golf estates, home to some of the most spectacular houses in the country.” New World Wealth*

While I was reflecting on the period under review for the purpose of writing this Report, New World Wealth released its annual “Top 10 Residential Estates in South Africa” ranking, with Atlantic Beach Estate achieving 8<sup>th</sup> position.

This means that we find ourselves in the company of renowned estates such as Val de Vie, Zimbali, Fancourt, Steyn City, Pezula, Whalerock Ridge, De Zalze, Highland Gate and Arabella. Considering that there are an estimated 6 500 residential estates in South Africa (source: Lightstone Property) this is a phenomenal achievement. And, unlike the other estates, Atlantic Beach Estate does not offer trout fishing, polo fields, lagoons, forests, beaches, olive groves or private schools, which makes our 8th place ranking even more impressive.

In the words of New World Wealth, Atlantic Beach Estate is the ‘hidden gem’ of South African golf estates, home to some of the most spectacular houses in the country. So what gives our Estate that edge – that magic appeal that makes people want to call Atlantic Beach Estate home?

#### **A strong and experienced management team**

The rise or fall of a residential estate is intrinsically linked to the calibre of its management team and the resilience of the leadership.

Our Estate is incredibly fortunate to have in place a dedicated team of almost 40 people under the very competent leadership of Harry White, the CEO of this Estate.

In addition, Mike Morey and his team at Pam Golding Property Management ensure the flawless management of the Estate’s administrative and financial affairs. Our world-class security operations are implemented by Thorburn Security Solutions and executed by our security squad known for their friendly, yet uncompromising efficiency.

#### **A solid financial position**

At the end of June 2016 the Association's Audited Financial Statements showed a healthy financial position with R5.1 million in cash reserves. It must be noted that the current cash reserves were achieved over the past five years against an accumulated capital expenditure of around R5.6 million. This means that since 2011, prudent financial management ensured a war chest of more than R10 million, making it possible to maintain, improve and develop the Estate infrastructure as well as achieve healthy reserves.

Project expenditure for the financial year ended June 2016 amounted to R546 602. This is significantly lower than in previous years, because as anticipated we have reached the point where a number of legacy issues will have to be resolved through legal action before further substantial investments can be made. These were discussed in detail with homeowners at the information session held in May 2016 at the Melkbosstrand High School. A summary of these legacy issues is also included in the CEO's Operational Report, which is available on the Association's website.

We have made significant progress in addressing these legacy issues and while some have been concluded, others are nearing resolve. This has required an extraordinary effort during the period under review, and the consequence has been a hefty legal bill of R1 415 505).

These legal expenses have been absolutely necessary to ensure that the rights of homeowners are properly protected and maintained for the future. Any reticence to act now could result in the prescription of these rights in the years ahead.

The Association recorded an Operating Surplus of R1 819 386(2015: R2 224 041). This was offset by expenses invested in the ongoing improvement and securing of the estate and its assets, through legal fees and capital projects, resulting in an after tax deficit of **-R155 944** (2015: surplus of R783 217).

The Board approved a levy increase of 6.7% for the 2016/17 financial year. This equates to an increase of R130 a month, which the Board believes to be extremely reasonable. We endeavour to keep levy increases to a minimum through strategic planning and solid financial controls.

We have also maintained our focus on collecting outstanding levies and have achieved excellent results over the period under review.

Following a settlement agreement with the Estate's biggest debtor earlier this year, total outstanding levies dipped below the million mark for the first time in many years. Outstanding levies amounted to R989 701 on 30 June 2016, compared to R1.23 million at the end of June 2015 and R1.66 million at the end of June 2014. We expect this figure to drop substantially in the year ahead as the terms of the settlement agreement are applied.

It is encouraging that the vast majority of homeowners are paying their levies timeously and we thank you for this.

## **World Class Infrastructure**

An exclusive lifestyle Estate, like Atlantic Beach Estate, demands top quality infrastructure that is well maintained. Over the past five years achieving this has been a key focus area for

the Board and management team. Homeowners who have lived on the Estate prior to 2012 have therefore witnessed the transformation of the Estate from a cash strapped, poorly maintained, gated community to one of the top 10 exclusive Estates in the country.

Below follows a summary of infrastructure enhancements implemented over the 12 months ended June 2016. Again, a more detailed overview is contained in the CEO's Operational Report.

- Regular clearing and maintenance of storm water dams and canals to prevent flooding during winter.
- Paving of gravel walkways.
- Upgrades to the Leisure Centre facilities.
- Extensive garden upgrades throughout the Estate.
- Concealing of unsightly electrical substations with a combination of trellises and landscaping.
- Further introduction of post and rope fences to protect sensitive fynbos areas as well as public awareness signage.
- Renovation of all the Association's buildings and security gates

### **A solid security system**

The key reason for choosing to buy a property on Atlantic Beach Estate is the security that it offers. A well-maintained state of the art security system is therefore not negotiable. Equally important are the expert services of a professional security company.

Our significant investment in reliable and effective security infrastructure continues to pay off. There has not been a single breach of our perimeter fence over the past five years. Only minor security incidents have been recorded; all of them originating from within our fences. These include petty theft, vandalism and domestic issues.

Thorburn Security Solutions continue to deliver a highly professional service to the Estate. The security officers are regularly commended by residents for their willingness to go beyond the call of duty to help.

### **Return on investment**

For most homeowners, their home is the single biggest investment in their portfolio. The prospects of a good return on this investment are therefore a key consideration when deciding where to buy.

According to New World Wealth, this is one of the reasons why our Estate is in demand. Our homes are still relatively well priced compared to other estates in the top 10 with prices ranging between R2 million and R15 million. This means there is room for growth and therefore a return on the investment.

In investment terms, this would mean that Atlantic Beach Estate could still be considered a value stock. A value stock is defined as a stock that trades at a lower price relative to its fundamentals such as dividends, earnings and sales.

Value investors typically try and find the proverbial diamonds in the rough, or stocks that do not reflect their true value yet.

With New World Wealth describing Atlantic Beach Estate as the ‘hidden gem’ of South African golf estates, I will definitely be holding on to my “value stock” for some time to come.

While a number of elements have played a significant role in enhancing the values of our properties, the visionary property partnership initiative definitely took our Estate to the next level.

On 1 July 2015 we entered the second phase of the Atlantic Beach Estate Property Partnership with Pam Golding Properties as the sole property partner.

Emarie Campbell and her team at Pam Golding Properties have displayed an unwavering commitment to working with us in partnership to enhance the reputation of the Estate as an exclusive lifestyle estate, at the same time increasing the value of our properties.

The average price of property sales registered for our Estate in 2011 was R2.7 million. In 2016 the average price was close to R5 million. This represents a whopping 85% growth in property prices over just five years.

### **A strong community**

While we celebrate the phenomenal return on investment that this Estate has achieved for us, it is important that we do not lose sight of the incredibly privileged lives that we are living. I am always encouraged by how many of our residents are involved in community projects and charity organisations dedicated to improving the lives of others, whether human or animal.

Equally, our management team is very aware that we are part of the greater Melkbosstrand community and that we share in the responsibility of making sure that this community remains a healthy one.

Over the past year, Harry and his team have therefore spearheaded the following initiatives:

- Shoes for Kids Drive in conjunction with ACVV Koeberg
- Donation to Peanut Animal Welfare to reduce veterinary bill
- Upgrade of SAPS Melkbosstrand gardens
- Mamre Community project to establish and improve gardens
- Maintenance of two lifeguard chairs for Melkbosstrand Beach

### **In closing**

We have achieved great things over the past five years and it could be tempting at this juncture to rest on our laurels.

The various legal initiatives currently underway to resolve the legacy issues that continue to stifle our capacity for further improvement, are draining, not only on our resources, but also on Harry, the management team, and the Board. There are those who may suggest that, having made it into the Top 10 despite these issues, we should just ignore them.

Here I need to caution against complacency, using the words of businessman and author Andy Grove: “Success breeds complacency. Complacency breeds failure.”

Now is not the time to rest. If we want to realise the true potential of our Estate, we need to soldier on. I can assure you that this Board is 100% committed to tackling these remaining challenges, head-on.

I would like to thank Harry and his team, supported by Mike Morey and his people at Pam Golding Property Management Services for their dedication, vision and expert guidance over the past year.

On behalf of all homeowners I would also like to express my sincere gratitude to my fellow Board members Don Boyce, David Lotz, Alan Keet and Bruce Kaiser for the many hours they have dedicated to the Estate.

In conclusion, I would also like to thank you, fellow homeowners, for the overwhelming support that you have shown the Management Team and the Board during the year under review.

Lucienne Fild  
Chairman  
Atlantic Beach Homeowners' Association