



# ATLANTIC BEACH ESTATE

## Atlantic Beach Estate Homeowners' Association NPC

### Chairman's Report

*“The secret is to gang up on the problem, rather than each other.” Thomas Stallkamp*

The single biggest achievement for our Estate, and there have been many, was reaching the settlement agreement with the Golf Club. After years of animosity and protracted and expensive legal action, the Homeowner's Association and the Golf Club reached agreement in December last year. The settlement agreement was approved by homeowners in February this year. I would like to thank Allan Usher and Bill Taylor for their role in ensuring that the disputes were settled amicably.

Now that the proverbial hatchet has been buried, and on the back of a very detailed settlement agreement, we are suddenly able to “gang up on problems” in partnership.

And it is incredible what we have already been able to achieve:

- Severe water restrictions? No problem, let's share the effluent water supply to the Estate.
- And what about the post and rail fences that were removed without consulting with homeowners? A solution that addresses the concerns of the homeowners and the golfers has already been implemented.
- Lack of support for the Golf Club from homeowners? The Homeowner's Association will help market the Club and its events to residents.
- How can we break down some of the barriers of the past and build a community? Let's bring all stakeholders together and host a Village Fair at the Golf Club.

Dear homeowners, these are just a few examples of the positive developments that have come about as a direct result of the settlement agreement. Of course, there are many more, including the capping of the monthly homeowner subsidisation of the Golf Club. Our CEO, Harry White, recaps the details of the settlement agreement in his Operational Report for 2017.

With the longstanding dispute between homeowners and the Golf Club finally a thing of the past, the following items are top of mind for homeowners:

- Security;
- Financial Stability; and
- Return on investment.

## **Security**

The State of Urban Safety in South Africa Report for 2017, released in August, makes for concerning reading. The report, which examines the state of crime and violence in South Africa's major cities, rates Cape Town as one of the country's most dangerous cities. Not only does Cape Town have the highest murder rate, but it also tops the list for the highest incidence of robbery, burglary and theft.

It is not surprising then that properties on secure residential estates are highly sought after in Cape Town. The better the security of the residential estate, the higher the demand for properties.

Since security is the key reason why families choose Atlantic Beach Estate as their home, a well-maintained state of the art security system supported by a professional security company is not negotiable.

Our significant investment in reliable and effective security infrastructure over the past five years has paid off and Atlantic Beach Estate has become synonymous with security of the highest standard.

To ensure that our security infrastructure remains the best there is, the Board of Directors has approved for 2017/18 an upgrade of our security equipment, including modern video analytic equipment and software. In addition, cameras will be deployed within the Estate for the first time ensuring of course that privacy is not infringed.

It goes without saying that security systems are only as good as the people manning them. The Association has therefore employed a fulltime Estate Manager with a strong security background, a security infrastructure technician as well as three operations officers. This highly trained team is tasked with ensuring 24-hour management of the Estate.

In addition, 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.

## **A healthy financial position**

The financial position of the Estate determines our resilience and long-term viability. Truth be told, we would not have been able to fight for our rights if we did not have the financial means to put our foot down.

Despite the legal expenses incurred during the period under review, the Association's Audited Financial Statements showed a healthy financial position with R5.5 million in cash reserves at the end of June 2017.

It must be noted that the current cash reserves were achieved over the past five years against an accumulated capital/project expenditure of around R5 million and legal costs

of around R4 million. This means that since 2012, prudent financial management ensured a war chest of more than R14 million, making it possible to protect the interests of homeowners as well as maintain, improve and develop the Estate infrastructure, while still achieving healthy reserves.

Despite incurring legal expenses of R1 469 649 in the financial year ended June 2017, the Association managed to record a net surplus of R186 786.

With the settlement agreement in place we do not foresee any significant legal matters requiring financial funding. We therefore look forward to investing in projects that will greatly enhance the value of the Estate for the benefit of all homeowners.

The Board approved a levy increase of 6% for the 2017/18 financial year. This equates to an increase of R120 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.

Despite the low levy increase, the Association remains in a position to fund the Community Scheme Ombud Service contributions on behalf of homeowners. The Community Schemes Ombud Service Act requires all homeowners to pay an additional levy, which would amount to a monthly R34 per property. Instead of collecting this levy from homeowners, the Association has been footing the bill to an amount of R 353 700 a year.

We have also maintained our focus on collecting outstanding levies and have achieved excellent results over the period under review. It is encouraging that the vast majority of homeowners are paying their levies timeously and we thank you for this.

A more detailed overview of the Association's finances is contained in Harry's Operational Report.

### **Return on Investment**

The average price paid for homes on our Estate has almost doubled over the past five years, from R2.8 in 2012 to R5.4 million in 2017. That means on average homeowners have seen a staggering 93% growth in property prices over a period of just five years.

While rising crime statistics are fueling the demand for homes on secure estates, we are also in the enviable position where very few homeowners are wanting to part with their homes on our Estate. With demand outstripping supply by far, we can look forward to further growth in our property values.

A significant contributing factor to the growing popularity of the Estate is the Atlantic Beach Estate Property Partnership initiative introduced in 2013. The primary objective of this initiative is the regional, national and international promotion of the Estate as a prestigious lifestyle estate.

The second phase of the property partnership was introduced in July 2015, 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.

### **Recognising the people driving our success**

In the words of Henry Ford, "If everyone is moving forward together, then success takes care of itself."

I am incredibly privileged to be part of a team that continuously moves forward with a passionate energy that leaves success in its wake.

Under the very competent leadership of Harry White, our Estate is being looked after by a dedicated team of almost 40 people.

In addition, Mike Morey and his team at Pam Golding Property Management ensure the professional management of the Estate's administrative and financial affairs.

Our world-class security operations are implemented and executed by Thorburn Security Solutions in collaboration with our highly qualified in-house operational team.

Our partnership with Pam Golding Properties has contributed hugely towards the success of our Estate. I have to thank Emarie Campbell for her strategic vision and can-do approach.

Apart from being homeowners with an incredible passion for this Estate, my fellow Board members are all highly accomplished professionals who know a thing or two about shareholder value and strategic growth. I would like to express my sincere gratitude to Don Boyce, David Lotz, Alan Keet and Bruce Kaiser for the many hours they have dedicated to the Estate and for fulfilling their fiduciary duties with such integrity.

### **In closing**

Thank you, fellow homeowners, for the overwhelming support that you have shown the Management Team and the Board during the year under review.

We have received hate mail, we have received fan mail. We have spent many nights agonising over decisions and the impact that it will have on our Estate and our homeowners. While you may not always like the final resolution, I can assure you that our decision-making process has always been guided by the question of what is the best possible outcome for the majority of homeowners.

Lucienne Fild  
Chairman  
Atlantic Beach Homeowners' Association