



ATLANTIC BEACH
ESTATE

Annual Chairman's Report

Don Boyce

16 November 2020



Chairman's Report

It gives me great pleasure to present this Chairman's Report for the year ended 30 June 2020 to the Atlantic Beach Estate Homeowners.

The 12 months from July 2019 to the end of June 2020 have produced another memorable period in the history of our Estate. Who could have foreseen the impact of Covid-19 on the world, on South Africa and on our Estate? Who would have thought that we would witness our magnificent golf course being nursed back to its former glory with such speed? And who expected that 2020 would be the year in which our run-down, golf-focused clubhouse would be transformed into the magnificent multi-faceted facility of today?

Without a doubt, Covid-19 has dominated the world stage and arguably had a greater impact on all of us than any other single event since World War II. The long-term consequences of decisions made by governments around the world are still to be quantified, and there is no doubt that economic hardship wreaked on businesses, particularly those related to travel, tourism and leisure, are going to be felt for many months or years to come. There has been a silver lining in that many families have enjoyed the extra time together at home and many of us have found that we can work from home, get educated from home, entertain ourselves and our friends at home and enjoy our magnificent Estate environment more than ever before.

As yet, not one of the Atlantic Beach Estate staff have contracted the virus. Our amazing security team was willing to "camp" on the Estate in the temporary accommodation provided by the empty leisure centre for the many weeks of lockdown, to ensure the well-being of the Estate and its residents. This willingness by our staff to "go the extra mile", is testimony to Harry White's leadership and the respect he has earned. We should also acknowledge the example Harry set, living on the Estate to be close to the situation, rather than finding a way to join his family living in Brussels.

Remarkably, and despite the additional economic pressure Covid-19 has brought, there has been virtually no change to homeowner-levy debt, and we are thankful to all our homeowners who have continued to meet their obligations. We realise that the impact of Covid-19 is not nearly over and encourage you to contact management should you experience payment difficulty.

While 2018/19 will be remembered for the decision to acquire the Golf Business from Atlantic Beach Management, 2019/20 was a year of hard work to rescue the golf course and related business. The evidence of this work is reflected in the amazing recovery of the golf course, the establishment of the new Atlantic Beach Links Club for homeowners and outside members, appointment of suitable contractors to run the food and beverage and golf retail operations and the planning and financing of the renovations to the clubhouse. As I write this, the clubhouse renovation is taking shape and I can't help feeling excited by the prospect of heading off to the magnificent new "Sunbird" bar lounge for a cold one with my friends and fellow homeowners on a Friday evening!

The establishment of the Atlantic Beach Links Golf Club was a major milestone achieved. The Club is now owned by the members, governed by its own constitution and managed by the appointed office bearers who will see to the day-to-day operations. A Links Committee, led by the Men's and Lady's Club Captains, will preside over all golf-related matters. The decisions of the Links Committee will be ratified by the Management Committee, which consists of the ABHOA Board



members. Only when issues affect the direct interests of homeowners or are of significant financial relevance, will the Management Committee exercise its discretion should it be deemed necessary. This model works well at other residential golf estates and while there are a few teething problems mostly related to communication as a consequence of Covid-19, we are looking forward to the first AGM in December and for things to settle down thereafter.

Instead of making the mistake of trying to be a 'Jack of all trades and master of none', the Board took the decision to contract specialist, professional operators to run all the food and beverage and retail activities in the clubhouse. After a careful selection process, we were delighted to announce the successful food and beverage bidder to be Lanta Trading. With their two beachfront restaurants "The Hart" and "I Love Melkies", Michael and Simone are well known in the community for providing a welcoming ambiance with excellent service and great food. They will be renting the related facilities from the Association and will run the business for their own account, in close cooperation with the ABHOA, the Golf Club and the other tenants in the building. The rental is turnover-based and their success will be the HOA's success.

Global Golf Gloves have been appointed to operate the retail golf operations from the new Pro-shop in the clubhouse. They come with a wealth of experience and are well-established at many high-end golf-courses. Their rental agreement is also structured in such a way to encourage a win-win situation. The more they are supported by the Atlantic Beach Estate community, the more funds will flow back into the HOA's coffers.

If the overwhelming support by homeowners for their golf course - as has been demonstrated by the 2020/21 green fee turnover budget being achieved in the first few months of the new financial year - is carried through to the restaurant and bar operations and the pro-shop, we can look forward to happy tenants and a buzz of energy and excitement in the clubhouse!

OUR VISION

At this Board's first strategy meeting back in 2011 we agreed our overall vision to be that Atlantic Beach Estate would become:

- **An exclusive lifestyle estate providing a sustainable and secure environment in which homeowners could raise their families and enjoy their retirement years;**
- **An Estate where people would respect the rules because they respect each other; and**
- **A place where homeowners are shamelessly proud to be a homeowner and outsiders enviously strive to become one.**

To meet this goal there are a few key areas where Atlantic Beach Estate strives to achieve a standard that is world-class, which I mention below:

SECURITY

In the South Africa of today, security is most people's primary concern. In the survey conducted at the beginning of 2018, 81.8% of homeowners indicated that safety and security was the most important reason for investing on the Estate.



The Estate's unblemished security record - not a single breach of the perimeter fences during the past 9 years – has remained intact for another year and the accolades for the Atlantic Beach security staff are almost a daily occurrence on social media. Harry and Gary's leadership of the security detail continues to produce a record of safety, loyalty and standard of response that is surely unsurpassed in the industry.

FINANCIAL SUSTAINABILITY

Financially the Association has recorded another “best-ever” year, finishing with an operating surplus of R1,97million and R7.12 million in cash reserves, after having spent R1 million on the golf course acquisition, R1.86 million on repairs to the golf course infrastructure and related equipment and a further R657 thousand on capital projects during the period.

It is anticipated that further capital expenditure of approximately R6.5 million will be required for the Golf Club refurbishment. This expenditure has and will be funded from the HOA and Golf Club cash reserves and recovered by the HOA over the next 5 years from the additional levy of R350 per month approved by homeowners at the Special General Meeting of 2 July 2019 for this purpose.

As mentioned earlier, the Golf Club has so far performed well ahead of expectations and we are seeing a pleasing number of new members signing up. Member rounds are at record levels, but visitor rounds and corporate sponsored days have been severely impacted by Covid-19 travel restrictions and health regulations. It is heartening to know that we can expect these visitor rounds to increase once things get back to normal, and that despite this impact, the club is currently managing to “wash-its-face”.

It must be noted that Management has been able to achieve these results despite an average below-inflation increase in levies since 2013, of less than 5.5% per annum.

It is not only the Estate that is in good shape financially despite the tough economy. Average property values of properties sold have remained at prior year levels of roughly R5.3 million, bucking the downward trend experienced in most suburbs across the country. Since 2013, following our decision to improve the regional, national and international promotion of the Estate through our property partner venture with Pam Golding, average property values have increased from R2.8 million in 2012 to R5.3 million in 2020. This is an increase of 90% over the period. The average value of properties sold at Steenberg Golf Estate, for example, have dropped from R13.63 million to R11million in the same period.

LIFESTYLE

As I said last year, the single biggest opportunity to leverage up the lifestyle offering at the Estate lies in the acquisition of the Golf Business and the related lease over the land which houses the clubhouse, the Leisure Centre and the Golf Course.

The opportunities that present themselves are exciting and we hope to add new activities operating from the clubhouse. Having already seen organized walks, runs and cycling events being well attended, management and the Board are considering a proposal from the Melkbos Running Club and the construction of a mountain bike trail and/or pump-track.



In the Covid-19 inspired rush to get outdoors more, we are finding that the rules relating to access to the golf course, the parks and to the walking of dogs are not being adhered to by an increasing number of people. As a Board we have resisted the many requests we receive to “police” the Estate with more enforcement by more security guards. We do not see our role as police officers and do not wish to spend our time in conflict with fellow homeowners, holding disciplinary enquiries and issuing hefty fines to transgressors. We have unfortunately been forced to amend the rules and related penalties to curb some of the behavior that has become more prevalent. Please help us in achieving our vision of an Estate where people respect the rules because they respect each other.

The Board continues to monitor the City’s plans and actions regarding Erf 3825, also known as the Hotel Site. Unfortunately, it does not appear as if this development is a priority for the City and furthermore a number of environmental constraints relating to this property have been identified.

In respect of Erf 1964 in Melkbos, we have made it clear that in principle we are not opposed to the development of this precinct. However, we have raised concerns relating to the impact of the Birkenhead Drive interface and were also not in support of items not considered compatible with the Estate or the broader Melkbosstrand area. Again, it appears that there is no urgency from the City to complete this process - since the Association’s last submission in August 2019, no further engagement by the City has been forthcoming.

OVERALL APPEARANCE

Regardless of how good the Estate entrances, roads, parks and gardens look, or how well the Estate facilities are maintained, homes that are not similarly maintained, influence the overall appearance of the Estate and thereby impact negatively on property values in general.

Initiatives like the upgrade to the clubhouse buildings are necessary to keep the appearance of the Estate at an optimum level and we are hoping that the example set, serves to encourage owners to do the same and even emulate the “new look” that is portrayed.

The completion of approximately 4000m² of paving during the year under review, converting the gravel sidewalks to paved sidewalks, has made a huge difference in the appearance of the Estate and has made traversing the estate for residents and their staff a much more pleasant experience, especially in winter.

Much has been done during the past few years, and because of the efforts by our staff and homeowners alike, the Estate is in superb condition. Having completed much of what was required on the Estate, Management is now focused on the upliftment of the golf course and clubhouse surrounds. These improvements are sure to play an important role in how the Estate is perceived by visitors and potential buyers.

The success of the rehabilitation plan does hinge on the extent to which members support the club in the form of membership and green fees and also the assistance members provide by insisting that their playing partners and visitors repair their divots and pitch marks and drive their golf carts off the concrete pathways onto the fairway, only when absolutely necessary.



COMMUNICATION

A world class Estate should have a world class communication infrastructure. Every week we distribute email newsletters to over 1 500 residents, maintaining an open rate of over 40%. The newsletter has always been our main tool for communicating with residents as it is distributed weekly and is therefore relevant and current.

We continue to improve the Estate App, which allows us to push messages to residents. The App incorporates our pre-clearance access code system and manages golf bookings, newsletters, logged issues, preferred service providers, digital notice boards etc. - ALL IN ONE PLACE! Residents who have downloaded the App from the various App stores, find it extremely useful.

In July this year we launched our new-look website incorporating the new Golf Club and the Leisure Centre <https://atlanticbeachestate.co.za/> The website provides homeowners access to the entire suite of information regarding the Estate. This information includes the Memorandum of Incorporation, the Estate Rules, the Building and Architectural Guidelines, the Golf Club Constitution, Golf Membership options and registration, Tee-times and bookings, all newsletters current and historic, minutes of AGM's, preferred suppliers, security, schools in the area, FAQ's, real estate opportunities and much more.

We have significantly improved our online presence in social media over the past year.

Since some residents do not to make use of smartphone technology, we have maintained our SMS system, but strive to keep notifications to the minimum.

With all this information so readily available, it is difficult for us to hear some homeowners still say that we "never tell them anything"!

For a more detailed report on all the various aspects of life on our Estate over the last year, please refer to Harry White's [Operating and Financial Review](#).

IN CLOSING

Nelson Mandela is famously quoted as saying "It always seems impossible, until it is done!"

Nine years ago, when nominated to the ABHOA Board and meeting Harry White for the first time, one of our first discussions was around formulating a plan to become a proud homeowner member and co-owner of our very own Atlantic Beach Golf Club and Links. It seemed impossible back then, but now it is done!

On behalf of the Board and all who live, work and play on our Estate, I thank Harry White and his incredible Management Team for undoubtedly their finest year ever! The onsite operational team is, as always, backed by Mike Morey and his team at Pam Golding Property Management Services and we thank them once again for the way they go about their business.

Thank you, fellow Board members, Lucienne Fild, David Lotz, Alan Keet and Bruce Kaiser for the many hours sacrificed away from family and friends to serve our community and for the courage of your convictions to make the final decisions required.



Lastly, a big thank you to you, my fellow Homeowners, for the overwhelming support you continue to show the Management Team and this Board..... we are not yet done!

Don Boyce
Chairman
Atlantic Beach Homeowners' Association