



ATLANTIC BEACH
ESTATE

Annual Chairman's Report

Don Boyce

30 November 2021

Introduction

I am pleased to present you with the Chairman's Report for the Atlantic Beach Homeowners Association for the 12 months ended 30 June 2021.

I am so proud of what Harry White, his amazing team and this Board have achieved since we set out together in 2011. The Estate is finally in full control of its destiny. Every aspect has been upgraded, and the Estate is fully deserving of its multiple awards as one of the top 10 Golf Estates in South Africa.

Our hopes back then, for what we wished the Estate to eventually become, is best illustrated by this video which was recently compiled as a promotional tool.

The 2020/2021 year was an incredible year for the Estate, a year when the last 10 years of planning and effort came together, despite the ongoing ravages of the Covid19 pandemic. While the early years of our tenure were spent on various aspects pertaining to security, administration, branding and marketing, the last three years have been focused on securing control of the golf course lease, related Clubhouse, and the golf business, as mandated by homeowners at a Special General Meeting in mid-2019. The reasons for taking this bold step were:



- To provide absolute security of tenure of the golf course land for the next 80 years.
- To create a popular sports, recreation and social centre which addressed the requirements of all our homeowners, not just those of the golfing community.
- To take control of the substantial subsidy paid by the HOA to the golf course operator, a consequence of a binding arbitrational ruling, which gave no rights to homeowners in return.
- To fix the Golf Course, which was in a poor state after the 2018/19 drought and had been steadily sliding down the national ranking.
- To enhance the overall offering of the Estate to prospective new homeowners, directly impacting the value of existing homeowners' investments in a positive fashion.
- To enable the Association to project a unified, consistent brand identity for the entire Estate, driving value and investment security into the future.

This was the first full year of operation of the newly constituted Atlantic Beach Links Golf Club, a club owned by its members, governed by its own constitution, and managed by its elected office-bearers. Homeowners now enjoy as part of their property ownership, the right to full golf club membership for the whole family, a valuable benefit previously not extended. And what a year it was – the annual budgeted turnover, albeit a conservative one, was eclipsed in the first few months and thanks to the support from homeowners and their invited guests, a record number of rounds were registered. This was achieved despite the complete absence of international visitors and corporate golf days.

During the year the magnificent Milkwood Deli and Sunbird Bar & Restaurant opened their doors. Operated by Mike and Simone of 'The Hart' and 'Melkies' fame, their brief was to provide a high-quality product that would differentiate the Atlantic Beach Links and align the customer experience with premier golf estates such as Pearl Valley and Arabella. "Cheap and nasty" were not on the menu! Support from residents and golfers is growing steadily as Simone and Mike and their staff have had to cope with disruptive Covid19 regulations while getting to grips with understanding their new market.

Global Golf has settled in well at the golf shop and despite a very tough year impacted by Covid19, are showing signs of a resurgence now that foreign visitors are starting to return to Cape Town.

The completion of our magnificent new golf driving-range with its beautifully designed covered bays was another major milestone reflecting that we are serious about our golf offering. The immediate doubling of the monthly usage of the driving-range is testament to the success of this investment and appreciation of our golf members.

The new driving range and renovated Leisure Centre has provided us the opportunity to attract top-class golf instruction outfit, EOGA, to Atlantic Beach and we extend a warm welcome to Etienne Olivier and his highly qualified team of professional instructors. Damien Da Silva and Derek Ferreira are waiting to help you shave a few shots off your handicap!

Carmen and her team at Atlantic Boutique salon were in such demand after their opening, that they had to immediately expand the size of their premises. They have invested heavily to create a stunning environment for their customers and are now able to offer a much wider selection of services and products. We wish them well as they entrench their business by serving our homeowners and visitors in style!

All the planning for the recently opened Atlantic Beach pump-track was done during the year under review, and it has been very exciting to see how the younger generation are flocking to this fantastic new facility. Hopefully the days of makeshift ramps and the associated 'click-clacking' of skateboard wheels on the roads of the Estate are replaced by our kids converging on the Clubhouse and Leisure Centre precinct to make new friends and have healthy fun together. Parents are encouraged to enjoy a glass of crispy Sauvignon-Blanc or a delicious cocktail on the Sunbird Terrace while keeping a watchful eye on 'junior' in the distance!

We welcome our latest clubhouse tenant, RYD South Africa and Cycles Direct, who will be providing our younger residents with skateboards, surfboards, bicycles, and related apparel to complement the pump track facility and Atlantic Beach lifestyle.

The HOA CEO and staff and our Pam Golding Property partners have moved into their new offices in the Clubhouse building, changing perception through 'first impressions'. This is where the HOA staff should always have been located, able to meet visitors, homeowners, and prospective homeowners in an appropriate and classy environment, while working together with the Club management and staff.

Our Mission and Key Performance Areas

At our first strategy meeting we agreed on a long-term 'vision' for our Estate. We wanted it to become:

- An exclusive Lifestyle Estate providing a sustainable and secure environment in which homeowners could raise their families and enjoy their retirement years.
- A place where the residents would respect the rules because they respected each other.
- A place which homeowners would be shamelessly proud of, and outsiders would enviously strive to become homeowners.

To meet this vision, we identified the following key areas of delivery:

- **Uncompromising Security**

Security remains the single most important reason why people choose to live on Atlantic Beach Estate. Under the leadership of our Estate & Security Manager, Gary Lewis, and his team of operations officers, as well as Paul Du Plessis our technical security infrastructure manager, together with Thorburn Securities' excellent staff, we did not experience any unlawful incursions into the Estate nor any burglaries within the perimeter during the year under review. The introduction of the video analytic perimeter camera corridor and other security features have positively contributed towards avoiding any serious criminal activity for more than 10 years.

Unfortunately, the Estate recently experienced a minor incursion, which was subsequently investigated, and additional measures implemented to discourage a recurrence. Having invited tenders for the replacement of the fence infrastructure in August 2021, the Board has budgeted for the fence infrastructure upgrade to take place during next year and this event has added some urgency to the process.

- **Financial Sustainability**

While there were some homeowners who were concerned that the negotiated terms of the acquisition of the Golf Lease and Golf Business would financially burden the Estate and were unsustainable, we are delighted to report that our first year's financial results indicate exactly the opposite.

Since inception the HOA had been required to subsidise the golf business with 25% of all levy income collected. In the year under review this would have amounted to a cash-outflow for the Estate of approximately R6.62million, with homeowners receiving virtually nothing in return. While the golf business did incur an operating loss in its first year, of R2.447million, the net cash saving of R4.45million is substantial and is the primary reason for the Association reporting a record surplus for the year.

While the future is always uncertain, I am confident that the purchase price paid for the Golf Course Lease and Golf Business, will be recovered in less than three years of trading under the new dispensation.

I am happy to report that the increased membership, more visitor rounds played, higher related green-fee revenue, and our various tenants having all commenced trading and paying rent, has resulted in

the Golf Club generating a surplus in the first four (Winter) months of the current year and it is already well ahead of its budget. This is despite the impact of Covid19 restrictions on international visitors, corporate golf days and other large functions.

The Association recorded an after-tax surplus for the year ended 30 June 2021 of R7,189,636 representing an increase of 263% from the after-tax surplus of the prior year of R1,978, 970.

The two divisions contributed as follows:

- After tax surplus:	Estate: R9,636,985 (surplus);	Golf club: R2,447,349 (Loss)
- Revenue:	Estate: R29,620,181;	Golf club: R9,227,539
- Operating expenditure:	Estate: R20,479,860;	Golf club: R11,323,403

A summary extract from the audited Annual Financial Statements reflects these figures:

Atlantic Beach Home Owners Association (Non Profit Company)					
(Registration number 1999/000213/08)					
Annual Financial Statements for the year ended 30 June 2021					
Detailed Income Statement					
Figures in Rand	Note	GOLF CLUB 2021	ESTATE 2021	ABHOA 2021	ABHOA 2020
Revenue					
Golf club	9	9,227,539	-	9,227,539	-
Homeowner levies	2	-	29,048,640	29,048,640	25,330,759
Building levies		-	571,541	571,541	577,133
		9,227,539	29,620,181	38,847,720	25,907,892
Cost of sales					
Purchases		(372,472)	-	(372,472)	-
Gross profit		8,855,067	29,620,181	38,475,248	25,907,892
Other income					
Other income	18	-	992,853	992,853	755,254
Interest received	11	21,681	213,382	235,063	430,923
		21,681	1,206,235	1,227,916	1,186,177
Expenses (Refer to page 21)					
Operating surplus / (loss)		(2,446,655)	10,346,556	7,899,901	2,117,014
Finance costs	12	(694)	(653,542)	(654,236)	-
Surplus / (loss) before taxation		(2,447,349)	9,693,014	7,245,665	2,117,014
Taxation	13	-	(56,029)	(56,029)	(138,044)
Surplus / (Loss) for the year		(2,447,349)	9,636,985	7,189,636	1,978,970

The saving of the Levy contribution to the Golf Club, coupled with the additional R350 month levy paid by each homeowner as agreed in 2019, as well as cash reserves accumulated in previous years, resulted in the Association being able to self-fund all the upgrades to the Golf Course, Clubhouse and leisure facilities mentioned in this report. While more than R14million in capital expenditure was incurred on these improvements, the Association's cash reserves at the end of the year were a healthy R5,5million.

The approach of the Board and Management continues to be financially conservative with the aim of accumulating and maintaining adequate reserves to provide for unforeseen circumstances, while ensuring the Estate’s facilities remain up to date. Our five-year financial plan continues to exist as a live document and is subject to regular review. We continue to present this five-year forecast at our Annual Budget Meeting attended by homeowners.

- **Property Value Appreciation**

During the year under review the average price of properties sold, increased from R5,25m to R5,8m, reflecting value growth of 10%. Shown below is a table illustrating the average sales value in 2012 vs 2021 for golf estates around Cape Town. The relative growth in value of properties on Atlantic Beach Estate since 2012, is particularly pleasing. During these years, the HOA has invested approximately R25million into various capital projects and many millions in operational costs, to improve the Estate.

	% Increase Over Period	R Increase Over period	2021 Average Sales Value	2012 Average Sales Value	Number of Erven on Estate
Val de Vie	136,51%	R4 416 000	R7 651 000	R3 235 000	640
Atlantic Beach	107,14%	R3 000 000	R5 800 000	R2 800 000	867
Boschenmeer	88,71%	R2 609 000	R5 550 000	R2 941 000	504
De Zalze	72,13%	R5 175 000	R12 350 000	R7 175 000	473
Erinvale	38,68%	R1 785 000	R6 400 000	R4 615 000	389
Arabella	36,67%	R1 100 000	R4 100 000	R3 000 000	270
Sunset Links	30,76%	R1 388 000	R5 900 000	R4 512 000	299
Steenberg	-4,59%	-R625 000	R13 000 000	R13 625 000	237

Our Property Partners, Pam Golding Properties, led by Emarie Campbell, Managing Director of the Pam Golding Western Seaboard Franchise, along with Resident Agent Mandy Oschman, remain a positive force influencing property prices. By way of inclusion in prominent newspaper and magazine publications and their digital platform, the Estate is continually being marketed through Pam Golding Properties’ extensive global network. New buyers ‘semigrating’ from Gauteng and KwaZulu Natal looking for security and lifestyle are reporting that they consider Atlantic Beach Estate to be “a hidden gem”. All indications are that property prices will continue to appreciate at a higher-than-average rate.

- **Unique Lifestyle Offering**

Almost every aspect of the Estate has now been upgraded and the Estate now regularly features as one of the Top 10 golf estates in South Africa.

With its ‘West Coast feel’ created by its fynbos vegetation, proximity to the sea, and Table Mountain as a backdrop, our Estate is unique in its design and location, offering a lifestyle and environmental

awareness which reflects a changing world's focus on future sustainability and a balanced existence. We who are lucky enough to live here are indeed blessed!

The acquisition of the golf club lease and related business is proving to be a wonderful asset for the Association. The golf and estate industries are abuzz with praise for the Golf Course and Clubhouse. Under the leadership of Tony Louw as Club Manager and the Links Committee, the club has performed exceptionally well during its first year of operation, with a record number of 34 171 rounds played during the year, also achieving the highest rating (69th) in the Golf Digest Top 100 Courses, since its rating in the year in which the course was opened. Increased membership of the golf club, by 501 new members from July 2020, is reflective of the improvements made.

The addition of the EOGA golf academy and the new driving range facilities and a renewed focus on junior golf by the Links Committee, will be instrumental in developing promising young golfers from the Estate's families, providing an alternative to conventional school sport.

Lifestyle enhancing facilities now offered by the Estate to its residents, many free-of-charge, include:

- Golf Course, Clubhouse facility, Driving Range and Teaching Academy
 - Fully stocked golf retail shop.
 - On-site golf cart service centre
 - Coffee-Shop/Deli, Restaurant and Terrace.
 - Dedicated indoor kids play area.
 - Private bar and function room.
 - Upgraded Gym and Yoga/Pilates/self-defense areas with associated instructors if required.
 - Tennis Academy
 - Swimming pool
 - Upmarket Hair and Health Salon
 - Organised walks, runs, and cycles on the Estates designated paths and trails.
 - State-of-the-art Skatepark and Pump Track.
 - Dedicated sports and leisure retail outlet servicing the Atlantic Beach "lifestyle".
 - Resident social events such as the indoor market and the Christmas Faire - although these have been subject to Covid 19 regulations.
- **Seamless administration of operations and finances**

The daily variety and number of tasks that are generated by an Estate of 867 families is almost inconceivable. Our CEO, Harry White and the management teams that run the Estate and the Golf Club should be congratulated for the excellent work they are doing.

Without support from homeowners in the form of their monthly levy contribution, none of the above would be possible. The monthly single residential erf levy for the financial year 1 July 2021 to 30 June 2022 which includes Membership to the club for the entire family and the CSOS levy is R2900 per month. Most homeowners continue to be diligent with their levy payments and for this we are most grateful.

The proper management of debtors and creditors and the provision of accurate and timeous management accounts is essential for an Estate like ours. We once again thank Mike Morey and his team at Pam Golding Property Management Services, for the professional and uncompromising way

they continue to service the Estate.

Improvements to the layout, maintenance equipment and water supply infrastructure have all contributed to the recovery of the golf course. Jacques van Der Westhuizen and his team at Southern Turf have worked tirelessly in cooperation with management and deserve our recognition and praise.

As the maintenance of the golf course is subject to the same environmental management plan as the Association, the Links now also enjoys the support of our Estate general maintenance and landscaping teams under the leadership of Gary Lewis and Karien Naude.

With all the operational areas of the Estate now working together, we can expect to benefit in the years ahead from the associated economies of scale, pooled knowledge, and common goal.

- **Compliance with Architectural Guidelines and Property Maintenance Standards**

Because of the efforts of our staff and homeowners alike, the Estate is in its best condition ever. Having completed much of what was required for the Estate in previous years, we were able to focus this year on the upliftment of the golf course and clubhouse. Initiatives like the clubhouse renovation keep the appearance of the Estate at a high level, but also provide new ideas and standards which serve to encourage homeowners to follow suit.

- **World Class Communication with our Stakeholders**

For the first time, the Estate has employed a dedicated Communications and Public Relations Officer to coordinate communication to homeowners, members, residents, and the outside world and to monitor information circulating outside the immediate influence of management. The advent of “social media”, has been a major influence in this decision, together with the extra communication requirements brought on with the acquisition of the Golf Club.

Every week, Management issues two newsletters, one to Homeowners concentrating on Estate/HOA matters and the other to our Golf Members. In addition to these newsletters which are emailed to recipients every Friday, the Estate uses SMS technology and APP notifications for instant messaging.

A social media profile for the Estate is maintained on various platforms such as Facebook and Instagram.

The Estate has its own ‘App’ (available on the Apple and Google stores) which allows homeowners the following functionality at the click of a button:

- Access to all important Estate documents such as the MOI, Rules, Plant lists and Architectural Guidelines.
- Booking of gym sessions, salon appointments or a table at the Sunbird Restaurant.
- Access codes for seamless authorised entry to the Estate by visitors
- Access to the latest or previous Newsletters
- Contact information of all Estate officers
- Contact details of recommended service providers.
- Upcoming Events
- Property listings managed by Pam Golding Properties

- Help Desk with information pertaining to everything from lost pets to billing queries.
- Archive of all notifications sent out.
- Notice Board for various service providers to the Estate.

The Estate's Website <https://atlanticbeachestate.co.za/> duplicates much of the information mentioned above while containing providing comprehensive details of our Golf Club Membership options.

Upcoming events are advertised on noticeboards at the gates to the Estate and in the Clubhouse and for very important matters, the billing database maintained by Pam Golding Properties, is utilized to contact homeowners.

With this volume of information available from a multitude of different sources, no homeowner or member should ever complain that they 'weren't told' or say that 'they didn't know'.

Combined with the above access to information and the CEO's "open door" policy, no homeowner or resident or member should ever feel that they are so far removed from the ability to communicate with the Estate or Golf Club, that they find it necessary to launch a grievance on social media. In almost all instances when this has happened, we find that all the facts were not considered or accurate, resulting in unnecessary reputational damage to the Estate or Club and unwarranted and hurtful criticism of Estate personnel.

- **Ethical and unselfish leadership**

I must use this opportunity to congratulate my colleagues, the current Board members, on 10 years of unselfish, uninterrupted, unpaid, and sometimes, thankless service. They have often gone far beyond the call of duty to contribute their specific expertise to many hundreds of hours of strategy, planning, discussion, and decision-making in the interests of our Estate.

Many long-term residents will remember the history that led to the Estate being technically bankrupt, and consequently severely run-down, the conflict that existed between different cliques of homeowners and the related unpleasantness, and the high turnover of properties that was a result.

Thankfully those days are long-gone, thanks mainly to our fantastic CEO, Harry White, who has pursued and remedied the origins of these issues with relentless energy, skill, and patience.

It is, however, impossible to keep all the people happy, all the time. It is not in the nature of the job. Harry (and sometimes the Board) occasionally has to say "no", in the interests of the greater Atlantic Beach community and in the interests of consistency. Some homeowners don't like it when they hear the word "no" applied to them. Despite the consequent, in some cases extremely unfair and vitriolic, criticism, Harry has managed to overpower his detractors' misgivings or accusations with an unparalleled record of consistent fairness, practical solutions and overall success.

Conclusion and Thanks

In my 10 years of involvement on this Board, I have learned that the following 'Golden Rules' are most important:

- 1) The collective interests of the 867 families who call this Estate home, that are to be protected and furthered, must be taken into account with every decision made.
- 2) The establishment and maintenance of a safe and caring environment for families to live in, is paramount.
- 3) Every decision must be consistent with those made previously and in line with the rules and regulations governing life on the Estate.
- 4) We should never be hesitant to consult with professionals to ensure we receive the best available advice.
- 5) Our Estate and Club offering must remain unique and unparalleled.
- 6) Continuous improvement and the related investment in the Estate, is the only strategy to stay ahead.
- 7) Those who live here simply must not want to leave and we should not allow anything to affect that.
- 8) Consistent, honest, sensible management, well supported by the Board, will realise every goal.
- 9) An ethical, sensitive, supportive, and responsive culture from the Board will provide management with the confidence to flourish and deliver.
- 10) To remember that the few who continue to cast doubt or try to find fault in the face of overwhelming evidence to the contrary, reflect their own issues and insecurities.

While I have already mentioned the contribution of my fellow Board members, I wish to congratulate and thank, on behalf of all our homeowners, Lucienne Fild, David Lotz, Alan Keet and Bruce Kaiser, on being there every step of the way!

I also congratulate the Estate Management Team under Gary Lewis, and the Golf Links Committee and the Golf Club Management and team under Tony Louw, for a stellar first year of operations. Very well done, indeed!

Our Estate has been so blessed to have received the professional and dedicated attention from Harry White, for so long, that it is almost impossible to conceptualize a future without his knowledgeable and steady hand at the tiller. However, I am consoled by knowing that our new CEO, Francois Swart,

and the awesome team that has been molded over the last 10 years, will continue in his footsteps.

The Estate is truly unrecognizable from the facility Harry was presented with on his arrival. That these changes and improvements seemed to 'just happen' in the smooth, effortless manner that we became accustomed to, belies the massive effort and attention to detail required to 'make it happen'.

This report could not possibly cover all the ideas, innovations, milestones, and achievements registered over the years, but special mention is required of Harry's efforts to find a worthy successor. We welcome Francois Swart with open arms and look forward to him forging his own path, while maintaining the happy and contented Estate that Harry has taken such care and effort to forge.

"May your choices reflect your hopes and not your fears" – Nelson Mandela.

Thank you for taking the time to read this.

Don Boyce

Chairman: Atlantic Beach Estate

For a much 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 which can be [viewed on our website](#).