

CHAIRMAN'S REPORT

REBOSA AGM

**HELD ON 24 JUNE 2016 AT SOUTHERN SUN, O.R. TAMBO INTERNATIONAL AIRPORT,
JOHANNESBURG**

1. WELCOME AND INTRODUCTION

Good morning.

It's my pleasure to welcome you all to this the third annual general meeting of the Real Estate Business Owners of South Africa (REBOSA) - thank you for being here, your presence is most valued and appreciated.

It is my privilege to deliver the Chairman's report for REBOSA for the past twelve months.

I'm delighted to report that the organisation has again achieved significant progress and success over the past 12 months on a number of fronts. As a consequence of this progress - which I hope to give you a sense of during the course of this report - REBOSA continues to be the most significant, serious, credible and noteworthy organisation representative of Real Estate business owners in the country and as a consequence of the agents and staff that work in their agencies.

Continuing on from the excellent work of the past two years since the inception of the organisation, there have been a number of significant highlights achieved over the past twelve months.

2. MEMBERSHIP

Firstly in respect of membership, I'm delighted to be able to report that in the period under review membership continued on its upward growth trajectory.

- We started the organisation in 2013/14 with around 23 national groups
- By 2014/15 there were 118 Agencies (plus 23 national groups) representing 7,914 agents
- In the 2015/16 year REBOSA had 374 Agencies (plus 23 national groups) representing 12,264 agents
- And in the current year, the organisation consists of 565 Agencies and 1,539 offices of national groups, total 2,104 offices/“agencies” representing 15,472 agents.

This represents a huge increase in estate agencies who are now members of REBOSA and a 26.16 % increase in agents represented through their principal members. This growth in membership is an impressive result, given that the organisation practically has only been going for three years and is clearly testimony to the significance, credibility and relevance of REBOSA as an organisation.

Furthermore, the increase in membership of the smaller independent companies is also pleasing as it is consistent with a founding principle that REBOSA would be an organisation for big and small companies alike and aim to be fully representative of all real estate business owners in South Africa.

Equally importantly, there are very few, if any, instances where the interests of agents and principals are not aligned and therefore it can be undeniably argued that REBOSA very effectively also represents the agents contracted to/employed by its members.

3. FINANCIALS

Secondly, as far as the organisation’s financials are concerned, I’m happy to be able to report that REBOSA is on a solid and sound financial footing with the current costs and projected costs for the year ahead well matched by income. We can, of course, always do more and with membership fees continuing to be the organisation’s only material source of income, I urge you to maintain your support and to continue to assist Jan in his quest to bringing more members on board.

I'm also pleased to report that as a consequence of good financial planning and increased membership, the current membership fee of R20 plus VAT per agent, per month, will remain for the next financial year.

I'm also pleased to report that the initial loan of almost R1,7m, provided by Pam Golding Properties to get Rebosa on its feet, has now been paid in full and the organisation is debt free.

We continue to manage the organisation with low operating costs so that funds can be allocated to our core mandate of protecting real estate business owners' interests. This is realised through seeking the advice of the best legal minds and providing commentary on all issues directly affecting the industry.

This operating model has ensured REBOSA's strong financial position.

4. STAKEHOLDER ENGAGEMENT

Moving on to the question of stakeholder engagement, it has also been a year of significant achievements. Last year I was compelled to report negatively on our engagement at a number of levels with our most important external stakeholder, our regulator, the EAAB, and while perfection is by no means around the corner, I do believe really significant positive strides have been made this year on a number of fronts.

Probably the most important of these has been REBOSA's role in driving the building of sustainable relationships with Parliamentary Portfolio on Human Settlements which ultimately led to the formation of the Multi-Stakeholder Group ("MSG") which meets monthly with the Chairman and CEO of the EAAB and other senior EAAB employees. The other participants on the MSG include representatives of SAPOA, NPF, IEASA, IBBSA (Business Brokers) and SAIA (Auctioneers). This forum enables a free flow of information as well as robust and open debate and has been a vital conduit to enable us to lobby the Board on a wide range of issues.

Probably the most obvious example of this and one that has taken up an inordinate amount of time at the MSG meetings has concerned the **CPD** programme, now very much part of all our lives. The value of this stakeholder engagement cannot be underemphasised as we have painstakingly managed to move the CPD programme in the right direction. As is always the case with the EAAB , we have not been able to achieve everything we wanted to but a number of significant improvements relating to administration, logistics and the curriculum itself have been implemented, most notably the introduction of an e-learning alternative which we lobbied extremely hard for. There is still much to do to improve this programme on so many fronts and we will continue to add value to our members through the MSG and other structures in this regard.

Furthermore, there has been other stakeholder engagement on multiple fronts this year and to name but a few, this has included meetings with **IEASA** on an ongoing basis to forge alignment between employee and employer best interests. There were also engagements with the **Cape Town City Council** where we were invited to participate in the Mayoral Committee Member for Energy, Environmental and Spatial Planning of the City of Cape Town. We have had ongoing meetings with **SSETA** in respect of assisting members with NQF 4/5 certification and addressing the backlogs, there were meetings with **ARC** in respect of home owner association issues and finally, ongoing engagement with the **NAR** in America on a number of fronts. Tony Clarke represented REBOSA at NAR conference in San Diego. In this regard REBOSA will be hosting, in Cape Town, a high powered delegation of senior NAR board members in August this year.

5. BOARD REPRESENTATION

As far as representation on various boards around the country is concerned, we have been active in ensuring as broad a representation as possible. Some notable examples of these include the successful nomination of Mr Hennie Aucamp to the Provincial Forum for SSETA Free State, the nomination Mr Howard Markham to fill the vacancy for director of the South African Qualifications Authority (SAQA), the nomination of Ms Dina Porteous to fill vacancy for SSETA Chamber Committee and then, significantly, we intervened and successfully deferred call for nominations submission for EAAB Board of Directors due to incorrect

timing and processes when gazetted. As a consequence, a new call for nominations has been submitted and we have nominated a number of candidates and are awaiting the outcome.

On this score we find ourselves somewhat in limbo in that as of December 2015 the term of the current **non-executive directors** of EAAB, including the chairperson, came to an obligatory end. The board has thus been functioning without the oversight of a non-executive board for the past six months, a wholly unsatisfactory situation from many perspectives. We have written to the minister to express our concern at this state of affairs and we are hopeful that the situation will be remedied as soon as possible and that some or all of the REBOSA affiliated nominees are appointed .

6. LEGAL

On the legal front it has been an extremely busy year. To give you some sense of this, during the period under review we have reviewed, interrogated and/or provided commentary on the following pieces of legislation for members:-

- Restitution of Land Rights Act 15 of 2014
- Special Economic Zones Act 16 of 2014
- Codes of Good Practice on Broad Based Black Economic Empowerment
- Promotion of Access to Information Act, 2000 (ACT NO.2 OF 2000) (PAIA)
- Property Valuation Act, 17 of 2014
- Promotion and Protection of Investment Bill published in Government Gazette No. 39009 of 22 July 2015
- Re-registration of Services SETA Qualifications and Unit Standards
- Employment Equity Act, 1998 (ACT 55 OF 1998 As Amended)
- Property Sector Charter Council BEE Scorecard
- Department of Labour – Government Notice No.448 EMPLOYMENT EQUITY ACT, 1998 (ACT 55 OF 1998 AS AMENDED) - Equal Pay/ Remuneration for Work of Equal Value
- Expropriation Bill as introduced in the National Assembly (proposed section 76);

- Sectional Titles Schemes Management Act, 2011 (Act No. 8 of 2011)
- The Financial Intelligence Centre Act (38 of 2001)

And then in addition we have submitted and provided detailed commentary in respect of

- the **Draft Property Sector Code** Published for Public Comment in Government Gazette Number 39341 On 30 October 2015 (“DRAFT PSC”)
- The Amendment of the Estate Agency Affairs Board Regulations in Terms Of The Estate Agency Affairs Act, 1976 (Act No. 112 Of 1976) – Government Gazette No. 39195 – Tariff & Fee Increase
- Sectional Titles Schemes Management Act, 2011 & Sectional Titles Schemes Management Regulations
- Community Schemes Ombud Service Act, 2011 (Act No. 9 Of 2011) Regulations on Community Schemes Ombud Service

7. MARKETING

Turning to matters marketing, one of the other identified priorities was to develop marketing activities to reach out to all residential real estate business owners and industry stakeholders to inform, educate, as well as to provide information regarding the benefits of becoming members of REBOSA.

Methods of communication are now fully integrated across all platforms both online and offline and include email presentations, print (newspapers and trade journals), Q&A sessions, published trade journal articles, website information, direct mail, sms campaigns and radio, to name but a few and in addition to the REBOSA roadshows that take place around the country from time to time .

REBOSA developed a new corporate logo and marketing material and revamped the website, which is fully functional and continuously updated. Furthermore, we have an extensive presence on social media and a blog on the REBOSA website. We have the industry specific monthly report by the CEO. We have designed a membership certificate

and standardised logo for members' electronic communications and printed certification and included NAR Affiliate logo on REBOSA stationery, website and email.

8. PORTALS

Moving on, in terms of priorities identified 2 years ago, the board was mandated to look at securing the industry's future in respect of the world of **property portals** and, in the process, to ensure that the disadvantage the industry found itself in, for example the US and UK, was not repeated here. The REBOSA board decided that a separate but affiliated organisation be set up so as not to conflict with REBOSA or its MOI. As you know, as a consequence, the EAPC (Estate Agents Portal Company) was established.

I'm pleased to be able to report that the agreement with the Private Property portal continues to go from strength to strength. The industry has complied with all of the preconditions required for us to ratchet up our shareholding which now stands at 13%. We continue to have board representation and influence, the relationship is healthy and while we are nowhere near where we would want to be in terms of control, we have at the very least put in place a real defensive position to ensure that we are not at the mercy of non-industry affiliated masters in respect of portal advertising costs and processes which was the first step in regaining lost ground. The next step, which contemplates further influence and control of our own destiny, is going to prove more challenging but again we are working on this and will revert with information as and when it is of real value and meaning.

9. TRANSFORMATION

Finally, turning now to the all-important question of transformation, I reported a year ago that finding a practical and sustainable solution to this challenge had to be an imperative for the industry. And while some progress has been made on a number of fronts in this regard, there is still a mountain to climb before we have a fully transformed residential real estate industry.

Furthermore, the industry was most regrettably implicated in what has become known as the Penny Sparrow racism affair and we moved quickly to create, with the endorsement of the EAAB, an anti-racism pledge for all firms and individuals in the industry to sign and more

importantly as an industry, to distance ourselves from any form of racism or discrimination. I urge you to sign this pledge if you have not already done so. We certainly need to show a united front on behalf of all REBOSA members and their agents in this regard.

As to transformation itself, I reported last year that the 'One Learner One Estate Agency' internship programme had the potential to radically transform our industry, if correctly applied. REBOSA endorsed the programme as a means for practical empowerment but, importantly and critically, we undertook to attempt to take a lead in determining how this programme will be implemented and, more importantly, funded to ensure buy-in from our members and critically, its success. Regrettably, despite repeated requests, we were not able to have meaningful input into this programme and it has simply not been the success we had hoped it would be.

The reality therefore is that transformation is happening at all levels of the residential real estate industry organically but slowly relative to the desired and required rate. Therefore there is no alternative but to come up with another plan which needs the buy-in of the majority, or at the very least, a significant number of REBOSA members to bring about significant change towards the creation of a fully transformed industry. I believe this solution needs to come from within the industry itself and not one that is imposed on us. The need for urgency in this regard is well upon us and the reality is that if don't find a solution soon, the almost inevitable consequence will be an attempt at regulation with further punitive consequences for the entire industry, probably expedited via the new Property Practitioners Bill. My own view is that this makes all other current imperatives pale into insignificance. We do have a number of potentially interesting and exciting ideas which require some further finesse and which we will present to you as soon as there is a workable and sustainable plan.

Before closing, I'm sure you will agree with me that unacceptable levels of violence continue to plague our country and I think it is appropriate to note with sadness the passing of Hanlie Lategan which was so needless and which highlights the need to be ever-vigilant regarding agent safety. Our condolences go to all who knew her.

10. CLOSING

In closing, I hope you will agree with me that it has been a very successful and busy year for

REBOSA – a year characterised by the ever present frustrations and challenges but also progress and wins on multiple fronts. I think we can be satisfied that the organisation has added real value this year. No doubt another challenging year lies in wait but I do feel with the significant support and credibility, as well as resources we now have, the organisation is again well placed to meaningfully act in the best interests of its members.

I'd like to end if I may by expressing a vote of thanks. Firstly, I would like to thank our members once again for their support of the organisation - not just in paying membership fees but for your continued support and endorsement of our objectives and mandate. This organisation would not be in the strong position it is today were it not for our members. Our core strength lies in our collective voice to institute change and our members remain key to our success.

Secondly, the achievements and results of the past year don't just happen. They are the result of a clear and consistent strategy, purposeful management action and the hard work and dedication of people. And so I would also like to take this opportunity to thank my colleagues on the Board for their contribution and commitment.

Finally in terms of thank you's, I reported last year that a key success factor for the organisation was the appointment of Jan Le Roux as CEO of REBOSA. This has certainly been true of this year. Jan, with his industry knowledge, credibility and competence, has been integral and instrumental in taking the organisation to the new heights it has achieved to be the inclusive and powerful voice of real estate business owners in this country. And I would like to thank and congratulate Jan on the excellent job he has done, for his tireless efforts, his diligence, his passion and his patience – this organisation is extremely fortunate to have someone of Jan's calibre at the helm.

It has been a pleasure to serve as chairman for the past year and I would personally like to express my thanks to you all for your support.

ANDREW GOLDING

June 2016