

Victory Hill Management Company Limited

Registered in England and Wales Company number: 04659245

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Chairman's Message to all Members - January 2014

This message is timed to accompany the request for payment of the service charge for 2014 and to provide Members with some background to the 2014 charges.

The Victory Hill Estate is now ten years old and it is widely regarded as the most prestigious high rise estate in Basingstoke. Whether you have been an owner since the beginning, or you are new to the development, whether you are an owner-occupier or an investor, all of us share common objectives of maintaining value and ensuring a safe and rewarding living environment. Victory Hill Management Company, together with our contracted management agents GH Property Management are charged with delivering these objectives to all Members in a cost-efficient way. As the fabric of the estate becomes older, it becomes more imperative that proper budgeting, monitoring and management is maintained.

In December 2013 three new directors joined the Board of VHMC: Miriam Carr, Simon Hirst and myself. A new Chairman was appointed and management roles were reallocated among the directors. This was a long overdue change as I believe that the VHMC board has been under strength for some time and this has inhibited its ability to govern efficiently. It also contributed to some questionable decisions being made in 2012/13, the financial consequences of which are not yet fully determined.

The newly enlarged board, assisted by our managing agents GH Property who have been appointed for a second year, has conducted a thorough review of the main issues driving the costs of running the estate:

- a review of all recurring expenditure and a forecast to the close of 2013
- a forecast of the recurring expenditure in 2014
- a forecast of the maintenance and renewals required over the next 3 years
- a 30-year life-cycle funding analysis of the whole estate

This information has provided a proper understanding of the future costs of running the estate and gives us a sound basis for budgeting.

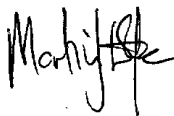
As reported by our previous Chairman, some cost savings have been achieved: subject to finalization of the accounts, total costs for 2013 were some 8% less than in 2012, however, the 2013 budget was too optimistic and the final accounts are likely to show an overrun of the budget. In some areas the savings compromised on service levels and for the future it is clear that we have to increase our budget to allow for real recurring costs and to allow sufficient discretionary spend on maintenance and renewals whilst still maintaining an adequate reserve fund.

In addition, and as a special cost item for 2014, we have yet to reach settlement with Alan Foster Associates over their termination in 2012. The Board is treating this as a priority. Unfortunately the legal and other costs associated with settlement will have to be carried by the Members and a provision for this has been included in the 2014 budget.

Taking everything into account, it has been necessary to make a noticeable increase to the service charge for 2014. As always the figures vary from Block to Block but on average the charges have increased 12 per cent since 2012, which is the most recent year for budget reference. Taking a long-term view over the ten years since 2005, the VHMC service charge has increased by an average of just 5 per cent per year.

The new Board of VHMC is committed to good governance of the Estate and stronger communication with the Members. I am sure that we have your support.

I wish everyone a successful 2014.



Martin Edge
Chairman, Victory Hill Management Company Limited

6th January 2014