



BILLION-DOLLAR MAN

Nedbank’s Corporate Property Finance Division’s managing executive, Frank Berkeley, has made steady growth on the company’s loan books

BY KERRY DIMMER

ILLUSTRATION FREDERICK PEENS, ISTOCKPHOTO

Frank Berkeley is arguably the essential check and balance for commercial property developers, which is somewhat apt given his academic qualification as a chartered accountant.

But although he has enormous respect for the accounting profession, it was for him ‘not half as exciting as property’ which pretty much explains why he’s still waiting to become blasé about the industry.

‘I look forward to being bored, have done for the past 10 years, but the nature of my job is so dynamic that I’ve concluded it’s never going to happen,’ he says.

You just have to look at the division’s loan book to understand why: from R26 billion in 2004 to the current R85 billion, despite the three-year hiccup recession. Add to that the achievement two years ago of being the first division in Nedbank to ever make a billion rand in headline earnings and that it also has the biggest market share of all the banks in this market sector.

In the past 17 years at Nedbank, Berkeley has seen some of the best and worst times. He’s witnessed the fall of giant property developers and the birth of new ones. He understands the cyclical nature of the business intimately and says the SA property environment is far less bloody than the overseas market.

‘The seven-year boom that flatlined in 2008 really sorted a lot of people out,’ Berkeley says. ‘There was almost a sense of hysteria, that everything one touched became gold. Now the market has stabilised but is a lot tougher and as a result we’re not seeing as many new entrants to the industry.’

This doesn’t appear to worry Berkeley too much because he says: ‘We have a terrific client base, the majority of which have been with us



for 10 to 20 years, some of them having made vast amounts of money through our funding. This is likely because we’re a truly specialised property banker so they’re able to take advantage of an incredible range of expertise and knowledge.’

Such knowledge also comes from the number of colleagues that have shared Berkeley’s Nedbank journey. ‘I often think that we might need new blood to shake things up a little, make us think differently, but you’ve got to balance that with experience. There’s actually not a lot that’s new in this business, we see things happening now that happened 15 years ago, so if you’ve only been around five years it’s all very new.’

That’s not to say that Berkeley doesn’t value juniors highly, in fact he believes they deserve more respect than their more senior colleagues, given that they are still on a learning curve, discovering the worthiness of rank and how to stand up for themselves.

It is this type of thinking that makes Berkeley a bit of a philosopher, rationalising the success of himself and his division as such: ‘There are two parts. One is about who you are and how you behave; the other is what you actually do. You have to get them both right.’

‘I learnt a long time ago that people are smart. They see right through you if you’re not genuine and it’s easy to get carried away with what others expect from us. I try to treat everyone with respect, sometimes it’s tough and sometimes I don’t do it,’ he says honestly, ‘but it is a conscious effort.’

‘And of course you should never compromise your values. In our business we often have to make difficult calls but you have to do what is right, and we all know what that takes. Unfortunately, what’s right is often quite difficult but you can never doubt your integrity if you do the correct thing.’

The bond Berkeley has with his team stems largely from consistency in his leadership. Part of that is acknowledging that a sustainable future lies in a collective vision and being able to allow others to make decisions. ‘It’s very difficult to let go of something especially when you’ve been instrumental in building it and you can only really do that when you trust people to continue with the growth.’

‘I have a high degree of trust in my staff,’ Berkeley confirms. ‘We’re such a tight unit that we pretty much know what one another is thinking. I can’t make all the decisions and sit on all the credit loan negotiations but am absolutely confident that the team follows the culture and ethos that has been developed over the years.’

In its simplest form, property development should be, according to Berkeley, a value-based culture. ‘Do what’s right, do what’s professional, do what’s good for the client and everyone profits.’

‘In our business we often have to make difficult calls but you have to do what is right’



THE HOLISTIC APPROACH

The interaction of mind and body are inseparable when it comes to health

BY KERRY DIMMER

The body is extremely complex. We have 700 muscles, 300 joints, 16 000 km of nerve fibres and 96 000 km of blood veins, arteries and capillaries. Then

there's the brain, with an estimated one million, million (1 000 000 000 000) brain cells. The brain, of course, houses the mind, which is yet another aspect that must be considered when looking at health.

The concept that the mind and body cannot be treated separately is ancient and was the traditional way of healing for hundreds of years, particularly for Greek and Eastern populations.

The 17th century philosopher René Descartes rejected the mind/body unification and posed the concept of dualism, which separates the two. He believed the human body to be a machine which therefore had a mechanical function, and that the mind was the only true thing that existed.

Dualism had a tremendous influence on the development of modern medicine, especially as medical science had, and continues to have,

enormous success in conquering many illnesses by treating the 'parts' rather than the whole body.

As science evolved there was a growing sense that there was a missing link in modern medicinal treatments. Could it be that Descartes' dualism was flawed?

Finally, in the 20th century, the long-favoured approach used by many Eastern healing traditions, that of integrated holistic treatments, restored the value of interconnectedness between mind and body.

Today's Western world has adopted many ancient Eastern healing techniques and there are some 'new' complementary treatments that prove that the benefits of inducing a sense of well-being have tremendous therapeutic effects that may prevent illnesses that have yet to surface.

YOGA AND BREATHING

'Yoga is actually not a therapeutic science,' says BKS Iyengar, one of the world's foremost teachers of the discipline. 'It is a science for liberating the soul by bringing the consciousness, the mind and the body to a state of integration ... it has lots ➔



‘The massage part of the Thai Yoga treatment aids with the release of tension in the body, corrects imbalances and creates harmony’

JEAN MOORE
THAI AND TRADITIONAL MASSAGE THERAPIST

of beneficial side effects, among which are health, happiness, peace and poise.’

The word yoga means ‘to unite’, and its aim is to purify the mind and body. It has universal appeal because it is adaptable to various lifestyles, regardless of religion. There are eight paths, but it is the practice of asana (postures) and pranayama (breathing) that are the base for all the other paths because together they optimise the health of the respiratory and circulatory system.

The practice of asanas has a beneficial impact on the whole body (from the muscles, tissues and ligaments to joints and nerves) and, importantly, plays a role in the maintenance and smooth functioning of all body systems. Think of posture performance as the body’s irrigation system.

Breathing, when regulated, plays a vital role in keeping the respiratory system clean, which enhances the circulation and cleanliness of blood. Clean blood then has an unobstructed path to unhealthy areas of the body, where it can provide nourishment, dissolve toxins and aid healing of physical diseases.

Yoga is not a miracle cure for all forms of stress, but it can minimise it and help people to face stressful situations positively. Regular practice will bring stability, but if you’re not

inclined to physical activity, or perhaps you don’t have the opportunity for a scheduled workout, the next best thing is...

THAI YOGA MASSAGE

Think of this as yoga being performed on your body in combination with massage, without you even having to get undressed!

The manipulation of the body to heal is a time-less practice. Jean Moore, a leading therapist in Thai massage and traditional massage therapies confirms that Thai Yoga Massage (TYM) is definitely a therapy. ‘I would describe it as a combination of acupressure exerted on energy lines/points, and a variety of yogic stretches. Deep and specific use of pressure alleviates pain and disease and enhances smooth and healthy energy flow.’

Yoga stretches and gentle twists performed by the TYM practitioner on the client, help to increase flexibility and range of motion, while assisting with alignment and postural integrity of the body.

‘The stretches and twists strengthen internal organs for improved digestion and stimulation of the immune system,’ explains Moore. ‘The massage part of the treatment aids with the release of tension in the body, corrects imbalances and creates harmony.’

Moore says she’s had fantastic results with lower back and shoulder pains and injuries, also stomach ailments, tension headaches and stress-related pain. These are often suffered by businesspeople, many of whom work in uncomfortable environments combined with a sedentary lifestyle. ‘I believe that it is important that people work hard and put in the hours, but it is equally important to take steps to undo the damage our daily lives do to our bodies,’ Moore concludes.

BODY STRESS RELEASE


‘The greatest disservice anyone can do to their body, is to equate the absence of pain with good health,’ says Ewald Meggersee, which is why his system, called Body Stress Release (BSR), is aimed at assisting the body to maximise the communication between the brain and cellular structures.

‘This two-way communication network, made up of efferent and afferent nerve pathways, can be compared to business communication: unless feedback is obtained there is no yardstick with which to assess the effectiveness of the message, or to measure the overload.’

He explains that when a body experiences stress or is overloaded, it is unable to effectively access its self-healing capabilities. An automatic protection system then kicks in that could have a distorting effect upon the nervous system, ultimately leading to over- or under-activity, that if intense enough, disrupts the communication.

‘This can manifest as stiffness, tension, pain, malfunction, energy loss and/or fatigue,’ says Meggersee, ‘and as body stress builds, postural distortions are apparent. If intense enough, paralysis may result.’

BSR practitioners use the body as a biofeedback mechanism to locate precise sites of body stress. By releasing those areas, the body is encouraged to withdraw its protective action, which enhances the lines of communication and maximises its self-healing actions.

Meggersee explains: ‘One client who suffered from migraines, arrived for his session a sceptic, and found himself inexplicably emotional after treatment. It was as though, he said, withheld emotions that he was unaware of, were stimulated to be released. He felt renewed, refreshed and was, of course, migraine-free.’ 

‘Health is ... a state of complete physical, mental and social well-being, and not merely the absence of disease or infirmity,’ World Health Organisation.

IN THE MARKET

A round-up of the latest news, by Kerry Dimmer

THE TRANSPARENT HEDGE

JSE's acquisition of Momentum's Managed Account Platform (MAP) will offer hedge fund investors a superior protection facility than was previously available by segregating investors' assets from the hedge fund manager.

MAP, a risk management tool, was developed to monitor hedge fund trading activity to ensure it remains within agreed investment mandates.

Allan Thomson, the JSE's head of Derivatives Trading, says the deal will be beneficial for the markets as it provides a safe platform for the hedge fund industry to grow. The framework will also be particularly useful once the changes to Regulation 28 of the Pensions Fund Act come into effect on 1 July.

Along with MAP and the recent increase that allows institutional investors to invest up to 10% of their assets, instead of the previous 2.5% allocation, hedge fund credibility and activity is expected to be enhanced.

The JSE is the first exchange in the world to endorse a managed account platform.

TECHNO FUTURE

What with the WEF's accolade that recognises the JSE's transformation from a single-product equity exchange to a world-class, well-regulated fully horizontally and vertically integrated exchange, you'd think it would be time to take a breath. But no, the JSE has big plans for the future.

'Although much has changed at the JSE during the past decade there is significant work still to be done, given the rate of change in the global financial services industry,' says Leanne Parsons, the JSE's COO and head of Equity Market.

'To this end, in 2011, the JSE will implement the replacement of the JSE's back-office system and work towards the delivery of the Millennium IT trading software implementation.'

In addition, the JSE will be working on building consensus among participants on the growth of the spot and derivatives interest rate markets, and growing the client and product range in all market segments with particular focus on how to bring over-the-counter trade on-market and ways to encourage more foreign activity on the JSE derivatives exchange.



SUPER DATA

Traders of exotic currencies now have the ability to make improved decisions with the announcement that SuperDerivatives (SD), the derivatives benchmark and multi-asset front-office system, will be providing the market with the data needed to power the JSE's recently launched exotic currency options – Any Day Expiry.

The accuracy of the SD information means that investors will know the true market value of the derivatives being traded on the JSE, which is essential for increasing transparency and improving confidence and liquidity.

Warren Geers, general manager of Trading at the JSE, says as the SA-listed derivatives market develops and matures, investors are seeking more complex structures, such as non-vanilla/standardised options, in order to hedge their specific risk profiles. 'Accurate data is an essential component of increasing transparency and improving confidence and liquidity in this market overall.'

SD's Regional Sales Manager for the UK and Africa, Maria Johansson, says the data is sourced from trading desks at close to a hundred global and local interdealer brokers, market makers, exchanges and trading platforms, as well as top data aggregators.

'These true live market rates are then acid tested in real-time in the marketplace by active traders,' she says. 'Our insistence on broad market data contribution means that pricing information is truly neutral and unbiased, ensuring market participants trading on the JSE will have access to the most accurate information at all times.'

BEST ADVICE IN AFRICA

The JSE Africa Board has appointed an advisory committee of nine member African nations to help promote the business, goals and objectives of the board – the main objective of which is to provide a world-class stock exchange platform that attracts capital to Africa.

The Africa Board Advisory Committee, comprising issuers, investors, service providers (such as banks, auditing firms, legal firms, etc), governments and regulators, is also mandated to advise and consider operational matters relating to the Africa Board.

Maureen Dlamini, executive head of the JSE Africa Board says: 'The creation of an advisory committee serves as a concrete demonstration that the objectives of the board need to be adopted by Africans, in order for us to grow and prosper. Increased membership to the advisory committee will also be encouraged to better reflect the ever-changing landscape of Africa.'

TRANSPARENCY RULES

The JSE's implementation of a single trading rule book for its interest rate market is a major step forward in the development of SA's interest rate market encompassing cash bonds, bond repos and interest rate derivatives.

The JSE interest rate and currency rules and directives, combined with the new debt listings requirements, greatly simplify the listing and trading of bonds and bond derivatives. It is now possible to trade all listed interest rate instruments on a single platform.

The intention is to bring execution of the most liquid part of the SA government bond market on-exchange. The benefits of such change mean that transparent pre- and post-trade prices, and fair anonymous execution, will allow the JSE to extend the reach of the market to increase the number and types of market participants and to improve access for participants located outside SA.

Ultimately, along with improved transparency, it is hoped that this measure will attract a greater number of members and develop the market by growing liquidity.