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JUNE/JULY 2023



RESIDENTIAL RETURNS
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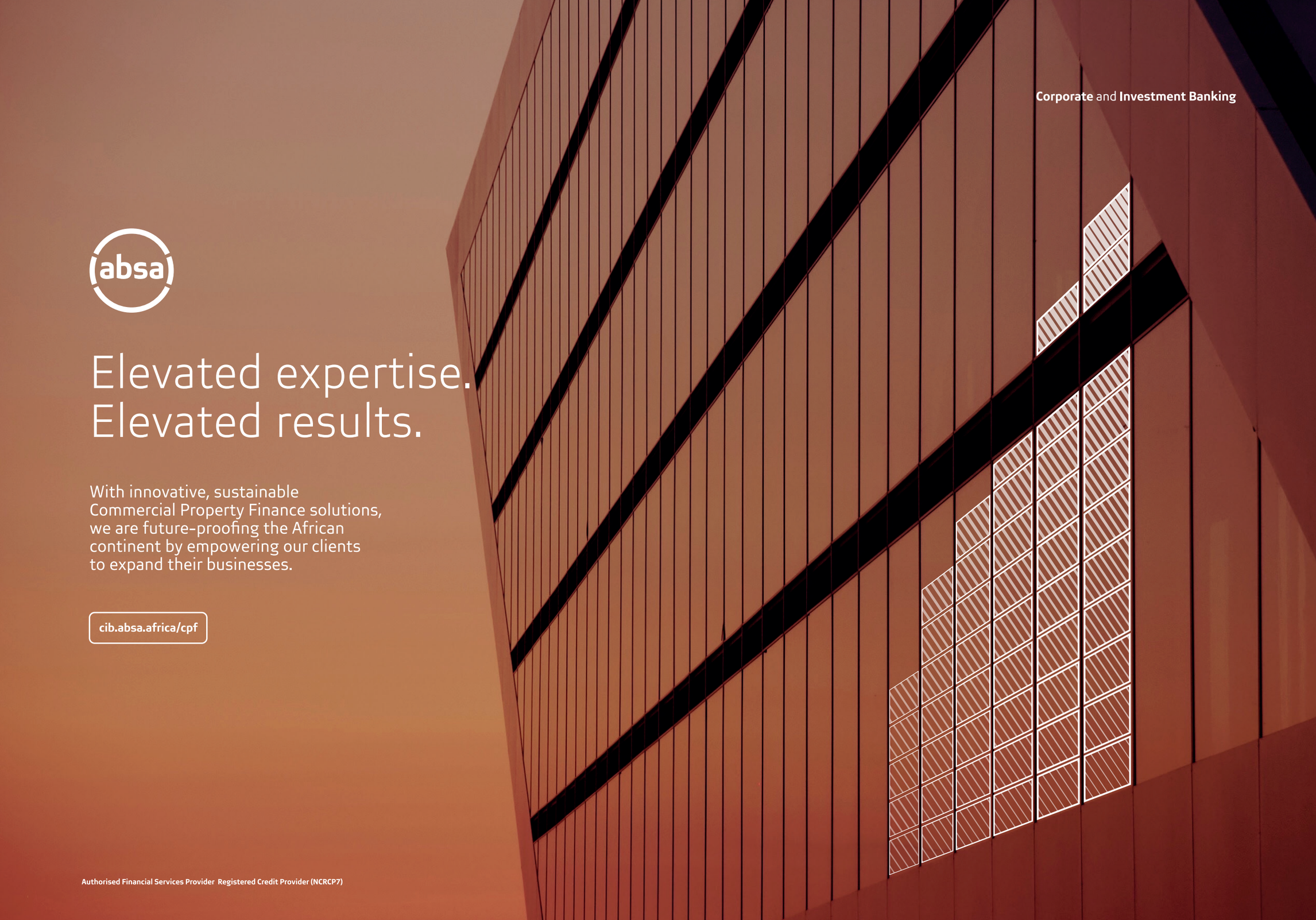
INTEREST RATE HIKE
An essential 3-Step Guide to navigate risk

MASTERING TECHNOLOGY
Which hybrid lifestyle is best for you?

REIMAG LAUNCHED 2007 — 15 YEAR — ANNIVERSARY

RAEL LEVITT

The journey of a tenacious climb, humbling fall, & triumphant return of Inospace's founder


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EDITOR'S VIEWPOINT

The power of books:

Unveiling the benefits & empowering actions in times of adversity

It comes as no surprise that smart investors are turning their attention to the property market. The old order is going through a transformation, and a knowledgeable generation is eager to invest, displaying their influence particularly in downturns. In times of volatility when you seek to diversify your portfolio, property can serve as the hedge you need.



You maybe considering starting with your own home and gradually expanding your portfolio? Alternatively, you might be interested in joining the local residential, commercial or offshore rental property sectors. Whatever your aspirations, exploring the various options available, and familiarising yourself with their nuances. And there is no better way to start your investment journey than through reading books.

Over the years, I have collected the best books on property investment to stay ahead in this challenging field. Investing can be a formidable task especially in uncertain markets and an underperforming economy. With high interest rates reducing investment activity, the rental market is experiencing historically high levels of growth, particularly in the Western Cape. However, the upside for buyers lies in the fact that interest rates will always decrease, while a well-located well maintained property will always be desirable irrespective of levels interest rates.

In a market when a property has been listed for 3 or 4 months, sellers may become more motivated to sell. As a seller, it's crucial not to overprice your properties. Instead, be realistic and set a value based on the current market conditions. Moreover, it's advisable not to test the market extensively, as most buyers today are unwilling to take on fixer upper projects due to financial constraints.

MASTER QUOTE:
"Crises are part of life. Everybody has to face them, and it doesn't make any difference what the crisis is." – *JACK NICKLAUS*

Lately, I have found great value in reading biographies. They offer valuable insights into how successful individuals navigate crises and solve complex problems. Biographies allow us to peek into people's lives, observe how they tackle challenges, and make important decisions, offering us valuable lessons along the way.

So what drives our choice of biographies to read? Is it the search for more ways to understand the imago dei within ourselves? Perhaps most readers primarily choose biographies for their entertainment value – publishers certainly market them in this way. As St. Augustine wrote in his autobiographical work 'Confessions', "The human race is inquisitive about other people's lives, but negligent in correcting their own."

Biographies helps us understand how our lives have evolved over time and which experiences have shaped us as individuals. They foster empathy for the struggles and accomplishments of others. Additionally, biographies serve as a rich source of wisdom from intelligent minds, offering insightful lessons, personal stories' life principles, mistakes to avoid, and guidance for leading a fulfilling and meaningful life and career.

Biographies are also some of the best ways you can learn from intelligent minds. They are rich with insightful and practical lessons, personal stories, life principles mistakes to avoid and what to do to lead a fulfilling and meaningful life or career.

Earlier this year, we reached out to a range of real estate insiders to gather book recommendations that provide a deep understanding of the property business. Some must-read books for real estate investors include 'Rich Dad Poor Dad' by Robert Kiyosaki, 'Real Estate Riches' by Dolf de Roos, 'ABC's of Real Estate Investing' by Ken McElroy, and Warren Buffets books to name a few. There is also an abundance of excellent South African books from local property authors. REI is currently running a webinar series every Thursday featuring these knowledgeable SA authors.

One recent biography that captured my attention and checked all the boxes is property entrepreneur and former auctioneer Rael Levitt's 'It takes a tsunami'. Rael faced two significant tsunamis in his life. The first was the devastating natural disaster that occurred 26 December 2004. While on vacation in Thailand, Levitt experienced first-hand the catastrophic impact of the undersea earthquake, triggering a series of tsunamis that resulted in the tragic loss of 227,000 lives across 14 countries. The second tsunami came in the form of Auction Alliance's dramatic downfall following allegations of ghost bidding. The company which he had founded in 2003, faced significant turmoil and reputational damage as these allegations surfaced.

We share Rael's full story from 'tsunamis to triumph' in this edition of REImag.

Enjoy the read and delve into this inspiring journey.

Successful investing.

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FOUNDER & EDITOR-IN-CHIEF



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CONTENTS

MAY/JUNE 2023 #157

REAL ESTATE INVESTOR

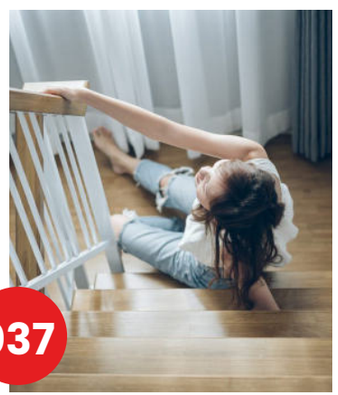
TRENDING

003 **Editorial View**
017 **Master Investor**
029 **Company Profile**
147 **Maximising returns** with strategic property investments, developments & the power of a winning team



INVESTING

037 **Accidents in Your Home,** Rental or Airbnb - Are you Liable?
043 **Unveiling the biggest myth** of Property returns: Separate Fact from Fiction



FINANCE

054 **How to prevent your Business** from being involved in a Money Laundering scheme
063 **Navigating interest rate hikes:** Your Essential 3-Step Guide
071 **How business insurance** could help save everything you worked for



WEALTH

083 **Future proof your legacy:** A will tailored for every age and stage of your life

TECHNOLOGY

091 **Mastering ChatGPT for Sales:** Unlocking the 3 essential do's and don'ts



COMMERCIAL

101 **Architects** – Creators of the futures
109 **What to consider** when choosing Hybrid working and serviced offices
119 **Optimising Warehouse Efficiency:** 7 Best practices to stay competitive in today's business environment



OFFSHORE

129 **A Candid Q & A:** unveiling the mind of a savvy UK based HMO cashflow investor
135 **Unlock high yield opportunities:** Invest in well balanced UK Property with 10 year capital returns soaring at 80%
141 **Unleash the power of opportunity:** Reflecting on the past to redefine your future financial decisions



REI MAGAZINE ARCHIVES



MAY/JUNE 2023



APR/MAY 2023



MARCH 2023



FEB 2023



DEC/JAN 2022



NOV 2022



OCT 2022



SEP 2022



AUGUST 2022



JULY 2022



JUNE 2022



MAY 2022

ASK THE EXPERTS

Send your questions to info@rei.co.za or post on our FaceBook or LinkedIn pages and we will direct them to the necessary expert



Effects of new building laws on UK investors

RAYMOND HAYES
Barton's Solicitors

Q So, I understand there are new building safety laws in England but how does it affect me as a residential buy to let investor?

A There are effectively two regimes which run alongside each other and one relates to cladding following the Grenfell disaster where the building is caught by the regulations (i.e. five or more storeys or 11m and above whichever comes first).It is necessary to find out if there is cladding and if so whether there is an EWS1 certificate.

If the building requires remediation it is the responsibility of the original developer/freeholder but there is government funding available so it is essential to ascertain the status - there may be opportunities for cash buyers to acquire discounted flats where the building requires remediation but hasn't yet happened provided the investor ensures costs are covered.

The second regime relates to other defects and protects leaseholders against the amount they have to contribute to the cost of fixing non-cladding defects although no one will ever be required to pay more than the service charge contribution set out in their lease - bizarrely, whether the protection is available or not depends on the status of the owner on 14 February 2022 so that identical side-by-side flats could have different levels of protection.

If an owner owns more than three properties in the UK as at 14 February 2022 the owner has to declare on the "leaseholder deed of certificate" and will not get protection but a buy to let investor with a large portfolio can buy from an owner who qualified for protection on that date.

There is a more stringent set of rules for higher-rise buildings which are considered to be at greater risk and there is a higher chance of greater non-cladding remediation taking place such as the construction of additional emergency fire escapes. Again there are opportunities for buy to let investors who can navigate the complexities of the system.

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How to break into the property market in a downturn

CARLO MARIANI
Founder - The Property Coach

The real estate market is going through one of the toughest periods post Covid, what is the most essential things right now that an inexperienced investor needs to know to break into the market now?

Answer from Carlo Mariani of The Property Coach:
Most people feel that the residential real estate market is going through a tough period simply because they focus the majority of their attention (if not all their attention) on house price growth. And that's surely not doing that well for the last few months and quite likely for the rest of 2023 at least. But we must not forget that the health of the real estate market must be judged also by long-term property investors on the basis of rental growth. In actual fact rental growth is as important if not more important than house price growth to drive the profitability of the buy-to-rent model that is at the core of wealth creation using property.

And after two tough years since the inception of Covid, the rental market is showing some encouraging signs of an upswing. Recent data highlighted how vacancies are now at historically very low levels; this will further support in the next 12-24 months robust growth in achieved residential market rents. And that's great news.

That takes me to the first essential step that any investor need to take to start their property journey on the right foot in this market and in any market: a solid knowledge of the rental market in its supply and demand fundamentals in the specific geographical area and for the specific type of property investment you are looking to make. Do not even start to shop around for deals until you have an accurate picture of the rental market that you will be dealing with once you have purchased a property.

Secondly, an inexperience investor should be looking at making gradual steps into the property market. I am terrified when I see inexperienced investors wanting to get into complex and risky niches of the property market, like new developments and multi-let; it's like your first running race is the Comrades…good luck with that. Start small and be gradual in your approach. While you do not need to make all the mistakes (especially if you seek the guidance and support of those that have been doing this for more than a decade), you will inevitably make some mistakes. Keep those mistakes small and manageable, so that they do not set you back for years.



Lastly, don't wait for the market to recover or for interest rates to increase or decrease. Don't wait for the energy crisis to end or for the next Halley's Comet. The perfect day or the perfect year does not exist. As a blessed father and husband, waiting for the perfect year to invest in property feels a lot like the perfect year to get married or to have children… no such thing. Just do it and make it right as you go along.

Quoting Charles Dickens "It was the best of times, it was the worst of times, ….it was the spring of hope, it was the winter of despair." The choice is yours.

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Finding the right property for student accommodation investment in SA

RETHA VAN ROOYEN
Founder & CEO - My Student House

I am a buy-to-let investor looking to break into the student accommodation property market and I need to know where I must start looking to find the right property for student accommodation

Answer from Retha van Rooyen:
As with any other property investment to save yourself time and effort it is important to find the right area before you commit time to view potential properties.

The starting point is definitely not rocket science and is actually easier to than most other property investment strategies as the universities have already selected the ideal areas of choice. Next step is to Google search a major university just check on Google maps that there are also other institutions or related colleges in the area. Then you draw a radius around a 3 – 2km radius around the university and start selecting your properties in the surrounding area. Here are a few more things to do:

- Drive through the neigbourhood, park and walk around. Consider if you have children whether you would allow them to walk around at night in this area? If no, then move onto another area.
- Walk to the university and look out for possible bus stops which indicates that transportation is available in the area.
- Check if there are signs of student life in the area walking around. Is it a busy or quiet area?
- Do a general Google search of the area to see what comes up. It is a high crime area or safe area for students.
- Get an investor report from Tenant profile Network (TPN) to determine the rental rates for standard properties and compare what you could get if you had to rent out your house to regular students and make a profit.
- Search for other Student house properties in the area on Gumtree, Digsconnect websites or on FaceBook. View these properties as a potential tenant.
- Finally, look on Property24 website for trends in property price increases in the area. If it has a steady upward trend then it is good for property and house hunting.

Next thing you need to look at the type of property residential or commercial and the type of zoning that is available.

I wish you well in the first steps as you plan your way forward. To take your search to the next level I suggest you read my book 'Creating Wealth with student accommodation in South Africa' or attend one of my Student Accommodation MasterClass courses.

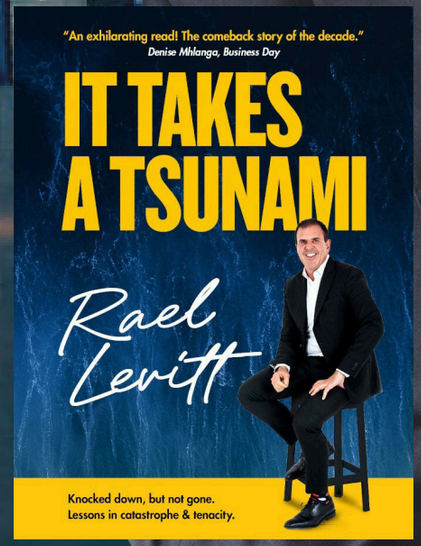
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From ‘tsunamis to triumph’ – The tenacious comeback kid of property

By Neale Petersen

Rael Levitt, a South African property entrepreneur and former auctioneer, has faced two significant "tsunamis" in his life. The first, as he recounts to REImag, was the devastating natural disaster that occurred on December 26, 2004. While on vacation in Thailand, Levitt experienced firsthand the catastrophic impact of an undersea earthquake, triggering a series of tsunamis that resulted in the tragic loss of over 227,000 lives across 14 countries.



This harrowing event left an indelible mark on Levitt, serving as a profound reminder of the immense power of nature and the fragility of human life. It undoubtedly shaped his perspective and influenced the way he approached subsequent challenges in his personal and professional journey.

The second "tsunami" in Rael Levitt's life came in the form of industry-pioneering Auction Alliance's dramatic downfall following allegations of ghost bidding at an auction at Quoin Rock Wine estate, Stellenbosch in December 2011. He was CEO at the time of a burgeoning company and was at the pinnacle of his remarkable 20-year career in auctions.

Rael was accused by powerful billionaire Wendy Appelbaum of using a ghost bidder to inflate the bid price of owner Dave King's wine estate that he was mandated to sell by SARS.

The term "ghost bidding" refers to the practice of artificially inflating auction prices by placing fraudulent bids to deceive potential buyers and create an illusion of higher demand.

The company, which Levitt had founded in 2003, faced significant turmoil and reputational damage as these allegations surfaced. Such allegations can have severe consequences for any auctioneering business, eroding trust and credibility in the industry.

As Auction Alliance faced the aftermath of these allegations, Levitt undoubtedly experienced the profound impact of the situation on a personal and professional level.

The implosion of his once-thriving business would have tested his resilience, challenged his resolve, and demanded a reassessment of his strategies moving forward.

While the experience undoubtedly left Levitt with scars, it also presented an opportunity for growth and reflection. Lessons learned from this challenging period likely shaped Levitt's approach to business ethics, transparency, and the importance of maintaining the integrity of the property sector industry.

The Next Chapter

Today a decade after the ghost bidding debacle that stripped





MINI BIO

Company: Inospace
Current position: Chief Executive Officer
Education/Qualifications: BA (UCT); MBA (UCLA) ; Master's International Finance (National University of Singapore)
Hobbies & Passions: Running, reading & gym.
Favourite book: 'Good to Great' by Jim Collins
Books Currently reading: The Happy Brain by Dean Burnett
People that have made an impact on your life: My mother and father (All nice Jewish boys are obliged to say that)
If you could have dinner with famous people from history, who would that be: Steve Jobs – Founder of Apple
Life Motto/favourite quote: Never, never, never give up – *Winston Churchill.*

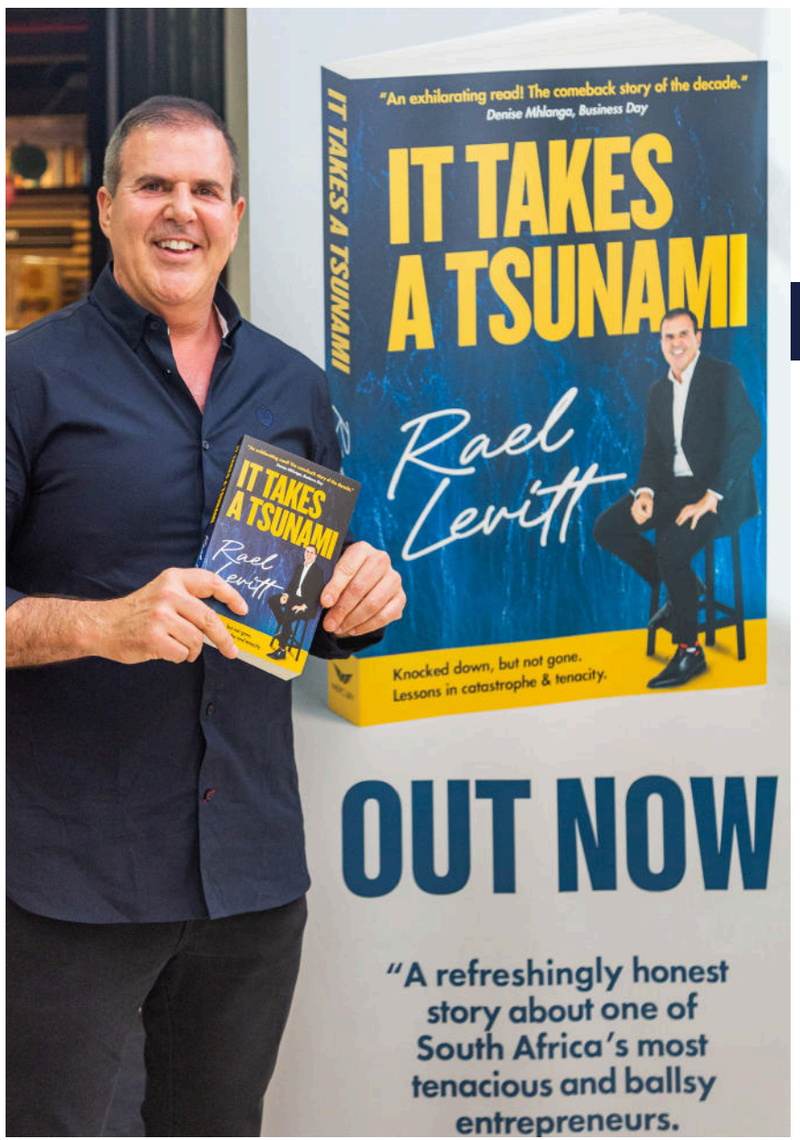
him of his success, Levitt reflects honestly and openly about the lessons of the tsunamis he faced. In the wake of his last-ever auction, he has rebuilt his reputation, found new passions, and today has built a highly successful new property business called Inospace.

Today, Inospace, has emerged as the largest owner and operator of logistics parks in South Africa. Rael has successfully expanded the company, which now boasts a valuation of over R 3 billion, making it ten times larger than his previous venture, Auction Alliance. His remarkable return to success has earned him the moniker of the 'comeback kid,' garnering admiration from many individuals.

Rael decided to write the book, 'It takes a Tsunami' to not only record his memoirs but also tell his side of the story which was one of the biggest propery scandals in SA in recent times. He says writing the book became a form of therapy in the period of getting back onto his feet.

The birth of a property entrpreneur

As a child, an intense interest in property meant that Rael Levitt was early in the game. At age ten, he managed his family's search for a new home in Cape Town's Atlantic seaboard. A chance encounter with the Sheriff of the Court as a teenager led him to his first auction – a method of sale that would ignite a fervent passion in the property business.



By 17 years old, he regularly attended property auctions mainly in the Cape Flats, using his bar mitzvah money to pay for deposits in the under-serviced areas. By 20, he'd bought and sold 20 bank-foreclosed houses.

Q & A WITH RAEL

What inspired you to enter the property industry?

My mother was a part-time estate agent, and my Dad was a conveyancer. The property market was always dinner-time conversation, and it inspired me to start selling houses the moment I left school.

Where did your journey to success start? What were the key milestones or challenges you faced along the way?

While studying at the University of Cape Town, I started selling houses and bought my first property at 19 years old in 1989. I conducted my first auction on behalf of Absa Bank Ltd and founded my first auction company at the age of 21, Levco Auctions.

Three years later, I sold Levco Auctions to Seeff Holdings Ltd and merged the two companies. At the age of 24, I was appointed CEO of the merged company that was renamed Seeff Auctions. After delisting Seeff Holdings Ltd in 1998, I completed a management buyout of Seeff Auctions, renamed the company Auction Alliance, and became its CEO. In 2006 Auction Alliance sold a 25.1% stake to Amabubesi Investments, and in 2010, a 31% stake to Transaction Capital. By 2010 Auction Alliance's turnover was over R300 million, with sales of over R6 billion. In 2011, after a well-publicised dispute arose at an auction, I resigned as CEO and voluntarily closed Auction Alliance.

In 2016 I completed two master's degrees, one at UCLA in the United States and another at the National University of Singapore.

In 2017 I founded Inospace, an owner and operator of serviced industrial and logistics parks. The company began with one industrial park in Epping, Cape Town and grew through acquisitions. Inospace grew its assets in South Africa and the United Kingdom to over R3 billion. In 2022 Inospace concluded an R1,25 billion transaction with Fortress REIT Ltd.

What unique strategies or approaches have you implemented to differentiate from your competitors?
I have always been innovative, and I enjoy disrupting the status quo. Over the year, I have employed two strategies: firstly, I have predicted where the market was going; secondly, I looked at other industries outside of real estate to see what could be introduced into the market. And thirdly, I always have combed the world, looking at innovative concepts that I could imitate.

I looked overseas at property businesses and brought ideas back to South Africa. I launched many innovations in the auction sector, including the multiple auction model, which is still used



today. Inospace was another unique model I saw in Europe and brought to South Africa.

Can you share a specific project or initiative you consider a turning point in your career? What lessons did you learn from it?
Launching multiple auctions not only changed the trajectory of my career but moved Auction Alliance's turnover from R500m to R5 billion. It was a game-changer.

How do you stay updated on industry trends and ensure your business remains innovative and adaptable?
I read widely, travel for business often and ask a million questions to anyone I can.

What is your leadership philosophy, and how do you foster a positive and productive work environment within your organisation?
My leadership policy is one of growing empowered teams and, ultimately, "servant leadership". My leadership style and philosophy is one whereby an individual interacts with others—either in a management or fellow employee capacity—to achieve authority rather than power.

The system embodies a decentralised organisational structure. Leaders who follow this style include customer-facing employees in company decision-making. These employees have a close relationship with the consumer and can make better decisions to retain those customers and acquire new ones.

Have you faced any significant setbacks and challenges in your career? How did you overcome them, and what did you take away?
My greatest setback is encapsulated in my book "It Takes a Tsunami". It is a well-known story which became headline news in 2012. When I stepped onto the auction podium at Quoin Rock

Wine Estate in December 2011, I was the CEO of the industry-pioneering Auction Alliance and at the pinnacle of a glittering 20-year career.

After being accused by a powerful billionaire of using a ghost bidder to inflate the bid price, my reputation was obliterated. In an echo of the Boxing Day tsunami I survived in 2004, I was overwhelmed by a media-driven sandal that came at me like the killer waves I escaped in Thailand. Once the face of South African auctions, I sank without a trace.

I was initially overwhelmed and went through a torrid time for five years. But I was not beaten. I launched Inospace and built a whole new business in real estate. The lessons I learnt from suffering disaster and finding the tenacity to survive have been the greatest lesson.

How do you approach risk-taking and decision-making within your business? Can you share an example where a calculated risk paid off?
Many people would not believe it, but I am risk-averse. I suppose I take calculated risks and try not to put everything on the line when starting a new venture.

When I started Inospace, I initially did it independently but decided to derisk the new company's business by finding external shareholders. Those shareholders not only allowed me to share the risk but allowed me to grow far quicker.

In what ways do you prioritise corporate social responsibility and sustainable practices within your organisation?
Charity and social responsibility have always been prominent in my career and life. At Inospace, we launched an educational charity called the Red Circle Trust. I use this venture to uplift young entrepreneurs and start-up businesses.

Can you highlight any career highlights, achievements you are proud of, and upcoming projects or ventures you are particularly excited about?
The R1,25 billion transaction I did with Fortress Reit was a career highlight. I am extremely excited about a new business called Lisa, which we are spinning out of Inospace. Lisa is a smart leasing platform, and I believe it will be another disruptive business with enormous opportunities.

What role do you see technology playing in the future of your industry, and how are you preparing for it?
Technology is revolutionising how real estate is designed, operated, and valued. It is democratising access to capital and information, changing how tenants use space, and eroding the power of regulation. Billions of dollars are funding these new real estate technologies and operating models. Value is shifting away from the assets themselves towards those who understand the needs of specific end-users and can use technology to deliver comprehensive, on-demand solutions.

How do you envision the future of your industry, and what steps are you taking to stay ahead of emerging trends?
Real estate is a multi-trillion



Dollar industry. But it is being disrupted. Commercial real estate is undergoing a massive era of disruption, be it regarding technology or ESG, whether that's the focus on service or operations. It will be very different, and I guess the redeeming quality is that real estate has probably never looked more attractive for large institutional investors looking for a secure income; even if lease periods come down, there are strong covenant underpins.

Moreover, the investment criteria of that institutional capital, particularly from a technology and client service perspective, will demand a lot more from the real estate industry. So it's a phenomenal time to deliver creative solutions to help the industry embrace change.

Any key insights, knowledge or lessons that you gained that you would like to share?
The real estate industry realises they need to innovate. Certain players embrace change quicker than others and are open to more innovative solutions. This is why we are seeing certain pension funds and private equity with traditional real estate investments look into PropTech.

Particularly, what they're looking for from market players is innovation, someone to help them grow the triple bottom line, whether revenue, reducing a cost or increasing some social capital.

If you have invested in real estate, include any investments you may have made and the most important lessons you learnt from the experience in your capacity as an investor.

I have acquired a few Billion rands of real estate in the last few years. I have got many deals right, but conversely, I have sometimes made poor investment decisions. I think the most critical issue in real estate is cash flow.

Like any other business, you must make more than you spend. Of course, one must apply a hundred other lessons, like buying the worst property in the best area and how to fund smartly. But to me, it starts with speed to cash and profitability.

ENQUIRE NOW

RAEL'S TOP 5 BUSINESS TIPS

1. Get Organised.
To achieve business success, you need to be organised.

2. Analyse Your Competition.
Competition breeds the best results.

3. Be Creative.
Creativity is seeing what others see and thinking what no one else thinks.

4. Prepare to Make Sacrifices.
One must be willing to make sacrifices to achieve success. The more one wants to achieve, the more sacrifices one must make.

5. Provide Great Service.
Make every interaction count.



Unveiling the Inospace Advantage

Revolutionizing last mile logistics with cutting-edge tech, Client-centric approach, and value-added services



Inospace is the leading South African owner and operator of serviced logistics parks. They have established themselves as a leader in acquiring, transforming, and managing innovative logistics and industrial assets focused on the SME market and small-format logistics sector.

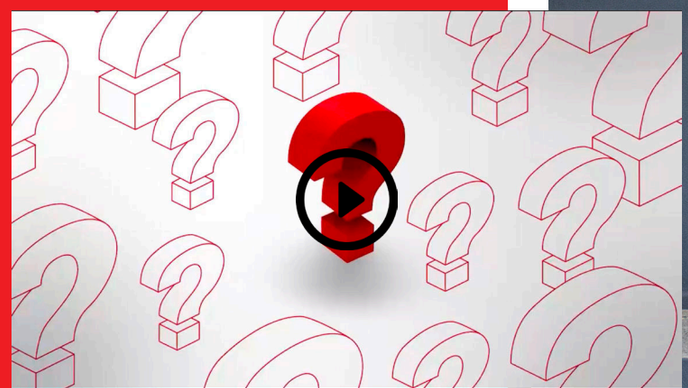
About us

Inospace is the leading South African owner and operator of serviced logistics parks. We have established ourselves as a leader in acquiring, transforming, and managing innovative logistics and industrial assets focused on the SME market and small-format logistics sector.



What we do

We lease and sell innovative industrial, office and storage space in key locations around South Africa.



Culture & Values

Our purpose is to provide workspace solutions to small and medium-sized businesses. This strategy comes to life through our core values.

Our values guide our decision making and how we work together to underpin our purpose. We believe that a culture articulated through a clear set of values creates a common feeling of identity and direction, motivating our teams and enhancing performance.

Our Business Model

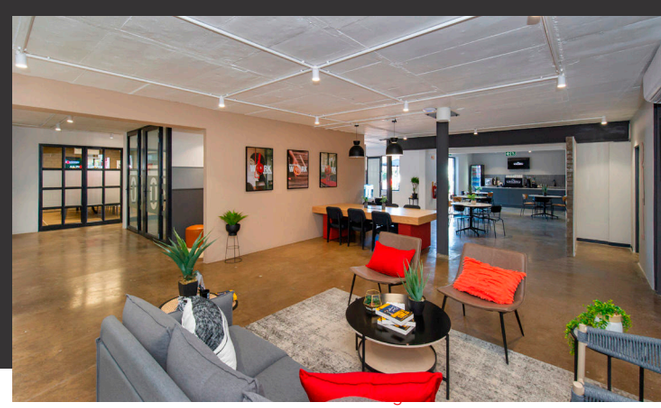
We enhance our income and the value of assets through four key activities:

1. Find
2. Transform
3. Lease & Sell
4. Operate

Facilities & Services

We offer a wide range of added value services and facilities for all your business needs.

- Business hubs
- Meeting rooms
- Pause areas
- Cafés & restaurants
- 24/7 Red box security
- Remote camera monitoring
- Courier lockers
- Prepaid meters
- Hot desking
- Fibre ready
- Solar power
- Forklifts & warehouse equipment
- Credit card payments
- Logistics hub
- Work pods



Inospace advantage

Our business model has several elements that allow us to deliver value for all our stakeholders.

Leadership in last-mile logistics
We are a highly specialised property fund focused on fast-growing logistics real estate. As a pioneer in this space in South Africa, we have a first-mover advantage and almost no direct competition. Our leadership position in the logistics real estate sector produces a high barrier, high growth company.

Tech operating platform
Our proprietary and sophisticated in-house operating platform is a major competitive strength that grows our portfolio without significant operating cost growth. It allows us to manage a huge volume of customer activity in-house, from enquiries and viewings to lettings, facilities management, invoicing, and renewals.

Brand
Our brand is one of our key assets to excite and engage with clients. This drives enquiries and demands for our space. The Inospace brand provides a differentiated market positioning; it is about world-class service to our clients and giving them support beyond the area that they rent from us.

Value added client services
We bring physical space together with services that create an integrated solution, unlike any other. With access to a marketplace of Inospace clients and cutting edge partnerships with world-class vendors, our Inocircle offering is uniquely designed to help small and medium businesses innovate, grow, and thrive. It all adds up to a re-imagined real estate experience.

In-house leasing and sales
Inospace is unique in that every leasing and sales touchpoint with our clients, from their initial enquiry to the lease process, is handled by a member of the in-house team. Dealing directly with our clients sits at the centre of our strategy and allows us to manage prices and drive occupancy levels and rental pricing.

Flexibility
We offer our tenants various flexible lease packages and this allows them to exit certain leases on pre-arranged terms. Client flexibility is core to our customer offering. It retains clients in all parts of its business life cycle, attracts significant market demand, drives rental prices upwards, and brings in new types of users looking for on-demand spaces.

Client centricity
We have a customer-first culture. We build direct relationships with the businesses and individuals in our parks. Inospace focuses on providing a service to clients beyond the space they rent. The data and insight gleaned allows us to constantly enhance our product offering and facilities.

Varied spaces
Our parks offer a wide variety of spaces in three categories:
Offices: Office spaces for businesses to operate from, or to supplement other industrial or storage spaces in the park - from 10m2 micro offices to mega offices of over 500m2.
Storage: Storage options include warehouse, storeroom and self-storage spaces. Many parks have secure, refurbished container storage options, as well as outdoor yards and storage spaces.
Industrial: We offer a wide range of refurbished industrial units from 50m² all the way to mega units of over 5 000m², all with roller shutters and easy truck access.

Business community
Inospace clients are connected via networking and business programmes run by our park managers and our online Inocircle platform. Being a part of our business network creates long-term business relationships. It also provides our clients with a range of benefits - from marketing their businesses to collaboration with the Inospace community.

Diverse tenant base
Our focus on many small and medium-sized businesses decreases concentration risk and creates a diversified Inospace business community.

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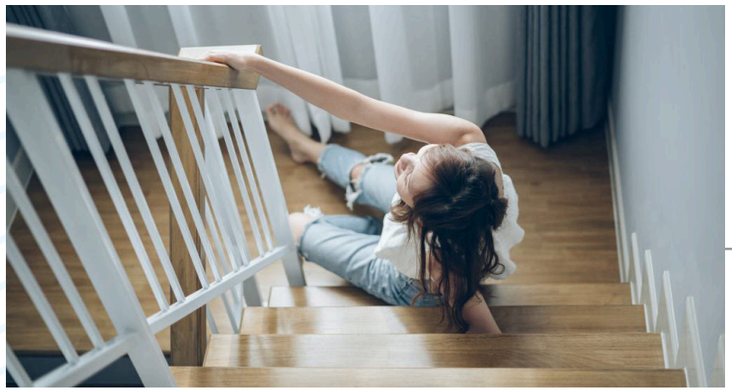
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VZ LAW

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FREE REGISTRATION

INVESTING



PAGE 35

Accidents in Your Home, Rental or Airbnb - Are you Liable?



PAGE 41

Unveiling the biggest myth of Property returns: Separate Fact from Fiction

TRENDING ONLINE

How large-scale Developers are transforming the property landscape



Accidents in Your Home, Rental or Airbnb – Are you Liable?

By Kisha Reader-Bain



Airbnb's community of hosts in South Africa have grown to over 35,000 and the most recent Genesis Analytics report demonstrates that over two million guests have arrived at listings on Airbnb in South Africa annually.

With the ever increasing rate of rentals in South Africa, Airbnb listings and with more people socialising in their homes, it is important to understand who is at fault if someone is injured in your home or your rental or Airbnb property.

Kirstie Haslam, specialist personal injury attorney and partner at DSC Attorney's provides some insight in the below article,

Guests who get injured while being entertained in your home or in your rental or Airbnb properties could claim from you if you are found to be personally liable, as you have a legal duty to protect visitors from risks of harm while on your property.

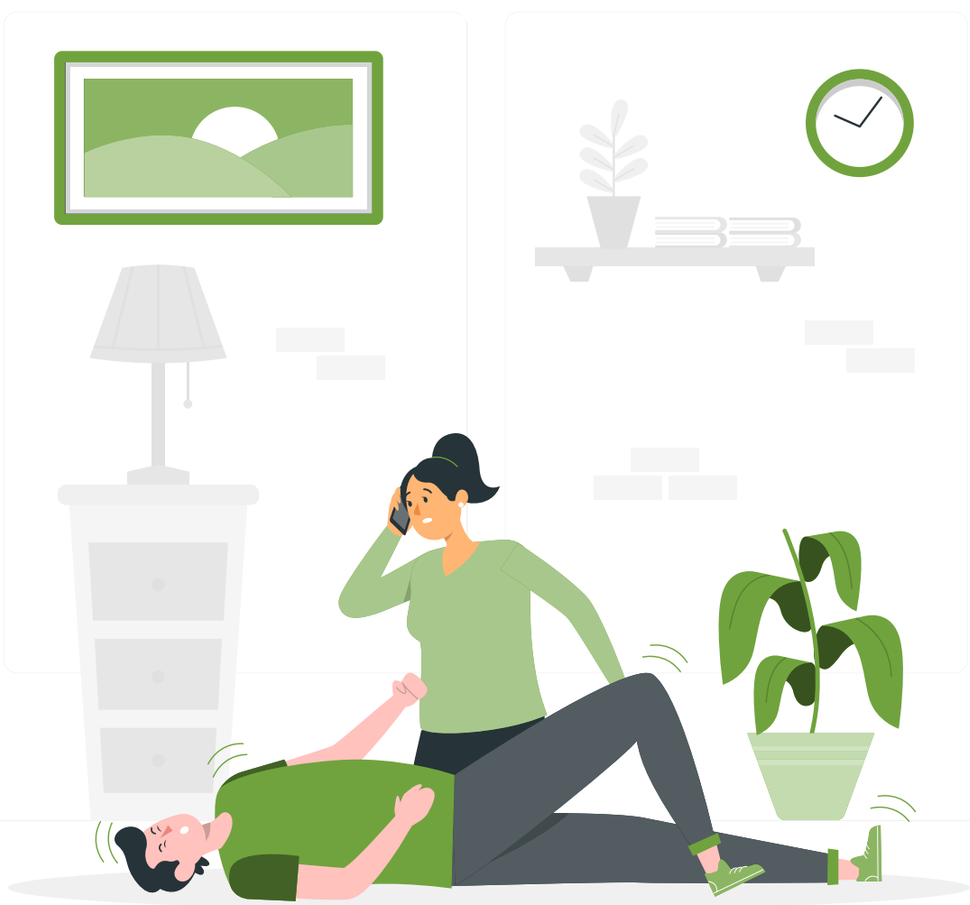
This is according to Kirstie Haslam, partner at DSC Attorneys, who says that as a general proposition, a homeowner has to take reasonable precautions to ensure that his or her guests do not come to harm – through no fault of their own - whilst on their property.

This, she says includes safeguarding against potential hazards, for example, fencing off an uncovered pool, or ensuring there is adequate lighting for outside stairs, or similar. "A homeowner may be liable for injuries a guest suffers whilst on their property, if the injury was caused by negligent and wrongful action (or an omission) on the part of the homeowner," she explains.

Homeowners need to safeguard and / or warn against potential hazards. For example, Haslam points out that if building work is being undertaken at the time of the visit, the potential danger should be promptly drawn to the attention of the visitor, and any hazardous condition on the property should be cordoned off.

As to whether the law differs if you are not present at the time of the accident i.e. if you have rented out your property, for example, to someone on Airbnb, in principle there would be no difference whether the homeowner was present or not, although Haslam says that this would be dependent on the facts. "In the case of an unauthorised intruder / trespasser, however, the situation could be different, depending on the circumstances in which the person came to be injured."

There are various accidents that can happen i.e. slip and fall injuries, falling objects, recreational equipment, dog bites, swimming pools etc. As to liability regarding these scenarios, Haslam says that not all injuries can reasonably be foreseen or prevented. "The point of departure is that a wrongdoer (in this case the homeowner) can only be held liable for damage which was reasonably foreseeable and preventable, and he or she failed to take reasonable steps to prevent the harm from ensuing," she explains.



She continues: "If we take the pool example, it is reasonable to expect a homeowner to either fence off the pool so it is not accessible to small children, or install a cover which will prevent accidental drowning. In the case of recreational equipment, for example a swing in the garden, the homeowner is duty bound to ensure that the equipment is maintained, and that if it is in a state of disrepair, this be drawn to the attention of

the visitor or cordoned off. The situation with dog bites is slightly different, in as much as our law provides for strict liability in certain instances (for example fault need not be proven)."

Should you be injured whilst visiting a private property, Haslam says that you should firstly note and record all details surrounding the circumstances of the injury and seek legal advice as soon as possible in order to establish if there are prospects of success with a claim. "If possible, photographs should be taken immediately to reflect the condition of the property and identify the cause of the incident," she says.

"The injured party should also record the details of any witnesses and of course seek prompt medical attention," she adds. "All of this information can be handed to an attorney with expertise in this field of law, who will then draft a letter of demand to be sent to the homeowner, who in most instances will refer that letter of demand to his or her insurer for further attention."

The extent to which homeowners insurance will cover any specific incident is very much dependent on the facts. Haslam says that different policies may have specific exclusions or limitations, so it is dependent on the terms of each individual policy. "You would not be able to claim against your own policy if you were injured on your own property due to your own negligence. If you were injured on somebody else's property, the claim would lie against that homeowner and he or she would refer it to their insurer."

She adds that it would definitely be wise to retain your own attorney to prosecute any potential claim on your behalf.

As for what damages injured parties can they claim from the home owner, Haslam says that in any instance where injuries are suffered as a consequence of a wrongdoer's negligent and wrongful action or omission, the potential heads of damage (which will depend on the person's specific circumstances and the extent of the injuries suffered) include hospital and medical expenses (in the immediate aftermath, as well as those which are anticipated in future), loss of income (again, immediately following the injury as well as expected future losses), and general damages for pain and suffering and loss of amenities of life.

Accidents can happen when guests get intoxicated and in that instance guests would be responsible for injuries sustained as a result of their own negligent conduct, as a rule. "This does not take away from the fact, however, that a homeowner is generally responsible for the safety of his or her guests whilst on their property," she adds.

"If, therefore, the homeowner was aware – or should reasonably have been aware – of their guest being intoxicated to the degree that they posed a potential danger to themselves or others, they would be obliged to take reasonable steps to prevent harm from occurring."

She advises injured parties to contact a law firm that specialises in personal injury. "An appropriately experienced attorney will promptly investigate the circumstances under which the visitor was injured, and establish whether there was a negligent action or omission on the part of the homeowner for which the injured party may have a valid cause of action in law," says Haslam.

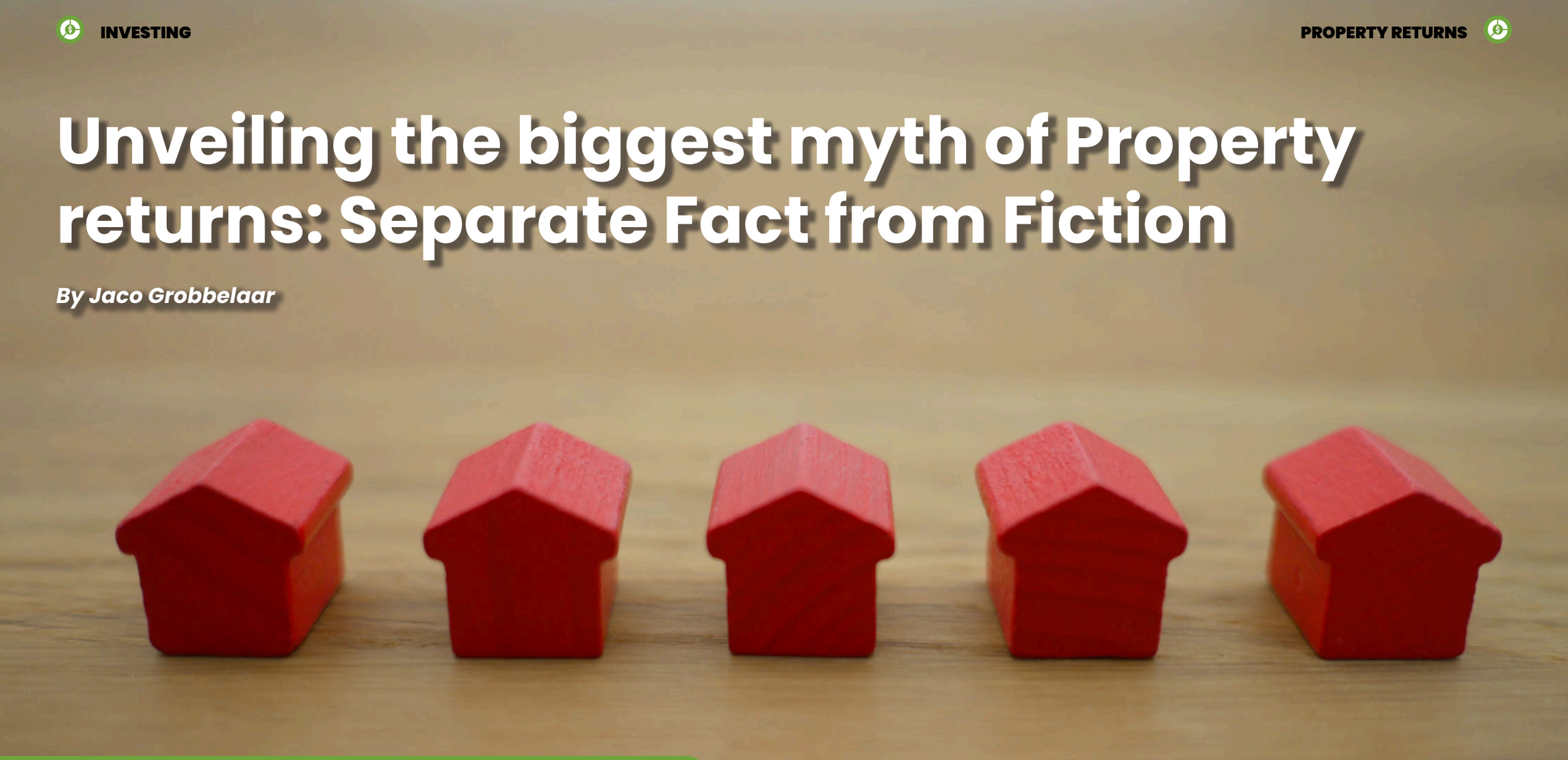
"The attorney will also if necessary instruct independent experts, for example, to comment on the condition of the property which has caused the injury, as well as medical experts to comment on the nature and extent of the injury or injuries and the long term consequences thereof. Finally, the attorney will institute the necessary court action against the wrongdoer (homeowner) and conduct the litigation process to its conclusion."

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Unveiling the biggest myth of Property returns: Separate Fact from Fiction

By Jaco Grobbelaar

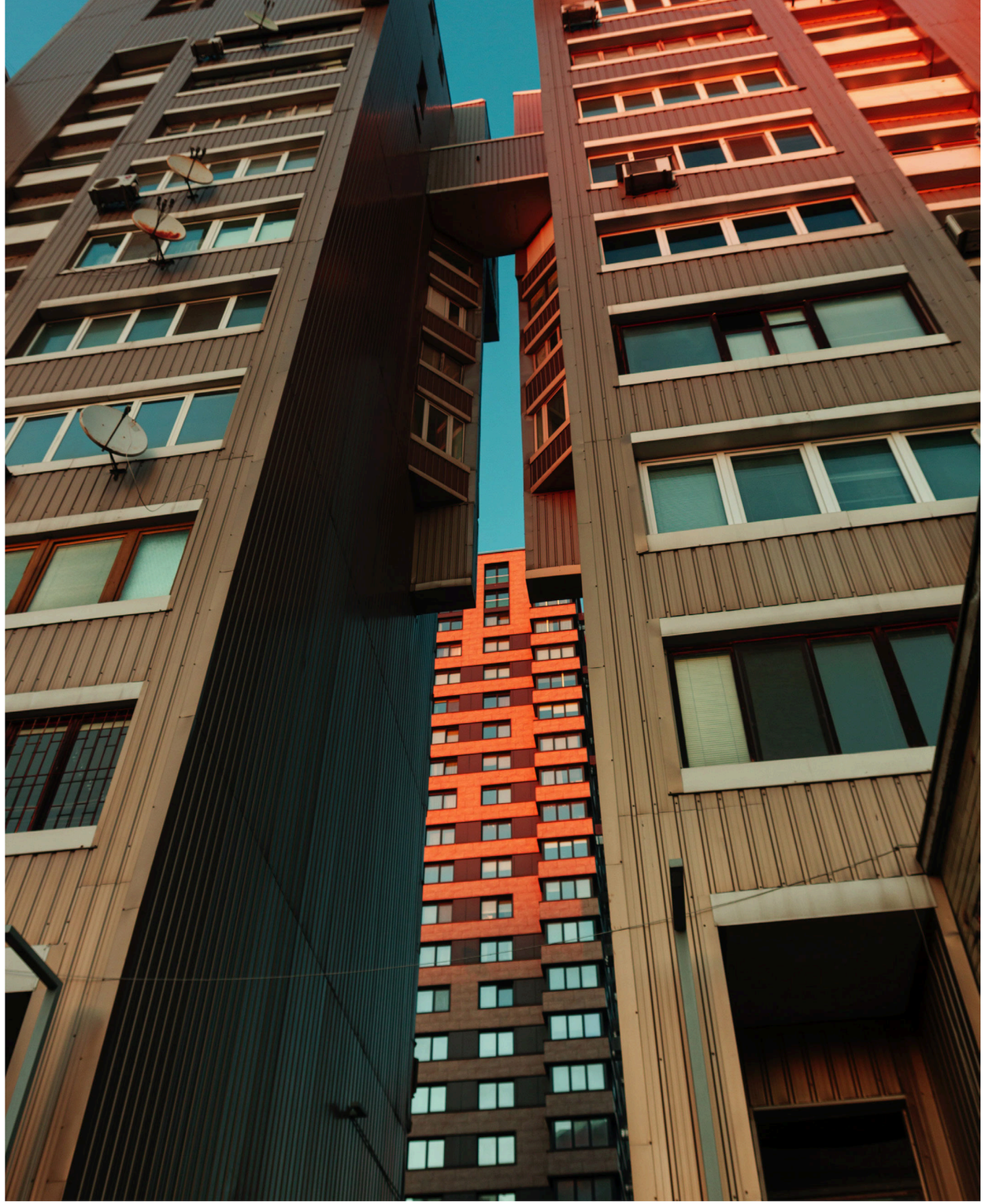


When it comes to property investments, there are many myths and misunderstandings surrounding property returns. When looking at their property returns, many people fail to consider the comprehensive picture of their total return or return on investment (ROI). Very often, they only focus on a single aspect, which can be dangerous for property investors wanting long-term success.

Understanding your property investments' total returns has many benefits, including accurate evaluations of the financial viability of your investments and assessing risk and potential rewards.

But to truly understand the ROI of your property investments, it is crucial to consider the following two fundamental factors:

1. Your Property Price Growth (Capital Appreciation Rate), and
2. The Net Rental Yield (Capitalisation Rate for Commercial Property).



1. Property Price Growth or Capital Appreciation Rate

The Property Price Growth, also known as Capital Appreciation Rate, is the percentage with which the market value of a property grows annually. It is a crucial concept for you as a property investor to understand, and you should be able to use it to assess the potential profitability of investments. By understanding and analysing Property Price Growth, investors can make informed decisions and strategise for long-term financial success.

2. Net Rental Yield or Capitalisation Rate for Commercial Property

Property Price Growth, however, is not the only return you get on your property investments. In addition to Property Price Growth, you also receive monthly rental income, whether you are renting the property yourself from one of your entities or leasing it to a third party.

The Net Rental Yield, or Capitalisation Rate for Commercial Property, calculates the return you receive on your property investments after all the property expenses have been paid. The formula to calculate it is as follows:

Net Rental Yield = (Rental Income – Levies – Rates & Taxes – Rental Commission – Maintenance) x 12 / Purchase Price or Market Value

Understanding the real numbers

P.S. It is important to remember that your

property has expenses associated with it, such as rental agency commission, levies, rates and taxes, and maintenance. One must also keep in mind that you might not always have a tenant, so there may be some vacancy costs to consider as well.

When making your projections, it is always best to be conservative and base your calculations on 10 months' rent, budgeting one month for potential vacancy and one month for maintenance. According to Lightstone, the average Property Price Growth (Capital Appreciate Rate) is currently in the vicinity of ±3% a year and if you invest wisely, you can get a property that can produce a Net Rental Yield of 6% to 8%!

This means your total return will be ±10% on a low-risk investment, which is excellent! A low-risk investment is one that keeps its value and slowly but surely increases its value and rental income, which should remain consistent and consistently grow.

It is also good to keep in mind that the average year-on-year Property Price Growth (Capital Appreciation Rate) for any consecutive 20 years in the last 50 years is significantly higher than the current growth rate. And since input costs, such as land prices, and material and labour costs, have increased significantly (more than what property prices have increased), it is very possible for property prices to start growing at a higher rate in the future.

Also, this is not considering that your rental income grows every year (rental escalations) or that you can buy a property at a discount (below market value). Both factors can significantly increase the returns discussed above!

When interest rates are decent or low enough, and Property Price Growth or Net Rental Yields are strong, leverage or gearing becomes an attractive strategy to increase your returns significantly.

Unlocking the power of leverage – maximum returns through effective use

Leverage means using Other People's Money (OPM) or the bank's money. So, instead of using your funds to invest in property, you can borrow money from the bank to build a large asset base without using any of your own funds, or at least very little of your funds.

Leverage also amplifies the existing result, which means that it can turn a small positive return into a big positive return. But be warned; it can also turn a small negative return into a big negative return. So, proceed with caution!

It is thus important to ensure that the combination of your Property Price Growth and Net Rental Yield is more than you pay in interest. This is, of course, over the long term, as there are times when your interest rates are high while your returns are comparatively low.

By understanding the intricacies (and myths) of property returns, you can maximise your returns and reap the benefits of property investment over time. Just remember to consider the growth potential, rental income, and leveraging opportunities when appropriate, and you'll unlock the secrets of ROI on your property investments in no time at all!

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Jaco Grobbelaar
Managing Director
Prosperity Enterprises





At WeconnectU, we are on a mission to create more valued and valuable property managers, and one of the ways we are doing so is by helping to reposition them as Rental Asset Managers, rather than Rental Administrators. This may, at first glance, seem like superficial semantics, but closer inspection quickly reveals the potential of this seemingly small change.

What's in a name?

The first thing to understand is that "Rental Administrator" and "Rental Asset Manager" are not two names for the same thing. Each of these roles has a very different set of responsibilities and scope of involvement in the rental management process, and both are equally important.

Both are vital for the success of a rental property. But one tends to be more highly valued than the other.

Let's take a closer look.

RENTAL ADMINISTRATORS

Rental Administrators focus on tenants and the day-to-day operations of running a rental property – the "nuts and bolts" administrative tasks that (ideally) keep the rent cheques coming in. They typically offer little in the way of future-focussed strategic planning or investment optimisation, keeping their eye firmly on more immediate/short-term needs and challenges.

Core responsibilities include:

- Securing tenants: Advertising vacancies, coordinating property showings, processing rental applications, drafting lease agreements and managing tenant documentation.
- Managing tenants: Tenant communications/concerns/issues, rent collection, maintenance requests.
- Basic financials: Tracking rental payments, and generating financial reports.

RENTAL ASSET MANAGERS

Rental Asset Managers take a much longer-term view of rental property management, extending their services beyond the administrative to also focus on the strategic side of the equation.

Core responsibilities include:

- Strategy: Overseeing and actively working to enhance the performance and value of each property asset within a portfolio, as well as the overall value and yield of the portfolio as a whole.

- Analysis and Planning: Analysing financials, market research, property trends and opportunity forecasts to develop proactive strategies to optimise rental income, minimise expenses, and maximise ROI.
- Advisory Services: Providing regular performance reports, financial analyses and personal recommendations while building trusted relationships with investors to help capitalise on emerging opportunities and minimise risk.
- Proactive (long-term) Planning: Developing long-term maintenance schedules and property improvement projects to protect and enhance asset growth while evaluating insurance needs and monitoring long-term trends to ensure ongoing viability and profitability.

Why does it matter?

As we hinted a little earlier, Rental Administrators are seldom as highly valued – or highly paid – as Rental Asset Managers. The reason for this ultimately boils down to perception. Specifically: the investor's perception of the problem(s) being solved, and the value they associate with those solutions.

Rental Administrators are typically perceived to be solving a host of time-consuming, often mundane, but not terribly specialised administrative chores. Many landlords believe (likely mistakenly) that they could easily fulfil the role themselves – particularly with the help of modern technology. As a result, they are seldom willing to pay more than a token amount for what they view as a very basic set of services.

Rental Asset Managers, on the other hand, are perceived to be solving a much greater problem – the problem of building a secure, profitable and growing property investment. This leverages a skillset that is much harder to replace or replicate and stands to deliver more tangible rewards. As such, investors tend to value – and therefore compensate – these services far more highly.

Technology's role in empowering change

There was a time that Rental Administrators could only dream of being Asset Managers. A time when the administrative burden was simply too heavy to permit anything more. Thanks to the rapid evolution of technology in the rental management space, however, this roadblock is history.

With its ability to automate mundane administrative tasks, improve workflows, and foster collaboration across departments, technology has reshaped the way rental businesses operate. It offers Rental Administrators the opportunity to dramatically lighten their administrative load, empowering them to spend more time and energy on the asset management services that today's investors value so highly. In other words, technology has made it possible for Rental Administrators to transition into Rental Asset Management – and finally reap their fair share of recognition and reward.



How to (successfully) make the transition

Technology has made transitioning from Rental Administration to Rental Asset Management easier than ever, but success requires change on a much deeper level. Here are a few ways to help make the transition an effective one and unlock your full potential within the new role.

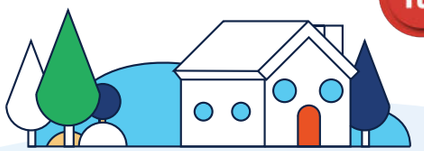
1. **Expand your expertise:** Hone your understanding of residential market trends, industry regulations, and best practices to a fine edge, and expand your knowledge of asset management principles.
2. **Foster investor relationships:** Build trusted relationships by demonstrating your expertise and value to your investors, highlighting your strategic capabilities and substantiating claims with measurable results.
3. **Sharpen your asset valuation skills:** Learn to spot an opportunity from a mile away, conducting in-depth market research, financial analysis, and flawless due diligence.
4. **Level-up on maintenance and repairs:** Get to grips with the requirements of successful preventative maintenance and build a trusted provider network to execute on your plan.



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FICA Compliance

Guidance for the Real Estate Sector



1

Relationship Starts with Seller

- Relationship starts with seller when **mandate is signed**
- **FICA needs to happen on seller** as Estate Agents are Accountable Institutions
- Lightstone / Windeed report is pulled to **ensure that the registered seller is the owner of the property**
- **Application with seller's details is created on DocFox where FICA is done within minutes - this includes risk rating, sanction screening and adverse media checks**

Read our article:
An example of when to conduct Enhanced Due Diligence in the Property Sector>>> for examples on how to conduct proper due diligence

2

Property is Listed For Sale

- **Marketing** of property starts
- **Prospective buyers** come and view the property
- Buyer can submit an **Offer to Purchase (OTP)** if interested in buying the property

3

Prospective Buyer is Identified

The following questions are some examples that will impact how the terms and conditions of the sale of the property are put together in the OTP & whether the prospective buyer is a good fit:

- What are the suspensive conditions of sale?
- How do they intend to pay?

4

Bond Originator
performs **Credit Checks**

- Should they need a h… contact a bond originator

CLICK HERE TO ACCESS THE FULL GUIDE

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FINANCE



PAGE 53

How to prevent your Business from being involved in a Money Laundering scheme



PAGE 61

Navigating interest rate hikes: Your Essential 3-Step Guide



PAGE 69

How business insurance could help save everything you worked for

How to prevent your Business from being involved in a Money Laundering scheme

By Editorial



Money laundering (ML) refers to the passing of illicit , or 'dirty' money, through a sequence of transfers, changes or commercial transactions that eventually returns the 'clean' money to the launderer in an obscure and indirect way, usually via a respected institution, where it will not be linked with the original crime. In Part-1 of this 2-Part Series we uncover two examples of money laundering and ways of how to combat it.

PART 01

The funds are deemed as illicit as they often originate from fraud, corruption, drug trafficking, or other unlawful activities or predicate crimes. Money laundering (ML) operations have serious negative impacts on global economies as well as local communities and so serious measures have to be put into place to deter individuals from these acts.

Based on the above it is very important that businesses and individuals that are at higher risk of being used as a "tool" for money laundering should follow the international and local guidelines given by the FATF and FIC respectively. Failure to do so not only harms your community but could result in reputational damage, financial penalties and even jail time.

With this being said, what are the common money laundering schemes and what can you do to prevent them?

To start with, although real-life money laundering and terrorist financing schemes can be large, complex and sometimes incredibly creative, they all tend to follow the same three steps.

The first is **placement**, this is where illicit funds are initially deposited into a legitimate financial system. The funds are then moved into the **layering** stage where it becomes separated from the illicit origins through layers of sequential movements, transactions, divisions, or consolidations. The idea here is to put space between the true source and its original origin. The final stage is **integration**. At this point, the illicit funds have been through so many different transactions that it is practically impossible to see the original source.

Once the illicit funds have been 'cleaned' the criminals can effectively use the money without raising suspicion, whether that be setting up a legitimate business or investment to provide ongoing benefits or a simple old-fashioned splashing out on a new house or the latest top of the range Mercedes or Range Rover.

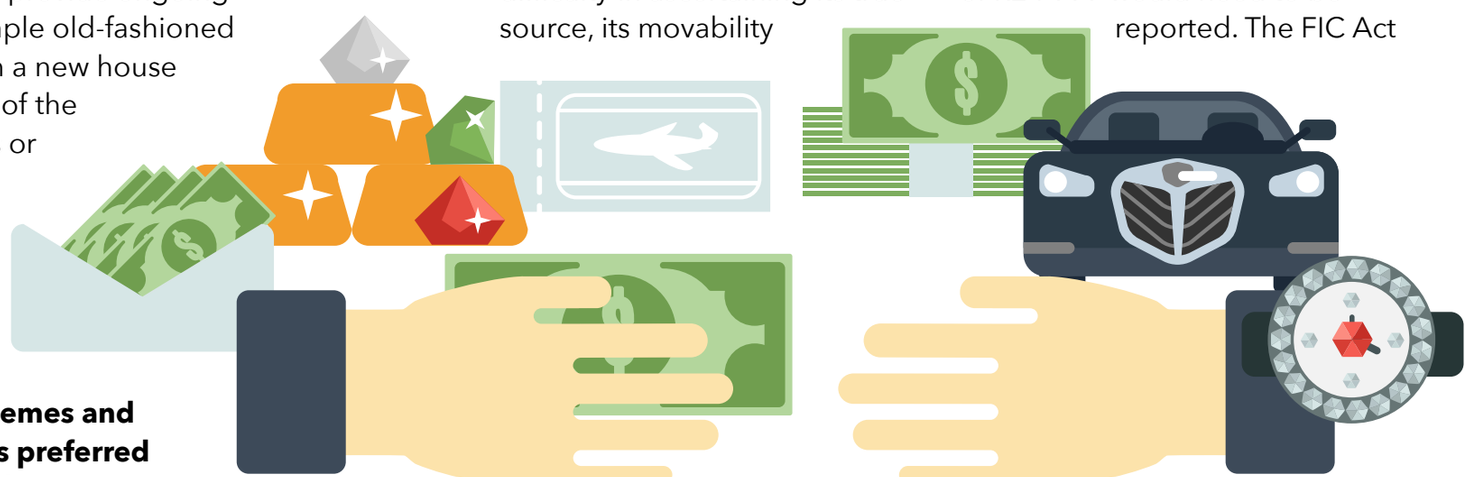
Two Practical examples of common Money Laundering schemes and payment means preferred by money launderers.

01

The use of cash

The use of cash is very much still prevalent in South Africa and though obviously not always a sign of money laundering, it has been assessed as an indication for high risk of money originating from Money Laundering (ML) especially when in large amounts and during cross-border movement. An example of this is individuals insisting to pay for a high value good, such as a motor vehicle, gold or diamond ring, in cash - often this is in one large lump sum or in smaller fractionated amounts to try conceal the large cash payment.

Cash is often used in ML schemes due to the inherent difficulty in ascertaining its true source, its movability and its ability to transfer value into a legitimate asset e.g.: a car, a house, a luxury yacht, a piece of art or jewellery.



How to combat it

Cash Threshold Reporting (CTR) is required to be undertaken by Accountable Institutions (AIs) listed in Schedule 1 of FICA. The monetary threshold for cash reporting is R49 999 and above as a single transaction only and the requirement of Cash Threshold Reporting Aggregation (CTRA) has been repealed and is no longer applicable.

This was where aggregated smaller cash deposits appearing somehow linked to each other and exceeding the previous threshold of R24 999 would need to be reported. The FIC Act

has put CTR in place in order to assist you in identifying, managing and reporting it.

02 Using "legitimate/trusted" businesses

Perpetrators often use the professional status that some industries have to make their illicit business, financial, or property transactions look legitimate. For example these perpetrators make use of financial institutions and/or legal services to try to make the transaction look legitimate.

In particular law firms typically are seen as a target as they deal with large financial transactions, offer a wide range of professional services and money launderers may use a firm's trust account for illicit purposes. Perpetrators will often target estate agents, attorneys, notaries and conveyancers to assist them with the creation of companies and trusts as well to assist with property purchases and sales.



Accountable institutions, which include legal practitioners such as attorneys, notaries and conveyancers are identified are identified in the Financial Intelligence Centre Act (FICA) as being vulnerable to money laundering and/or terrorist finance abuse.



MONEY LAUNDERING RISK INDICATORS FOR ATTORNEYS

- Unusual payments to an attorney's trust account
- Routing of funds via attorney's trust accounts to purchase high-end goods, luxury properties and vehicles
- Creation of trusts and companies where it appears to be concealing the ultimate beneficial owner (UBO)
- Management of trusts and companies
- A request to set up and manage charities and/or non-profit organisations where it appears to be concealing the UBO
- Handling the cash proceeds of crime or monetary instruments provided by an offender or nominee, deposit the funds into bank accounts in trusts for clients, and issue cheques on behalf of clients for the purchase of property.
- The client has changed legal practitioners numerous times within a short period of time.
- There are significant differences between the declared price and the approximate actual values for immovable or movable property.
- The client is represented by a third party without logical or economic explanation.
- The transaction includes the transfer of funds to or from a foreign geographic area with no valid economical or logical reason.
- The transaction involves crypto assets.
- The transaction involves the purchase of property with cash and soon thereafter the property is used as security for a loan.
- The client is a recently incorporated company or established entity with large.
- Capital amounts which does not match the client's source of funds.

How to combat it

The FIC states that by filing regulatory reports, legal practitioners play an important role in fighting financial crime. Of the 6.2 million regulatory reports the FIC received in the 2019/20 financial year, attorneys filed a total of 2 254.

The vast majority of these were cash threshold reports (2 549) while 205 were suspicious and unusual transaction reports (STRs). In terms of the FIC's 2021/2022 Annual Report, 2 300 reactive and 782 proactive financial intelligence reports were produced, and 32 on illicit financial flows.

Of the 782 proactive reports, 131 related to high priority matters. In addition, the FIC contributed to the recovery of over R5 billion in criminal proceeds, a considerable increase in comparison to the R3.3 billion recovered in the previous year.

Another way to assist in combating ML for law firms is to implement, develop, document and maintain a robust Risk Management and Compliance Programme (RMCP), identifying and describing the ML/TF/Proliferation Financing risks envisaged by the AI and

the mitigative steps it will take in combating those risks.

Establishing the source of funds for a client transaction is particularly vital at the outset of a single transaction or establishing a business relationship as the further along the ML cycle the funds travel, the more difficult it becomes to identify anything suspicious or out of place.

Training is also of utmost importance for employees of law firms in order to understand not only the application of FICA to the firm but also the ins and outs of its RMCP.

Appointing a Compliance Officer with sufficient seniority in the firm and FICA knowledge and competence is also vital in combating ML as he/she will assist the board or senior management with discharging their FICA obligations.

This is why we recommend that businesses use software like DocFox to make sure these steps are followed correctly each and every time.

To find out how DocFox can automate your KYC process so you can make better informed decisions in a fraction of the time…

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Navigating interest rate hikes: Your Essential 3-Step Guide

By Editorial



In the digital era, it's easy to receive a pre-qualification certificate for a home loan online. A pre-approval is sought-after by first-time homebuyers for two reasons:

- **Improves your chances of being approved for a home loan/mortgage**
  The ooba's latest oobarometer shows 90.4% of homebuyers who undertook the bond pre-approval process were approved in Q1 of 2023.

- **Gives you a clear idea of what you can realistically afford prior to shopping around for properties.**
  Rhys Dyer, CEO of ooba Home Loans says that 'each bank has different lending criteria and terms and conditions, that's why it's important to source multiple quotes before accepting a home loan offer. Once you have found your property, we send your application and pre-qualification certificate to eight financial institutions to ensure that you receive the best possible interest rate and deal on your bond.'

Lower interest rates

Dyer adds that, 'in a tough economic climate with climbing interest rates. We have achieved an average interest rate of prime less 0.45% for our clients during Q1 of 2023. Incremental discounts can make a big difference in your repayments over the long-term.'

Essential 3-Step Guide

An online bond indicator gives you a competitive edge when investing in property market. Three steps that can fast-track you to ensure that get an approval:



1 Check your Credit Score

A credit score is used to determine your creditworthiness, says Dyer. Factors such as your credit history, the types of loans that you have taken out, the total debt owed and how well you pay your bills all culminate in one score that the banks use to determine whether you are a financial risk and whether to grant you a mortgage or not.

Banks will consider a credit score of 610 to 649 to be fair, with 650 to 699 deemed as good; 700 to 749 deemed as very good and 750-plus is deemed excellent.

In cases where your credit score is too low, Dyer adds that you can take steps to bolster it and check it again in three months' time. Avenues that one can take include paying your debt back on time each month, reducing the amount of credit cards and store accounts linked to your name and re-prioritising your spending.

2 Understand your Affordability

Use an wealth affordability

calculator to see what home you qualify for. Your affordability is determined by subtracting your monthly expenses from your monthly income.

It's quite common for property investors to spend hours researching market demand and property prices without considering their own affordability. Dyer poses the all-important question: 'You may be able to purchase a property to create generational, but should you not be able to find a reliable tenant, will you still be able to cover the monthly loan repayments?'

Dyer notes a rising trend in property investment as a tool to create generational wealth. Generational wealth refers to assets that can be passed down from one generation to the next. Properties are purchased with a long-term investment view and are often tenanted out as a buy-to-let investment to help generate passive income, which adds to the wealth accumulated over the years.

Many people are looking to climb the property ladder, Dyer urges potential homebuyers to avoid knee-jerk reactions. "Home loan repayments should not account for more than 30% of your monthly salary, as a rule. One also needs to factor in upfront costs such as bond registration fees and transfer duties in the home-buying process."

3 Pre-Qualification gives you power

Once you have completed steps 1 and 2, you will receive a pre-qualification certificate, valid for 90 days. "Your pre-qualification allows you to feel confident in the home-buying process and could give you the edge over other homebuyers when vying for your dream home. It tells the agent and the seller that you are serious and that you should be good for the home loan if all requirements are met."

Dyer ends by saying that homebuyers should strongly consider putting down a deposit when making an offer. "While banks continue to grant 100% home loans, this figure has started to reduce and savvy buyers are prioritizing deposits to help bring down their monthly repayments. The average home loan deposit on our approvals for first-time homebuyers in Q1 23 was a sizeable R109 793 - averaging 9.7% of the total purchase price, an increase of 10.2% from Q4 22" he concludes.

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How business insurance could help save everything you worked for

By Editorial



They say insurance is a grudge purchase - until you need it. Then it's a godsend. Find out how your business can have the next-level industry-specific protection it needs.

Real estate agents know better than anyone that it can be feast or famine out there – and right now, few are feasting. According to PayProp's latest State of the Rental Index Survey, more than half have cut their commission to keep clients onboard. At times like these, it's tempting to avoid any expenses that don't offer immediate or direct returns.

But what if the pay-off IS immediate, and it's called peace of mind? How much is it worth to you to be able to carry on doing business when fraud, negligence or external sabotage can leave you liable for vast amounts in legal claims and fees?

No business owner would deny the value of being able to sleep at night, knowing they've done everything they can to take care of their shareholders, staff, clients and their own professional reputation and peace of mind.

Whatever boxes you're ticking to stay on the safe side – data security, disaster recovery or business cover – it's all insurance against the unforeseeable. In return for a low monthly rate, you can get business survival and personal indemnity against major losses.

What uninsured practitioner wouldn't trade out of such a desperate position, when they need to?

Managing other people's money – what can go wrong?

According to the Association of Certified Fraud Examiners' 2022 report on fraud, organisations worldwide are losing $4.7 trillion to occupational (employee) fraud each year, with real estate leading the pack as the industry with the highest median losses.

Why is that?

Real estate businesses are unique among non-financial institutions in dealing with large and frequent in- and outflows of client money (sales deposits and rental monies). As a result, they're highly vulnerable to negligence or criminal actions – within or outside the business.

In this economic and trading climate, you cannot afford to risk your business's reputation. Luckily, insurance products including fidelity guarantee and professional indemnity insurance can help.



Fidelity guarantee

Fidelity guarantee covers the insured against criminal acts leaving the clients of the insured firm out of pocket.

Property practitioners offering residential, commercial and industrial rental services deal with lots of rent money and a significant amount in damage deposits, so the risk of sticky-fingered employees is constant. In our experience, you need to keep strict oversight of account permissions, or an employee with too many administrative powers may, for example, initiate and authorise payments, or create fake beneficiaries and pay themselves (or someone they collaborate with) on the banking platform.

Similarly, sales agencies holding large client deposits or even taking cash deposits may be vulnerable to allegations of theft or disputes when poor financial controls tempt employees overseeing accounts.

In such cases, fidelity guarantee indemnifies the principal of a property business, as well as all its permanent employees, against damages and legal costs awarded in a claim against them.

Professional indemnity cover

Professional indemnity insurance (PI), on the other hand, indemnifies the insured against damages and legal costs awarded for negligent breach of duty.

For example, think of what can happen when your systems or processes – or those of your service providers – leave your clients' personal details or business assets open to theft or compromise.

Professional indemnity insurance covers a property business, its principal and all permanent employees with fidelity fund certificates (FFCs) against legal claims for loss or damage resulting from negligent services or advice provided by a property practitioner.

A fidelity fund certificate isn't enough

Many property practitioners believe an FFC covers them against internal fraud or negligence, but it's subject to several conditions and procedures that aren't widely known or factored in by most agencies.

Did you know:

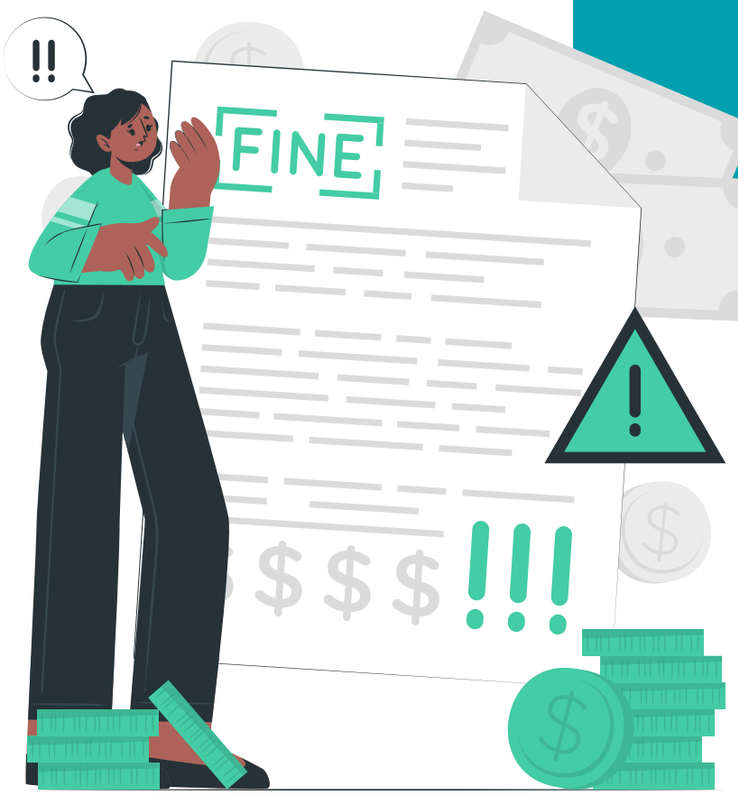
- **The maximum amount that can be paid to a claimant by the Property Practitioners Regulatory Authority (PPRA)'s fidelity fund is just R2 000 000 per cause of action?**
- **The PPRA may only consider certain claims, and must hold an inquiry each time a claim is lodged?**

Before it does so, it must ensure:

- **the claimant has already laid a criminal charge with the SA Police Services;**
- **the claim complies with all legal requirements and due process was followed; and**
- **the claimant substantiated their claim with proof, including records of civil action already taken against the property practitioner.**

With so many hurdles to clear, relying on an FFC to indemnify your business significantly decreases your chances of recovering from a claim. The remedy might also come too late to undo financial harm to the business.

And here's something else to consider: The PPRA may, in the public interest, arrange any group insurance scheme with any insurer to cover property practitioners' liability to members of the public on the grounds of malpractice.



So why wait?
Get comprehensive business insurance before it's too late

At PayProp, we are always thinking of innovative and affordable new ways of protecting property practitioners' best interests. We've got your back in terms of our services, but many other things could go wrong in a business like yours. So, we reached out to a group of reputable insurance experts to provide cover for those aspects not already taken care of by us.

Our preferred financial services provider, I AM SURE, has launched a new, tailormade insurance product for property practitioners – and PayProp users can claim an exclusive discount!

AgentSure is a comprehensive business insurance solution that combines fidelity guarantee (underwritten by King Price) and professional indemnity insurance (underwritten by iTOO), tailor-made to protect property practitioners across South Africa against internal and external misconduct AND negligence – in a single, affordable policy.

Also included in your cover are public relations specialists, ready to help manage any social media crises and preserve the reputation of your business.

Available to all individual and business property practitioners across South Africa, this new policy shows existing and potential clients that you are committed to protecting their assets, which builds trust and longer-lasting relationships.

Alongside a formal fraud policy and reporting system, implementing such measures sends a message to employees that management takes accountability seriously, which may deter fraudulent behaviour in the first place.

AgentSure was created by brands that are trusted for their impeccable credentials and expertise. Let them help you secure the future of your rental business.

ENQUIRE NOW

FAQ about fidelity guarantee

Question: Who is insured?
Answer: All employees are covered on a blanket basis.
Any person who is:

- Employed by you under a contract of service or apprenticeship.
- Hired by you, or seconded into your service, and whom you have the right, at all times, to control and direct in the performance of their work in the course of your business

Question: Do I need a fidelity fund certificate first?
Answer: No, all permanent estate agency staff qualify for fidelity guarantee. However, a valid FFC is required for professional indemnity insurance.

Question: What is the maximum limit of indemnity?
Answer: You can choose an amount of indemnity from R1 million to 10 million, in increments of millions.

FAQ about professional indemnity insurance (PI)

Question: Why do I need PI cover if I run my business carefully?
Answer: Even if you have acted in full accordance with the law and professional standards, you will need to defend your position and actions in any legal claim against you, the costs of which can be onerous.

> **Liability claims can be complex, fraught and financially crippling, especially if your organisation has no experience or expertise in managing these legal proceedings.**

If an estate agent has PI cover, the policy will not only provide the best legal representation but also pay the damages in terms of the legal defence and settlement awarded by a court of law in terms of the insured's negligent act.



Question: Do I need a fidelity fund certificate first?
Answer: Yes, property practitioners must have a valid FFC to qualify for professional indemnity cover.

Question: Can I be held liable for work I've subcontracted to someone else?
Answer: Yes, you can be held liable for a subcontractor's work. As your client has no contract with them, your client would hold YOU liable for any damage the subcontractor causes.

Your PI policy can indemnify you against this liability if it is a legal liability policy, and if you include a subcontractor's extension to include cover for your liability flowing from such relationships.

Note that your subcontractors themselves are not covered under your policy and will need their own policy should you counter-claim against them for damages they caused to your client.

Question: I am entering into a joint venture, am I covered under my PI?
Answer: Yes, if you include a joint ventures extension. However, you will only be covered for YOUR participation in the joint venture – the joint venture as a whole will not be covered by your policy.

Question: Are there additional services available?
Answer: Each policy holder has access to the following legal assistance for the policy period:

- An unlimited 24/7 facility for telephonic advice and assistance

The following will also be made available if deemed necessary:

- A face-to-face consultation with a qualified attorney;
- Up to three letters, matter- and complexity-dependent; and
- A follow-up consultation

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- First covering mortgage bond over property
- Ability to service the monthly interest (capital repayments are optional)



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South African Interest Rates

(as of 25 May 2023)

Date	%	Date	%	Date	%	Date	%
2023/05/25	11.75%	2006/11/01	12,00%	1993/03/01	16,25%	1981/08/01	16,00%
2023/03/30	11.25%	2006/09/01	11,50%	1992/12/01	17,25%	1981/07/01	14,00%
2023/01/26	10.75%	2006/07/01	11,00%	1992/08/01	18,25%	1981/06/01	13,00%
2022/11/24	10.50%	2005/05/01	10,50%	1992/05/01	19,25%	1981/04/01	11,50%
2022/09/22	9,75%	2004/09/01	11,00%	1991/11/01	20,25%	1981/03/01	11,00%
2022/07/21	9,00%	2004/01/01	11,50%	1991/05/01	20,00%	1981/02/01	10,00%
2022/05/19	8,25%	2003/11/01	12,00%	1989/11/01	21,00%	1979/09/01	9,50%
2022/03/24	7,75%	2003/10/01	13,50%	1989/06/01	20,00%	1979/04/01	10,00%
2022/01/27	7,50%	2003/09/01	14,50%	1989/03/01	19,00%	1979/03/01	11,00%
2021/11/18	7,25%	2003/07/01	15,50%	1988/12/01	18,00%	1978/10/01	11,50%
2021/01/21	7,00%	2002/10/01	17,00%	1988/08/01	16,00%	1978/09/01	12,00%
2020/11/19	7,00%	2002/07/01	16,00%	1988/06/01	15,00%	1976/07/01	12,50%
2020/07/23	7,00%	2002/04/01	15,00%	1988/04/01	14,00%	1975/11/01	12,00%
2020/05/21	7,25%	2002/02/01	14,00%	1988/02/01	13,00%	1975/09/01	11,50%
2020/04/14	7,75%	2001/10/01	13,00%	1987/02/01	12,50%	1975/08/01	11,00%
2020/03/19	8,75%	2001/08/01	13,50%	1987/01/01	12,00%	1974/11/01	12,00%
2020/01/16	9,75%	2001/07/01	13,75%	1986/10/01	13,50%	1974/09/01	11,00%
2019/07/18	10,00%	2000/02/01	14,50%	1986/09/01	14,00%	1974/06/01	10,00%
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2015/07/23	9,50%	1999/03/01	21,00%	1985/07/01	22,00%	1971/04/01	8,50%
2014/08/01	9,25%	1999/02/01	22,00%	1985/06/01	23,00%	1970/10/01	8,50%
2014/02/01	9,00%	1999/01/01	23,00%	1985/02/01	25,00%	1968/09/10	8,00%
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2010/10/01	9,50%	1998/09/01	25,50%	1984/09/01	25,00%	1965/03/08	7,00%
2010/04/01	10,00%	1998/08/01	24,00%	1984/08/01	22,00%	1964/12/12	6,50%
2009/09/01	10,50%	1998/07/01	22,25%	1984/04/01	21,00%	1964/07/24	6,00%
2009/06/01	11,00%	1998/04/01	18,25%	1984/01/01	20,00%	1962/12/01	5,50%
2009/04/01	13,00%	1997/11/01	19,25%	1983/12/01	19,00%	1962/07/01	6,00%
2009/03/01	14,00%	1996/12/01	20,25%	1983/09/01	18,00%	1962/01/01	6,50%
2009/01/01	15,00%	1996/11/01	19,25%	1983/07/01	16,00%	1961/05/15	7,00%
2008/07/01	15,50%	1996/08/01	19,50%	1983/04/01	14,00%	1960/08/19	6,50%
2008/05/01	15,00%	1996/06/01	20,50%	1983/03/01	16,00%	1959/01/22	6,00%
2008/01/01	14,50%	1996/05/01	19,50%	1983/02/01	17,00%	1958/06/01	6,50%
2007/11/01	14,00%	1995/08/01	18,50%	1982/12/01	18,00%	1955/10/01	6,00%
2007/09/01	13,50%	1995/03/01	17,50%	1982/04/01	20,00%	1952/04/01	5,50%
2007/07/01	13,00%	1994/10/01	16,25%	1982/03/01	19,00%	1949/10/17	5,00%
2007/01/01	12,50%	1993/12/01	15,25%	1982/01/01	17,00%	1948/12/31	4,50%



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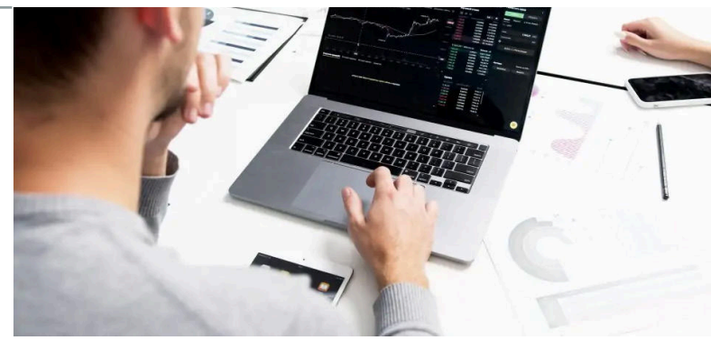


PAGE 81

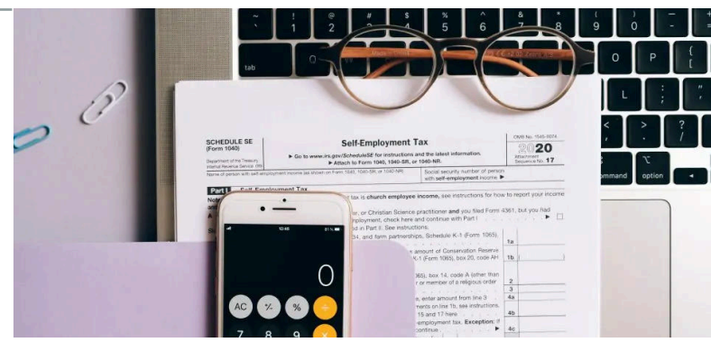
Future proof your legacy: A will tailored for every age and stage of your life

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Why do we need to invest?



SARS is zooming its focus in on Trusts that are not Tax Compliant



Future proof your legacy: A will tailored for every age and stage of your life

By Editorial



Writing a will is one of the most important things you can do for yourself and your loved ones. A last will and testament is a legal document that outlines how your assets and property should be distributed after you pass away. Creating a will at every age and stage of your life is important because life is unpredictable, and you want to make sure your will is relevant to your life stage.



In your 20s and 30s

When you're in your 20s and 30s, you may not have many assets, or dependants, but you should still seriously consider writing a will. You may very well a have a car, jewellery, heirlooms, or savings that you may want to leave to specific people in your life. In your will, you can name an executor responsible for carrying out your wishes.

If you have minor children, you should also consider thinking about who a suitable guardian would be for them. If something were to happen to you, it helps social workers guide the court as to your wishes. If you don't name a guardian, the court will appoint one for you, and it may not be the person you would have chosen.

You could also consider including the names and passwords of digital assets, such as cryptocurrency in your will. Without a will, it may be difficult for your loved ones to access these accounts after you pass away. Just imagine owning bitcoin, passing away and nobody knows where the passwords are.

In your 40s and 50s

In your 40s and 50s, you may have acquired more assets and property, and your life circumstances may have changed. If you got married or divorced, had children, or bought a home, it's essential to update your will to reflect these changes.

Most people get divorced between the ages of 40 and 50. In South Africa in 2021 the median age at the time of divorce was 45 years for males and 41 years for females, indicating that, on average, divorced males were four years older than divorced females.



The 2021 statistical release on divorces in SA is based on 18 208 completed divorce forms received and processed by Stats SA, reporting divorce data for the year 2021.

In your will, consider who you want to inherit your assets and property. You may want to leave your assets to your spouse, children, or other family members. You could also consider including any charities or organisations that you support.

You may even have a business partner or offshore assets at this stage of your life, and this would mean additional considerations with regards to your will and other documents such as buy and sell agreements or trusts.

You should also review the beneficiaries of your retirement and life insurance policies. These policies will pass to the designated beneficiaries, regardless of what your will says. Make sure that your beneficiary nominations are up to date and reflect your current wishes.

In your 60s and beyond

If you've retired, sold your home, exited businesses, or lost a spouse, you should update your will to reflect these changes.

Consider your healthcare wishes and include them in your will. If you become incapacitated, a healthcare power of attorney can make medical decisions. You could also consider creating a living will,



which outlines your wishes for end-of-life care.

Talking to your loved ones about your will and wishes is essential. Let them know where your will is located and who your executor is. This can help prevent confusion and conflict after you pass away.

The importance of a will

No matter what stage of life you're in, having a will is crucial. A will help ensure that your wishes are followed and that your loved ones are cared for after you pass away. Even if you don't have a lot of assets or property, a will is still important as it removes confusion and conflict as your wishes are clearly documented.

If you already have a will, reviewing it regularly and making any necessary updates is important. Life is unpredictable, and your circumstances will change over time. Keeping your will up to date helps ensure that your wishes are always reflected.

Creating a will can be daunting, but don't be intimidated, Capital Legacy is there to help you. We have drafted more than 600,000 wills over the last 10 years. We believe in the power of a personal consultation, where one of our expert consultants will meet you at your convenience, tailoring your will according to your needs. Don't leave your loved ones with additional stress if something should happen to you. And remember, where there's no will, there's drama.

Speak to your financial advisor or click below to get your will in order.

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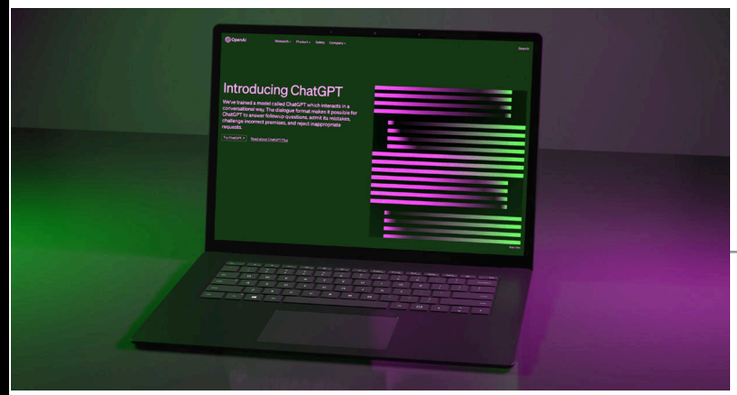
Inospace now offers a turnkey fulfilment service that is perfectly flexible and scalable, with “hands-free” solutions that completely cut out the fulfilment hassles for entrepreneurs involved in e-commerce and on-line stores - so you can focus on driving your business forward.

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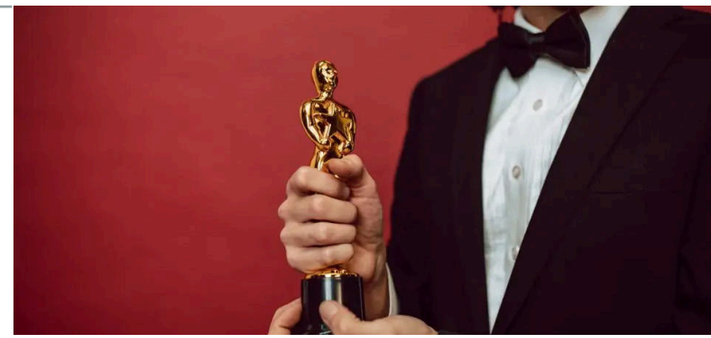
Mastering ChatGPT for Sales: Unlocking the 3 essential do’s and don’ts

TRENDING ONLINE

Tech, data and AI hold solutions to the residential property market



PayProp Crowned Tech Company of the Year



Mastering ChatGPT for Sales: Unlocking the 3 essential do's and don'ts

By David Lichtenstein



Email is the undisputed champion when it comes to helping businesses of all sizes win more sales.

But with the breakout success of AI tool ChatGPT, there could be another important piece of armoury to add to your business' sales game plan.

AI tools like ChatGPT can be used for almost any task you can think of: from writing poetry, to improving coding and much more.

But if you're thinking about how to meaningfully use this tool to improve your email sales approach, there are some serious do's and don'ts to consider. At Superhuman Sales, we've been experimenting a lot with OpenAI and ChatGPT, and we've already learnt the following lessons:

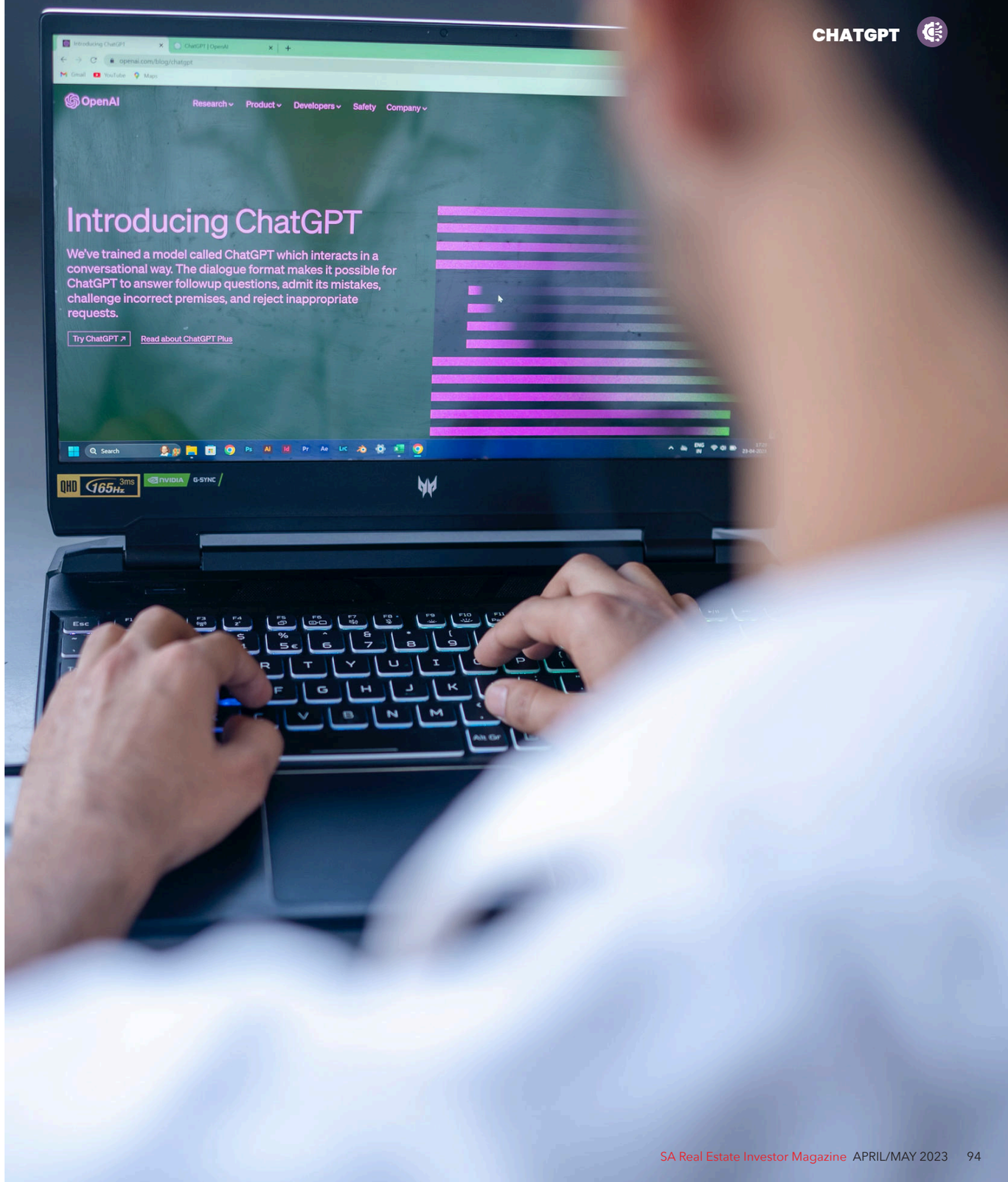
Do utilise ChatGPT as an aide

When it comes to writing your next sales email or proposal, you might want to consider using ChatGPT to get your writing process started and even speed it up. If you provide ChatGPT with carefully thought-out prompts, it can provide you with a better way of writing that sales pitch. We're all creatures of habit and seeing things in a different way can help make us become better at how we go about selling.

When using ChatGP, you'll also want to develop your own playbook. For example, whatever prompt you put into ChatGPT, you should always be asking the AI bot to adjust the final output for whoever your specific audience might be, and even the tone (business-like, friendly etc). If your industry uses technical jargon, consider including a request for this in your prompt. Think carefully about the personality type that you may be talking to and their role within their business. In the end, it might still take you 4-5 prompts before you get close to a final result that you can edit… .

Don't rely on AI too much…

While it's useful to use tools like ChatGPT, you also need to remember that using it can risk annoying any recipients of your emails.



Any copy that it produces must be carefully checked and edited, especially if it is repetitive or meaningless content.

The 'GPT' in 'ChatGPT' stands for "Generative Pre-Trained Transformer". A GPT is a language model, and this language model performs the task of predicting the next word in a series of words. This means that it's more predictive than 'intelligent' and requires quality prompts.

It's all about 'TQ' or technical intelligence, and just like hi-tech planes need experienced pilots, your sales copy will need an experienced and careful editor.

Do use it to better organise your data

Not only is ChatGPT a powerful text generation tool, but it's also incredibly adept at helping you better manage your data. For example, say you have a large email list of leads, and you'd like to clean and filter it for your next company update newsletter. By using ChatGPT, you can find a way to implement a company merge variable, and then remove the "Pty (Ltd)" from your lists. ChatGPT is also great for quickly finding excel sheet formulas that can save you hours from scouring Google.



Don't lose that personal touch

Using too much AI or automation can be off-putting to customers, as it risks coming off as impersonal or robotic. Rather strike a balance between personalised content and automated content, so that customers feel like they're talking to a real person.

Do look at how to integrate into your processes

The likes of OpenAI and many other AI companies today have APIs (Application Programming Interfaces) that you can use as part of your customer relationship management tools. Getting your developer team to integrate these APIs could help you to better listen to and respond to your customers' feedback and queries in, say, a chatbot feature on your website. AI can also help you to identify warm or hot leads, saving time for your sales team.

Don't forget human contact

While email has become a preferred medium of communication in the world of business, the reality is that you still, from time to time, need to make that phone call or meet up with the client. It's easy in a world of AI and video conferencing to lose sight of that.

Effective business communication today is a melody of innovative automation and authentic personalisation. We believe that the dance between AI and humanity is where the optimal sales tactic lies.

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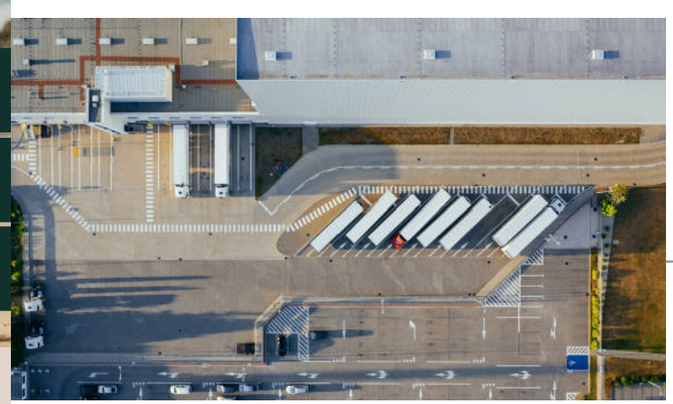
COMMERCIAL



PAGE 99
Architects – Creators of the future



PAGE 109
What to consider when choosing Hybrid working and serviced offices



PAGE 119
Optimising Warehouse Efficiency: 7 Best practices to stay competitive in today's business environment

Architects – Creators of the future

By Editorial



Many people think of architecture as work that happens on paper (or in a computer program), but the thought process starts well before pen gets put to paper (or designs get created onscreen), says Landseer Collen, principal, director and founder of BPAS Architects.

"If architects only operated in a paper world, we would never get our buildings evolved beyond paper," he says. "Architects must be dreamers, visionaries, explorers and entrepreneurs. The principle of Avant-garde architecture whereby architecture is innovative, radical and always progressing, becomes the focus in urban development when an architect designs for the future. To be able to take a commission from a client and translate that into a drawing, you first must be able to create a vision of the future. It takes imagination – plus the cognitive development of being able to think in a 3D environment."

He says that architects not only translate a client's need into an image, but have to be able to play with it to see what's possible. For example, renowned architect Frank Gehry, known for iconic buildings such as the Guggenheim Museum Bilbao in Spain and The Museum of Pop Culture in Seattle, USA, created the Dr Chau Chak Wing building, at Sydney's University of Technology, based on the idea of a crumpled paper bag.

He was also said to have designed the Walt Disney Hall in Los Angeles by simply crumpling up a piece of paper and saying "there's the design", but he told CNN that this story was just a gag invented for the TV show The Simpsons and that his process is far more involved. Like Collen, he says it begins with gaining a deep understanding of what the client is looking for and the parameters of the job (from the budget to the specific site). Function comes first, but then the architect also has the opportunity to bring something special to the project that goes beyond an understanding of the engineering and technology – that will "engender an emotional response."

Collen describes this quality of architects as "a necessary sense of playfulness" and says architectural professionals navigate the fine line between dreams and what is possible. "We have to be visionaries to understand what we're designing – to interrogate not just the moment in time we're being asked to design for, but the long-term vision for a building and how it will work 50 years in the future."

This means that architects can't view their buildings in isolation but must understand the



community and environment in which they are located and be constantly thinking about how society is changing and what that means for the built environment.

"Architecture is science translated into art," he says. "You can't separate those two disciplines out if you're an architect – you need them to work together in symbiosis. It's a collaboration between the creative and physical environment. We must push boundaries to explore what's possible. If we don't, we're no longer designing the future, we're just a tool to replicate the same things in the now. We should not blindly accept limitations."
He says that architects are by nature problem-solvers and innovators, which is something that is often overlooked by those outside the profession.
For example, during the worst of the COVID-19 pandemic, BPAS turned its architectural skills to a medical need, creating a carton cubicle that could be used as an isolation space for a COVID patient wherever it was set up. "If that person tragically died, the box could be folded into a temporary coffin for transportation of the body without risk of contamination for anyone else, thus maintain dignity." Collen explains.

"We couldn't help with the epidemiology or economic issues because those things are not our areas of expertise, but we can contribute to society with the skills we have. I think the contribution of architects to society is still undervalued, but we continue to work to show that we have an important role to play."

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SPACE THAT WORKS

What to consider when choosing Hybrid working and serviced offices

By Joanne Bushell



Serviced office spaces take away the pressure of running, managing, and paying the overheads of a private office. One all-inclusive package gives you access to space and equipment you might not be able to invest in all at once in a stylish and centrally located private workspace.

The concept gained traction when the rise of technology led to increased demand for customisable office solutions. The demand for the serviced office space has continued to grow in recent years thanks to the surge of remote work and the increasing need for hybrid office options that can accommodate changing business needs. According to Forbes, an increasing number of companies 'need a place for their employees to call a creative home'. This is where a serviced office can help.

What is a serviced office space?
A serviced office provides a professional environment with access to all the necessary equipment and amenities without the distractions of working in a public space. Serviced offices can also be a temporary solution for additional workspaces for a short period, such as during a project or expansion. This allows businesses to avoid the costs of setting up a new office while still providing their employees with a professional workspace.

Third-party providers manage these fully furnished workspaces and are strategically located in prime business areas to give you the needed edge. Businesses, freelancers and entrepreneurs alike can take advantage of the wealth of amenities a serviced office provides.

What is included in a serviced office?
A broad scope of amenities are included in serviced office rental packages, from high-speed internet to reception services and even bike storage in some cases. Many serviced office providers go above and beyond, offering access to networking events, making connecting with like-minded professionals and growing your network more accessible than ever.

One of the best parts? You can leave the hassle of maintenance and cleaning to the provider, freeing up your time to focus on growing your business.

Remember that the amenities offered may vary depending on the serviced office provider and your specific package.

How do serviced offices work?
The first step in setting up your serviced office is configuring your perfect workspace. Start by finding a location that best suits your business needs, considering factors such as accessibility, local amenities, and your target market.

Once you've chosen your location, you can configure the size of

Included in serviced office space

- Fully furnished workstations, including desks, chairs, and storage
- High-speed internet connection
- Phone systems, including dedicated phone lines and voicemail
- Reception services, including mail handling and call answering
- Meeting rooms and conference facilities
- Kitchen facilities, including complimentary tea, coffee, and water
- Cleaning and maintenance services
- 24/7 access to the office
- Access to shared spaces, such as lounges and breakout areas
- IT support
- Administrative assistance, including printing, scanning, and copying services
- Networking events and community-building activities



your office space, whether you're looking for a single office space or an entire floor and find a layout that aligns with the way you work.

The office administration team then draws up an agreement for you. After signing your contract, you're ready to start work in your new space. Our team of experts will handle all the details, ensuring a smooth transition into your new workspace.

This all-inclusive package allows businesses to focus on their core activities without worrying about the day-to-day hassles of running an office.

Benefits of a serviced office?

01 ***Flexible term contracts***
Unlike conventional office leases, serviced offices are signed month-by-month rather than on an annual or multi-year basis. This means you can move locations, adjust the size of your space or cancel it altogether at short notice if you need to.

02 ***Reception desks***
Usually, part of larger business centres or commercial buildings, most serviced offices have a staffed reception. This gives you extra security and means your visitors get a professional welcome without you having to pay the salary of a receptionist.



03 ***Less management***
Whether you're setting up your office or have been there for a few months, the external office management team will deal with any problems that arise with your services or amenities. This means no more headaches or unexpected costs for your business if the Wi-Fi breaks or a water main bursts.

04 ***Personalise your workspace***
Within some commercial properties, you can also customise your workspace. This means you can add your branding and style to your workspace without the overheads of a long-term lease.

05 ***Worldwide locations***
Whether you're looking for office space in London, Hong Kong or New York City, serviced offices put you on the doorstep of the world's most desirable locations without investing huge sums into a property in the correct postcode.

06 ***Minimise business overhead costs***
By choosing the exact amount of space and services you require, you are only paying for what you need. This can help avoid high costs associated with traditional office leases that often include more space than necessary.

07 ***Access to high-quality amenities and facilities***
A serviced office provides complete access to everything you need for the seamless operation of your business, relieving you of the burden of dealing with any minor issues. Feel at ease knowing the essentials have been taken care of.

08 ***Accommodates growth and agile working***
Businesses can quickly adapt to growth and market changes with various rental agreements, fully equipped spaces, and a range of amenities. they provide a

supportive environment for agile working, enabling teams to focus on productivity and innovation.

09

Move-in ready offices

Efficiency is crucial to any business, so IWG helps you find office spaces tailored to your team's needs, allowing for seamless integration and a quick start. Search for an office space designed to maximise productivity from the get-go.

How do they compare to other types of workspaces?

Alongside serviced offices, many other workspace options exist as different businesses look for more flexible agreements, better facilities and more central locations. Here's how serviced offices compare to the other most common types of workspaces.

1. Serviced office vs coworking spaces

One of the key benefits of a serviced office is the level of privacy they provide. Their access to furnished, well-equipped workspaces with dedicated meeting rooms is a huge advantage. They are designed to boost collaboration and networking opportunities between members, while serviced offices provide a more exclusive environment.

Whereas a coworking space is a shared space that provides a collaborative and flexible environment for individuals and businesses to work, favouring open-plan workspaces and shared common areas with other tenants.

Each has its benefits, though choosing between serviced offices and coworking spaces ultimately depends on the business's specific needs.



2. Shared offices

In a shared office space, tenants share a physical workspace, but they have their own private offices or workstations. They differ slightly from serviced offices because occupants are responsible for IT and administrative needs. Typically, these are good options for businesses looking for a professional workspace without the commitment or cost of a long-term lease.

3. Traditional office spaces

Before Covid-19, the world was heavily familiar with the concept of traditional office spaces. These are typically non-shared offices leased or owned by a single company or organisation and are responsible for managing all aspects of the space, including maintenance, cleaning, and security.

Whilst traditional spaces offer a dedicated and private workspace, many new businesses are adopting a more hybrid approach. Coworking Resource reported that there has been a 158% increase in coworking spaces since 2020, prompting more expansion in

this industry. The recent surge in the popularity of serviced offices is due to the immediate and stress-free solutions they provide business owners.

Which types of business use serviced offices?

Serviced offices are hugely versatile, with many types of businesses, from small start-ups to large corporations, benefiting from them. Whether you're a freelancer looking for a dedicated workspace away from home, a start-up or SME needing flexible office space with low setup costs, or have remote teams needing a professional workspace, a collaborative workspace is just what you need.

Large corporations and international companies can also benefit from utilising a serviced office. They are great options for temporary workspaces for employees when expanding into new locations or for businesses looking to establish a professional presence in a new country.

In summary, many businesses use serviced offices requiring flexible, cost-effective, and professional space.

Three questions to ask

01 ***What's included in the package?***

Before putting your name on the dotted line, look at what is included in your serviced office package. For example, will you have all the necessary equipment and be able to access it easily?

02 ***Is there enough space?***

A general rule is that you should have around 100 square feet of space per employee. This gives them all the room they need to be productive while encouraging close teamwork and collaboration.

03 ***How long is the lease agreement?***

Serviced office agreements typically run monthly, but checking your lease's fine print is worth checking to ensure this is the case.

What do you need to consider when choosing a service provider?

Take advantage of using a serviced office that is fully equipped and ready for immediate use with all necessary amenities. Finding a suitable space can inspire teams, attract new clients, and simplify operational overheads into a single payment.

However, for many entrepreneurs and businesses, a serviced office can offer more than just their wide range of facilities. It would be best to have a service

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Joanne Bushell
Vice President of Sales
IWG



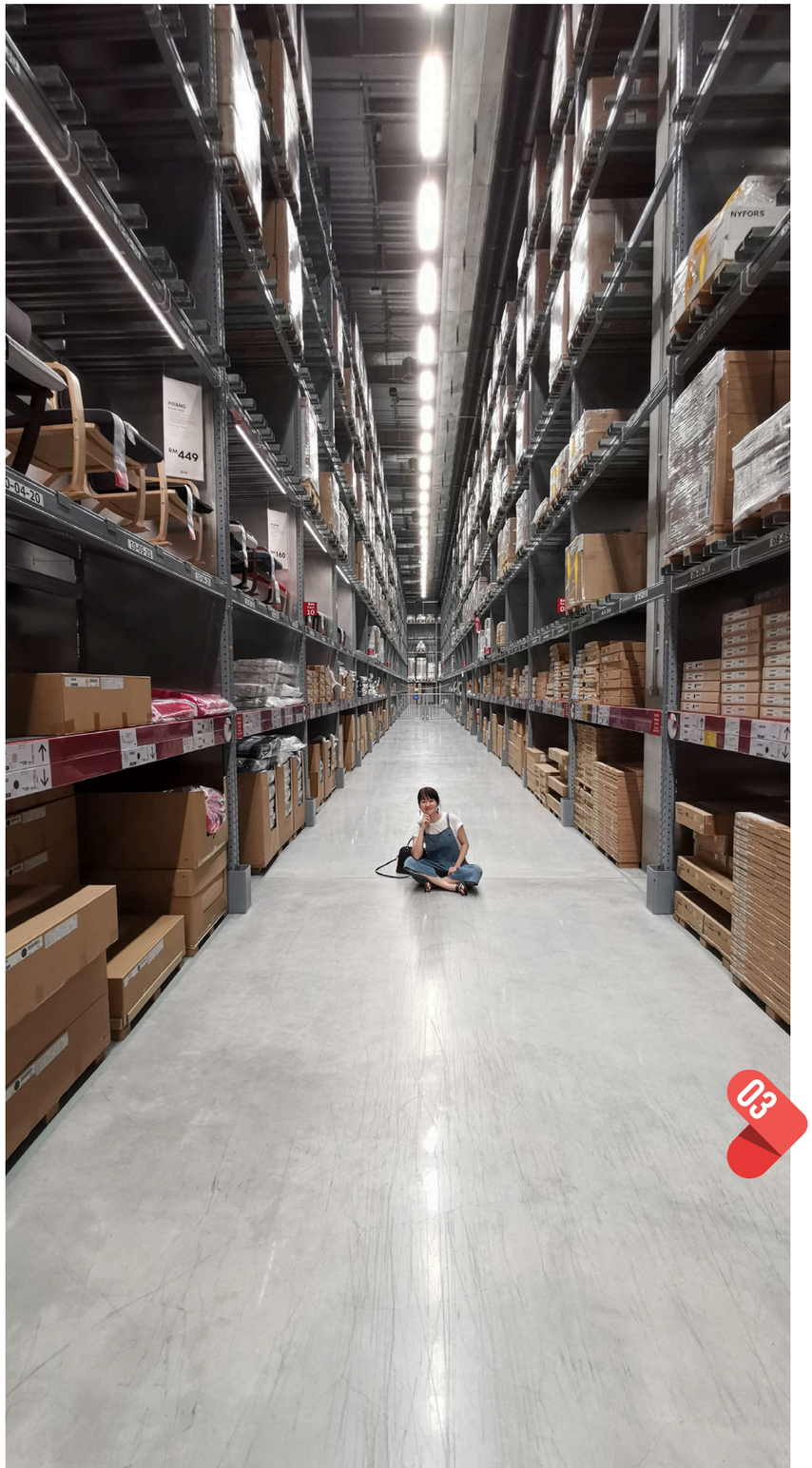
Optimising Warehouse Efficiency

7 Best practices to stay competitive in today's business environment

By Rael Levitt



Maximising the efficiency of warehouse operations is absolutely essential to remaining competitive in today's fast-paced business environment. Inefficient layouts, practices, personnel, and technology may be holding your business back. We explore seven best practices for maximising efficiency in warehouse operations.



01 Optimise Warehouse Layout

A simple, yet effective way to maximise efficiency is to focus on optimising warehouse layout. The layout of a warehouse plays a critical role in maximising the efficiency of business operations. In the South African context, many warehouses have been poorly laid out.

To cultivate efficiency in the workplace, warehouse design should be focused on optimising space utilisation to ensure easy access to inventory. To this end, the placement of racks, shelves, and storage units should be optimised to ensure that the most frequently accessed items are located near the shipping area.

Additionally, the warehouse layout should be designed to reduce the distance workers need to get to equipment and raw materials. By minimising the distance travelled, workers, can complete tasks faster, increasing productivity and efficiency.

02 Make Use of Specialist Software

There are many great software solutions that are designed to support optimal warehouse management. One such support tool is called Warehouse Management System (WMS).

This software helps to optimise warehouse layout by suggesting the best location for each item. By optimising the location of inventory, workers can save time and increase efficiency.

WMS software can also automate receiving, inventory management, order picking, and shipping processes. With this software, warehouse managers can track inventory levels in real time, reduce errors, and improve accuracy.

03 Embrace Automation

Automation technology comprises all processes and work equipment that enable plants and systems to run automatically. Automation is especially helpful when it comes to efficient warehousing.

By embracing automation, warehouse managers can significantly increase efficiency, reduce errors, and free up workers to focus on more value-added tasks.

Automated solutions help to optimise various processes, such as order picking, packing, and shipping. Conveyor belts, robotic palletisers, and automated guided vehicles (AGVs) can help reduce the time and effort required to move inventory.

04 Train and Empower Workers

Although technology and automation play a necessary role in optimising warehouse operations, workers are still the most critical asset. Training and empowering workers to work efficiently is integral to optimising warehouse operations. Therefore, it is vital for warehouse managers to invest in training programs

to help workers understand the best practices for maximising efficiency. Workers must be trained on proper equipment usage, safety protocols, and process optimisation.

Moreover, warehouse managers should empower workers to make decisions and suggest improvements. By empowering workers, managers create a culture of ownership and continuous improvement. This culture drives efficiency and productivity.

05

Implement Lean Principles

Eliminating waste, optimising processes, and maximising value are factors that critically improve warehouse efficiency. Lean principles are a set of strategies that seek to achieve this goal.

Lean principles centre around the "5S" system. This is a set of five warehousing principles, which are: sort and organise, streamline and set in order, shine and clean, standardize processes, and sustain through the process.

Lean principles can optimise various processes, such as inventory management, order picking, and shipping. This also helps to improve organisation and cleanliness in the warehouse, leading to increased efficiency and productivity.

By implementing the "5S" system to optimise warehouse efficiency, warehouse managers can identify and eliminate non-value-added activities and reduce waste in the warehouse.



06

Implement an Electricity Optimisation Strategy

Eskom's inability to reliably provide electricity to the people of South Africa has put incredible strain on warehouse efficiency. It is sub-optimal to halt business as a result of power outages. Despite these distinct challenges, warehouse efficiency can still be achieved by implementing the right electricity optimisation strategy.

Optimising electricity output can include; upgrading to energy-efficient lighting, investing in energy-saving equipment, implementing a regular maintenance schedule, etc.

Optimising electricity input can include; renewable energy sources such as solar panels, generators, uninterruptible power supplies, etc. The goal is to reduce reliance on

traditional energy sources, so that warehouse operations can be independent of unreliable service providers.

The right electricity optimisation strategy works to reduce energy consumption and costs. Warehouse managers should take time to identify areas of energy waste and take steps to improve efficiency in a way that works for their space.

07

Continuously Monitoring and Improving Performance

Warehouse efficiency is not a one-time effort but requires continuous monitoring and improvement. It is vital for warehouse managers to always look for ways to optimise their operations, and to encourage the same from their staff.

A method warehouse managers can use to continuously improve overall performance is to enforce a system based on Key Performance Indicators (KPIs).

KPIs allow managers to set a benchmark for month-on-month improvements. And help identify areas that (when combined with a solid procedure and warehouse management system) will have a direct effect on both overall business costs and customer satisfaction.

KPIs provide targets for teams to shoot for, milestones to gauge progress, and insights that help people across the organization make better decisions. By continually monitoring and improving staff performance, warehouse managers can optimise operations for maximum efficiency.

Conclusion

Maximising warehouse efficiency requires careful planning, streamlined processes, and the right technology. This blog post has covered seven solid practices to maximise efficiency.

For warehouse efficiency, the focus needs to be on consistent effort from warehouse management, empowering workers, and investing in technology. Maximising efficiency is vital to remain competitive in today's fast-paced business environment – and also nurture your bottom line.



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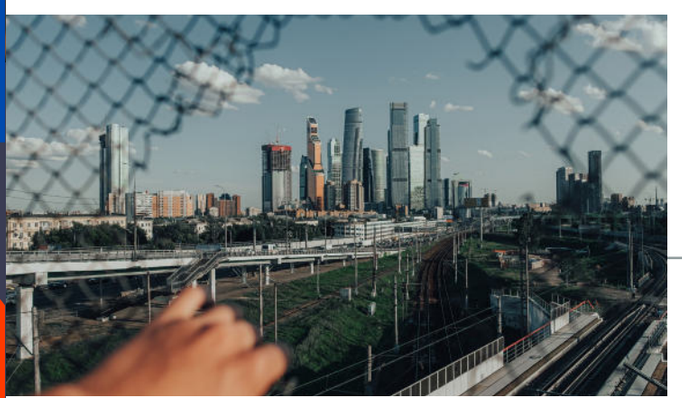
PAGE 129

A Candid Q & A: unveiling the mind of a savvy UK based HMO cashflow investor



PAGE 135

Unlock high yield opportunities: Invest in well balanced UK Property with 10 year capital returns soaring at 80%



PAGE 141

Unleash the power of opportunity: Reflecting on the past to redefine your future financial decisions

A Candid Q & A: unveiling the mind of a savvy UK based HMO cashflow investor

By Editorial



REI sat down with Aussie investor Dean Parata of Parata Property to reveal some insider secrets on his UK House of Multiple Occupancies (HMO) property investment business which he built from scratch. He also shares his passion and success playing rugby league for London Broncos and Italy.

Dean is a 31 year old emanating from Australia who has a big family of six siblings. He moved to the United Kingdom to follow his passion in Rugby League. In his spare time he first set his sights on property investment but specifically targeted investing into House of Multiple Occupancies (HMO's) properties and set-up up his company Parata Property after seeing incredible returns and benefits HMO's offers investors.



Q & A WITH DEAN

Q: Why is property such a great investment opportunity?
Because it's an asset class that continues to earn you money without having to do anything. HMO's, as a property strategy, not only increase in capital appreciation but also earn significant cash flow from multiple sources when compared to other property strategies and asset classes.

Q: What got you into the property business?
Wanting to provide passive income for myself and my family.

Q: Career highlights & achievements?
Starting my first company at 16 and launching Parata Property in 2021.

Q: What do you like most about what you do and least?
Like: Meeting new people, building systems and making the business grow.
Dislike: Admin

Q: Highlights/biggest achievements in your career?
Not a single achievement but probably an accumulative achievement of delivering over 26 projects to different investors from different parts of the world.

Q: If you have you invested into real estate include any investments you may have made and the most important lessons you learnt from the experience in your personal capacity as an investor?
Yes we have invested and own many HMO properties ourselves as that is where we cut our teeth. My advice is to always buy and wait when the opportunity presents itself and not wait to buy.

Q: What category of

PERSONAL INSIGHTS ON DEAN

Hobbies & Passions: Rugby, reading, travelling, lazy days with family and wine tasting!
Favourite book: Rich dad poor Dad, by Robert Kiyosaki
People that have made an impact on your life: My parents, wife, brothers and close friends
Favourite Movie: A walk to remember
Sport stars: Andrew Johns and Stacey Jones (rugby league players)
Heroes: My parents
Sporting highlights: From a rugby league perspective playing against Australia and England in the rugby league World Cup for Italy.
What don't people know about you? I'm a bit of a nerd. A good day for me is a getting a coffee, coming home and enjoying a good book all day.
If you would do anything else what would it be: Historian.
One word to describe yourself: Motivated.
Life Motto/favourite quote: There is nothing new under the sun

investment has produced your most significant returns and what insights can you share from the experience?
We generally achieve minimum 15% + on our total ROI's for any given House of Multiple Occupancies (HMO) project. This is pretty general across the board with our HMO products and that is what makes it such a lucrative investment.

Q: Biggest challenges in your career and how did you overcome them?
There have been many hiccups on any given project. The solution is just open communication and transparency.

Q: Any key insights, knowledge or lessons that you gained that you would like to share?
Always be transparent and plan for worst case possible.

Q: Vision for the company into the future?
We want to continue to consolidate our current processes, bring new clientele from offshore (including South Africa) to onboard them to invest hands-off (we handle all the property management) into the lucrative UK HMO market and then move into bigger commercial developments in the future.

Q: What lasting legacy would you like to leave in the world?
I created an opportunity for people that they didn't have before.

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DEAN'S TOP 5 BUSINESS AND INVESTMENT NUGGETS

1. **Always be upfront and honest**
2. **Communication is key**
3. **Don't work with difficult people, if possible**
4. **Always keep a contingency and plan for worst case scenario**
5. **Look for ways to work with people instead of seeing everyone as your competition.**



Unlock high yield opportunities:

Invest in well balanced UK Property with 10 year capital returns soaring at 80%

By Sophie Gamborg



A couple of weeks ago I had a debate with a very well respected South African Fund manager, we went back and forth over emails, each arguing our point. My point was that a UK property asset is a very good investment and his that funds deposited in rands in a South African bank have generated more British pounds than funds left in a UK bank this whole millennium. In the end we decided it would be best to meet in person and debate this face to face.

Luckily, we ended up having a fantastic meeting; I learnt a lot about funds and agreed with what he was saying; funds in a South African bank account have performed better in comparison to funds left in a UK bank account. However, he acknowledged that this was not the point I was making.

My point was that the UK property market over the past 15 years has seen phenomenal capital appreciation. In fact, if we look back at the last 50 years of the UK property market, 43 of these years have had positive growth. 43 years positive growth out of 50 would be attractive for any client, either for building wealth or maintaining it during retirement.

In certain parts of the UK property prices have increased 80% in the last 10 years, therefore if a South African had taken rand out of the country 10 years ago and put it into UK property they would have made a significant amount of money.

By the end of the meeting we were on the same page and decided that what is most important for any client is that they have a well-balanced wealth strategy.

The economy and investment world over the last few years has become harder to predict and therefore having a well balanced portfolio is more important than ever before.

To achieve a well-balanced portfolio the following aspects need to be considered:

Safety Cash

Everyone has a version of what a doomsday situation looks like for them. Ask yourself on a worst case scenario how much cash would you really truly need in this scenario . Hold no more than this

Life Insurance

Death is as unpredictable as it is inevitable. Ensure you have a policy in place to look after family.

Income Protection

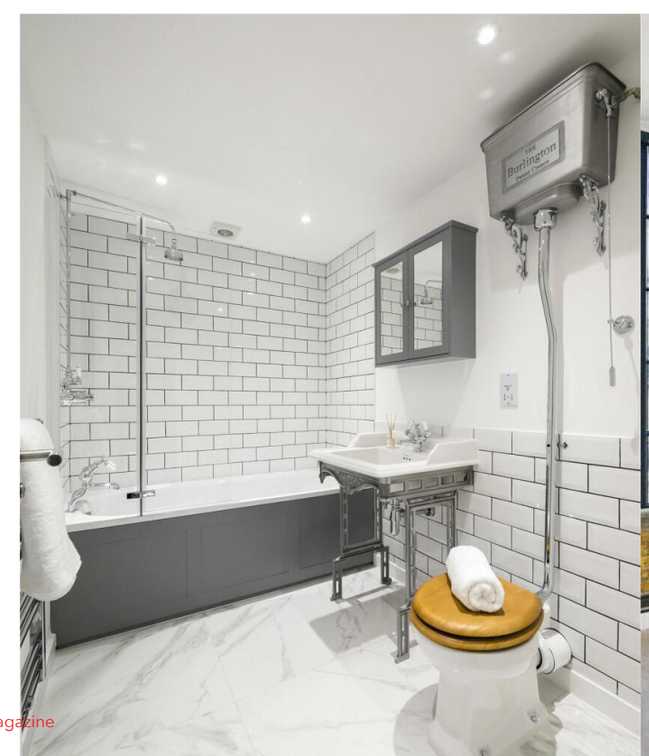
The main time anyone struggles with income is usually during times of diagnosis of a critical illness such as cancer. Make sure if you do get diagnosed and have to take 6-12 months off work a policy pays you your income equivalent.

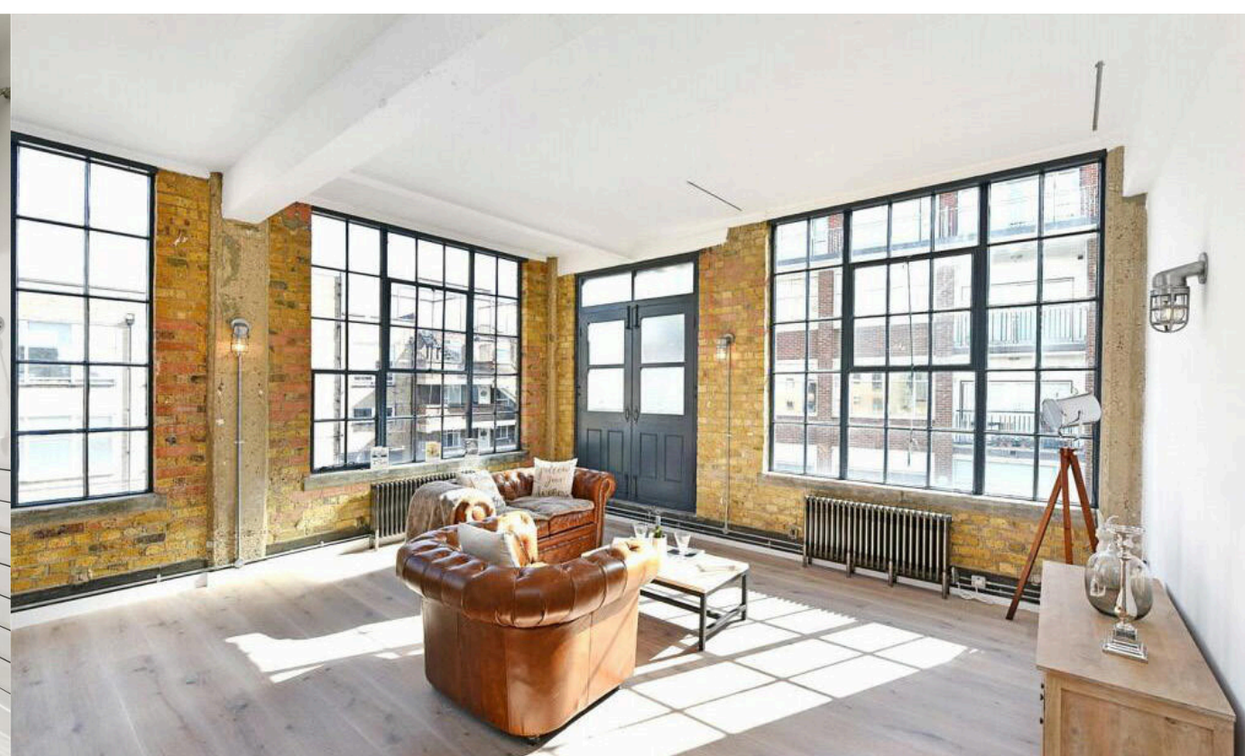
Pension Portfolio

There is categorically no relying on the state for your income and with company golden pensions becoming a thing of the past it is crucial you put something in place early that can be invested into over the long term away from all other assets to ensure a great retirement.

Children's Education Portfolio

One of the main cause of someone's wealth going backwards mid age is either divorce or having to all of a sudden find university fees for the children, sometimes totalling over £200,000 GBP across 2 children





for 4 year courses. Starting this portfolio as soon as children are born will get rid of the stress later down the line.

Direct Stock Portfolio
Having a low cost platform to invest capital into the markets as and when you have liquidity and being ready to invest during market downturns is a sure fire way to make sure your wealth is growing and working for you rather than sitting in the bank going backwards due to inflation

Physical Assets
Holding gold, silver, a nice wine, whisky, art, are great ways to hedge against traditional markets.

Fixed income Portfolio
Creating a combination of bonds, structured notes, loan notes, fixed term high interest deposits creates some consistency for income

Property Portfolio
In the UK, through interest only mortgages/bonds, you can use the banks money to purchase and a tenants money to pay off the bank. It is a smart way to build a lucrative property portfolio that over time will produce consistent steady income as well as capital growth providing you have purchased in the right place at the right time.

Looking back over 50 & 25 years its very clear to see how consistent, certain and steady UK property is as an asset class for clients' portfolios.

When you combine capital growth plus rental yield and the ability to leverage even at 5-6% UK investment property is an attractive option for balanced or cautious risk clients over the medium to long term.

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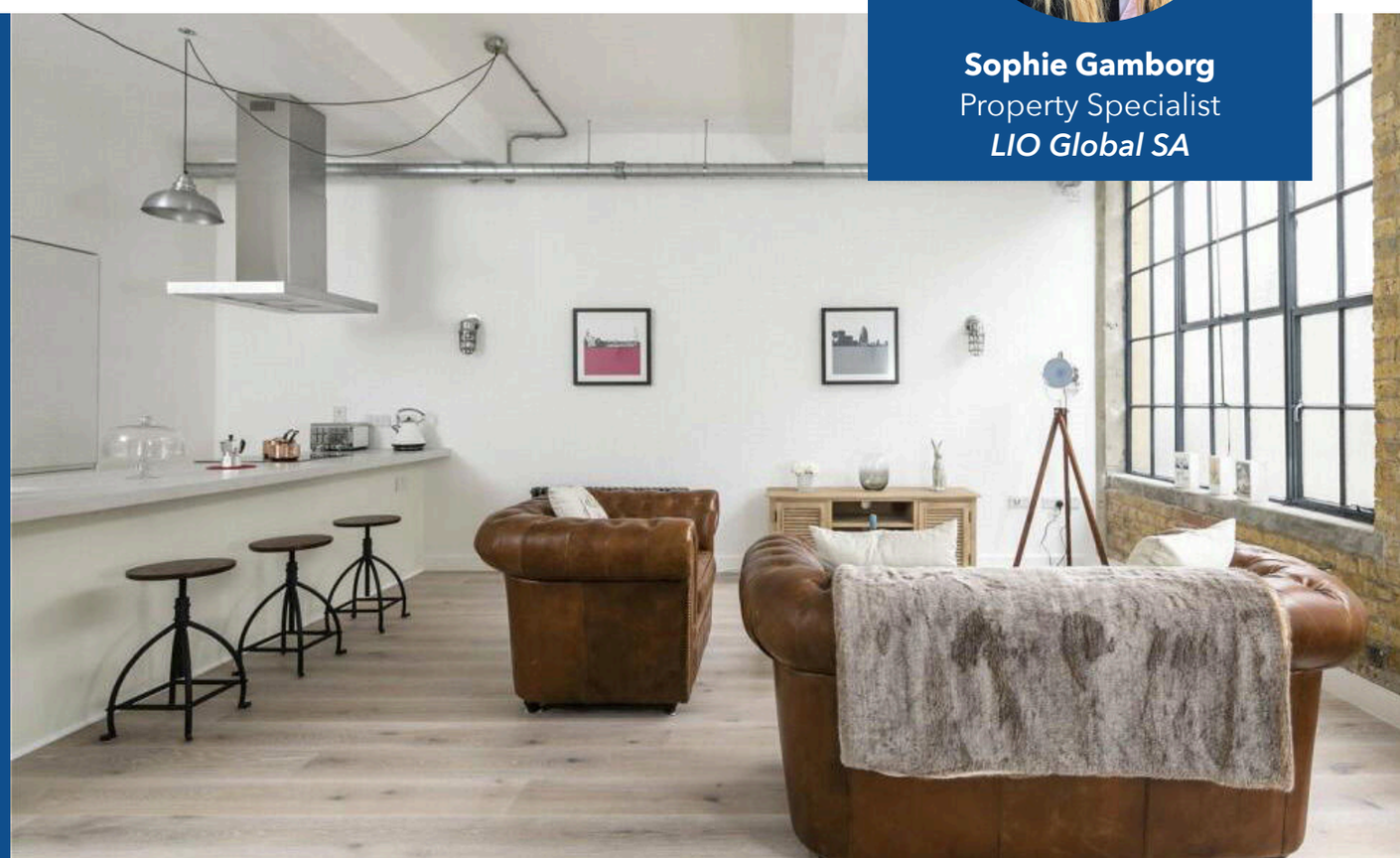
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LIO Global SA

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Our portfolio currently sits with 20% completed stock fully tenanted offering immediate yields, and 80% off plan with deposit protection ensuring we have de risked as much as possible to give the clients confidence in what they are purchasing. Price points starting from 120,000 GBP / R2,820,000 across various regions, cities and towns.

Featured is our latest London investment option
The Shoe Factory - a collection of 7 warehouse conversion flats:

- Prices from £500,000
- Tenanted and achieving rentals up to £3,150 per month (R74,071).
- With a 70% UK bond, funds needed would be £150,000 / R3,526,938.



Unleash the power of opportunity: Reflecting on the past to redefine your future financial decisions

By Scott Picken



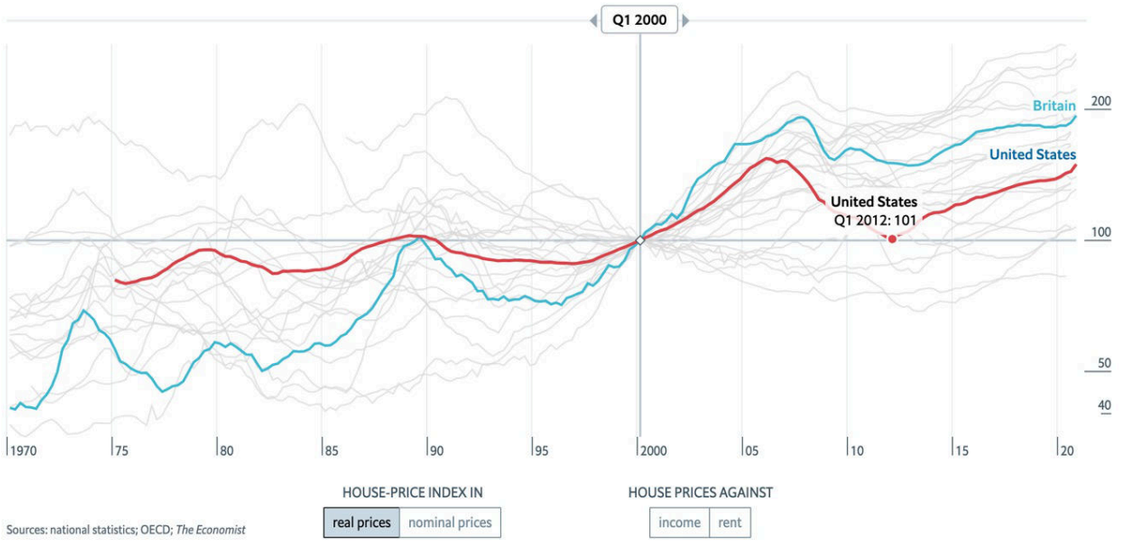
How multiple SA investors seized the moment and benefitted handsomely amid favourable interest rates in the USA.

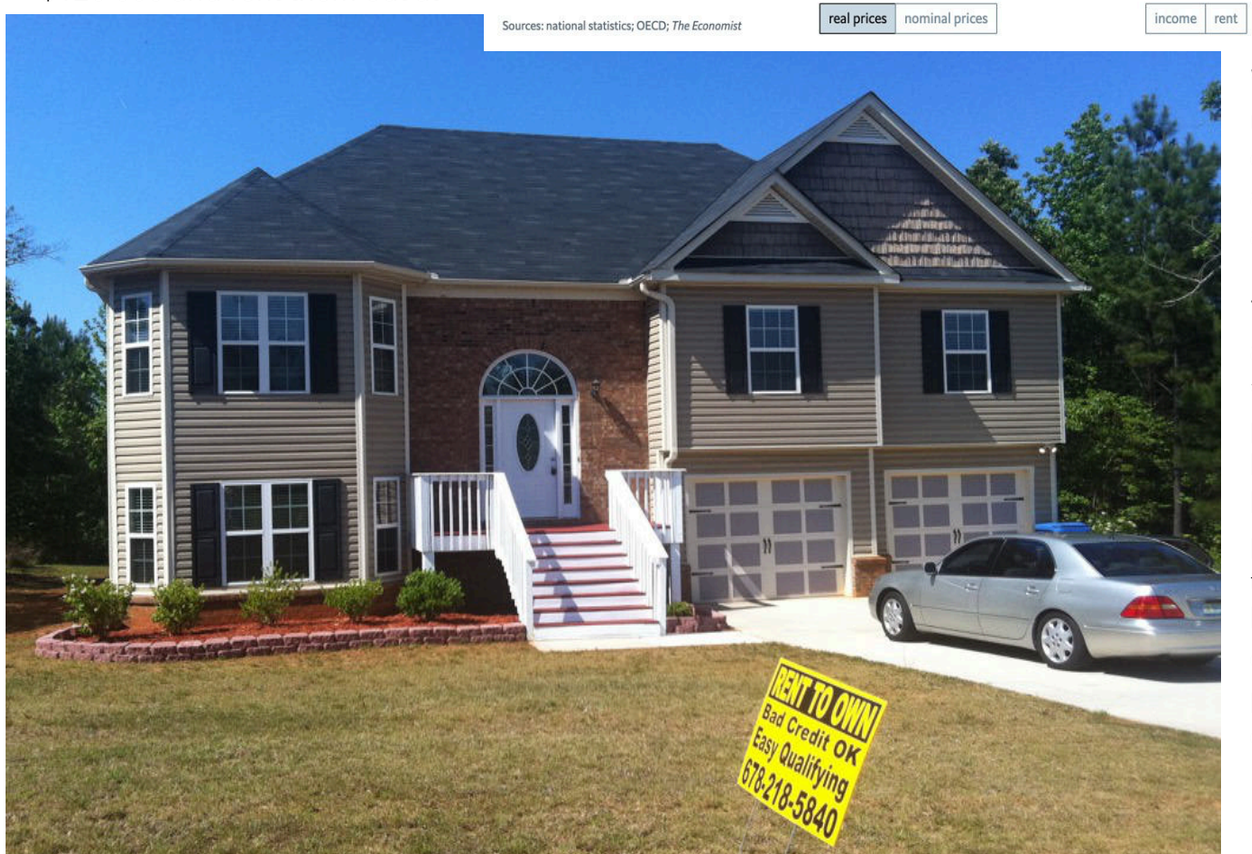
Eleven years ago, April 2012, Neale Petersen of REI, Brendon Brown of Invest USA and myself (Scott) of International Property Solutions (IPS) embarked on an investigative journey to the United States America (USA), to seek real estate business opportunities for SA investors.

We pooled all our contacts and scheduled meetings with everyone we respected in America real estate to get to understand the American real estate market better. We started East of USA from Atlanta, Georgia to San Diego, California to Phoenix, Arizona to Orlando, Florida to Memphis, Tennessee then back to Atlanta on the East Coast, eventually ending our trip in New York City visiting 8 cities and 6 States in 9 days.

We met real estate brokers, agents, developers, sponsors, banks, lawyers and even property investor, author and guru Dr. Dolf de Roos who wrote multiple books and courses who is best known for publishing his best-selling book Real Estate Riches. We got such a good feel for the broader market and were overwhelmed by the opportunity which was present in the market after the Global Financial Crisis in 2008. As Warren Buffett says, "When there is blood on the street, that is the time to get excited."

We came back to South Africa and organised our first event together with Real Estate Investor Magazine, International Property Solutions and Wealth Migrate in late May 2012. We shared the opportunity with hundreds of people around the country. The Rand was R8,53 at the time and you could buy incredible houses from $60 000 - $120 000 and rent them out at a positive cashflow return of 8%. Properties like the one below in Atlanta, Georgia were selling at least 20 – 30% below market value.





We started investing within 3 months from the entire bottom of the American market, according to the best data available from The Economist.

Thousands of people attended our live events and webinars. A few hundred people came on our future buyer's trips to America and bought properties. Most people we approached thought it was too good to be true, or whatever other excuse they had. Today those properties have more than doubled in value in USD and

the Rand has more than halved (lost 220% since then). People who had analysis paralysis at the time have lost four times their money they could have made.

Added to that in 2013, with a foreword from Clem Sunter, I launched a book 'Property Going Global' to teach South African's how to invest overseas, safely, and simply and avoid the mistakes more than 80% of people make and lose money. 10 years later we are launching a digital upgrade, and this includes commercial real estate and other alternative assets.

We can all wish what we should had done more 11 years, but the next best opportunity is to ACT NOW.

Join us on this digital course to determine the:

- **Top 5 countries to invest in**
- **Top 5 currencies to invest in**
- **Top 15 assets to invest in**
- **How to find the best partners**
- **How to ensure you have a 10-year plan which will enable you to have globally diversified passive income.**



ENQUIRE NOW

Scott Picken
Founder
Wealth Migrate &
Wealth University

Maximising returns with strategic property investments, developments & the power of a winning team

By Editorial



Property developer, Pieter Smith, bought his first property at 20 years old. Pieter's long-time management agents, the van den Berg brothers of Just Property in Cape Town's Northern Suburbs, asked him to share his thoughts about property investment.

After matriculating in 1997, Pieter was awarded an engineering bursary but didn't take it up. His parents advised him that he needed to go into property if he wanted to do well financially. His mother was in property sales and his father was a contractor and developer, so Pieter had "a bit of a feeling for property", so he started as a real estate agent at 18.

"The agency threw me in at the deep end, and I am ever grateful to Lubba Allen, who gave me a chance." He bought his first property in Oak Glen, Bellville, two years later. At just 20 years old, when he applied for the bond, he had to get permission from the Master of the High Court!

In 2003 - just five years after he left school - Pieter started his first residential property development, with a 106-unit called Four Seasons, in Arnold Street, Strand. Since then, he has completed over 70 developments totalling around 8,500 units.

Q: How extensive is your portfolio?
Pieter: 'Currently, through various entities, we own about 206 units in rental stock and an additional +/- 900 units, which are in various development stages, as well as some 11ha of industrial land.'

Q: What are your thoughts on property for generating generational wealth?
Pieter: Over time, it is the best and easiest way to make money. The key to success lies in timing – don't rush things and accept that while some may get lucky, it's best not to look for get-rich-quick schemes.

Q: What is your best advice to youngsters who dream of building a property portfolio?
Pieter: Work hard to put down that first deposit in your mid-20s. Then aim to add a property every 2nd year, giving you a sizable portfolio over time with limited risk.

Q: What do you think prevents people from owning their own property?
Pieter: 'It's a mindset. People think they can't afford to buy, but they can. The problem is they want more – so they rather rent a better property than what they could buy or afford for the same monthly payment. People are unwilling to sacrifice in the short term, whether on a monthly payment, luxury, or



holiday. Once they are in the rent trap, it becomes tough to own their home.'

Q: So, what sector or band should new investors look at?
Pieter: 'There is never a single correct answer. In 2008 everyone thought retirement or storage was the way to go. In today's economy, in my view, the market above R3,5-million is more robust. Others would say student rentals. There's never a right or a wrong answer – sometimes you're lucky, and other times you must sit out the bad times.'

Q: Is gearing the magic wand some say it is?
Pieter: 'Gearing can be suitable while interest rates are low, but as we've seen, low rates can't be guaranteed. So yes, you can make money on the bank's money, and all can be good while we are at 7 or 8% levels, but suddenly, prime is at 10.75% … I don't think that's favourable for gearing. '

'I view deals differently today compared to 20, 10, and even five years ago. I used to be very keen on taking a chance, but my children are 1, 9, and 12 this year … Everything in life comes with some risk. I prefer to have manageable risks should anything go wrong.'

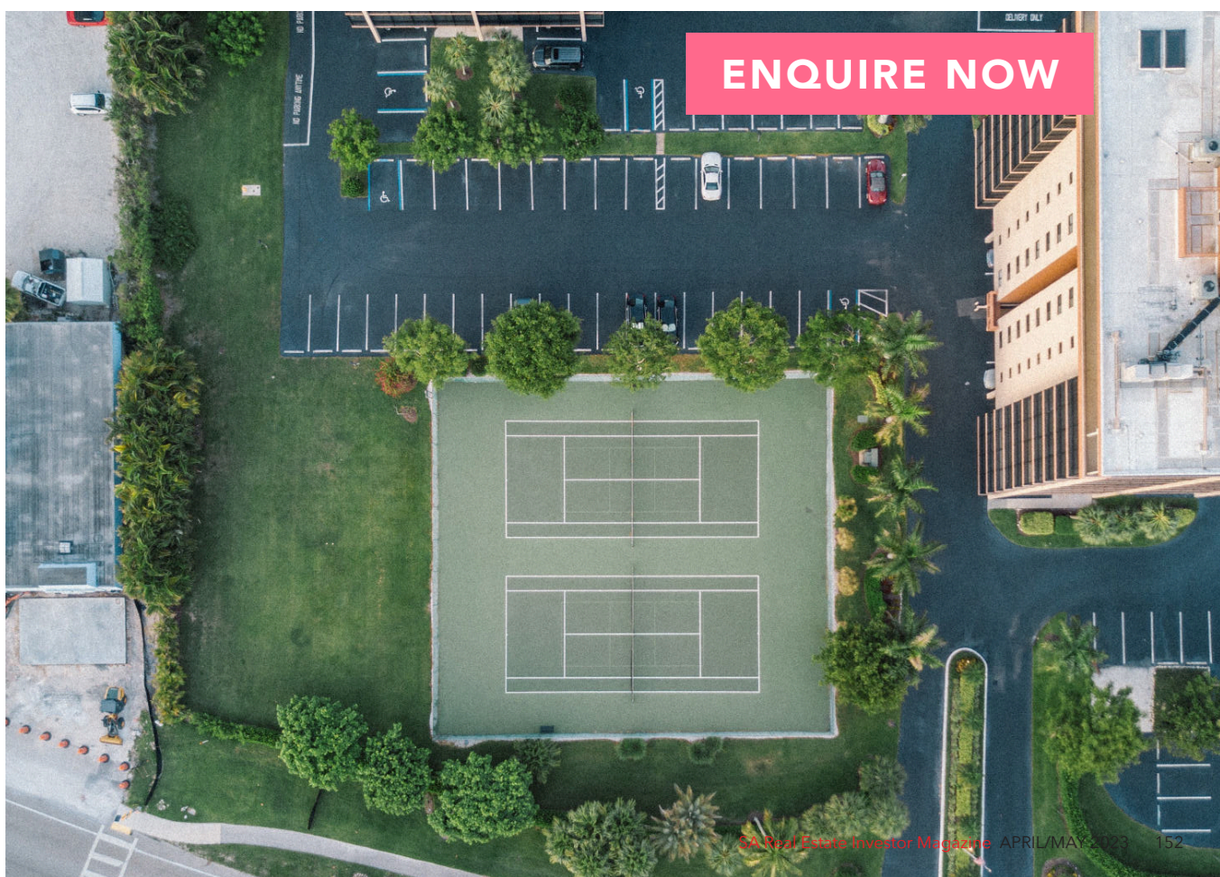
Q: Where would you advise a first-time investor to look for property?
Pieter: 'The key is not to be emotional. If you buy with emotion, then you will lose out on good deals. Keep an eye on areas close to public transport, in the low to medium price bracket, where properties attract a variety of tenants, from students to young professionals. Generally, yields are better there. '

Q: What is your advice to anyone trying to decide on a career?
Pieter: 'Ultimately, you must do what you enjoy and have fun. If your work is no longer fun, take a break and reconsider why you are doing it.'

Q: Finally: what do you advise investors to look for in a property agent?
Pieter: I have built a stellar reputation and a very large portfolio of properties supported by Hendrik, Johannes and Pieter van den Berg of Just Property Prosper. Our professional relationship has expanded over time to an enriching personal one, too, and this dynamic trio can be found together on the golf course and in the stadium supporting the Stormers rugby team.

'They know their product and the process and go the extra mile. I know I can rely on the van den Berg's as they have bought and sold properties themselves and are good at managing expectations. They've built a passionate team that gives excellent client service. I advise you to sit across from your agent's desk and ask them what their values are or check out what they say on social media.'

Power of a winning team
You also want to look at the team your property professional and investor relies on. The van den Bergs have built a team that is completely dedicated to service excellence. Look for that. Just Property Prosper walked away with seven prizes at the recent Just Property national awards evening, including Franchise Champions Award for Overall Performance.



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Look out for our next issue in July/August 2023