

Investments – why?

- It is the sacrifice of the now (present value) for future value
- People act in the present according to their judgment of what the future holds
- The best kept secret in the investment world is that:
“nothing turns out as expected; forecast rarely come true”

Direct Property Ownership

- Real Estate by its very nature is immovable hence it carries amongst other risks related to its geographic location
- Other limitations to direct property ownership include the following:
 - ❖ High cost of entry
 - ❖ Commercial risk- Lease expiry & Tenant default
 - ❖ Limited tradability

Industry Players

- Financial Services Companies - 40%

- ❖ Pension Funds - 10%
- ❖ Insurance Companies - 10%
- ❖ Listed and Non listed – 70%
- ❖ Syndications and Private individuals – 10%

- Developers - 20%

- ❖ Commercial - 55%
- ❖ Residential - 45%

- Government - 40%

Listed Property Investments

- Low cost of entry
- Risk diversification
- Increased liquidity
- Greater transparency through reporting
- Useful tax status

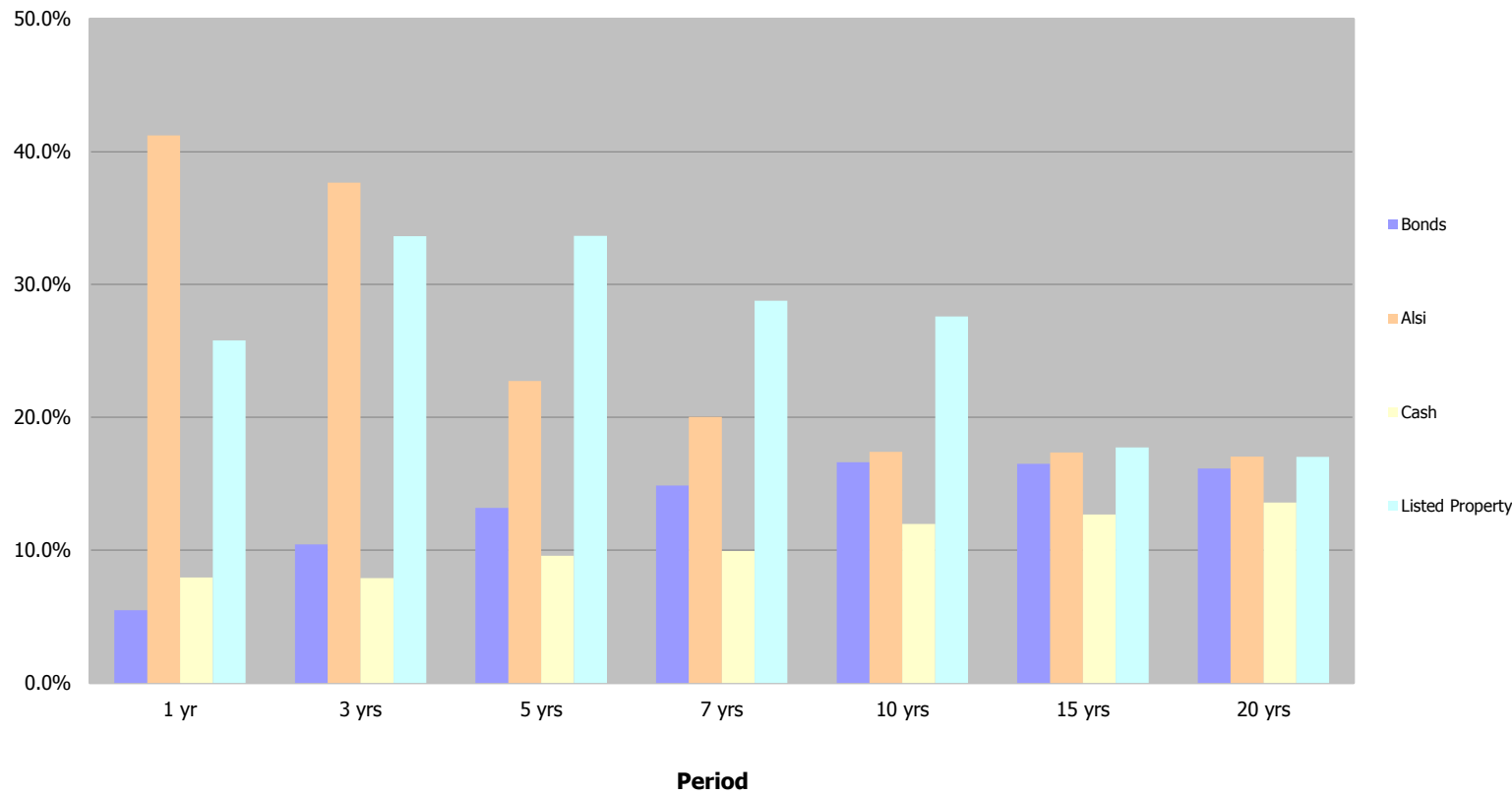
Industry Size

- Approximately R5 Trillion
- Average growth - 5%
- Owner occupier approx -33%
- Black players – less than 2%
- Skewed property ownership



Listed Property Investments

Listed Property Relative to Major Asset Classes



Advantages of Real Estate Investments

- Pride of ownership
- Personal control
- Property Use and Occupancy
- Leverage
- Secure Capital
- Portfolio Diversification

Disadvantages of Real Estate Investments

- Illiquid
- Management Burden
- Depreciation of Value
- Govt Controls
- Equity Capital
- Legal complexity
- Subject to Property Cycle

RESIDENTIAL



CHARACTER

Which BOB Do You Trust



DOES MY SHOE DEFINE MY CHARACTER



AND WHERE ARE THE KHUMALO'S?

pany. Wesbank, is said to be repossessing about 2 000 cars a month

'Now customers will be able to access finance at our branches'

away because they will be able to access finance at our branches," said Makhunga.

The decision by FNB to offer vehicle finance through its branches will put it on par with its rivals Standard Bank, Absa and Nedbank, which have long served their customers via their branches and mobile sales teams.

Makhunga said WesBank would assist his division with collections and balance sheet management.

capabilities has become more important as customers are starting to default due to higher indebtedness and rising interest rates.

FNB will target customers who earn more than R64 000 a year and who are looking to buy new or second-hand vehicles and luxury items like boats and jet skis.

But they will have to pass an affordability test as required by the National Credit Act, which was introduced last year to root out

"We want our customers to come to us first instead of going to someone else... We will get the best customers onto our loan book," said Makhunga.

The increase in credit defaults and the subsequent decline in new car sales is hurting the profits of lenders. As a result, the country's largest vehicle asset financier, WesBank, has seen its half-year earnings to December 2007 falling by 14% to R462 million.

debts rose as total assets increased by 21% to R109.6 billion from R90.4 billion.

Peter Schlebusch, the new head of personal and business banking at Standard Bank, questioned the wisdom of FNB's decision to enter the vehicle finance sector while the market was facing a slowdown.

"At the moment, the market is a lot tougher. That is evidenced by the fact that we have had 12 months of decline in vehicle sales. The tim-

a business.

"We have had larger increases in bad debts in our vehicle finance unit. This is consistent across the market," said Schlebusch.

But Makhunga is confident that there is room in the market for FNB's vehicle finance business.

"Our business model says we will make money, but you don't make money from day one," said Makhunga, who will launch the division in mid-March.

SABMiller's licence to brew and distribute Heineken's Amstel beer in South Africa.

Amstel dominated the local premium market, accounting for 9% of the national beer market, and SABMiller said the loss of the licence would cost it \$80 million (about R625 million) a year in profit.

Meanwhile, Heineken has been shipping its Amstel beer from Europe and building up its South African distribution. - Reuters



Who is benefiting from BEE? Let's have the conversation.

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OCTOBER 4TH-10TH 2008

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Somalia's pirates

World on the edge

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€5.20

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Albania	ALL650	Croatia	HRK38	France	€5.20	Ireland	€5.20	Latvia	LVL1.65	Nigeria	Naira 600	Romania	RON18	South Africa	R40.00
Austria	€5.20	Cyprus	€5.20 (€3.00)	Gibraltar	GIP3.30	Israel	NIS34.90	Lebanon	£1.19	Norway	Nkr48	Saudi Arabia	Rial35	Sweden	SEK50
Bahrain	Dinar3.50	Zech	CZK150	Greece	€5.20	Italy	€5.20	Qhama	TL1.23	Poland	PLN20	Serbia	RSD48	Switzerland	Sfr10
Belgium	€5.20	Denmark	DKr45	Hungary	HUF1.31	Kenya	KSh5490	Luxembourg	€5.20	Portugal	€5.20	Slovakia	SKK180	Turkey	TRY5
Bulgaria	BGN10.20	Estonia	EEK40	India	INr400	Rwanda	Binar 2.80	Malawi	€5.20	Qatar	Rial5.35	Slovenia	€5.20	UAE	Dharams

SARKOZY TAMES RUSSIA OBAMA VS. McCain

Newsweek

It's Not as Bad As You Think

WHY A CRACK ON WALL STREET WILL NOT CRASH THE WORLD'S MARKETS



PHOTOGRAPH BY JAM STROEMER — GETTY IMAGES

SEPTEMBER 29, 2008



"HURRICANE SUBPRIME
MORTGAGE CONTINUES TO CLAIM
VICTIMS AND SHOWS NO SIGN OF STOPPING!"

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"I THOUGHT WE WERE JUST BUYING A HOUSE!"