

RENTAL HOUSING INVESTMENTS



International Housing Solutions (IHS), Fund Manager (General Partner) of the **South Africa Workforce Housing Fund ("Fund" or "SAWHF")**, invites you to consider the potential growth opportunities we offer your business.

The Fund is expected to commit \$240 Million USD (about R1.9 Billion) and will generate the creation of an estimated 50,000 homes for sale or rent, helping to meet South Africa's burgeoning demand for housing. The investments will total about R6 billion after gearing.

Who is IHS?

IHS is an international company with a solid track record spanning years of experience in local and international housing markets. **We provide equity investment in projects and to companies that develop affordable housing or provide services and products contributing to this growing market segment.**

IHS is investing in South African residential markets through the Fund. IHS's equity investment fills some of the gap between debt and total project cost and allows the property owner and/or developer to more efficiently put his own capital to use. IHS tailors funding solutions and offers a flexible product adaptable to the requirements of a particular transaction.

We operate in all provinces of South Africa and neighboring countries. The diversity of finance and real estate experience embodied in the South African and international IHS team brings valuable expertise and capital to your business.

What can IHS offer in terms of rental housing?

IHS invests in rental housing projects that primarily serve the millions of South African households whose income is too high to qualify for public sector rental housing programs, but too low to afford average market rate housing. This segment represents a sizable "missing middle" in the country's housing supply.

The types of rental projects we invest in are:

- Rental rehabilitation or conversion, typically in large urban area
- Acquisition and management of individual buildings or portfolios of buildings for moderate income rental enterprise
- Student housing to address the serious shortage of this type of accommodation

Why choose IHS as a partner?

- IHS is an international company with a solid track record in housing markets drawn from its experiences in the local and international housing markets.
- IHS tailor-makes equity funding solutions to suit your needs and offers a flexible product that can be adapted to meet the requirements of the deal.
- IHS can assist property owners and/or developers with limited equity to expand their operations and take on bigger projects.
- IHS shares the risk with you, the property owner and/or developer, as a full equity partner.
- IHS understands property risk and looks at deals across a wide spectrum i.e. from land and building acquisition or construction as well as the development of rental portfolios.





- IHS has a large portfolio of rental units under management, so there are synergies obtained by the scale and sharing of best practices as learned from the various projects.
- IHS has a skilled team of specialist rental asset managers and state of the art asset management IT infrastructure.
- We operate in all provinces of South Africa and neighboring countries.
- We aim to develop long-term relationships with our partners.

What form does our rental housing investment take?

IHS provides the majority of the equity needed in the transaction, which in simple terms, is the total cost of the project less the portion that will be funded by debt (generally provided by commercial banks) and any other sources of funds. Equity by its nature does not require a specific interest rate to be paid; IHS as an equity investor shares in a portion of the profits should the project be successful. IHS co-invests with capable local developers and property owners to create large portfolios of rental properties requiring moderate to extensive renovation, and that target the lower-to-middle end of the market. We can also invest in new build or existing rental buildings as well as specialized rental products such as student accommodation. In most cases, the development equity interest is structured with a progressive waterfall to ensure that incentives are aligned to optimize the profits for all parties. Apart from investing alongside experienced developers and investors as mentioned above, IHS can also purchase developments on a "Turn Key" basis for its own account.

- Target Rent Income: R1,500-R4,500 per month.
- Term: Up to 96 months.
- Gross project level target risk-adjusted returns: based on the profile of the project.
- Exit strategy: Listing on the JSE or Real Estate Fund, sale of units over period of time (may require conversion to Sectional Title) or buyout by existing or new partners who wish to continue as rental stock.

How do I apply and what is the process?

If IHS fits the parameters of your business or rental project simply visit www.intlhousingsolutions.com and send us an email at info@intlhousingsolutions.com; or contact our Deal Team by telephone. If appropriate, an experienced Team Member will contact you and inform you of the necessary information you need to provide. Submissions are appraised as investments and decisions are made on a strictly commercial basis.

Our staff will carefully explain the due diligence and investment procedures followed to close the transaction, execute the necessary legal documentation and disburse funds to the project.

Should both parties wish to proceed, a due diligence team will carry out the required site visits and other requirements to finalize a financial model and other criteria for underwriting, investment committee approvals and closing procedures.

We look forward to hearing from you and forming a mutually beneficial long-term relationship.

Tel: +27 (0) 11 215 8300 • Fax: +27 (0) 11 268 0566 • web: www.intlhousingsolutions.com

