

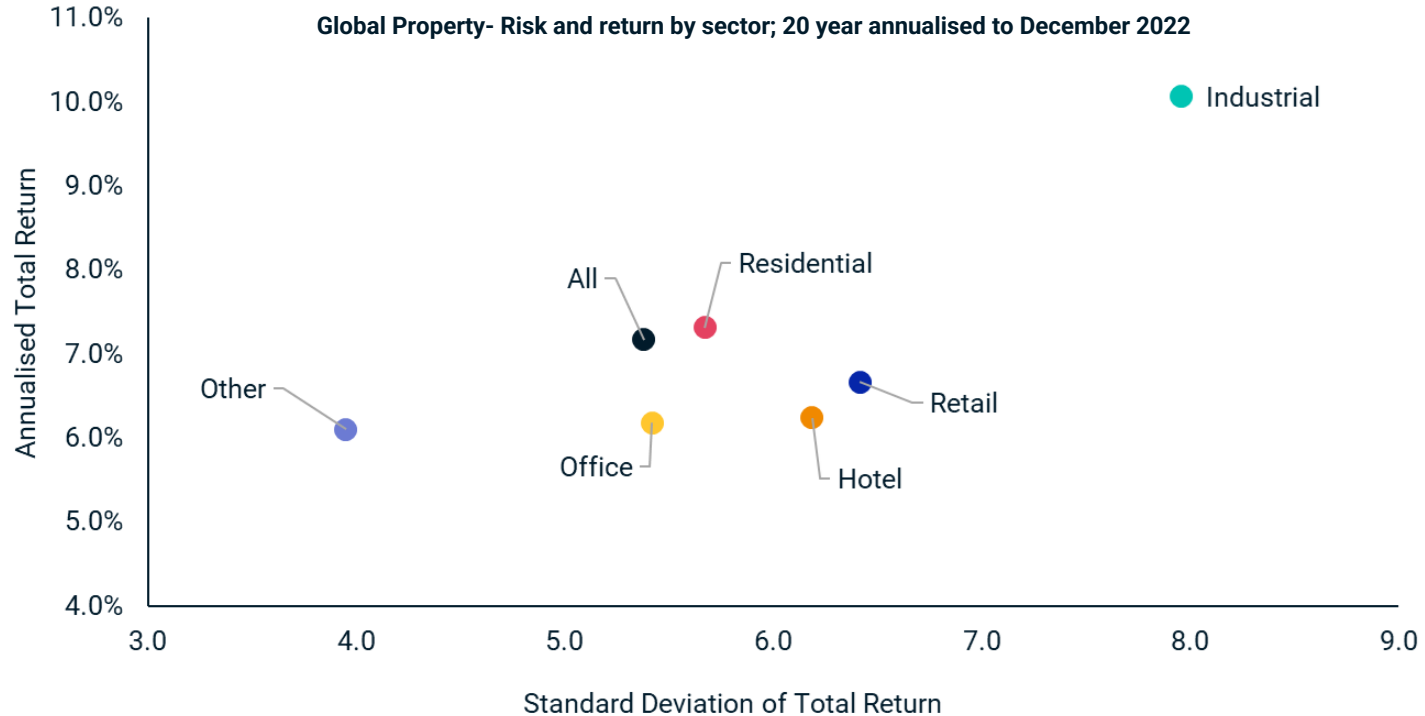
Residential Property: A quantitative analysis of an emerging asset class

- **Market runway**
 - Housing divide in Africa
 - Social economics and growing housing demand
- **Barriers to delivery**
 - Stammering economy and COVID
 - Market maturity – residential vs other property subsets
 - Lack of long-term, patient (matched) capital
 - Government support
 - **Credible data, information and track record – RISK & RETURNS**
- **Access to institutional investors, including pension funds**
 - Specialist operators and reliable platforms
- **Why are pension fund's important capital allocators?**
 - Scale
 - Return expectations
 - Who are the members being represented?
- **What does residential investment provide pension funds (and capital allocators) with?**

Why pension fund's need residential rental

- **Residential property** is a well-invested, **major asset class in the global property market**
- **Internationally, residential** assets are known for their **low-volatility, forecastable returns**
- Residential, less reliant on market timing, **maintained income growth through the cycle**
- **South African residential property performed in line with global market** but asset selection proved important
- Despite post-pandemic woes, **South African residential property outperformed other sectors in 2022**, suggesting it may have been undervalued
- **Higher quality residential property in South Africa had higher and more stable returns** than lower quality properties, making it attractive to institutional investors

Global: Higher return than other sectors with the exception of Industrial, and less volatile than Retail and Industrial



Source: Residential Property: A quantitative analysis of an emerging asset class; MSCI; 2024

South Africa: Total Return by sector since 2017



Source: Residential Property: A quantitative analysis of an emerging asset class; MSCI; 2024

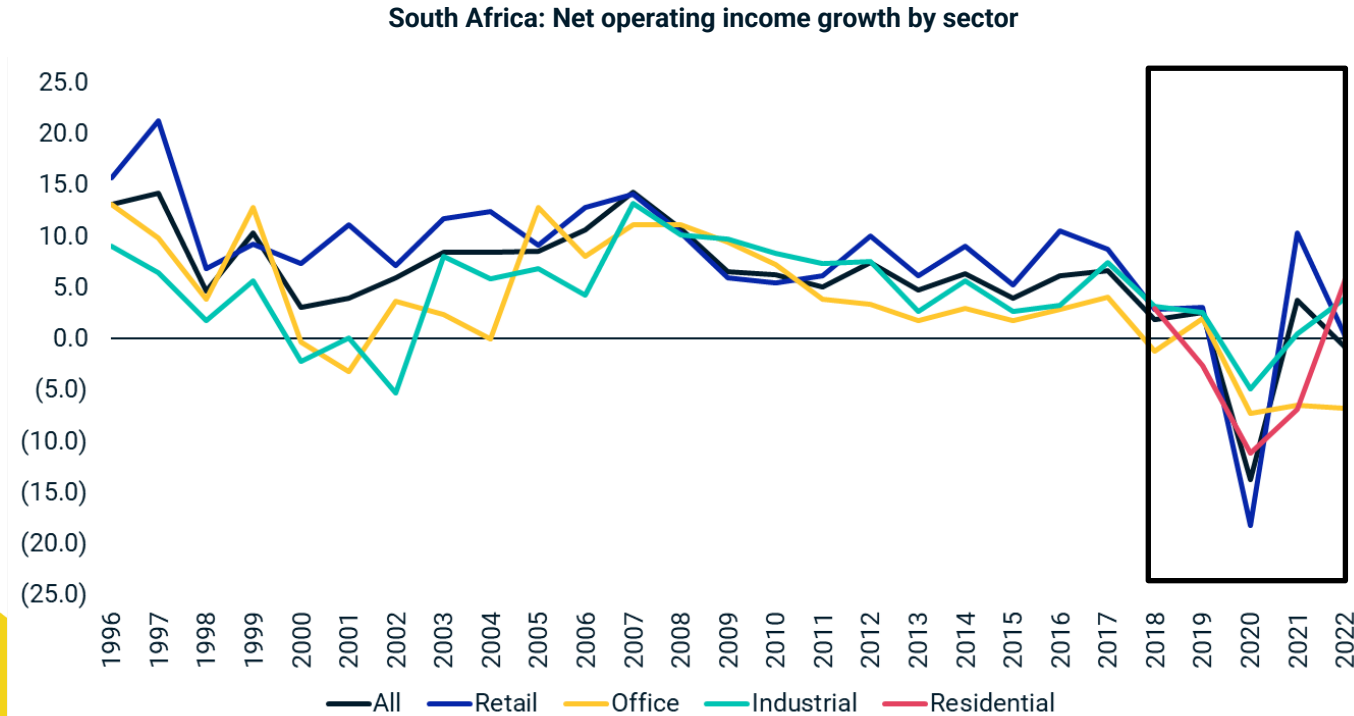
SA: Total Return decomposition – valuation growth underpinned by growing income

South Africa: Capital Growth decomposition by sector since 2017



Source: Residential Property: A quantitative analysis of an emerging asset class; MSCI; 2024

SA: Net income growth has recovered and continues to grow after covid



Source: Residential Property: A quantitative analysis of an emerging asset class; MSCI; 2024

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- **Direct impact:**
 - Portfolio diversification
 - Reduced risk
 - Stable, long-term and CASH BACKED returns – **NON-VOLATILE TOTAL** return with underlying value underpin
 - Impact investment
- **Indirect impact:**
 - Catalytic to crowding in new capital
 - Bridge the housing gap
 - Social impact – including financial inclusivity, community regeneration OR development
 - Enabling economic activity – Good property sector is good for the economy
 - Partnership opportunity with government