



Property Development and Management: Value Chain Opportunities

28 November 2019

Agenda

1. Introduction to Eris Property Group
2. Value chain opportunities at different development stages
 - Pre-development stage
 - Development period
 - Post-development period (property management)
3. Value-Chain Considerations
4. Conclusion / Questions

MMH Limited – Corporate Profile

Momentum Metropolitan

Market Cap: 31 October 2019 – R25.9bn

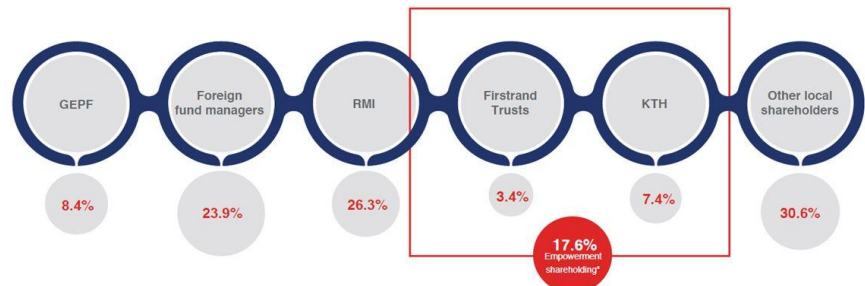
Embedded Value: 30 June 2019 – R41.2bn

Level 1 BBBEE rating

Momentum
Metropolitan
Holdings Ltd
Credit Rating AAA.za
(National Scale)



Shareholder structure



* 26% of RMI constitutes as BEE shareholding + FirstRand Trusts + KTH = 17.6% Empowerment shareholding

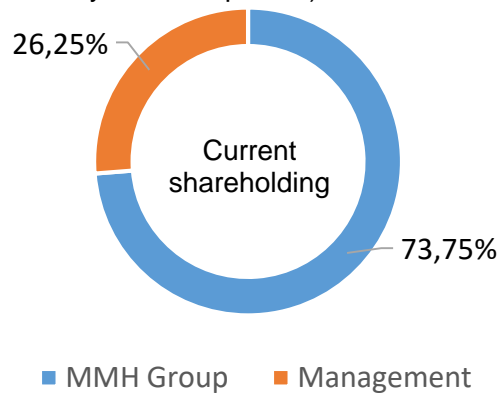
*As at 30 June 2019

Eris Property Group - Corporate profile



Operating **since 1985**

(previously RMB Properties)



Employs 429 people



9 offices

Country	#	Offering
SA (5)	376	All services
Ghana	12	All services
Botswana	25	All services
Malawi	15	All services
Mauritius	1	Limited

Transformation: Eris has achieved a **Level 3 BBBEE** status

- 107 property developments
- Value: **R32,2bn**
- Since 1985

Property Development and Management: Value-Chain Opportunities



Regulatory environment

Developers fall under a number of regulatory bodies:
Estate Agency Affairs Board – Property Management
NHBRC – Residential Property Development

- South African Institute of Black Property Practitioners (SAIBPP)
- South African Property Owners Association (SAPOA)
- Estate Agencies Affairs Board (EAAB)
- South African Black Technical and Allied Career Organisation (SABTACO)
- National Department of Public Works (NDPW)
- National Association Real Estate Agencies (NAREA)

Value Chain Opportunities

PRE – DEVELOPMENT PHASE



Planning

- Securing a potential site: Broker, Agent, Legal entities, University
- Head Lease : Government, Trust
- Concept Plans: Development Team, Property Management Team, Project Manager
- Market Analysis & Feasibility Studies: Research specialist entities



Detailed Studies

- Environmental assessments and Surveys: Geotechnical Engineer, Surveyors
- Site plans, development plans, and building plans: Architect, Town planner, Development Team and Engineering Team
- Branding & Marketing: Marketing Team
- Construction Costing: Quantity Surveying Team, Project Manager

Value Chain Opportunities

PRE – DEVELOPMENT PHASE



Rights and Permits

- Approvals: Municipality
- Zoning: Municipality



Financing

- Arranging Development Financing: Property Funds, Bank Finance



Appointing Professional Team

- Structural Engineers
- Electrical Engineers
- Wet-works
- Quantity Surveyors etc.

Value Chain Opportunities

DEVELOPMENT PHASE



DEVELOPMENT

- Construction: Contractor and sub-contractors
- Project marketing: Marketing team
- Construction Financing: Internal or external
- Pre-Sales and/or Leasing: Property Management, Property Brokers, Property Advisory Services
- Schedule Control: Project Management
- Quality Control: Architect and Engineers
- Health and Safety: External specialists
- Project Accounting: Quantity Surveyors and Property Developer
- Contractor Payment Auditing: Quantity Surveying Team

Value Chain Opportunities

POST DEVELOPMENT PHASE

POST-DEVELOPMENT (OPERATING) PERIOD



- Planning/Dev Phase: Involved in Fit-out for ease of maintenance and practical considerations. Facilities Management and Various service providers.
- Selection of Kit: Which manufacturers best provide after sales service and back up, etc. Building product manufacturers and Installers.
- Liable for Op Costs following handover: Important that a detailed op cost modelling is done to set expectations on op costs. Operations Support Teams.
- Leasing: PM ideally involved in leasing as the custodian of lease management post dev, concessions during negotiations have an effect on ability to manage property long term. Leasing and Broking Teams.
- Maintenance: Property Management (Services, facilities, office park and building management)

Property Development and Management: Value-Chain Considerations



Value Chain Considerations



- Track Record: History of delivering similar projects
- Financial indemnity: Ability to rectify and stand behind the work delivered if something goes awry.
- Regulatory considerations: Regulatory authority registration, BBBEE, land issues, municipality
- Pricing:



Questions