

## PROPERTY INVESTMENT TABLE

Access Point	Main Features	Advantages	Disadvantages
Listed Property	Property Unit Trusts (PUTs) and Property Loan Stock (PLSs), which are effectively REIT's, and which are listed on a financial exchange like the JSE They have medium to large market caps and diversified portfolios.	<ul style="list-style-type: none"> <li>• They are highly liquid</li> <li>• They're managed by professionals who can select the best properties.</li> <li>• The costs are explicit.</li> <li>• There is considerable diversification of assets, both geographically and across sectors</li> <li>• PUTs and PLSs are highly regulated vehicles, which protects investors</li> </ul>	<ul style="list-style-type: none"> <li>• A limited downside is that you can't control which properties are purchased, but you can sell on the JSE, which is a very liquid market, if you do not like the strategy of the PUT or PLS</li> </ul>
Direct Property Ownership	Buying your own property outright to rent out	<ul style="list-style-type: none"> <li>• You have full control over the investment</li> </ul>	<ul style="list-style-type: none"> <li>• A lack of liquidity and lengthy turnaround times trying to buy or sell</li> </ul>
Joint Venture/ Partnership	Buying an investment property in conjunction with other parties	<ul style="list-style-type: none"> <li>• You can gain access higher value properties than would be possible on your own</li> </ul>	<ul style="list-style-type: none"> <li>• A lack of liquidity</li> <li>• Potential disagreements with partners</li> <li>• While potentially better there is still little or no diversification of assets</li> <li>• Low income yields.</li> </ul>
Property Syndication	An unlisted scheme that enables a group of investors to buy property and become part owners of it, either directly or indirectly. The schemes can be structured in different ways, with different cost layers attached to them.	<ul style="list-style-type: none"> <li>• Your initial capital outlay may be lower on entry as the investment is spread amongst a group of investors</li> </ul>	<ul style="list-style-type: none"> <li>• They can involve very high initial and management costs</li> <li>• There is no formal market and therefore it is not well-controlled</li> <li>• There are liquidity constraints, making it difficult to exit the investment. These are a result of the lack of a formal market</li> <li>• There is scope to manipulate property values</li> <li>• Generally there is little or no diversification of assets</li> </ul>
Exchange Traded Funds (ETF)	An ETF is established as a listed collective investment scheme, like a unit trust. The aim of the scheme is to replicate, as far as possible, the price and yield performance of a specified Index, in this case, the Listed Property Index. The units or shares of the funds are generally listed on a financial exchange like the JSE.	<ul style="list-style-type: none"> <li>• They are easy to access and there is a low entry cost</li> <li>• They are flexible, it is easy to scale up or down</li> <li>• They are highly liquid, like other listed entities.</li> <li>• There is greater transparency in terms of the investments and interests</li> <li>• ETFs are a well regulated market</li> </ul>	<ul style="list-style-type: none"> <li>• If you like to actively manage your portfolio, this may not suit you.</li> </ul>