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# Introduction

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- Property Management by Investors for Investors
  - In depth understanding of the Property Management process
  - Identify with short comings of existing Rental Agents
- Combines traditional Rental Agent Services with the value added products and services
- Cost – 12.5% of monthly rental



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## Our Focus

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- We focus on 2 key elements of Property Management:
  - Investor Risk management
  - Maintaining of High Standards in rental management



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# Investor Risk management

- Vacancy Risk – we pride ourselves on effective marketing and will excel at placing a suitable tenant in the shortest possible timeframe.
- Legal Risk – Rental interdicts and evictions take time and cost money. Rent-Smart instigates the legal process at no cost to the investor or the Rent-Smart Regional office.
- Expense Risk – Pre-paid Electricity meters installed manage electricity usage and payment - at no cost to the Landlord
- Credit Risk – Statistically 30% of all tenants nationally are defaulters. We aim to counter act this risk by ensuring **stringent credit checking standards** and having a **Rental Guarantee** in place. The Landlord receives the monthly rental on the 1st of the month irrespective of whether the tenant pays.



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# High Standards in Property Management

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- Implementation of Property Management Processes and Training
- Provision of a robust, dynamic online web-base Property Management system to support the Property Management Process
- Ongoing auditing of the application of processes



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# Rent-Smart Offering

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- Traditional Property Management services enhanced to:
  - Manage Investor risk
  - Provide a complete end to end Property Management solution
- Debit order collection system
- Landlord Property Expense management paid and recovered
  - Rates and Taxes / Levies
  - Maintenance
  - Electricity, Water, etc.
- Tenant default risk management
  - 3 month rental guarantee
  - Legal process to evict at no additional cost to Landlord
- Superior web based Property Management systems:
  - Property Portfolio accounting
  - Property Status reporting



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# Rent-Smart Solution

- In addition to typical services the RS solution offers the following value added services and features:
  - Shift the credit and legal risk burden
    - Active and focused management of
      - Debtors
      - Lawyers
    - Insure against the impact of risk materialising
  - Enforce quality standards
    - Enforce strict screening and acceptance policies
    - Robust automated management systems
    - Alignment of interests
  - Robust Systems drive stringent Property Management processes



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# Rent-Smart Loyalty Card

- **Tenant**
  - **Pre-approved Rent-Smart tenant profile**
  - **Loyalty card value added benefits**
- **Landlord**
  - **Once off sign-up procedure to become a Rent-Smart landlord**
  - **Loyalty card value added benefits**



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# Product Features and Benefits

- Rental guarantee is underwritten by Hollard Insurance **which guarantees that rentals will be paid timeously**
- Rental guarantee to protect landlords/property investors rental income **which means that strict enforcement of vetting criteria mitigates against risky tenants**
- Covers all legal, rental recovery and costs in the event of a tenant eviction **which means no unexpected and unquantified legal costs**
- Tenant insurance **protects tenant against unforeseen catastrophe and provides landlord with dual protection**





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# Product Features and Benefits

- **Rent-Smart:**
  - Pays the rental for a maximum of 3 months or until the property is re-let (whichever the lesser) **which means a stable rental income stream**
  - Offers a complete end-to-end letting solution for rental collection **which means that contracts are enforceable**
  - Property Portfolio Management tools online **which enables Investors to have control over their investment and associated risks**
  - Install **Pre-paid electricity** meters to manage expense risk and minimise admin burden



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# Benefits to Property Investor

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- **Removing the uncertainties**
  - Reduce risk & hassle factor
- **Securitisation of rental revenue**
  - Stable cash-flow
  - Capped and predictable costs
- **Increased value of investment**
  - Lower cost base = Improved yield
- **Improved risk profile for capital financing**
  - Buy-to-let mortgage products
- Improved Cashflow
  - Rental paid over on 1<sup>st</sup> month
- Full end to end Property Management solution from tenant placement to accounting

**Enhancing the value proposition of residential property investment**



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**USP**

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**Rent-Smart** brings certainty and security to the revenue associated with residential property investment

“For market related Rental Commission; we **guarantee** that your rent will be paid by the first of the month. Plus offering additional value added **Property Management** and **Accounting** services”



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# Rental Guarantee Policy requirements

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- Only residential property is covered
- Minimum rental R 1500 per month
- **Rent-Smart** covers policy costs in Market related Rental Commission
- Rental collection through approved debit order process
- A signed, stamped & insurer approved (Rent-Smart) lease agreement must exist
- Tenant must be at least 21 years, SA citizen, ID number, employed, rental not to exceed 33% of net salary
- Lease term minimum 6 months



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# Setting up a Rent-Smart Office

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- Sales / Admin person to be sourced and trained (Rent-Smart will do the training) - preferably to have existing Property Management experience or property knowledge or background
- Either a work from home scenario or office to be set up – key requirements
  - ADSL or 3g always on line access
  - PC or Laptop to link to online web based RS system
- Management of the Sales / Admin team via checks on online RS system as the business grows
- Launch March / April 2006



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# Partner Offering – Business in a Box

**Rent-Smart offers the following to support a new office:**

- **National Brand – including:**
  - **Internet exposure – web presence and national database of properties automatically available for tenant search online**
  - **Signage – office, car and rental boards**
  - **Documentation templates – letter heads, lease documents, etc.**
- **Use of the Rent-Smart Property Management System and associated 1st and 2nd level support**
- **National Marketing strategy and exposure**
- **Funneling through of Investors to local offices**
- **Assist with management knowledge to expand office via Rent-Smart defined channels e.g. Investor groups, Developer network, Conveyancers etc.**



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# Partner Offering – Business in a Box (cont.)

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- Training
  - In Rental Management processes
  - Use of RS Property Management System
- Handling of Tenant Deposits in a centralised Trust a/c managed according to specific legal requirements
- Debit order collection system and automatic rejected debit order follow up and re-submission - minimises typical admin burden of rental collections
- Legal Eviction Process on tenant default
- Bulk advertising arrangements with National newspapers
- Complete accounting solution incorporated into the RS Management System
- Access to RS Group accounting services



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# Financial Structure

- **50/50 Share of Net Rental Commission of 6.8%**
- **Targets**
  - **10% Market Share by end 2010** - there are currently +- 1 400 000 rental properties above R1 500 pm rental mark. Our aim is to secure 10% of that which equates to 140 000 properties nationally. That equates to about 30 000 or more properties in a regional office.
  - **Financial implication**
    - **Rental Commission Turnover** - at an average rental of R2000 p.m. and Net comm's of 3.4% (6.8% less 50%,) that equates R24m per annum.
    - **Plus Additional admin fees at the commencement of each lease:**
      - **Tenant Admin fee** (R495 per new tenant)
      - **Landlord Marketing fee** (R950 per property rented)
  - **Start up Costs**
    - **Agent Salary** - can be highly commission oriented
    - **Monthly Office costs** - will vary depending on how the office is set up but would include ADSL line, stationary, telephone / fax, travel costs
    - **Capital Outlay** – minimum purchase of a PC or Laptop, plus other essential office tools like a Fax machine, Digital Camera, printer



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## Contact Details

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- **Mark Dare**
  - Email: [mark.dare@rent-smart.co.za](mailto:mark.dare@rent-smart.co.za)
  - Cell: 083 676 0362
- **Russell Brown**
  - Email: [russell.brown@rent-smart.co.za](mailto:russell.brown@rent-smart.co.za)
  - Cell: 082 444 8187