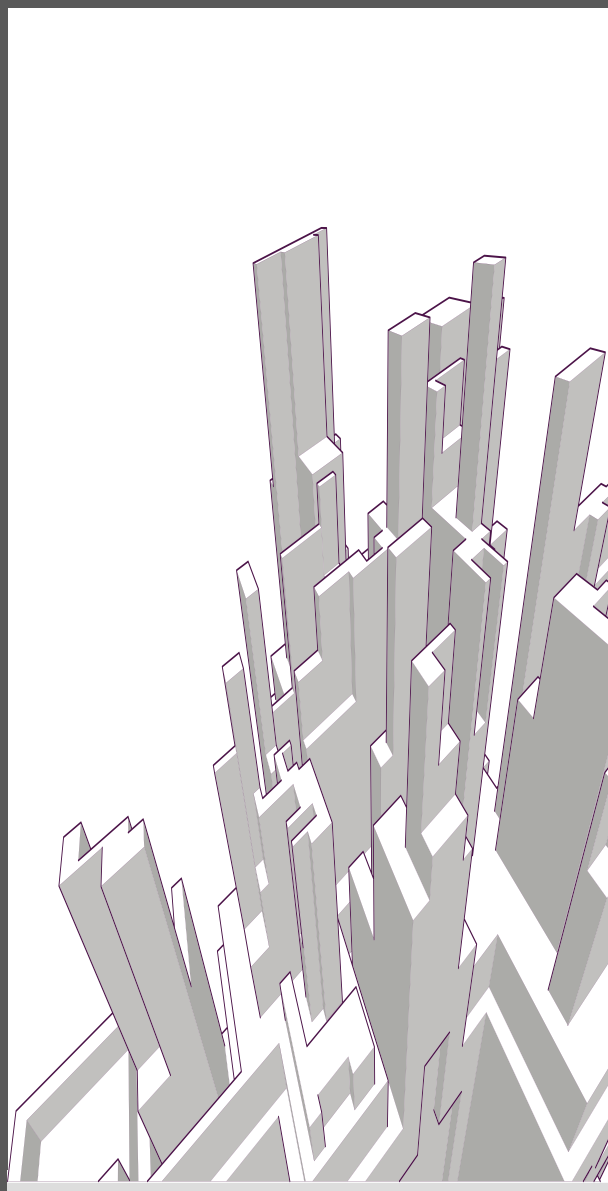


SafDev®

4th Floor
191 Jan Smuts Avenue
Corner 7th Avenue
Rosebank
Johannesburg
South Africa

Phone: +27 (11) 44 777 16
Fax: +27 (86) 528 8356
E-Mail: grant@safdev.com
Web: www.safdev.com



SafDev® 2011

Introducing the SafDev® Group

March 2011 marked the 14th anniversary of the SafDev® Group. SafDev® was established in 1998 specifically to address the housing needs of disadvantaged communities, of South Africa. SafDev® has an infrastructure capable of delivering projects nation wide using our current networks, associates, and project specific partners.

SafDev® Holdings is a property sourcing, planning and servicing company. Its primary role is to identify, rezone and add utility services to undeveloped (green fields) land for the purposes of selling to building (top structure) developers. In so doing the company adds significant value to the underlying land asset allowing the increase of its market value. The time taken and the size of the augmentation in value underpin the company's ability to make profits.

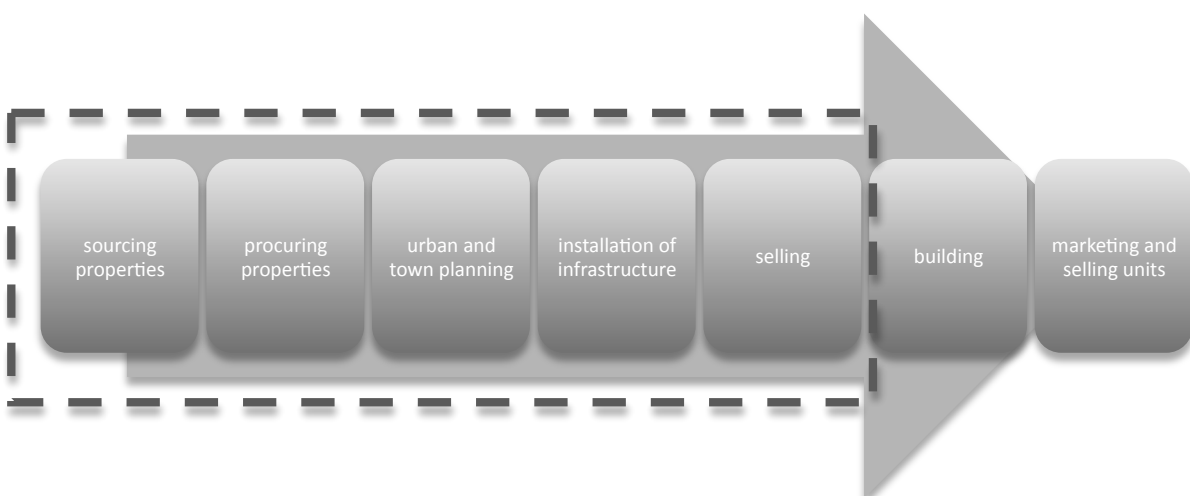
The uniqueness of the business model is the company's ability and willingness to:

1. Absorb early phase market risk through the financing of the land, planning and serving aspects of the land development process
2. Combing multiple discrete steps and thus skills within the early phases of the property development value chain

The core business activates are thus defined as follows:

1. The identification of high value potential properties
2. The securing and financing of ownership
3. The planning, rezoning and proclamation of properties
4. The provision of infrastructural services
5. The selling of planned, proclaimed and serviced land to building developers

Core Business Functions



SafDev® approach

A central theme running through the SafDev® approach is one of:

Inclusivity – trying always to spread the benefit of a successful project and continually seeking local community involvement from unskilled labor all the way through to equity partnerships

Strategic alliances – finding the best possible people, particularly in new areas of endeavor, to advise, participate, joint venture, partner, etc.

Integrity – maintaining a high level of honesty, transparency, and integrity throughout the development process.

SA housing typologies

Subsidised housing: the Gauteng Department of Local Government and Housing (gdlgh) is allocated on a yearly basis a housing budget (3-5 year budgets having to be approved by National Government). The fully subsidised housing grant per unit (beneficiary) is around R80 000 (\$11 400) which excludes MIG funding (Municipal infrastructure grant), PIG funding (Provincial infrastructure grant), various professional appointments, and any other form of cross subsidy as a result of monies being (over) recovered from affordable housing units within the same mixed use development. The true (overall) cost amounts closer to R 230 000 (\$32 850). The minimum house size for these types of units is 40 square meters (430 square feet). The units typically are free standing and are built on a 250 square meter (2 690 square feet) stand (lot), and provided with a water borne sewer system, running water, a surfaced road and a managed stormwater system. Absent is the provision of electricity although the most recent projects have all provided the conduits for future wiring. In order for somebody to qualify for a subsidised unit, he or she needs to have proven that their combined monthly household income is less than R1 500 (\$215). The beneficiaries do not pay for these units and are chosen from a waiting list, some of who might have been waiting for 15 plus years. The current housing backlog in this segment is around 2 500 000 units. The industry has delivered some 2 000 000 units over the past 10 years.

Affordable housing: these are housing units which are sold on the open market which range in selling price from around R350 000 – R650 000 (\$50 000 - \$92 850). These units are funded with home mortgages with the buyers having contributed 10-20% by way of a cash deposit. Typically these are freestanding units on a 300 – 500 square meter (3229 – 5382 square feet) stand (lot).

Sectional title housing: these are usually 2-5 storey walk-ups. Priced from R400 000 – R900 000 (\$57 150 - \$128 600). Here the owners only hold title to their particular unit with the rest of the development being communally held. Similar to the American condo developments.

Cluster housing: these you would refer to as houses within a gated community. Prices ranging from R850 000 – R20 000 000 (\$121 430 - \$2 850 000). This is the most popular housing type amongst middle to upper class buyers.

Freestanding housing: these range in price as well as locality and form the largest portion of the South African housing type.

SafDev Projects Delivered

Installation of infrastructure and delivery of serviced stands to the market

- **6 914** Affordable stands, completed and handed over
- **366** Cluster stands, completed and handed over
- **7 280** **Total serviced stands delivered**

Housing units constructed and handed over to end-user

- **788** Credit linked affordable houses at an average of R250 000 [U\$35,210]
- **4 563** Subsidised housing units completed and handed over. An average of 30 square meter units using the R15 000 [U\$2,120] subsidy plus the 15% geotech allowance.
- **126** Cluster homes at an average of R850 000 [U\$119,750]
- **549** Sectional title units at an average of R550 000 [U\$77,470]
- **6 026** **Total housing units delivered**

SafDev Projects Pipeline

The following is a summary of the secured work SafDev® has in the pipeline. Our definition of work secured is: “projects planned or approved on property owned by the company, and are under total control of the company”. At any point in time our procurement specialists are negotiating the purchase of proposed projects with a unit yield equal to that of the secured projects ensuring that our pipeline remains full.

The properties we have acquired and the projects currently underway are the following:

Installation of infrastructure and delivery of serviced stands to the market over the next 4 years:

- **5739** Affordable stands at an average selling price of R185 000 [U\$ 26,060]
- **43** Cluster stands at an average of R850 000 [U\$119,720] per stand
- **5 782** **Total serviced stands to be delivered over the next 4 years**

Housing units to be constructed and handed over to end-users over the next 4 years:

- **1082** Affordable housing units at an average selling price of R425 000 [U\$59,860]
- **43** Cluster homes at an average selling price of R1.3 million [U\$183,100]
- **5262** Sectional title units at an average selling price of R350 000 [U\$49,300]
- **6 387** **Total housing units to be delivered over the next 4 years**

SafDev Team

The outstanding delivery record as well as the current projects have and are only as successful as the management team is competent. The team includes:

Management	Position	Focus
Grant JH Wheeler #	Managing Director	Procurement / Legal / Finance
Jon D Salters #	Director	Procurement / Legal / Finance
Abram Maduna	Director	Procurement / Project Structuring
Marc Schutte	Director	Implementation / Project Structuring
Johan Steenkamp	Group Accountant	Finance / Accounting
Strategic Alliances	Position	Focus
Dr Ivor Sarankinsky#	Energy Consultant	Sustainable energy policy formation
Nedbank	Equity partner Diepsloot	Structured finance
A Maduna	Equity partner Diepsloot	Community liaison officer
P Baloyi	Equity partner Diepsloot	CEO – Development Bank of SA
F Pieterse	Equity partner Platinum Park	Attorney, Conveyancer, Legal structuring
Investec Bank	JV partner Broadwalk	Structured finance
Absa Bank	Development finance	Structured finance
Esorfranki Ltd	JV partner Vereeninging	Specialist construction group
Group 5 Ltd	Equity partner Kaalfontein	Specialist construction group
Grinaker LTA Ltd	Equity partner Kaalfontein	Specialist construction group

- Detailed CV's from Page 8

SafDev Market Segment Focus

Subsidised housing

SafDev® has to this point delivered some 5 000 subsidised housing units. However, with the collapse of the developer driven subsidy schemes a number of years ago, SafDev® shifted focus, resources and expertise into the credit linked housing market.

Delivery in this sector of the market remains critical to (political and social) stability in the country. Performance to date has been slow and to a large extent remains an area of discontent amongst the homeless as well as the millions of people within the informal settlements spread across the country and remains a priority for the ruling government.

Understanding the enormity of the need at this end of the market, most responsible land developers have now adopted a new inclusive approach to township layouts. These integrated mixed housing developments “**imhd**” provide for housing products from the fully subsidised all the way through to the fully bonded housing units. Some of the housing solutions found in between include rental units, high-density walk-ups, and mixed retail/residential units.

These types of **imhd** will ensure truly sustainable communities. SafDev® in partnership with the Gauteng Department of Housing will be delivering some 7 900 units in total in the Diepsloot **imhd**. Around 4 500 of these units will be fully government subsidised.

Credit linked housing (CLH)

These housing packages are bonded by financial institutions and are subject to each of the particular banks credit approval policies.

SafDev® has positioned itself firmly in the affordable end of the market. Consequently the SafDev® range of product on offer includes serviced stands from R55 000 – R220 000 [U\$7,750-U\$30,990] per stand, and housing units from R280 000 – R650 000 [U\$39,440-U\$91,550] per unit.

Emphasis is on well located properties limiting travelling times, giving better access to work opportunities as well as amenities such as schools, shopping centres, sporting facilities, etc.

SafDev® will be delivering approximately 600 **CLH** units in the Diepsloot **imhd**, bringing affordable housing within 6 kilometres of the popular Fourways CBD.

SafDev® continues to secure infill properties within development nodes where our focus is on increasing densities and releasing affordable units not previously on offer.

SafDev Focus and Positioning

SafDev® is currently positioned in the affordable end of the housing sector. Our position remains unchanged and will remain so for the foreseeable future.

Fully Serviced Stands

Our focus is on the delivery of serviced stands where we have some 9 000 stands in the delivery pipeline over the next four years, already secured on properties we own or under our control.

Sectional Title

Affordable sectional title units will become an increasingly important area to address, and we believe demand will be strongest for units under R300 000 [US\$42,250]

Our research shows an increasing demand for affordable rental accommodation. With this in mind we have around 2 500-rental unit opportunities already secured and in the planning phase for delivery 2013-2015.

Challenges to Community Quality of Life

Social/ community infrastructure like parks, schools, shops, police stations, sports facilities are all absent in most affordable areas. Local government needs to encourage developers to plan holistically when proposing a new development, facilitating sustainable developments rather than measuring delivery by housing units only.

SafDev Renewable Energy

Over the past few years SafDev® has invested significant resources exploring the opportunities relating to their green strategy with a focus on both carbon credits and renewable / alternative energy. In both instances progress has been slow due to the time taken by local and national government to amend the relevant legal frameworks.

CoEnergy is a subsidiary of SafDev®. CoEnergy will be working with leading suppliers, both local and international, ensuring the best possible technologies and solutions are deployed on SafDev® projects.

SafDev® will be aggressively pursuing IPP opportunities on its projects where it makes both economic sense for CoEnergy, as well as benefiting the end-user by lowering household running costs. This will be particularly attractive to the affordable segment of the market.

SafDev Economic Framework

SafDev®'s interpretation of market conditions in the short to medium term (2011-2015) remains bearish. Trading conditions will remain tough with margins under pressure through to 2015. Material procurement and supply will become increasingly important with the availability of electricity posing a real threat to project continuity.

Interest rates will remain soft facilitating affordability but this needs to be met by friendlier lending conditions by the banks if end-users are to benefit.

Local government capacity to keep up with the provision of bulk and link infrastructure remains a concern.

Grant JH Wheeler

Name	Grant Wheeler
Gender	Male
Formal Qualification	BSc Architecture - University of the Witwatersrand
Years Experience	18
Primary Skills	Entrepreneur, project procurement, viability studies, financial and legal structuring

Career Overview

Leaving WITS University in 1993 Grant joined Murray and Roberts Construction Limited as a project manager tasked with procuring building work opportunities for the construction group. The job entailed identifying properties, getting the feasibilities approved by the main board, negotiating and appointing the professional teams as well as sub-contractors, managing the contracts teams, and handing over the finished products to the end-users. Leaving some 4 years later (by then as an Alternate Director) Grant spent just over a year at NewHco an NGO registered under section 21 of the companies act (a non-profit organization) before starting his own development company, Safrich Capital (Pty) Ltd.

Starting out in 1998 Grant focused primarily on the affordable end of the market and more specifically on the land development side, choosing not to build houses but rather concentrate on providing serviced erven to top structure developers. Much of Grant's time is spent identifying viable properties, deciding on the type of development most appropriate, coordinating the professional team (urban planners, civil and electrical engineers, architects, geotechnical engineers, surveyors, conveyancer), negotiating the development financing structures, negotiating with local government regarding the costs and installation of bulk and link services as well as the level of the internal services, and the management of the contractors to ensure a quality finish on time and within budget.

Jon D Salters

Name	Jon Salters
Gender	Male
Formal Qualification	GDE Engineering Management – University of the Witwatersrand Bsc (Mech) Eng (Industrial Option) - University of the Witwatersrand
Years Experience	20
Primary Skills	Operations, Research and Customer Experience

Career Overview

Jon studied Engineering at Wits where he graduated in 1994. After 2 years at Eskom (State owned Electricity Utility), he joined Proactive Marketing Research a start-up market research start-up business with 13 staff. With his industrial engineering skills Jon brought systems engineering and design as well as information technology to the business. The business that focused primarily on large-scale customer satisfaction tracking projects was able to differentiate themselves against the typical market research agency, with a focus on process, efficiency, quality and client service. Proactive Insight became, the primary supplier of marketing research services in the automotive sector in South Africa, as well as servicing other key sectors, viz. financial services, telecoms, FMCG and many B2B sectors.

Over the next 10 years, Jon progressed rapidly through the business becoming a significant shareholder and Deputy MD. In 2004, with the business having grown to Revenues of \$12,5m with 280 professional staff and 300 call centre agents across 6 locations, the business was sold to Synovate Ltd. Synovate is part of Aegis Group, listed on the London Stock Exchange (LSE).

Jon remained with Synovate until the beginning of 2011 as which time he was the CEO of the Africa SU. At this point the Africa business had revenues of U\$40m+ with a physical presence in the 13 fastest growing countries in Africa and employing over 1500 permanent employees across the African businesses. At the Synovate 2009 Global Conference in New Orleans he was one of 3 finalists for the “Synovator of the Year 2008”.

Jon has extensive experience in both building a start-up as well as a listed multinational in the marketing research industry. His technical and technology skills coupled with his business and people management skills give him an exceptional level of versatility in any business.

Dr Ivor Sarakinsky

Name	Dr Ivor Sarakinsky
Gender	Male
Formal Qualification	BA, BA (Hons) – University of the Witwatersrand MA - University of the Witwatersrand PhD - University of the Witwatersrand
Years Experience	30
Primary Skills	Snr Lecturer Public and Development Management, policy formulation, green / alternative energy consultant

Career Overview

1988: Appointed to the post of Junior-Lecturer in the Department Of Development Administration And Politics, University Of South Africa (January - April).

Appointed to the post of Junior-Lecturer in the Department Of Political Studies, University Of The Witwatersrand

1991: Free-lance journalist and consultant on contemporary South African politics.

1993: Research Associate at the Centre for Policy Studies (Sept. 1993 - June 1994).

1995: Visiting Lecturer, Department of Sociology Rhodes University (Feb. to April).

1996: Appointed as a Lecturer in the Department of Political Studies, Rhodes University.

Member of steering committee for the establishment of the Public Sector Accountability Monitor based in Grahamstown.

2000-1: Research consultant and advisor to the Director of the Public Sector Accountability Monitor.

2002: Resigned position at Rhodes University to return to Johannesburg for personal reasons.

2005: Appointed to the position of Senior Lecturer in the Graduate School of Public and Development Management, University of the Witwatersrand.

Capacity intervention to the Angolan National Assembly on NEPAD and APRM implementation, Luanda

Contracted by the Africa Institute to write a monthly report on economic developments in Lesotho, Botswana, Swaziland and Namibia.

Part of South African delegation to the India, Brazil and South Africa workshop held in Rio De Janeiro

2005: Presented a paper on Race and Gender and prepared the resources for the South African speakers in the Social Equity cluster.

2006: SADC Social Policy for the United Nations Department of Social and Economic Affairs.

2009: Appointed as Academic Director of the Graduate School of Public and Development Management, University of the Witwatersrand.

Researched and drafted a report (with Prof. M. Jahed) on the mechanism of a National Planning Commission for the Office of the State President.

2010: Appointed as Chief Director in the Economic Development Department on a one-year contract.

2011: Senior Lecturer Graduate School of Public and Development Management, University of the Witwatersrand.