

Access point	Main features	Advantages	Disadvantages
Direct property ownership	Buying your own property outright to rent out	<ul style="list-style-type: none"> You have full control over the investment 	<ul style="list-style-type: none"> A lack of liquidity The need to actively manage your investment Rental yields are still low There is a high entry cost involved There is little or no diversification of assets
Joint venture/ partnership	Buying an investment property in conjunction with other parties	<ul style="list-style-type: none"> You gain access to higher value properties than would be possible on your own 	<ul style="list-style-type: none"> A lack of liquidity Potential disagreements with partners There is little or no diversification of assets Low income yields
Property Syndication	An unlisted investment 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"> You pay a lower individual entry cost as it is spread amongst a group of investors 	<ul style="list-style-type: none"> They can involve very high management costs There is no formal market and therefore it is not well-controlled There are liquidity constraints, making it difficult to exit the investment. These are a result of the lack of a formal market There is scope to manipulate property values Generally there is little or no diversification of assets
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	<ul style="list-style-type: none"> They are highly liquid They're managed by professionals who can select the best properties The costs are explicit There is considerable diversification of assets, both geographically and across sectors PUTs and PLSs are a highly regulated market, which protects investors 	<ul style="list-style-type: none"> A limited downside is that you can't control which properties are purchased, but you can sell in the very liquid market if you do not like the strategy of the PUT or PLS
Exchange Traded Funds (ETF)	An ETF is established as a 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"> They are easy to access and there is a low entry cost They are flexible, it is easy to scale up or down They are highly liquid, like other listed entities There is greater transparency in terms of the investments and interests ETFs are a well-regulated market 	If you like to actively manage your portfolio, this may not suit you
Collective Investment Schemes	A unithised fund set up under a trust deed that allows investors to participate in a larger pool of assets, in this case, a pool of property assets.	<ul style="list-style-type: none"> They are highly liquid They are managed by professionals All the costs are explicit There is considerable diversification of assets, both geographically and across sectors 	<ul style="list-style-type: none"> They tend to track the index in any event, due to the relatively small universe of listed property shares and units There can be steep management fees

		<ul style="list-style-type: none"> • CISs are a highly regulated market 	involved
Offshore property	Offshore property investments can be made in any of the vehicles shown above. However, the additional dimension of offshore investment diversification is added, for example, property in London or Paris.	<ul style="list-style-type: none"> • This offers good diversification, as you can spread your risk across different geographic regions 	<ul style="list-style-type: none"> • You take on exchange rate risk • You may not understand the foreign market, and could end up investing in low-quality properties. • If you are investing in direct offshore property, ask the question: why did they come to Africa to sell the property, and why could they not sell the property in their own market (if it is so good)?