

Investing in South Africa's Future

Sanlam's Commitment to Social Infrastructure



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South Africa faces pressing challenges, including income inequality and limited access to social infrastructure. The "missing middle" are households earning between R5,750 and R36,000 per month¹ – these families are crucial to our economy but often lack access to quality housing, education, healthcare, and retail services. In response, Sanlam is proud to launch the Sanlam Investments (SI) Property Impact Fund, aimed at addressing these needs through investments in social infrastructure.

Bridging the Gap in Social Infrastructure

The SI Property Impact Fund is designed to support the development of essential social infrastructure in underserved communities. The portfolio's focus includes:

- **Affordable Housing:** Ensuring quality living conditions for middle-income families.
- **Educational Facilities:** Building schools and student accommodation to foster learning and development.
- **Healthcare Services:** Developing clinics and hospitals to provide accessible healthcare.
- **Retail Spaces:** Establishing rural and township retail malls to support local economies and create jobs.

Why Invest in Social Infrastructure?

1. **Stable and Attractive Returns** - Investing in social infrastructure offers stable and attractive returns. These assets are less volatile than commercial properties, which are more susceptible to economic cycles. Social infrastructure properties - like schools and hospitals - tend to have stable cash flows due to long-term leases and the essential nature of their services.
2. **Competitive Yields and Lower Competition** - The market for social infrastructure is less competitive than commercial real estate, leading to potentially higher yields. The SI Property Impact Fund targets a portfolio return of 14% before fees, with risk-adjusted returns ranging from 11% to 15% per annum, which exceeds its hurdle rate of CPI + 7%.
3. **Significant Social Impact** - Investing in this portfolio means contributing to the betterment of South African society. The targeted demographic, the "missing middle," often falls through the cracks of government support and mainstream financial services. Providing them with quality infrastructure helps to address critical social issues such as unemployment, poverty, and the need for sustainable jobs.

Partnering for Success

Sanlam Investments brings a dedicated and experienced management team to oversee the SI Property Impact Fund. At Sanlam, we partner with sector specialists in property development and operational management, ensuring that each project is managed efficiently and effectively.

1. Brackets taken from Bertha Centre research – "Financial exclusion in South African mortgage provision", 2022. Bracket updated based on Income Tax thresholds, Finance Linked Individual Subsidy Projects (FLISP) brackets and NSFAS "missing middle" definition, 2024.



Commitment to Sustainability

Sanlam is committed to long-term sustainability for generations to come. As a demonstration of this commitment, Sanlam will seed the launch of the SI Property Impact Fund, providing a solid foundation for impactful investments that deliver financial and dual returns. The SI Property Impact Fund exemplifies this commitment by combining financial returns with significant social impact. By investing in this portfolio, institutional investors can ensure their investments contribute to building a more sustainable South Africa.

The SI Property Impact Fund offers a unique opportunity for institutional investors to achieve stable financial returns while addressing critical social issues. By investing in affordable social infrastructure such as housing, schools, healthcare facilities, and retail spaces in underserved areas, we are not only supporting economic growth but also fostering a better future for all South Africans. Join us on this impactful journey towards a more equitable and prosperous South Africa.

Key Facts About the Fund

- **Investible Opportunity Set:** Over R2.5 trillion in impact-driven property assets.
- **Fund Target Size:** R4 billion
- **Targeted Return:** ALBI 7–12 + 3% p.a.
- **Finance Type:** Equity
- **Term:** Open-ended
- **Minimum Investment:** R50 million