

**Media Release: Housing Fund raises R9.0bn (US\$1.3bn), aims to build 120,000 low-income homes**

*Successful OMIGSA capital raising shows benefits of public-private sector partnerships in SA*

Cape Town, 6 July 2011 - Old Mutual Investment Group (SA) (OMIGSA) Alternative Investments has raised a total of R9.0bn (approximately US\$1.3bn) for its innovative Housing Impact Fund for South Africa, targeted primarily at helping South Africans earning less than R15 000 (\$2 200) a month meet their housing needs.

The Fund, one of the largest of its kind ever raised in South Africa, finances the construction of “affordable” homes for sale and rent, as well as providing housing loans and rental accommodation for families and students, helping fill a serious gap in the market between government-provided housing and those who have access to bank finance to purchase their own homes.

It is managed by Christine Glover, an experienced low-income housing sector specialist and head of Development Impact Funds at Alternative Investments, who also manages the Financial Sector Charter Fund and other funds dedicated to making a positive impact on the country’s social and economic development.

Announcing the closure of the Fund today, Rojje Kisten, OMIGSA’s Head of Capital Raising, said: “The Housing Impact Fund has been OMIGSA’s response to the government’s call on the private sector to assist in finding lasting solutions to the housing challenge in the country. We are thrilled to be partnering with like-minded, socially conscious investors – the Public Investment Corporation (PIC), Old Mutual Life Assurance Company of SA (OMLACSA), the Development Bank of Southern Africa (DBSA) and Eskom – to help ease the backlog of some 650 000 housing units in the affordable sector.

“Although much remains to be done to further improve general living conditions around the country, we believe we have established a successful model for housing investment in underdeveloped areas, as well as financing solutions for end-users, which have previously been neglected by institutional investors due to the high level of risk in this industry. Our unique partnerships with developers through special purpose vehicles ensure that we maximise the direct profit participation potential, and also mitigate direct corporate risk.”

The Fund and its partners already have several dozen projects underway involving the construction or development of some 70 000 affordable housing units, with the ultimate target of building approximately 120 000 in total over the life of the Fund.

“We are very excited by the progress made to date and future plans for the Fund, all of which have been made possible by both our investment and development partners spanning the public and private sectors,” added Kisten. “Such sustainable partnerships have a key role to play in South Africa’s successful development, helping to overcome the economic and social challenges we still face.”

**Some investments by the Housing Impact Fund for South Africa to date include:**

**Mettle Property Solutions** – An OMIGSA joint venture with Mettle Property Solutions, this project involves the construction of multiple housing projects across South Africa. Currently there are eight projects underway involving over 11 000 new houses. For example, the Karino Lifestyle Housing project in Nelspruit, Mpumalanga, initially aims to build 1 350 housing units at a cost of R450m. The total value of the development over a six-year period is estimated at R1.55bn, representing a considerable financial injection into the greater Nelspruit economy.

**Urban Space Housing** – This housing development initiative together with Renprop and Probuild involves eight different projects which will deliver over 25 000 new housing units in planned urban environments. The projects are spread around the country in areas such as Kimberley, Bloemfontein, Middelburg, Pretoria, Randfontein and the West Rand.

**Real People Urban Properties** - This portfolio of buildings offers rental accommodation, and units are sectionalised for sale. The venture comprises 2 400 units.

**Rand Leases** - This joint venture with Rand Leases involves seven separate projects totalling some 12 283 new housing units in locations such as the West Rand, Krugersdorp, Germiston and Alberton.

**South Point** -This project provides rental accommodation to students primarily from disadvantaged backgrounds in such locations as Braamfontein, Pretoria, Cape Town, Durban and Bloemfontein. It entails the purchase and renovation of buildings into suitable student accommodation, which is then rented out on short 10-month leases. Already some R680m has been allocated involving more than 12 buildings and catering for approximately 4 000 students.

**Notes to editors:**

About OMIGSA's Alternative Investments boutique: Alternative Investments is one of South Africa's largest investors in private equity, infrastructure and socially responsible investments (SRI), with assets under management totalling over R37bn. Their team of nearly 50 specialists dedicated to these investments is also one of the largest in the country, with the aim of providing superior long-term returns with a low correlation to traditional markets. It is one of 16 specialist investment boutiques in OMIGSA.

About Old Mutual Investment Group (South Africa): With R460bn in assets under management, OMIGSA is South Africa's largest asset manager. The group offers clients investment solutions across every asset class and risk profile, from traditional equity and bond investments to infrastructure, SRI and private equity assets, among others. OMIGSA is part of Old Mutual plc, a leading international long-term savings, protection and investment company with over 53 500 employees worldwide providing life assurance, asset management, banking and general insurance in 34 countries (Africa, Europe, the Americas and Asia).



**Caption:** Rojje Kisten, OMIGSA Head of Capital Raising

**Ends**

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