

**CHAIRMAN'S REPORT
REBOSA ANNUAL GENERAL MEETING
VIA ZOOM ON 9 OCTOBER 2024**

1. WELCOME

It is my pleasure to welcome you all to this eleventh annual general meeting of the Real Estate Business Owners of South Africa (REBOSA) - thank you for being here, your presence is most valued and appreciated.

Moreover, I'm honoured to be delivering my inaugural Chairman's Report at this AGM. I would also like to take a moment to extend my heartfelt gratitude to our former Chairman, Tony Clarke, for his outstanding leadership and invaluable contributions to Rebosa during his three-year tenure.

Although the year under review presented significant challenges for the industry, I would like to begin my report on a positive note.

There has been no load-shedding for more than six months - since 05:00am on 26 March to be precise - the longest break in more than four years.

SARB cut interest rates for the first time in four years and signalled a more optimistic outlook for inflation. We are hoping for another 0.25% cut at the bank's November meeting but this recent cut is set to revive SA's housing market.

On July 18, the theme for the 2024 Opening of Parliament Address (OPA) was 'My Parliament, My Voice, My Future.' This theme is particularly relevant as we discuss Rebosa's membership numbers, which play a crucial role in our ability to influence legislation affecting our industry. The strength of our commentary, lobbying, and advocacy is directly tied to our collective membership. Whether you represent a large organisation or are a single proprietor, it is our unified efforts that empower us to break barriers and drive meaningful reform. This is reflected in the victories we achieved during the year under review, which I will detail further in my report.

This year marks the 30th anniversary of South Africa's constitutional democracy, a historic milestone achieved under unique and challenging political conditions. The outcome of the 2024 National and Provincial Elections has led to the establishment of a collaborative unity government, poised to guide our nation over the next five years, which bodes well for our industry.

On a sombre note, we must acknowledge the severe flooding that has impacted KwaZulu-Natal and the Eastern Cape since June 1, 2024, causing extensive damage and loss of life. These events highlight the ongoing vulnerability of these regions to extreme weather. As agents, we have a responsibility to support our communities and extend assistance wherever possible.

The past year has underscored the importance of our collective efforts, and I am pleased to report that REBOSA has made significant progress and achieved notable successes across various fronts over the past 12 months, all of which I will detail in this report.

Before proceeding, I must extend my heartfelt gratitude to our Chief Executive, Jan le Roux. In these challenging times for property practitioners, Jan has worked relentlessly to ensure our representation across all sectors of the industry. We are all deeply indebted to him for his exceptional leadership and unwavering dedication. Thanks to his guidance, our organisation has continued to thrive, and we are truly fortunate to benefit from his expertise and experience at the helm.

I would also like to thank Adrienne du Toit, whom many of us have had the pleasure of working with. She is the backbone of the organisation, ensuring that everything runs smoothly and that communication flows effectively between all parties involved. Her dedication is truly unmatched.

2. THE MARKET

South Africa's housing market woes persisted last year, amidst rising interest rates, stubbornly high unemployment, and coupled with an ailing economy. Residential property sales remained subdued after initially soaring in 2020 in response to the rate cuts to help households through the Covid pandemic.

The number of properties sold yearly rose to 350,983 in 2021, only to drop sharply to 207,744 so far in 2024.

The Repeat Sales House Price Index rose by a meagre 0.6% in April 2024 as compared to the same period last year, one of the lowest y-o-y price increases recorded since August 2009, according to figures released by the First National Bank (FNB). In fact, when adjusted for inflation, prices actually declined by 4.28% over the same period. Real prices have been falling since May 2021.

Standard Bank has estimated that the big four banks have about R98-billion in non-performing home loans – referring to payments in arrears for more than three months. This is more than double the R46-billion of nonperforming home loans recorded during the third quarter of 2021, just before the Reserve Bank started its hiking cycle.

According to data from FNB, house price growth has languished to 16-year lows. The bank's House Price Index, which tracks housing trends from property sales it finances, has registered paltry growth of less than 1% since mid-2023, down from a peak of 5.1% in April 2021. The last time the index was below 1% was in 2008, just after the global financial crisis.

Since 2023, the inflation rate has grown faster than house price growth, however, some provinces and specific areas in the Western Cape, Limpopo, Free State, Eastern Cape, and eastern and southern parts of Gauteng are showing good house price growth. Current annual property inflation rate is 4.57% and monthly is 0.54%. Annual property inflation for the Low-Value segment has increased to 15,8%, High-Value properties saw a slight increase to 3,7%, Mid-Value properties to 5,1%, and Luxury properties to 4,6%.

While the Covid-19 pandemic seems a long time ago, the aftermath affected house prices and also gave rise to a work-from-home lifestyle. The semigration wave is continuing and we are seeing a substantial increase of homeowners moving to the Western Cape. This was outlined in StatsSA's 2023 Migration Profile Report for South Africa, which analysed South Africa's migration

patterns over the past ten years. Looking at inter-provincial , 183,388 people came to the Western Cape from other provinces, the highest inter-provincial net increase in the country.

South Africa is still in the midst of a housing crisis, with an estimated backlog of 2.3 million units.

A high demand for affordable housing means property investors will have no problem finding tenants.

3. REGULATORY ENVIRONMENT

During the period under review, several key pieces of legislation came into effect. REBOSA continues to engage top-tier legal experts to thoroughly analyse and provide clear guidance on these impending laws, ensuring our members are well-informed. As an industry, we continue to work closely with regulators to find solutions that minimise the impact on our members while navigating these legislative changes.

3.1 PROPERTY PRACTITIONERS ACT

The Property Practitioners Act 22 of 2019 (the 'Act') came into effect on 1 February 2022. However, many provisions in the Act and its Regulations have been misinterpreted by the Authority. Rebosa remains actively engaged in challenging these interpretations to provide clarity for our members. Furthermore, several Regulations have yet to be properly implemented.

Property Sector Transformation Fund

The Authority was required to establish a Property Sector Transformation Fund within six months of its formation, funded by grants from the Property Practitioners Fidelity Fund. The purpose of this fund is to drive transformation by supporting black-owned firms and principals, promoting the participation of historically disadvantaged individuals, and collaborating with SSETA for training and development initiatives. However, the PPRA has yet to create the fund and appoint a fund manager, as mandated by the Act.

Property Research Centre

A Property Sector Research Centre was expected to be established; however, the first research initiative, a questionnaire on 'Industry Professionalisation,' was only released in the past two weeks. To date, no substantial research has been commissioned or published for the sector.

Undesirable Business Practices

Since the implementation of the Act, Rebosa has been engaging with the PPRA. Some agents continue to pay accreditation fees to Homeowner Associations (HOAs) for exclusive rights to market and sell properties within these estates, despite the Act's intention to foster an inclusive trading environment. We are concerned that HOAs are disregarding the compliance of agents with the PP Act, which is jeopardising the livelihoods of law-abiding agents and exposing those who have paid to potential sanctions.

In our recent meeting with the PPRA, we confirmed that they are consulting with their attorneys, and agents engaging in these practices are now facing charges, which could lead to the loss of their FFCs.

Additionally, the PPRA has reported HOAs to the Competition Commission, which is conducting its own investigation.

We urge all our members to not pay these accreditation fees. If every agent abided by the Act and refused to pay the fees the HOAs would not be controlling us and holding us to ransom. This is one instance where we should all stick together and where our collective voice could have an enormous impact and foster an inclusive trading environment.

Standard of Training Regulation 33

For the past two and a half years, Rebosa has been engaged in extensive industry consultations to establish clear guidelines for property practitioners' qualifications and training standards.

Unfortunately, the PPRA's education department has yet to issue definitive policies or practice notes to provide the necessary clarity. We view this matter with serious concern and remain committed to finding practical solutions to the numerous challenges facing the industry.

Interest on Trust Accounts

Over the past two years, Rebosa has been actively advocating for our members to retain 50% of the interest earned on their trust accounts. In July of last year, we issued a cautionary notice as the PPRA sought to claim 100% of this interest, and no consensus had been reached at that time.

We are pleased to report that this issue has now been resolved, allowing agencies to once again retain 50% of the interest earned on their trust accounts.

This directive was issued on 16 August and the PPRA has confirmed that no refunds will be given for the previous years.

Historical Penalties

In 2020, Rebosa launched its first appeal against the then EAAB, highlighting that the EAA Act and its regulations did not authorise the imposition of penalties on individuals for failing to notify them of their cessation as estate agents. Despite this, the EAAB unlawfully penalised agents during their attempts to renew their FFCs for the months or years they were inactive.

This issue persisted with the introduction of the PP Act and PPRA.

After years of consultations with our attorneys and ongoing engagements with the Authority, we are pleased to report that this practice has been abolished. Agents wishing to return to the industry can now do so without facing these illegal penalties, marking a significant victory for our sector.

Mandatory Time Periods for Issuing Certificates

The Act requires the Authority to issue a certificate within 30 working days, unless an extension of no more than 20 working days is granted with valid grounds. If additional documents are requested, the 30-day period restarts. If the Authority fails to meet these timelines, the application is deemed approved, and a certificate must be issued within 10 days.

FFCs continue to be delayed, and we urge members to invoke this clause when the Authority fails to respond.

3.2 DRAFT EMPLOYMENT EQUITY REGULATIONS 2023

The Department of Employment and Labour published the Draft Employment Equity Regulations 2023, for public commentary.

Our initial comments were well-received, and further input was requested in May this year.

While we acknowledge the government's efforts to address the challenges from the May 2023 to the February 2024 draft regulations, we highlighted the need for consideration of the unique dynamics in the residential real estate sector. The industry's informal structure, lacking clear middle and top management levels, complicates alignment with the proposed targets. We have submitted additional commentary and are awaiting the outcome.

3.3 FINACIAL INTELLIGENCE CENTRE (FIC)

When the Financial Action Task Force (FATF) greylisted South Africa at its February 2023 Plenary meetings, the need for industry compliance became crucial. Rebosa has spent the last year engaging with FIC on Risk Compliance Returns (RCRs) and Risk Management Compliance Programmes (RMCP). Together with our attorneys and FIC representatives, we developed guidelines and templates for our members to ensure their compliance with the Act. We also held several webinars to help estate agencies develop, document, maintain and implement an RMCP for anti-money laundering, and combating the financing of terrorism (AML/CTF) as set out in section 42 of the FIC Act.

3.4 INFORMATION REGULATOR

Public and Private bodies are required to register with the Information Regulator as outlined in section 55 of POPIA.

In the year under review Rebosa assisted members with registration of their information officers and PAIA Manuals in respect of the the Promotion of Access to Information Act.

3.5 RENTAL HOUSING ACT DRAFT REGULATIONS

On 18 March 2022, the Minister of Human Settlements, published draft regulations in terms of the Rental Housing Amendment Act (No 35 of 2014) for public comment.

Although the Act was promulgated in 2014, it has yet to be implemented, which means that the Rental Housing Act of 99 is still in force.

The objective of the draft regulations is to produce a national set of regulations that will apply to all residential landlord and tenant relationships throughout South Africa.

Rebosa submitted detailed commentary but there is no further movement.

3.6 EXPROPRIATION BILL

Rebosa provided detailed commentary to The Select Committee on Transport, Public Service and Administration, Public Works and Infrastructure on the Expropriation Bill [B 23B – 2020] in the year under review.

This Bill sets parameters for the expropriation of land for public purposes or in the public interest and when this can be done with 'nil' compensation.

REBOSA's position was clear: we strongly oppose the principle of expropriation without compensation. While we support expropriation under certain circumstances, we firmly believe that fair compensation must always apply.

On 27 March 2024, National Assembly (re)adopted the bill as amended by the NCOP, paving way for the President to sign it into law. However, the Bill should not be confused with attempts to amend section 25 of the Constitution, which guarantees fair and just compensation in cases of land expropriation. The Constitution takes precedence, meaning any law that contradicts the Constitution is null and void.

4. FINANCIAL REPORT

REBOSA is a not-for-profit organisation, and your membership fees are dedicated to representing your interests across all areas of the industry, as reflected in our annual financial statements.

We continue to operate with minimal overhead costs, ensuring that the majority of our resources are directed towards our core mission of protecting the interests of real estate business owners.

The organisation is in a strong financial position, with a healthy balance sheet that reflects our continued financial stability and prudent management.

I am pleased to report that due to sound financial planning our membership fees will remain unchanged at just R25 (ex VAT) per member.

5. MEMBERSHIP

Rebosa's members collectively employ 18 196 estate agents. This is only a slight increase from last year.

Every year, we urge our members to promote Rebosa's work and encourage independent small agencies to join. As a not-for-profit organisation, your membership fees are crucial in representing your interests across all sectors, as reflected in our financial statements. This year, it is more critical than ever to grow our membership, not only to fund the extensive legal battles we know

we will face but also to ensure we speak with the strongest voice in the residential real estate industry.

The reality is that much of the industry benefits from our legal victories without being members, and therefore without sharing the financial burden that you, our members, shoulder. This is not fair. We need to change that. We once again call on you to 'each one recruit one.' With more support, we can achieve even greater results for the entire industry.

There is a misconception that Rebosa's sole purpose is to assist members with resolving PPRA queries, and unfortunately, we've seen firms join for this reason alone, only to cancel their membership once their issues are resolved. However, as you know, our work goes far beyond that and over the years we have secured many concessions for the industry as a whole.

The legal fees we've already incurred in the new financial year are substantial. We need smaller independent agencies to take ownership of the critical work we do so that we can allocate resources to programmes that benefit the industry at large, such as supporting transformation initiatives, addressing illegal agents, and promoting consumer campaigns encouraging the use of legal accredited agents. We've also invested heavily in developing PropCert, a platform designed to streamline FFC renewals next year.

Moreover, we will actively be opposing any changes in legislation that, if left unchecked, could be detrimental to your businesses. This work requires ongoing vigilance and resources. That's why we appeal to you to help us grow our membership base, ensuring we have the funds to tackle these challenges head-on and continue advocating for the industry.

6. PPRA QUERIES

During the period under review REBOSA received 3260 PRA queries from members. 3135 queries were resolved and 125 unresolved queries were carried over to March 2024. The unresolved queries related directly to registrations and confusion around the PP Act.

The majority of queries received in the past year related to new registrations (1477) and FFC renewals (1284). This alone outlines our impact as these queries amount to some 2 761 agents without FFCs to trade were it not for our intervention.

Rebosa is afforded weekly meetings with the key PPRA personnel to effectively settle these matters for our members.

I would like to thank our PPRA liaison, Fiona Chaitowitz, for her unwavering dedication and persistence in the face of challenging circumstances. She provides a massively valuable service to Rebosa's members and her tenacity should be applauded by all of us.

7. AGENTS TRADING ILLEGALLY

Real estate agents trading illegally is a problem that continues to haunt our industry. During the year under review, we received 151 complaints from consumers against estate agents operating without valid FFCs. These complaints have all been allocated for case numbers and investigation at the PPRA.

8. MEMBER WEBINARS

During the year under review, we held several industry webinars covering Compliance, Education, Skills Development, and B-BBEE and the Property Sector Codes.

9. STAKEHOLDER ENGAGEMENT

During the past 12 months, REBOSA has intensified collaborations with our key Stakeholders to better serve Members.

9.1 NATIONAL PROPERTY PRACTITIONERS COUNCIL (“NPPC”)

REBOSA is a founding member of the NPPC, established to unite all property practitioners under one unified body. The NPPC has been a powerful voice, successfully lobbying the DHS, PPRA, and key stakeholders on behalf of the industry. Over the past year, through various sub-committees, the NPPC has been actively involved in drafting decisive responses to issues affecting property practitioners across all sub-sectors and levels of government with specific emphasis on education standards, transformation and advocacy.

9.2 PROPERTY PRACTITIONERS REGULATORY AUTHORITY (“PPRA”)

Despite the ongoing challenges we face with the regulator, including concerns around departmental inefficiencies and governance, we continue to maintain an important and constructive relationship with them. Through open dialogue and direct engagement, particularly with the newly appointed CEO, Ms Thato Ramaili, and the Chair, Dr Steven Ngubeni, we have been able to address and resolve many significant issues. This approach has allowed us to avoid unnecessary, protracted, and costly legal disputes, demonstrating the value of fostering productive communication with our key stakeholders.

9.3 PROPERTY SECTOR CHARTER COUNCIL (“PSCC”)

Rebosa’s Chief Executive, Jan le Roux serves on the Board of the PSCC.

Amendments to the Property Sector BEE Codes have been proposed including increasing the property sector minimum threshold from R2,5 million to R5 million. The proposal must now be ratified by the Department of Trade, Industry and Competition.

Through our representation on the board and technical committee, we have established a strong partnership with the Property Sector Charter Council (PSCC). We would like to take this opportunity to express our gratitude to the CEO, Ms. Portia Tau-Sekati, for her outstanding leadership and the exceptional work she continues to deliver.

9.4 SERVICE SSETA (“SSETA”)

For several years, Rebosa has been ably represented on the SSETA Real Estate Chamber and Provincial Committees by Ronel Bornman, National HRD Manager at Seeff. We continue to maintain a strong and collaborative relationship with SSETA who is one of our major stakeholders.

The past year was spent aligning a practical training course developed by the NPPC and industry for candidate property practitioners which was adopted by SSETA and PPRA during the consultation sessions. We continue assisting members with skills development plans, applications for various learnerships and NQF certification queries.

On behalf of Rebosa, we would like to express our sincere gratitude for Ronel's invaluable role on the chamber committee, contributing to overcoming the educational challenges we are faced with and for tirelessly campaigning for the betterment of the industry as a whole. Her dedication and advocacy make a lasting impact on property practitioners everywhere.

9.5 THE NATIONAL ASSOCIATION OF REALTORS ("NAR")

The National Association of Realtors (NAR), the largest trade association in the U.S., represents 1.5 million members worldwide. Jan le Roux served on its board in 2022. Over the years, REBOSA's bilateral partnership with NAR has grown stronger, providing us with valuable knowledge sharing, best practices, and access to global industry research. In December 2023, REBOSA received its third consecutive year of grant funding from the Leonard P. Reaume Memorial Foundation, enabling us to create the foundation for Rebosa Business Leader's (RBL) programme and continue to provide bursaries for deserving students.

10. THE FIRST HOME FINANCE

The government is looking to encourage homeownership with subsidies such as First Home Finance (formerly known as FLISP). This is a subsidy aimed at first-time homebuyers with low income (ranging from R3 501 to R22 000).

During the year under review, Rebosa assisted many previously disadvantaged property practitioners in securing housing subsidies for first-time home buyers. We are proud that our partnership with the National Housing Finance Corporation has enabled affordable homeownership opportunities for many who otherwise would not have owned homes. Homeownership remains a powerful tool for addressing the inequalities of South Africa's past.

11. REBOSA EDUCATION STEERING COMMITTEE

REBOSA established an Education Steering Committee composed of industry education specialists, initially formed to assist in the realignment of new real estate qualifications. The committee's scope has since expanded to encompass all aspects related to education and training within our industry. I would like to extend our gratitude to the committee members for their invaluable contributions, and for generously volunteering their time and expertise to enhance Rebosa's ability to address the challenges in this area.

12. REBOSA BUSINESS LEADER ("RBL")

Our RBL entrepreneurial course has become a flagship initiative, equipping aspiring business owners with the essential skills to successfully manage real estate firms. To date, 50 bursary students have completed the course, with another cohort currently underway. This programme has generated numerous success stories, with graduates creating jobs and seizing franchise opportunities. The RBL bursary scheme is just one of Rebosa's programmes aimed at driving

transformation and advancing diversity and inclusion in the sector. While the RBL is open to everyone, bursaries are awarded to Property Practitioners from underrepresented groups.

Rebosa extends its gratitude to the Reaume Foundation and Lightstone for their support, as well as to RE/MAX and Pam Golding for their generous financial contributions. Both organisations provided funding to aspiring Black agents outside their own groups, which reflects a true commitment to giving back and paying forward. Additionally, the Rawson Group aside from their financial contribution has provided franchise opportunities for more than 10 students in the programme.

Special thanks must go to all my Rebosa board colleagues as well as industry leaders Xoliswa Tini, Grant Smee, Anthony Ketcher, Ebo Quagraine, Russell Fisher, TT Mbha, and Teboho Tsekoa for the guidance and mentorship they provide our students.

I encourage all our members to contribute financially or volunteer their time to help expand this rewarding initiative and provide even more bursaries in the coming year.

13. TRANSFORMATION

Transformation continues to be the foremost priority in our industry. Economic transformation and inclusion are essential for the growth, development, and sustainability of our sector. Although progress is being made organically at various levels of the residential real estate industry, it is not occurring swiftly enough to create the desired impact. Achieving the scale necessary to effect meaningful change requires a dedicated focus on empowering previously disadvantaged candidates and non-principal property practitioners.

Given the structure of our industry, where the majority of business owners operate as sole proprietors or lead agencies with few agents, reaching the ownership and management targets remains a challenge. Therefore, we must enhance our training and skills development initiatives and explore practical solutions to address this crisis.

The NPPC's has proposed a comprehensive transformation strategy with actionable solutions, and we are currently awaiting a response from the PPRA. Rebosa has also put forward concrete suggestions for progress, and we will share these initiatives with our members once we have a resolution. Succeeding in these initiatives will demand a collective effort from all of us.

14. CLOSING REMARKS

In closing, I would like to express my heartfelt thanks to our members for their unwavering support and loyalty. From Rebosa's inception our tag line has been, "It is not in numbers, but in unity, that our great strength lies" - Thomas Paine. We would not be where we are today without the trust and confidence you place in us. You are the cornerstone of our organisation, and we remain fully committed to advancing and safeguarding your interests.

I also extend my sincere gratitude to our external stakeholders, partners, and sponsors. Your continued support and collaboration are vital to the sustainability of our organisation, and we deeply appreciate your ongoing engagement.

A special note of appreciation goes to my fellow board members for their invaluable guidance, contributions, and steadfast support over the past year. The Rebosa Board serves without remuneration, and their generous contribution of time and expertise continues to drive our significant growth and progress.

Though the past year has brought its challenges, I am optimistic about the future. The market shows signs of improvement, and I am confident that, together, we will achieve great things in the year ahead.

I thank you.

Adrian Goslett
Chairman
9 October 2024