

New Property Transaction Trading Platforms to Democratise Public Participation in Real Estate Sector

... High Street Auction Company Announces First Client on Sale By Tender Auction System...

24 February 2016: The High Street Auction Co, South Africa's leading real estate auction house, today announced the "go-live" of its new property *Sale by tender* trading platform – a real estate sector innovation, it expects to disrupt market conventions and drive portfolio returns for its clients. Aimed at widening market access and promoting the highest levels of governance and transparency, The High Street Auction Co already has a portfolio of assets from a listed property fund in a sale by tender process on the platform. This particular sale will close on 1 March 2016.

Lance Chalwin-Milton, Joint Managing Director at High Street Auction Co, says, "The property industry is the next industry set for massive disruption thanks to innovation in ICT. Sale by tender will affect every participant in the South Africa's R5.2 trillion real estate ecology - including construction and property funds to agents - by transforming how the market transacts. For the first time prospective buyers will be able to make an offer on a property via a tender process that is open for public participation. This will give both big and small buyers the opportunity to compete on a level playing field. Furthermore, it will ensure all properties on the platform remain on the market until the sale by tender closes as the Due Diligence is conducted by all purchasers at the same time."

Key advantages of the platform for prospective sellers include not just that it enables transactions to be processed more speedily, but that it also gives insight into market sentiment towards the portfolio since the property owner ultimately gets several offers that can serve as a market survey. In addition – and unlike a traditional buyer/seller model - the property remains on the market until the tender closes and all interested buyers have the opportunity to view a property and simultaneously submit their offers, through sealed offers to purchase. All offers are then considered together and thorough due diligence is conducted to

determine which offer is chosen.

“Sale by tender facilitates greater inclusion by extending access to a broader buyer pool. Like other ICT trading innovations, sale by tender also removes most information asymmetries associated with the property market - like knowing what assets are up for sale, to start with. Many of these assets have traditionally been disposed of in privileged circles. Our market-disrupting innovation will help to develop the property sector through democratisation of access to opportunity,” concludes Chalwin-Milton.