

The background features a light blue top section and a light yellow bottom section. A large, semi-transparent red rounded rectangle is centered in the yellow section. Overlaid on the background are several concentric circles and arcs in shades of yellow and red. The main title is written in black text inside the red rectangle.

# Planning for the Operation, Management and Maintenance of Township Malls

4<sup>h</sup> March 2010

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Advent Asset Management

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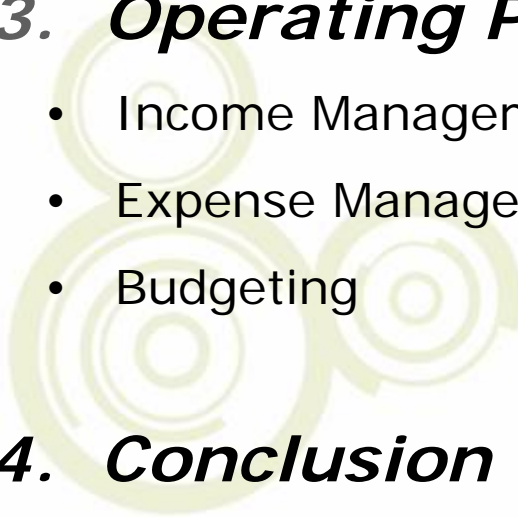


## ***1. Background to Advent Asset Management***

## ***2. Management Structure and Context***

- Asset Management vs Property Management

## ***3. Operating Processes***

- Income Management
  - Expense Management
  - Budgeting
- 

## ***4. Conclusion***

# Background to Advent Asset Management

- *Wholly-owned subsidiary of the Public Investment Corporation*
- *Created in 2006 to manage township mall portfolio*
- *Assets under Management – R3.1 billion (January 2010)*
- *410 000m<sup>2</sup> under management*
- *Perform both asset and property management functions*
- *What does a property asset manager do?*
  - Maximise rental payable by tenants through the provision of superior space
  - Purchase shopping centres for clients (developments or going concerns)

# Structure

## Text

# Management Structure and Context

- *The term 'operations and management' could form a combination of issues covered under the titles of property and asset management*
  - It is dependent on the firm and its skill sets
- *In Advent, operations management falls within the sphere of 'property management'*



Tenant Billings  
Lease Administration  
Facilities Management  
Maintenance  
Contract Management  
Creditors  
Debtors  
Budgets  
Occupational Health & Safety

# Management Structure and Context

## ➤ *WHAT does Advent manage?*

- All physical aspects contained on the erf, including:
  - Taxi/Bus/Parking Facilities (cleansing, reticulation, security)
  - Leased Space
  - Reticulation and maintenance of services to tenants (elec, water, sewerage, security, air con, etc)
  - Anchor tenants: storage spaces, delivery yards (cleansing, reticulation, security)
  - Common Areas (cleansing, security, lighting, air con, etc)
  - Ablution facilities (maintenance, cleansing, security)
  - Landscaped areas (cleansing, garden maintenance)
- Stakeholder/Relationship management: tenants, transport and local authorities, community organisations (notably hawker, taxis), surrounding landlords, etc



# Management Structure and Context

## Central City, Mabopane - Stakeholder Management





# Management Structure and Context

## Central City, Mabopane - Stakeholder Management



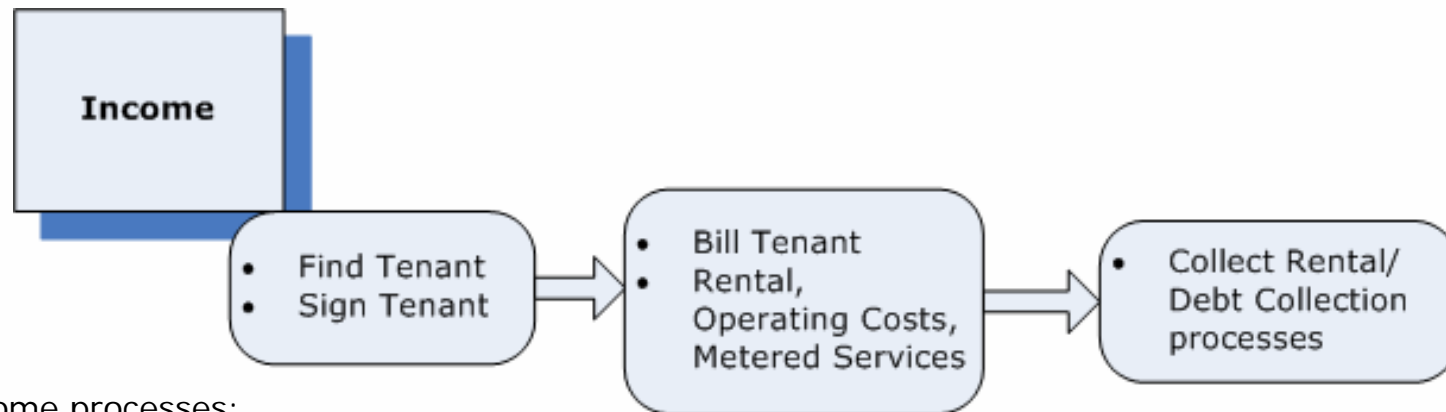


# Operating Processes

**income – expenses = net income**



# Operating Processes



## ➤ Income processes:

### ➤ Leasing process:

- Which tenant? Why? How does it add value?

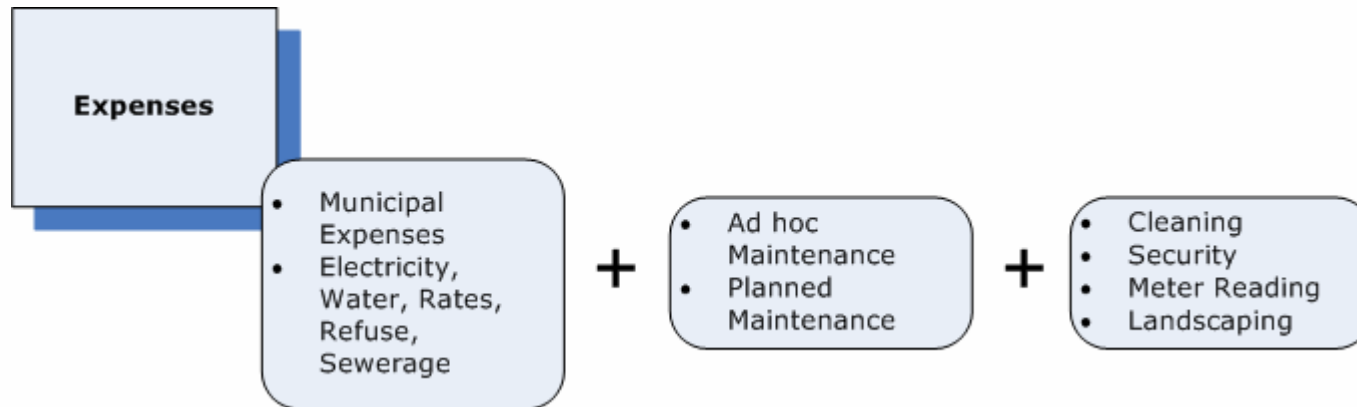
### ➤ Billings process:

- Accuracy of data, recovery management

### ➤ Rent collection

- Billings without collection = worthless
- Accurate receipting, timeous action against errant tenants – 14 days
- Constant KPI measurement – 5% of billings

# Operating Processes



- Expense Management:
  - Recoveries management
    - Municipal expenses largely recoverable: manage usage (peak demands), % recovery levels
  - Service Provider/Contract Management
    - Procurement processes, manage documentation and content
    - Types of services procured, specification development, performance management
  - Municipal and contractual expenses are largely a payment processing issue – require appropriate Delegation of Authority to be effective

# Operating Processes

## 4. Facilities and Maintenance Management

- Physical condition of property is pivotal in income maximisation
- Ad Hoc/Unplanned Maintenance and Planned Maintenance cannot be treated the same
- Ad hoc/Unplanned
  - Replacement of smaller items (plumbing, lights, paving, etc)
  - Requirements are largely related to day-to-day operations, identified and executed on-site within appropriate budget limits
- Planned
  - Medium/Long-Term outlook
  - Roofing, air conditioning, external common areas, etc
  - Combination of operational and capital items
  - For Advent, follows a two-year budgeting cycle
  - Centralised planning and execution




# Operating Processes

Phalaborwa – Centre Refurbishment (LT capital planning)

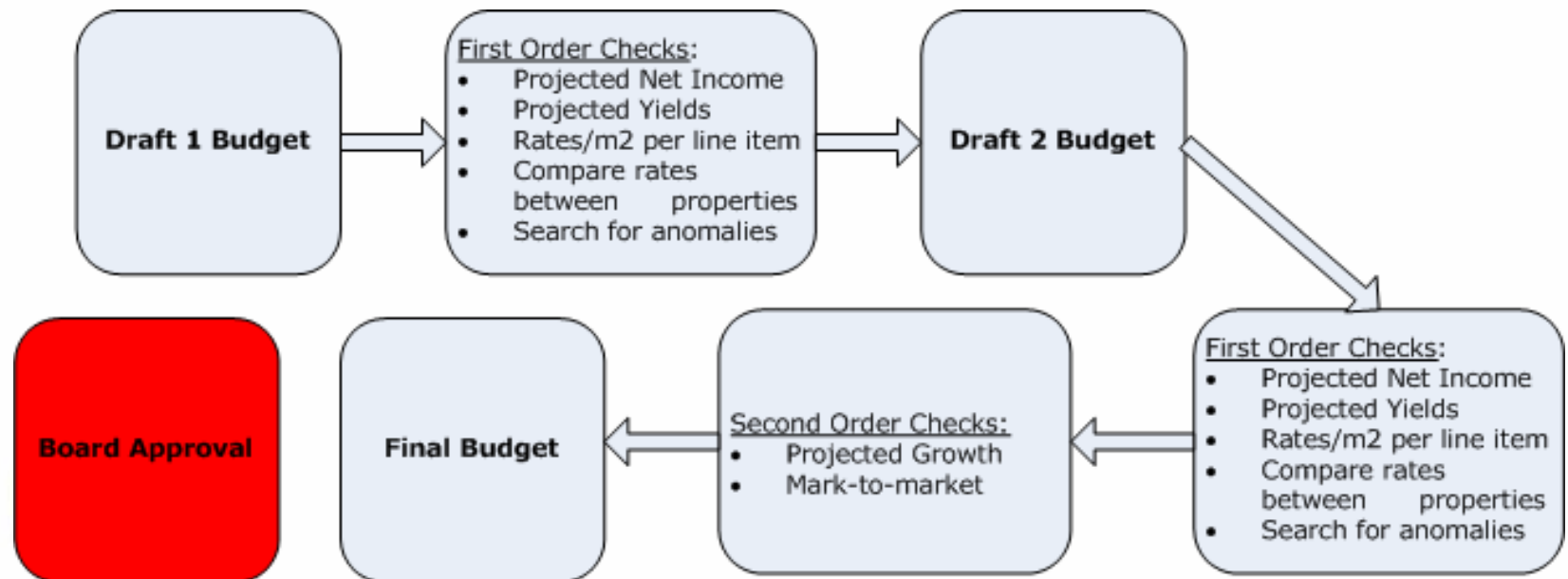


# Operating Processes



- Expense management can only take place when two things are present:
    - Good control environment (processes); and
    - Good measurement (detailed budgets).
  - The budgeting process creates an **action plan** and **contract** between all managers:
    - This contract marries the strategic with the operational;
    - It requires negotiation and detailed analysis to be effective;
- 

# Operating Processes



# Conclusion

- The role of a property manager is to maximise rental payable by tenants through the provision of superior space.
  - Superior space is clean, secure and well maintained.
- Rigorous planning/budgeting allows for:
  - The maximisation of income – by understanding the connection between leasing, vacancies, recoveries and income; and
  - The control of expenses – by creating measurable limits (notably for variable expenses such as Maintenance) and performance targets.
- **Remember:** The processes applicable to a township centre are not dissimilar to those applicable to any other retail asset – only the content might be different.
- **Also remember:** space is space, whether you are managing a shopping centre, an office block, an office park, a precinct...or a town centre...
  - Provide clean, secure and well-maintained space (whatever that space comprises of), and you will be able to maximise the value to end-users – tenants, landlords, consumers...and citizens...