

# RENTAL ASSET MANAGER GUIDE

The Future of Rental Asset Management  
A Guide for WeconnectU Clients



9,11%  
Yield

5,24%  
Capital Growth

# Welcome

WELCOME to the WeconnectU Agent's Guide, where we introduce you to the exciting opportunities in rental asset management. We at WeconnectU are on a mission to create more valued and valuable property managers. One way we achieve this is by **helping you to repositioning yourself as Rental Asset Managers**, rather than Rental Administrators. While this may initially seem like a superficial change, a closer look reveals its significant potential.

This guide will empower you to master the art of better promoting and communicating your value proposition. It serves as your blueprint to remain relevant and effectively convey your true value to our client, the property investor.



# The Future of Rental Asset Management

A Guide for WeconnectU Clients

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# ① Understanding Your Role

## What You Do vs. How You Do It

Stepping into the world of Rental Asset Management can feel like diving into a sea of new terms—Asset Management, Yield, Capital Growth, and more. **But here's the good news:** you're already doing a lot of the work! What really changes is how you talk about it and the value you show to your clients.

As a property manager, you're used to tasks like tenant vetting, rent collection, inspections, and maintenance. These are important jobs, but here's the secret: they're just part of the picture. The bigger picture is what your clients, now known as investors, are really after. They want to know how their property is performing as an investment—how it's growing in value and contributing to their overall wealth.

So, the big shift isn't in what you do, but in how you communicate it. Instead of focusing just on the day-to-day management, you'll start reporting on the property's financial performance. Think about it: all the data you're already collecting through your management activities (like rent payments, maintenance updates, etc.) can be turned into a valuable asset management report. With the push of a button, you'll show investors how their property is performing in terms of yield and capital growth—the metrics that really matter to them.

Now, when your client asks, "How's my property performing?", you'll have the tools to not only answer that question but to start a deeper conversation about how they can unlock further value from their property or portfolio of properties. This shift allows you to inform and equip your investor for good decision making, and in the end helping your clients grow their wealth, not just manage their property.

### The Best Part?

You're still doing the same work you've always done—but now, you're communicating it in a way that makes you more valued and valuable. It's about positioning yourself as an asset manager, not just an administrator. And this small change in approach can make a big difference in how your clients see you—and the value you bring.



## ② Shifting the Conversation

From Property Administrator to Asset Manager

### INTRODUCING YOU TO THE ASSET MANAGEMENT REPORT

The Asset Management Report transforms the way investors perceive your role. By focusing on yield and capital growth, this report reveals the real value of their property—delivering the insights that investors care about most. What's key here is that you are already gathering this data through your day-to-day management tasks, but now, you'll package it in a way that highlights property performance. This shift from administrative reporting to asset management showcases your ability to help investors make informed decisions that grow their wealth.



### 3 Performance Matrix of Property as an Asset Class

The two main performance indicators that will be detailed on the investment report, on an annual basis are:



**Net Rental Yield**



**Capital Growth**

#### Net Rental Yield Explained

Net rental yield takes into account all the costs associated with generating rental income (excluding bond installments), also known as net operating income. This includes expenses like property management fees, maintenance, insurance, and property rates. By deducting these costs, net rental yield provides a more accurate reflection of your property's profitability, allowing you to see what you're truly earning from the investment.

##### Example

Subtract the operating expenses from the total income generated

$$\text{Net Rental Yield} = \frac{\text{Net Operating Income}}{\text{Property Purchase Price or Market Value}}$$

$$\text{Net Rental Yield} = \frac{\text{R120 000} - \text{R30 000}}{\text{R1 000 000}} \times \text{R100}$$

$$\text{Net Rental Yield} = 9\%$$

For instance, let's say your investment property generates R120 000 in annual rental income, but your operating costs (like maintenance and management fees) total R30 000. If the property's purchase price or market value is R1 000 000, the net rental yield would be 9%. This means that after covering all expenses, you're left with a 9% return on your investment—giving you a clearer picture of your property's actual financial performance.

## What is Capital Growth?

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Capital growth, also known as capital appreciation, refers to the increase in the value of a property or investment over time. It's important to differentiate capital growth from income and rental yield, as they represent different forms of return on your investment.

While rental income and yield provide steady, regular income through holding and renting out a property, capital growth is realised when the property's value appreciates over time due to factors like market growth, inflation, and economic conditions. Unlike rental income, capital growth can only be fully realised once the property is sold, reflecting the true increase in value that has occurred over the ownership period.

## How to Calculate Capital Growth

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$$\text{CAPITAL GROWTH} = \frac{\text{Current Valuation} - \text{Purchase Price}}{\text{Purchase Price}}$$



## How Capital Growth is Calculated on WeconnectU:

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To accurately track and calculate capital growth using WeconnectU, it's important to keep the purchase price and property valuation data up to date. You can do this by using Lightstone valuations or by conducting annual property appraisals and uploading the latest data into our solution.

## How to Communicate This to Investors

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As an asset manager, your goal is to shift the conversation from simple property administration to wealth-building strategies.

### Here's how you can do this

#### 1 Start with Yield:

Highlight how the property's immediate cash flow benefits the investor in comparison to other forms of investment.

Explain how proactive management of inspections, tenant relationships, and market-aligned rental pricing directly impact yield. You're not just maintaining the property—you're enhancing its performance.

#### 2 Transition to Capital Growth:

Emphasise that while yield brings regular income, capital growth is the long-term wealth-building component.

Use data to show how the property's value has appreciated over time and how market trends support continued growth.

Connect capital growth to strategic improvements, showing how maintaining and upgrading the property keeps it competitive and increases its market value.

#### 3 Conclude with the Combined Value:

Reinforce that the power of property investment lies in having both yield and capital growth working together. You provide immediate returns (yield) while also increasing the property's value for future opportunities (capital growth).



By letting go of the limited, old-school interpretation of a Rental Agent's role, and embracing the modern mindset and skillset of Rental Asset Managers, we open the door to a world of opportunities that didn't previously exist.

**Johann van der Merwe**  
Managing Director, WeconnectU



## Turning Routine Tasks into Strategic Conversations

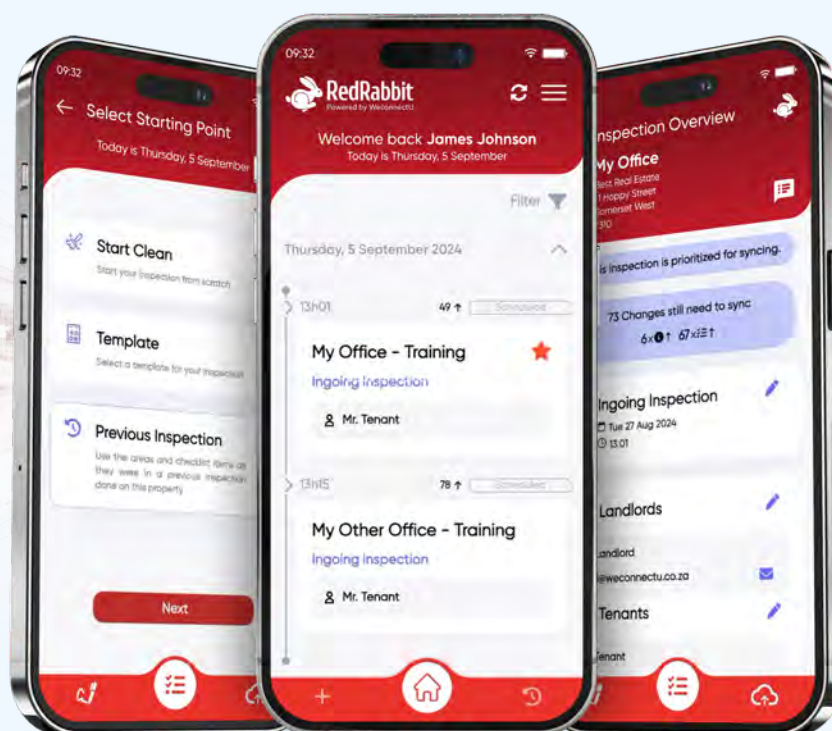
Now that we've explored how yield and capital growth can shape your conversations with investors, let's look at a few more key activities that, with a strategic approach, can transform the way you deliver value. By focusing on how you communicate and manage routine tasks—such as inspections and lease renewals—you position yourself as a proactive asset manager who is not just administrating properties but actively growing wealth for your investors.

### INGOING INSPECTIONS:

Ingoing inspections are where the foundation for future success is built. **Think about it this way: with high-quality, detailed inspection reports, you're setting yourself up for a long-term relationship. All the information needed for future maintenance projects and risk management is right there, offering clear evidence of the property's condition and protecting both the investor and tenant. This makes you the most valuable person in the room.**

Ingoing inspections aren't just about compliance; they offer a strategic opportunity to set the tone for long-term asset management. **Using technologies like RedRabbit seamlessly integrated with WeconnectU, you provide access to online reports for both the investor and tenant, showcasing your professionalism.**

Inspection reports go beyond formalities—they become valuable tools for identifying proactive maintenance opportunities, maximising yield, and enhancing capital growth. Approaching inspections with a strategic mindset not only protects the investment but also sets it up to achieve maximum yields and capital growth, creating confidence in how the asset is being managed.



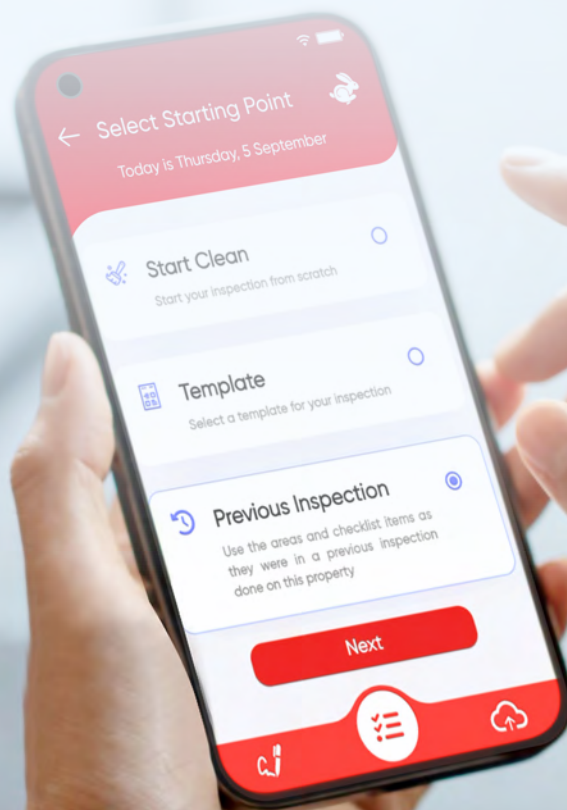
## MIDTERM INSPECTIONS:

Midterm inspections are more than just routine check-ins. They offer a vital opportunity to ensure the property remains in excellent condition while identifying areas for improvement.

**Midterm inspections, often neglected by property professionals, are crucial for assessing compliance, but more importantly, for identifying areas where improvements—like new cupboards or a fresh coat of paint—can be carried out during the tenancy. Tenants will often endure the short-term inconvenience to enjoy the improved living conditions. The added benefit is that leases are more likely to be renewed without vacancies and at a fair escalation.**

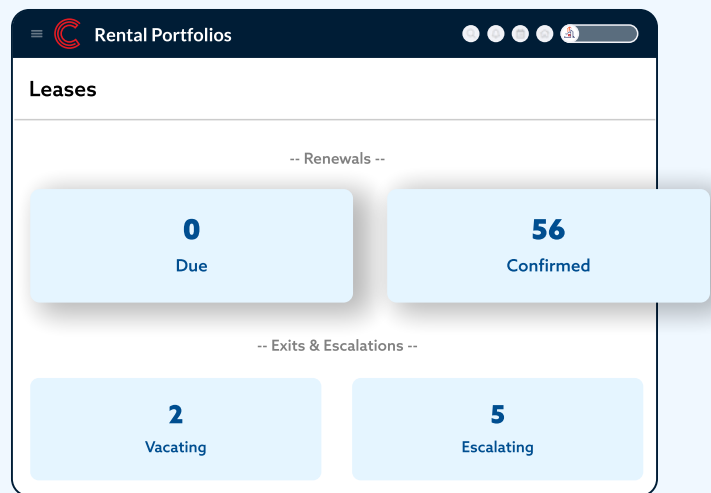
Through many of our surveys, we're seeing a positive trend of property professionals charging between **R500 and R1000 for midterm inspections**. Investors are prepared to pay for this service given the immense value it adds to managing their risk. Offering midterm inspections as part of your service offering helps position you as proactive in protecting their investment.

This approach helps maintain the **property's competitive edge, minimises vacancy risks, and ensures continued growth in value**. Midterm inspections turn what could be seen as a routine task into a key opportunity to keep the property attractive and its performance optimised.



## LEASE RENEWALS:

Lease renewal is more than just a task—it's a golden opportunity to showcase the value of asset management. This is your moment to demonstrate how the property has performed, highlighting yield and capital growth. It's not simply about keeping a tenant; it's about maximising the potential of the investment. This conversation allows you to provide a clear analysis of market conditions—including supply and demand, vacancy rates, and trends—and offer tailored recommendations for rent adjustments or property improvements.



Your insights ensure the property stays competitive and drives higher returns.

Starting early also reduces the risk of vacancy. If the tenant chooses not to renew, you'll have time to advertise and secure a new tenant, protecting rental income.

**Lease renewal isn't just about extending a contract; it's about giving your investor a strategic plan for the future. You're positioning yourself as a trusted asset manager, ensuring the property remains a valuable, income-generating asset.** Seize this opportunity to impress your investor and prove your strategic value.

## OUTGOING INSPECTIONS:

Outgoing inspections should be seen as a strategic step in managing your property's value and ensuring a smooth transition between tenants. **Thirty days before the lease expires, it's essential to send the tenant a copy of their ingoing inspection report, which can be easily accessed through your RedRabbit portal.** This report, along with practical tips for a smooth handover, helps set clear expectations for both the tenant and the investor.

By setting up this process in advance, you not only ensure that the property is returned in good condition but also reduce the inconvenience for the next tenant. This streamlined approach keeps the entire process efficient and stress-free for all parties involved. Additionally, this careful planning ensures that the **deposit can be returned within the legal timeframe of seven days**, making it a win-win situation for everyone.

The real value of outgoing inspections lies in comparing ingoing and midterm reports to identify any discrepancies. This allows you to quickly determine whether repairs are the result of normal wear and tear or tenant-related damage, offering clarity for both parties and ensuring any necessary repairs are addressed promptly.

## 4 Generating an Investment Report on WeconnectU

Creating a comprehensive investment report may sound complex, but with WeconnectU's solution, it's a seamless process that adds immense value to your role as a rental asset manager. By following these simple steps and utilising technology, you can deliver powerful insights to investors with minimal effort.



### Transactional History

Gather at least a full year of transactional history on the account. When all transactions are processed through WeconnectU, the beauty of the solution is that it does the hard work for you—correctly allocating every transaction to ensure accurate reporting. This means the technology ensures an accurate analysis of the property's financial performance, helping you assess net operating income and overall investment returns.

### Asset Purchase Date and Value

Don't forget to include the asset's purchase date and original value. You can quickly obtain this information using Lightstone integration at no cost. This data allows you to compare the property's current performance with its initial investment, providing meaningful insights to the investor.

### Asset Appraisal

Get an up-to-date asset appraisal, ideally done annually. Beyond simply ticking off a task, this step offers a chance to reshape the way you engage with investors. A current appraisal doesn't just show what the property is worth today—it opens the door for strategic discussions. With fresh insights into market conditions, you can suggest opportunities for increasing the property's value, like renovations or adjustments based on local trends. This different approach can lead to more informed decision-making and significantly enhance ROI, showcasing the true potential of the property to your investors.

These elements together will ensure that the investment report offers a thorough and up-to-date overview of the property's performance, helping investors make informed decisions.

# Inviting the Investor

To invite your investor to the portal, follow these steps:

## Steps to Follow

### 1 From the Asset

Navigate to the Contacts tab on the asset and select the option to invite the investor.

### 2 From the Contacts Dashboard

You can also send the invite directly from the Contacts dashboard.

### 3 Personalised Message

Include a personalised message when sending the invitation to make it more engaging.

#### Subject: Welcome to Your Investment Portal!

Hi [Investor's Name],

We're excited to invite you to your new investment portal! This secure platform will give you instant access to your property's performance reports, updates, and more.

Please follow the link below to set up your login and explore your investment insights:

[Invite Link]

Looking forward to enhancing your investment experience!

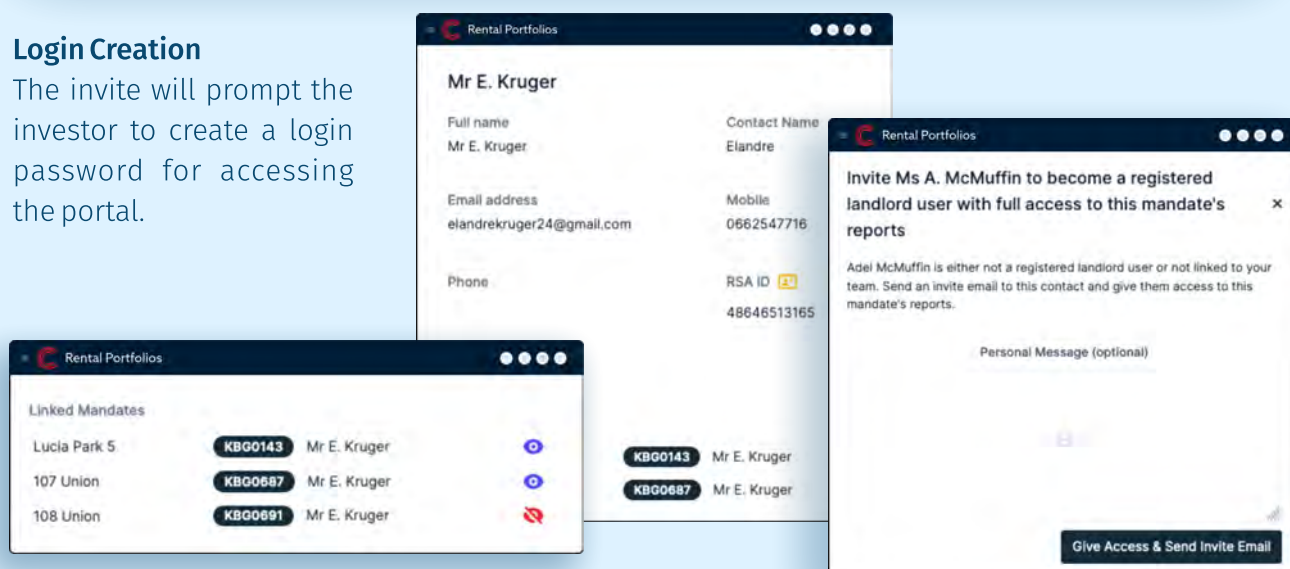
Best regards,

[Your Name]

[Your Company]

### 4 Login Creation

The invite will prompt the investor to create a login password for accessing the portal.



# Generating the Report

To create your Investor Report, follow these simple steps:

## Steps to Follow

### 1 Access the Overview

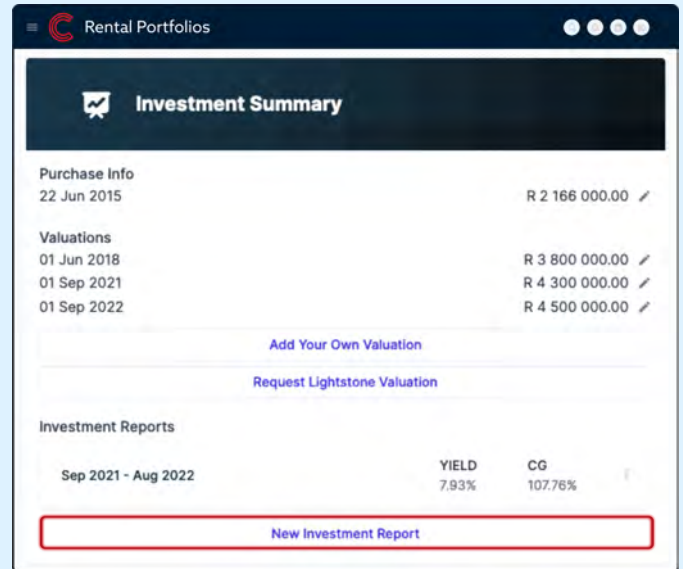
Begin by navigating to the Overview section of the asset. This is where all the key information is gathered to generate your report.

### 2 Specify the End Date

You will be prompted to enter the end date for the report period. This helps ensure that the report covers the most relevant and recent data for accurate insights.

### 3 Generate and View the Report

Once you've set the end date, click on the report to generate it. Your detailed Investor Report will be ready to view online, providing a comprehensive snapshot of your property's performance.



# The Investment Report

Your Investment Report is designed to provide a clear and insightful view of your property's performance. Here's what you'll find at the top of the report:



## The Report Explained

### 1 Yield and Capital Growth

Prominently displayed are the key performance indicators: Yield and Capital Growth. These metrics provide a snapshot of your asset's return on investment and its appreciation over time.

### 2 Visual Graph

A graph visually illustrates the value growth of your asset alongside the Cost of Investment figures. This visual representation makes it easy to see how your investment has performed and how its value has evolved.

### 3 Adjustable Figures

The Cost of Investment figures can be amended directly by you, allowing for adjustments based on updated data or changes in investment costs.

This comprehensive overview not only highlights your property's success but also provides you with the tools to make informed decisions and track your progress towards your investment goals. Enjoy the clarity and satisfaction of seeing your achievements laid out in a detailed and accessible format!

# Investment Report Continued

In the Investment Report, you will find detailed insights into your asset's financial performance:

## Report Detailed Insights

### 1 Net Operating Income (NOI)

The NOI is calculated based on the payment history within the solution and is automatically populated for the selected date range. This gives you a clear picture of your property's financial health during that period.

### 2 Adjustments for Transactions

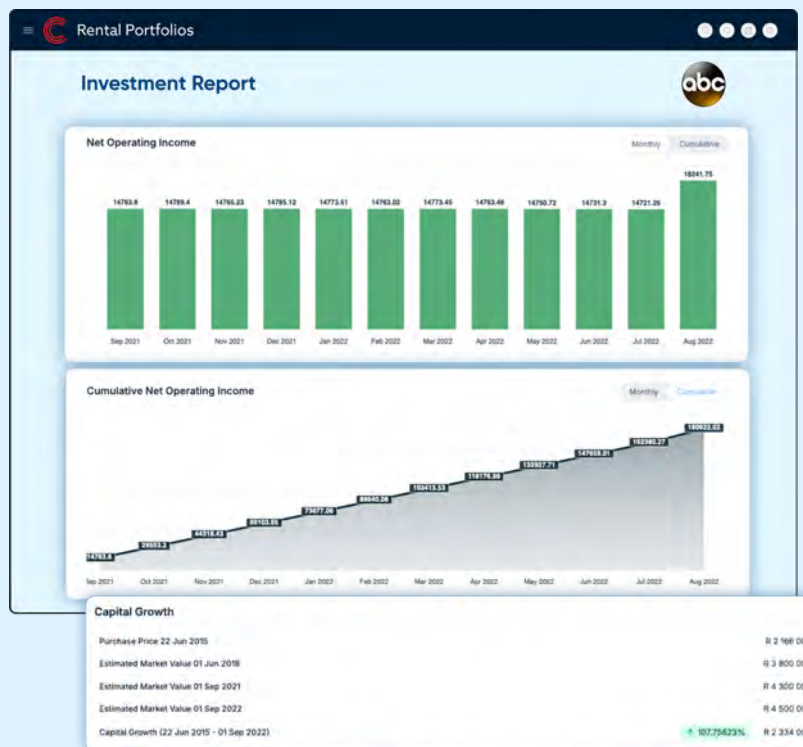
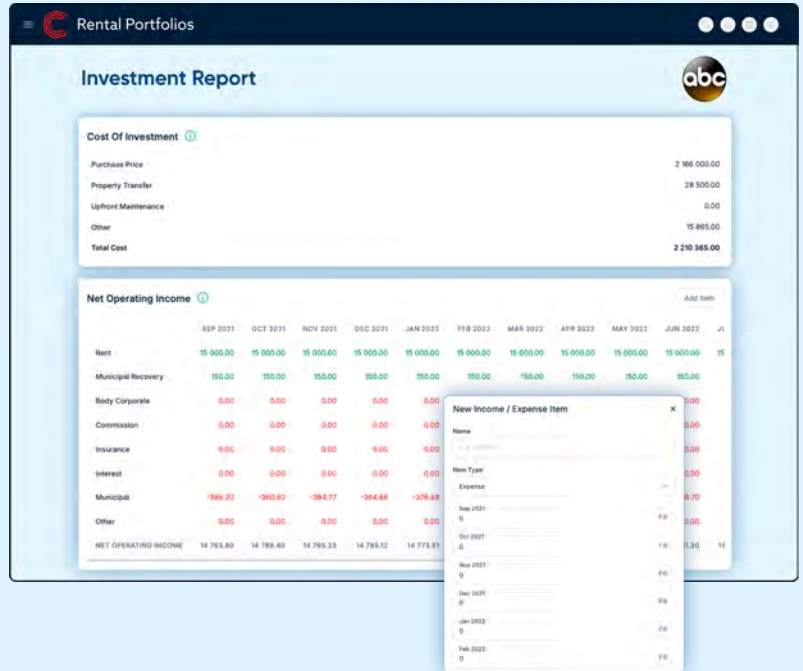
You can add additional items (both income and expenses) to account for any transactions that occurred outside of WeconnectU. This ensures that all relevant financial data is included in the report.

### 3 Graphical Representation

At the bottom of the report, you will see the Net Operating Income and Cumulative Net Operating Income. These figures are presented with a toggle option to switch between a monthly bar graph and a cumulative line chart, allowing you to visualise your asset's performance in different ways.

### 4 Capital Growth

This section shows the increased value of the investment since its inception, providing a clear view of how your property's worth has grown over time.



This comprehensive report not only highlights the performance of your investor's property but also equips you with the tools to make informed decisions and track progress towards investment goals. Enjoy the clarity and satisfaction of seeing your efforts detailed in an accessible and insightful format!

**C**reating More Valuable and  
Valued Property Managers.