



## **Omajowa Listing: Press Release.**

For release on 31 July 2020.

### **1. Background: Namibian Real Estate Sector**

Omajowa Ltd has been formed to invest in income generating assets in the Real Estate Sector. To achieve this goal, Omajowa will focus on utilising equity, but may also utilise debt finance, or a combination of both including quasi-equity.

The investment case is as follows:

- Namibia enjoys an unusually high savings rate and a well-managed investment industry. However, the bulk of Namibia's savings continue to be channelled into the South African market. The local market remains handicapped by a lack of investment opportunities combined with limited liquidity.
- Namibia's Real Estate market has historically shown stable growth in the affordable residential rental space. With the well-priced assets currently available, as targeted by Omajowa, this demand is expected to provide steady growth in the medium- to long term for the portfolios being acquired. This is supported by the fact that demand for affordable well managed rental units far outstrips supply in this sector of the Namibian Real Estate market; and
- Against this background the Promoter has identified the opportunity for the creation of a dedicated, NSX listed, property investment company in the form of Omajowa. Omajowa will target property investment opportunities purely driven by sound commercial considerations.

### **2. Omajowa Investment Rationale**

The current slow recovery of the Namibian economy out of a few years of recession prompted the promoters to proceed with this listing, with the aim of having at least a two-thirds (66.6%) Residential Rental component. COVID-19 impact is still to be completely gauged and interrogated but, given the long-term view of the promoters, has the potential to enhance investor returns.

Resultantly, some of the main motivators for the timing of this listing are:

- The decision to proceed with the listing in these times is to ensure the investor enters this market segment at the lower end of the market. The promoters believe strongly that the growth prospects, particularly in the market segment focused on, will be positive in the medium to longer term. The

portfolio acquisition price should be negotiable to a discount to the market given the relative size of the investment that Omajowa would be able to make. Based on current short-term negative sentiments and a general price correction in mainly the residential market segment, we believe this to be an achievable target.

- The portfolios being acquired would represent a fair spread in terms of both location and target market, adding to robust revenue drivers and sustainability. The acquisition prices of the underlying properties are sensitive to and reflect the short-term impact of COVID-19 on both rental rates and occupancy. The strategy is to counter vacancies by offering short term rental discounts, ensuring assistance to tenants in distress in these times of economic hardship.
- In general, the residential rental market is more stable in the long term than the most other Real Estate Sectors, mainly as a result of the diversified tenant base. The sustainability of revenues in this sector will be driven by management efficiencies and hands on facilities management with strict rental collection control systems, with a focus on acquiring assets in quality locations. The portfolios will be large enough to ensure economies of scale resulting from pooling property and facilities management expertise and systems in managing the underlying assets.
- The increased credit criteria for home buyers are also continuously feeding the residential rental market as well as providing flexibility of tenure to users of the rental spaces provided. There are enormous similarities with South Africa during the 2008 residential market decline, since then there was a sizeable move away from owning a property to rather renting. Rental is still more affordable and provide the required mobility for end-users of residential space in this market segment. This trend is already starting to happen in Namibia, with this listing in the fore front of making it possible for investors to enter into an asset class with tremendous growth potential. There is a strong pipeline of projects being targeted, focused on the more affordable side of the residential rental market; and
- The timing of this listing, against world and local market volatility, is ideal and allows the astute investor to spread his risk profile into an asset class which should provide steady returns through continuous interest payments and constant capital growth keeping pace with inflation.

There is clearly considerable potential for an affordable residential rental focused company, equipped with appropriate financial and risk management skills, to target this largely untapped sector in Namibia. Such a vehicle will play an important role in the Namibian economy by:

- Providing affordable rental opportunities close to amenities in the urban growth areas of Namibia, creating valuable new job opportunities on a sustainable basis while investing in the economy.
- Alleviating the current flow of capital into the South African market by offering local institutional investors an NSX listed vehicle through which to channel savings into infrastructure projects with medium to long term growth; and
- Offering investors liquidity, flexibility, scalability, and governance safeguards provided by a listed vehicle.

### 3. The Company and its Directors

- Omajowa Properties Ltd is listed as a CPC, or Capital Pool Company, on the DevX board of the NSX following approval by the NSX recently. The company is structured as a Property Loan Stock (PLS) investment vehicle, with share linked dentures to be offered to investors as security and basis of projected returns.
- The founding Directors of the Company had been selected from experts and influential individuals in their respective fields and comprise the following:

Directors Name	Nationality	Directorship (* Non-executive, # Independent)	Appointment
Festus Hamukwaya	Namibian	*# Chairperson	2020/06/01
Tomas lindji	Namibian	*#	2020/06/01
Brian Katjaerua	Namibian	*#	2020/06/01
Dorethy Elizabeth Smit	Namibian	*#	2020/06/01
Pieter Willem Jacobus Reyneke	Namibian	*	2020/06/01
Carel Fourie	Namibian	Executive Director	2020/06/01
Adeline Beukes	Namibian	Executive Director	2020/06/01
Barend Christiaan Verhoef	South African	Executive Director	2020/06/01

- The Company is supported by a new Asset Management company, Oshivanda Asset Management Pty Ltd, with exclusive responsibility towards the Company only. The agreed-on principle of remuneration to the Asset Manager is by way of an approved cost-plus budget linked with incentives for portfolio performance in excess of benchmarked investor returns. This follows the recent trend to effectively manage the asset management “inhouse” while keeping an arms-length relationship.

### 4. Conclusion: Next Steps

Omajowa, with the assistance from its Asset Manager, is far advanced in the preparation of the first circular to investors with a portfolio of investments in the focused investment area within the stated strategy.

The current planning is to submit the first Circular of Viable Assets for investment consideration within a quarter of the listing date. Various simultaneous processes and activities leading up to the select submission of the first Investment Circular is already in advanced progress.

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