International Housing Solutions
A HUNT COMPANY

International Housing Solutions

Developing Sustainable and Affordable Housing Communities

www.IHSinvestments.co.za

IHS OVERVIEW

- International Housing Solutions (IHS) has been operating in the Affordable Housing and private equity space since 2005 and was established to pursue affordable housing opportunities.
- In 2016, IHS established IHS Namibia locally to manage IHS Fund II SSA and its investments.
- The firm has a well-established reputation in Namibia for delivering Green Affordable Housing from conception, to construction, through to delivery, and property management.
- IHS is a pioneer of “Green” Affordable Housing in Africa meeting the IFC EDGE Green Buildings standards for residential properties with all new projects being green.
- IHS has over 50 full-time employees, including experienced real estate professionals directly engaged in investment or project origination, underwriting, and asset management.
- The senior management team brings an average of over 25 years of experience in real estate finance and development to the funds.
- IHS Property Management Pty Ltd (IHS PM), the property management arm of IHS, has a successful track record of managing and enhancing a rental portfolio of over 13,000 units.
- IHS PM Namibia has more than 20 staff in its employment to manage the portfolio in Namibia.
- IHS successfully manages a rental portfolio with stabilized occupancies typically in the mid-90’s while keeping bad debts below 2% and ensuring strong rental growth.

IHS TRACK RECORD AND INVESTORS

Key Accomplishments at 4Q2022

- Focused strategy on Affordable Green Housing in Africa.
- Very strong due diligence covering market, planning, design, environmental, developer track record, operating costs, etc.
- First fund raised in 2007. Currently **six vehicles**, a REIT and a separate account under management. In total:
  - ✓ Over **US$743M raised** from institutional investors.
  - ✓ **96 investments** closed.
  - ✓ Over **9,000 Green units** completed or under construction.
  - ✓ **Over 31,200 units** completed.
  - ✓ **+2,700 Social Housing units.**
  - ✓ Over **30,000 units and serviced stands** sold.
  - ✓ **+85%** of our units are affordable to low- and moderate-income households.
- In Namibia:
  - ✓ Over **US$83M raised** from institutional investors.
  - ✓ **13 investments** closed delivering almost **2,500 units**.
  - ✓ Already over **1,600 rental units completed**.

Project	Country	Total Units	Units Certified as Completed	% Units Certified as Completed
9 Completed Projects		***2,081***	***2,081***	***100%***
Forest Hills	Botswana	228	228	100%
Okahandja Bridge Park	Namibia	240	240	100%
Mondesa Heights (Swakop)	Namibia	132	132	100%
Pelikan Platz (WBay)	Namibia	132	132	100%
Khomasdal	Namibia	432	432	100%
Otjomuise Lifestyle Estate	Namibia	374	374	100%
KwaNkomo (WBay)	Namibia	180	180	100%
Kristine Court (Oshakati)	Namibia	135	135	100%
Block 10	Botswana	228	228	100%

Investors

GIPF Government Institutions Pension Fund
WDB Investment Holdings — Women Investing in Women
KFW
IFC International Finance Corporation World Bank Group — Creating Markets, Creating Opportunities
European Investment Bank
DFC U.S. International Development Finance Corporation
UK Climate Investments
Sonen Capital — Social & Environmental impact investment management
fsdafrica
CPF County Pension Fund
Public Investment Corporation
PSP Investissements Investments
Eskom Pension and Provident Fund
MacArthur Foundation
National Housing Finance Corporation SOC Ltd.
DBSA Development Bank of Southern Africa
Lincoln Institute of Land Policy
gef

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Affordable Housing in Namibia

Addressing the hurdles and constraints to delivering green Affordable Housing in Namibia

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Affordable Housing Demand in Namibia

- Unmet demand for formal affordable housing is growing quickly.
- Demand is growing with increased urbanization.
- Excess demand for housing is primarily in the medium-, low- to ultra-low-income areas.
- Residential developers serve the high-end market as margins are higher.
- Government rollout is slow and riddled with challenges.

CHALLENGES TO AFFORDABLE HOUSING DELIVERY

Difficulty acquiring bulk land for servicing:

- Rigidity of the land delivery policy.
- Cumbersome bureaucratic process in the land allocation to developers and later to end users.

Planning and township establishment processes:

- Costly, complex and time-consuming.
- Inefficient collaboration opportunity between developers and local government.

Lack of capital to deliver units at pace and scale:

- High-end market demand is met by developers as returns are high but the scale is small.
- Very low-end market is addressed by the government, but slowly with its own challenges.
- Limited governmental or institutional subsidy programmes.

WHAT CAN BE DONE TO FAST-TRACK DELIVERY?

- Government to accelerate land delivery:
  - Enter into private treaties with qualifying developers for accelerated servicing of land.
  - Revisit PPP/JV structures to make them more accessible and allow them for use in unsolicited developer bids.
  - Implement subsidy programmes to promote the development of social housing projects (supply or demand side subsidies).
- Relaxation of regulations pertaining to low-cost housing township establishment (erven sizes under 300m², lower servicing specs, etc).
- Create open channels for qualifying projects to fast-track planning processes.
- Incentivise developers (perhaps through supply-side subsidies) to move into the lower LSM market:
  - Incentives based on delivering Green-climate-friendly housing as well as on pace of delivery.
  - IHS has pulled high-end developers into the affordable housing space by offering high-volume projects but at lower margins which is only possible with big equity allocation.
- DFI's and local capital managers deploy more equity to high-impact Affordable Housing in bulk.
- Well-managed and stable rental residential portfolios provide an avenue to bring listed/unlisted REITs and similar institutional capital to the affordable housing sector.

Case Study: IHS Fund II SSA

PROGRESS ON COMMITMENTS AND CAPITAL DEPLOYMENT

Project	Type	Status	No. Units	Equity (US$)	% Total
Namibia					
Okahandja Bridge Park	Turnkey	Closed	240	$7.2m	10%
Mondesa Heights	Turnkey	Closed	132	$3.0m	4%
Pelikan View	Turnkey	Closed	132	$2.9m	4%
Khomasdal	Turnkey	Closed	432	$8.7m	13%
Otjomuise Lifestyle Estate	Turnkey	Closed	374	$6.8m	10%
Kwankomo	Turnkey	Closed	180	$4.0m	6%
Kristine Court	Turnkey	Closed	135	$3.2m	5%
Rocky Crest Ext 5	Dev	Closed	400	$6.1m	9%
Dunes Estate	Turnkey	Closed	426	$7.1m	10%
Namibia Sub-total			***2 451***	**$49.1m**	***71%***
Botswana					
Forest Hill	Turnkey	Closed	228	$5.6m	8%
Block 10	Turnkey	Closed	228	$6.8m	10%
Tsholofelo	Dev	Closed	198	$5.2m	7%
Mmopane (Gaborone)	Dev	Closed	240	$2.6m	4%
Botswana Sub-total			***894***	**$20.2m**	***29%***
Total			***3 345***	**$69.3m**	***100%***

ESG, GREEN INITIATIVES

GREEN HOUSING: ENERGY- AND WATER-EFFICIENCY

- All homes are energy- and water-efficient.
- PV hot water, low-flow faucets, LED lighting, cross ventilation, window shading, etc.
- IHS uses the IFC EDGE standard, and all homes are independently certified.
- The cost of greening each unit ranges around US$200 which equates to less than a 1% cost of construction of a unit.
- The benefit of greening a unit is passed to the end-user and results in at least a 20% reduction in energy and water usage.
- Savings on water and energy usage equate to approximately one months' rent/bond repayment annually.

GREEN HOUSING: ENERGY- AND WATER-EFFICIENCY *CONTINUED…*

Actual Performance vs EDGE

Monthly savings equate to ~N$600 on average for the end user which over a 12-month period equates to one-month's bond repayment or one-month's rental.

PROGRESS ON EMPLOYMENT & SKILLS TRANSFER

- The IHS office in Windhoek has grown to consist of **4 highly skilled individuals**, encompassing investment management, asset management, legal and administration support. All employees are Namibian/Batswana, and three of the four employees are considered HDI and two are women.
- Similarly, the local IHS Property Management team has also grown to **21 employees**, encompassing a sales and marketing team, and a property/building management team. All 21 employees are Namibians, and all are considered HDI, and 5 are women.
- A segment of the IHS Property Management team is based in Botswana, with 6 employees. However, the roll-out and implementation of Botswana deals is still managed by the SA and Namibia teams.
- The business has seen minimal employee turnover and significant effort is made to increase exposure and develop skills, such as:
  - Local office employees are all exposed to the larger IHS business including visits to the South African office and assets;
  - Allowance is made for appropriate third-party training;
  - On-going mentoring and increasing scope of responsibilities to build Namibian in-office capacity;
  - IHS' intellectual property, trade methodologies, skills and experience is also transferred through on-going collaboration with developers, professionals, consultants and contractors.

PROGRESS ON EMPOWERING LOCAL AND HISTORICALLY DISADVANTAGED DEVELOPERS – *Fund Level*

- We have almost exclusively used local Namibian and Botswana developers, professionals and contractors in all our projects to date.
- We have actively supported emerging and Historically Disadvantaged Individuals (HDI's) and businesses, as well as women in the workplace, and:
  - In Namibia, 50% of all closed projects have HDI involvement at shareholder level and 70% have HDI involvement in key positions;
  - In Botswana, 30% of all closed projects have HDI involvement at shareholder level and 50% have HDI involvement in key positions.
- In addition, we have met with governmental, non-governmental, educational, and other interested parties and stakeholders on matters regarding affordable housing. We believe that robust discourse on affordable housing matters benefits the industry as a whole and we are happy to share our expertise and experience where we can.

PROGRESS ON JOBS CREATED

- **7 deals** in Namibia and **3 deals** in Botswana are actively contributing to jobs being created.
- As at **4Q2022**, there were **665 jobs created** so far in Fund II SSA. This will increase as construction progresses on the final three deals. More than **54%** of all jobs created were for HDI's (PDA's).

FUND II SSA - Jobs Created on Projects Underway									
FULL TIME	MANAGEMENT	PROFESSIONAL / TECHNICAL	SKILLED	UNSKILLED	TOTAL	# PDA	% PDA	# WOMEN	% WOMEN
Forest Hill - Botswana	1	4	22	0	**27**	24	89%	8	30%
Okahandja Bridge Park - Namibia	5	6	2	3	**16**	10	63%	3	19%
Pelikan View - Namibia	5	7	9	2	**23**	10	43%	3	13%
Mondesa Heights - Namibia	5	7	9	2	**23**	10	43%	4	17%
Otjomuise Lifestyle Estate - Namibia	5	6	8	3	**22**	10	45%	4	18%
Khomasdal - Namibia	14	17	19	6	**56**	24	43%	8	14%
KwanKomo - Namibia	15	36	20	3	**74**	16	22%	14	19%
Kristine Court - Namibia	3	0	5	3	**11**	6	55%	3	27%
Block 10 - Botswana	3	6	0	0	**9**	7	78%	1	11%
Tsholofelo - Botswana	3	6	0	0	**9**	7	78%	1	11%
FULL TIME TOTAL	***59***	***95***	***94***	***22***	***270***	***124***		***49***	
	22%	***35%***	***35%***	***8%***	***100%***	***46%***		***18%***	
CONTRACT STAFF	MANAGEMENT	PROFESSIONAL / TECHNICAL	SKILLED	UNSKILLED	TOTAL	# PDA	% PDA	# WOMEN	% WOMEN
Forest Hill - Botswana	0	0	0	0	**0**	0	0%	0	0%
Okahandja Bridge Park - Namibia	0	0	0	0	**0**	0	0%	0	0%
Pelikan View - Namibia	0	0	0	0	**0**	0	0%	0	0%
Mondesa Heights - Namibia	0	0	0	0	**0**	0	0%	0	0%
Otjomuise Lifestyle Estate - Namibia	0	0	0	0	**0**	0	0%	0	0%
Khomasdal - Namibia	13	0	125	87	**225**	212	94%	10	4%
KwanKomo - Namibia	0	0	8	0	**8**	7	88%	3	38%
Kristine Court - Namibia	3	3	6	14	**26**	14	54%	6	23%
Block 10 - Botswana	8	2	20	38	**68**	0	0%	5	7%
Tsholofelo - Botswana	8	2	20	38	**68**	0	0%	5	7%
CONTRACT TOTAL	***32***	***7***	***179***	***177***	***395***	***233***		***29***	
	8%	***2%***	***45%***	***45%***	***100%***	***59%***		***7%***	
GRAND TOTAL	***91***	***102***	***273***	***199***	***665***	***357***		***78***	
	14%	***15%***	***41%***	***30%***	***100%***	***54%***		***12%***	

IHS Project Case Studies

This can be done

KHOMASDAL, WINDHOEK

PROJECT SUMMARY	
PURCHASE PRICE	N$276M
EQUITY CONTRIBUTION	N$130.7M
NUMBER OF UNITS	432 Units
DELIVERY STATUS	Final Phase: June 2022
AVE. SALES PRICE	N$671,151
AVE. RENTAL PRICE	N$5,954

- Khomasdal is situated in the very sought-after and affordable suburb of Khomasdal in Windhoek, Namibia.
- The scheme initially consisted of 346 units but was increased to 432 units after an application to reduce town planning constraints.
- All units are homogenous 2-bed 1-bath.
- Unit sizes are 56m² (603ft²).

OTJOMUISE LIFESTYLE ESTATE, WINDHOEK

PROJECT SUMMARY	
PURCHASE PRICE	N$209M
EQUITY CONTRIBUTION	N$106.5M
NUMBER OF UNITS	374 Units
DELIVERY STATUS	Final Phase: July 2021
AVE. SALES PRICE	N$572,553
AVE. RENTAL PRICE	N$5,547

- Otjomuise Lifestyle Estate is situated in Otjomuise, a very sought-after suburb in Windhoek and is situated centrally and near to the Windhoek CBD and commercial nodes.
- The project consists of 374 units all of which are 2-bed 1-bath units and are EDGE certified.
- All units are homogenous 2-bed 1-bath.
- Unit sizes are 42m² (452ft²).

PELIKAN VIEW, WALVIS BAY

PROJECT SUMMARY	
PURCHASE PRICE	N$71M
EQUITY CONTRIBUTION	N$44.7M
NUMBER OF UNITS	132 Units
DELIVERY STATUS	Final Phase: March 2021
AVE. SALES PRICE	N$561,296
AVE. RENTAL PRICE	N$4,157

- The development is situated in Narraville, a suburb of Walvis Bay. The site is well located off the main Walvis Bay – Swakopmund arterial, close to the new Dunes Shopping Mall,
- The project consists of 132 units all of which are 2-bed 1-bath units and are EDGE certified.
- All units are homogenous 2-bed 1-bath.
- Unit sizes are 50m².

KWANKOMO, WALVIS BAY

PROJECT SUMMARY	
PURCHASE PRICE	N$89M
EQUITY CONTRIBUTION	N$62.5M
NUMBER OF UNITS	180 Units
DELIVERY STATUS	Final Phase: March 2022
AVE. SALES PRICE	N$506,196
AVE. RENTAL PRICE	N$3,500

- The site is well located on the township's main arterial, B2 national road, connecting with the C14, which runs through to the local airport and Sam Nujoma Avenue, and D1986 which run through the town all the way to the lagoon area.
- The project consists of 180 units all of which are 2-bed 1-bath units and are EDGE certified.
- All units are homogenous 2-bed 1-bath.
- Unit sizes are 48m²

MONDESA, SWAKOPMUND

PROJECT SUMMARY	
PURCHASE PRICE	N$75M
EQUITY CONTRIBUTION	N$47.0M
NUMBER OF UNITS	132 Units
DELIVERY STATUS	Final Phase: March 2021
AVE. SALES PRICE	N$575,157
AVE. RENTAL PRICE	N$4,059

- The development is situated in Mondesa, an old and established suburb of Swakopmund, close to the main arterials, industrial hubs, employment opportunities, and the town CBD. The development forms part of a newly serviced in-fill site in Mondesa, close to all other town amenities such as the main shopping mall, schools, grocery stores, etc.
- The project consists of 180 units all of which are 2-bed 1-bath units and are EDGE certified.
- All units are homogenous 2-bed 1-bath.
- Unit sizes are 52m².

KRISTINE COURT, OSHAKATI

PROJECT SUMMARY	
PURCHASE PRICE	N$68M
EQUITY CONTRIBUTION	N$51.0M
NUMBER OF UNITS	135 Units
DELIVERY STATUS	Final Phase: Dec 2022
AVE. SALES PRICE	N$521,432
AVE. RENTAL PRICE	N$4,000

- The scheme is constructed on a site situated in the suburb of Ehenye, in the town of Oshakati.
- The new township is well located in relation to the availability of public transport and further development of the township will provide improved transport infrastructure providing unhindered access into the center of town.
- The project consists of 135 units, which are EDGE certified.
- All units are homogenous 2-bed 1-bath.
- Unit sizes are 50m².

THANK YOU

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