

REVITUS PROPERTY OPPORTUNITIES FUND

Real Estate Investment Trust



October 2023



Meet the team...

Revitus
Property
Opportunities
Fund

Promoter



Fund Advisor



Fund Manager



Trustee



Property Manager



Legal Advisor



Sponsoring Broker



Auditors



Transfer Secretaries



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Executive Summary

- Revitus Property Opportunities Fund (“Revitus REIT” or the “Fund”) is a Real Estate Investment Trust licensed by the Securities and Exchange Commission of Zimbabwe (SECZ).
- The first REIT to be licensed by SECZ – i.e. August 2021

The investment thesis of the Revitus REIT is to:

- Strategically purchase commercial properties in urban areas,
- Prevailing market prices are at a huge **discount** to what would cost to replace the properties,
- Revitalise the properties into modern, green property assets (**enhance** value through renovation, repositioning and re-generation), and
- Earn **improved** rental incomes whilst benefiting from the potentially **substantial** capital growth.

The Fund’s unique impact investment strategy has the obvious potential to revitalize and re-generate the distressed Central Business Districts of major cities across Zimbabwe and in turn enhance the development of infrastructure dependent sectors of the economy.

Fund Overview

Key features	Overview
Portfolio Composition	<ul style="list-style-type: none">Commercial CBD properties with mixed use functionalitySeeded with five properties initially- two properties to be revitalized during the first year whilst the other three in the third year of listing
Seed Properties	<ul style="list-style-type: none">Electra House- Harare CBDChester House- Harare CBDAtlas House- Harare CBDPioneer House- Bulawayo CBDAfrica House- Bulawayo CBD
Property Pipeline	<ul style="list-style-type: none">Secured (from the Promoter) a strong pipeline of distressed properties with a significant upside potential when repurposed and renovated
Investment Strategy	<p>Invest primarily in pre-existing properties that meet the following criteria:</p> <ul style="list-style-type: none">Commercial useWith little deedsSelling at a discount to replacement costTurnaround potentialFlexible tenancy
Target return	<ul style="list-style-type: none">7% rental yieldAdditional returns above the indicative rental yield will be earned through capital appreciation
Environment Social Governance	<ul style="list-style-type: none">The improvements incorporate green concepts (EDGE certification in progress)Impact investment with potential to enhance downstream economic growthAn Advisory Board to be appointed comprising investor representatives

Value Proposition

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Purchase “distressed” properties

Pension funds can swap their distressed properties for units in the Fund

Other property owners can sell their distressed properties to the Fund

Distressed, dilapidated city- neglected appearance; Low occupancy; low collections; unattractive to potential tenants. **Thus: Low value (undervalued)**



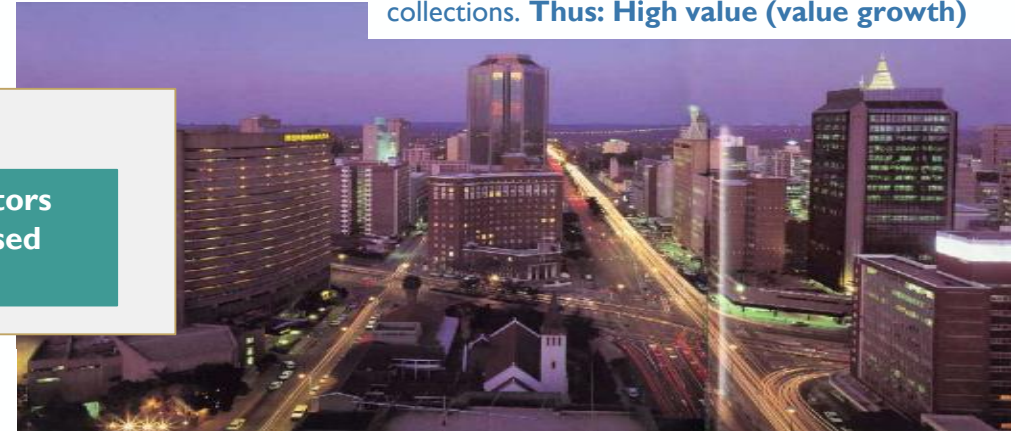
Pool the “distressed” properties into a Fund- REVITUS

Swapped properties form part of the Fund assets and the Pension Funds become unitholders

Other investors seeking property exposure- inject cash into the Fund for renovations- get units

REVITALISATION

The distressed, dilapidated city given a new appeal- Attractive to potential tenants; high occupancy; high collections. **Thus: High value (value growth)**



Turnaround the “distressed” properties

Apply active and specialist management skills to reconfigure and turnaround the properties

Cash injected by new investors used to turnaround distressed properties

High value assets with potential to attract world class tenants are created, in turn generating exponential value for the investors

Case for Hotels & Long-stay Apartments

- **Strategic position** in the CBD, where a wealth of amenities are available rather than the traditional model of standard suburban housing.
- **Micro-living housing**- smaller personal spaces with big amenities – projected to increase by 75% in the next decade.
- Attractiveness to professionals, diplomats, students, young adults, singles, weekend commuters and tourists
- **Business travelers** prefer long-stay, cheaper **CBD** hotels as opposed to the traditional hotels targeted at tourists.
- Providing the “**micro-living generation**” with the “**lock-up and go flexibility**” they need to be mobile – reduces costs.
- **Observed market gap** – no significant hotel brand especially in Harare has distinguished itself by focusing on this market.
- Potential to record high occupancy levels but within the same price points (\$45-200) charged by alternative operators.

Property Revitalisation Roadmap

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Current Composition

- Five seed properties
- The target portfolio mix is biased towards office and retail properties due to their depressed nature and potential for turnaround
- CBD properties are poised for significant recovery upon the resuscitation of the economy.

Pipeline

- Potential to add other properties from NRZCPF
- Other property owners may seed similar properties into the REIT

Geographical concentration



Property revitalization roadmap

Seed properties

2024

Phase I Renovations

- Capital raise completed
- Renovations for:
Chester & Pioneer

2025

Phase I completed

- Capital raise for phase two

2026

Phase 2 Renovations

- Renovations for:
Atlas, Electra & Africa

Pipeline properties

2027

Revitus REIT acquires and renovates an average of 2 properties every two years

202...

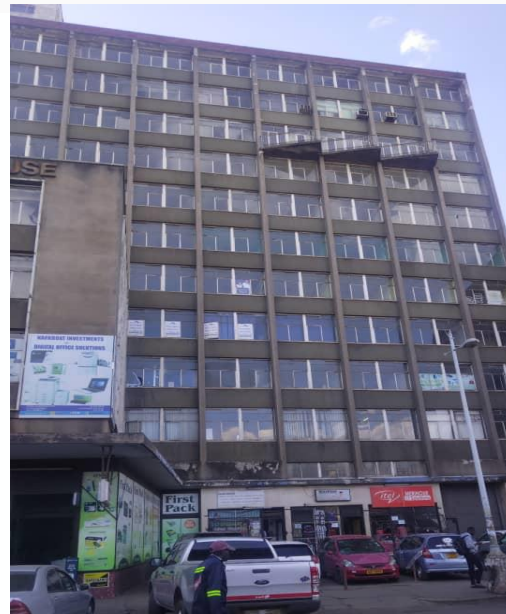
...Phase I - Chester House

Property description

- **Location** - 88 Speke Avenue, Harare, Zimbabwe
- **Net lettable area** - 4,306 sqm
- **Latest valuation** - US\$1,760,000
- **Gross Replacement Cost** - US\$7,520,000
- **Current use** - commercial retail and offices
- **New model** - retail and residential apartments
- **Target yield** - 7% USD yield with substantial capital growth anticipated
- **Current Yield** - 4%



Before Renovations- 2023



After Renovations- 2024

...Phase I-Pioneer House

Property description

- **Location** - Corner Five street & Eighth avenue, Bulawayo, Zimbabwe
- **Net lettable area** - 6,803.25 sqm
- **Latest valuation** - US\$2,270,000
- **Gross Replacement Cost** - US\$13,470,000
- **Current use** - commercial retail and offices
- **New model** - retail and residential apartments
- **Target yield** - 8% USD yield
- **Current Yield** – 8%



Before Renovations- 2023



After Renovations- 2024



...Phase 2- Africa House

Property description

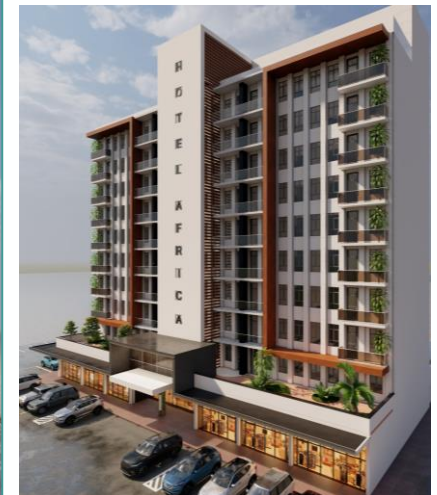
- **Location** - Corner Five street & Tenth avenue, Harare, Zimbabwe
- **Net lettable area** - 4,306.00 sqm
- **Latest valuation** - US\$2,440,000
- **Gross Replacement Cost** – US\$11,100,000
- **Current use**- commercial retail and offices
- **New model** - retail and residential apartments
- **Target yield** - 7% USD yield
- **Current Yield** – 5%



Before renovations -2023



After revitalization -2025



Phase 2-Electra House

Property description

- **Location** - 49 Samora Machel, Harare, Zimbabwe
- **Net lettable area** - 6,012.48 sqm
- **Latest valuation** - US\$4,400,000
- **Gross replacement cost** - US\$12,380,000
- **Current use** - commercial retail and offices
- **New model** - retail and residential apartments
- **Target yield** - 8% USD yield with substantial capital growth anticipated
- **Current Yield** – 2%



Before Renovations- 2023



After Revitalization -2025



...Phase 2- Atlas House

Property description

- **Location** - 53 Robert Mugabe Rd, Harare, Zimbabwe
- **Net lettable area** - 2,459.70 sqm
- **Latest valuation** - US\$ 1,300,000
- **Gross Replacement Cost** - US\$4,920,000
- **Current use**- commercial- retail and offices
- **New model**- retail and residential apartments
- **Target yield**- 7% USD yield
- **Current Yield** – 5%



Before renovations -2023



After revitalization -2025

The Investment Case – Why invest in Revitus REIT?

Superior returns

- Properties acquired at a discount to replacement cost and revitalized
- Value addition enhances rental earning potential and capital gains from revaluations
- This earnings potential may not be achieved from plain vanilla property investments

Diversification

- A proven portfolio diversifier, with stable returns
- Returns are uncorrelated with returns of traditional asset classes
- Opportunity for smaller pension funds and retail investors to have an exposure to a number of property investments at a minimum amount

**Prescribed Asset (PA)
Status**

Liquid and tax efficient property investment

- Flexible market entry and exit - trading on ZSE
- Added flexibility through partial disinvestment unlike in direct property investment
- Additional liquidity for investors from regular rental distributions
- REIT – no taxation, combined with no income tax on pension funds - pure flow of rental yield

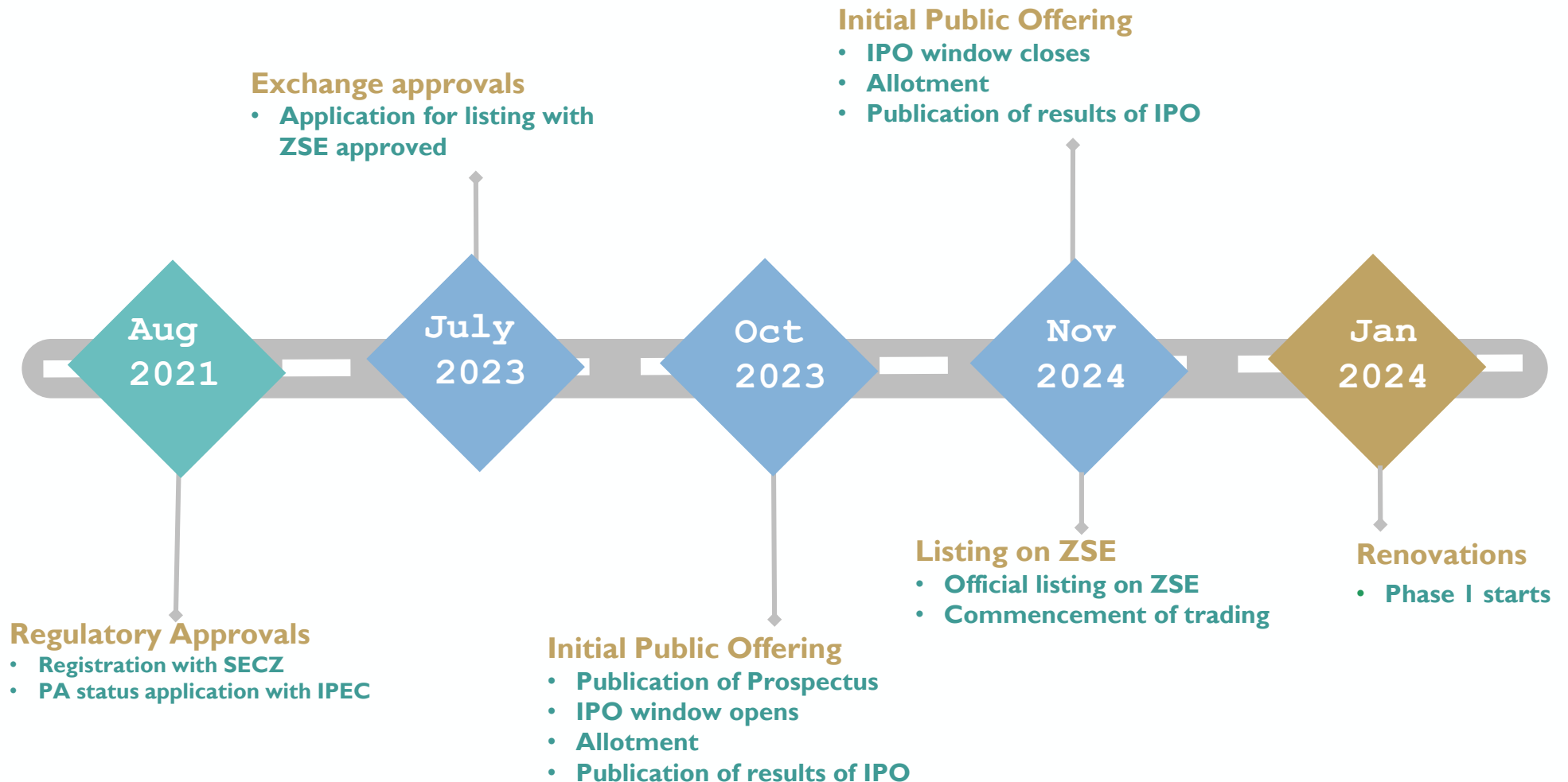
Impact investing

- Environmentally friendly designs- incorporating green practices e.g. energy and water conservation
- Impact investment through infrastructure development with potential to create employment, enhance the development of downstream sectors
- Strong governance- a reputable Fund Manager, Trustee and an inclusive Advisory Board

Roadmap

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REVITUS REIT ROADMAP

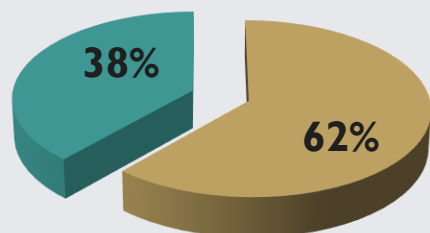


Pro-forma Financials

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	YEAR 1	YEAR 2	YEAR 3	YEAR 4
Net Rental income	240,044	1,901,027	1,710,812	4,353,073
Net income available for distribution	188,606	1,493,664	1,344,209	3,420,272
Unitholder's Equity	18,859,388	27,995,176	28,117,376	28,428,310
4-year average rental yield – 7%				

Unitholding



- Held by the Promoter
- Issued in terms of the offer

Yields & Occupancy

Pre-incorporation

- *rental yield* - 4%.
- *Occupants levels* - 59%

Post incorporation

- *Rental yield* - <7%
- *Occupants* - 70%

Key assumptions

- Only 3 distressed properties will earn rentals in year 1 whilst Chester and Pioneer house are under refurbishment.
- The two properties (Chester & Pioneer) will come online in year 2.
- A planned capital raise in year two to fund refurbishment of the remaining 3 distressed properties in year 3.
- The properties will have a reputed Operator

Investment offer - details of the offer

Salient features of the IPO

Detail	Description
Issuer	Revitus Property Opportunities Real Estate Investment Trust
Instrument	Equity- units in the REIT
Units on offer	127,957,600
Issue amount	ZWL equivalent of US\$6,397,880
Issue price	ZWL equivalent of US5.00 cents (US\$0.05)
Minimum subscription	1,000 units
Denomination	ZWL (Zimbabwean Dollar)
Security	Share certificate
Target investors	Pension Funds, Institutional Investors and qualified Individual investors
Dividend payout	At least 80% payout ratio as per REIT regulations
Dividend payments	Quarterly distributions i.e. dividends are paid quarterly

Investor considerations

Potential risks	Possible mitigants
Market risk: potential losses arising from devaluation of investment securities due to movements in financial markets	Flexible tenant mix: the implemented model is not specialist centered and thus giving that flexibility and agility to switch when one segment of tenants is affected.
Liquidity risk: potential loss resulting from inability to find ready buyers of the investment securities in the market.	Unitization and exchange listing: unitization makes it affordable for usually excluded investors to participate, and listing gives the additional flexibility to exit the market-both minimizes liquidity risk.
Political risk: potential loss resulting from policy changes that have an adverse effect on market value or earnings capacity of the properties	Retaining specialized experts: the Fund will retain the services of legal and tax advisors to anticipate and manage such risks.
Investment quality risk: potential loss arising from decrease in demand for rental space (especially by a certain segment of tenants) or failure to realize anticipated lease rentals	Strategic location and tenant diversification: select properties that are strategically located, non specialized, with flexible tenancy, and enforce exposure limits to a single tenant
Renovation risk: the refurbishment of the acquired properties may not be completed on time and within budget.	Reputable project manager and contractors: specialized reputable experts will be employed with close supervision from the board and manager
Financial risks: use of leverage to satisfy temporary liquidity may expose the fund to a plethora of financial risks.	Borrowing limits: limit borrowing to 30% of the fund value and leverage will only be use after careful considerations by the board.

Challenges Faced in our REIT journey

- Guinea pig – Learning curve for all Parties (1st licensed REIT in Zimbabwe)
 - Further Tax concessions required (VAT)
 - Ground-up development inside the REIT – Need technical specifications ahead of going to market
 - Currency volatility
-

“Thank You”



Any Questions