



CASE STUDY

OLDMUTUAL

ALTERNATIVE INVESTMENTS

JANUARY 2020

ESSENTIALS



Company Urbika Housing Portfolio

Region Africa

Country South Africa

Sector Property Development – Greenfields and Rental

Business focus Providing access to high quality, affordable housing

Size 325 rental apartments completed with further 259 housing opportunities still to be developed in phase two

Investors Housing Impact Fund South Africa – funded by Old Mutual Life Assurance Company of South Africa, the Government Employees Pension Fund (which is managed by the Public Investment Corporation), the Development Bank of Southern Africa and the Eskom Pension and Provident Fund

Investment Senior debt and equity

IMPACT HIGHLIGHTS

- More than 40 jobs have been created and maintained through the Urbika project.
- HIFSA development projects have produced more than 17 000 housing opportunities since inception of the fund, of which 79% were in the affordable market range.

URBIKA'S STORY

Urbika Lifestyle Estate is located in Parkdene, Boksburg in Gauteng, 25km east of Johannesburg. It is a modern, eco-friendly residential housing development for the affordable and middle-income housing market. Developed by the award-winning Similan Properties, Urbika is being constructed in three phases, with phase one, comprising 325 rental apartments, now complete. Phase two will consist of 259 simplex and duplex houses for sale, with construction due to start in early 2020.

As a development partner, Similan brings its innovative and attractive designs to the affordable homes market, along with its vision of using high quality housing design and attractive landscaping to enhance community cohesion within a development.

Urbika is the result of innovative thinking and concepts such as advanced green initiatives, EcoDistricts place-making principles and the latest property management technology.

THE ROLE PLAYED BY OMAI AND IMPACT INVESTING

Old Mutual Alternative Investment's (OMAI) largest impact fund is the Housing Impact Fund South Africa (HIFSA), which aims to help address South Africa's affordable housing shortage. Managed by the Impact Funds team within OMAI, HIFSA is a co-investment between Old Mutual Life Assurance Company South Africa, the Government Employees Pension Fund (managed by the Public Investment Corporation), the Development Bank of Southern Africa and the Eskom Pension and Provident Fund.

Urbika was funded by HIFSA with a mandate to create affordable new housing stock, while producing a market-related, risk-adjusted return to investors.

OMAI, together with its developers, focus on generating attractive investment returns across a range of funds by uncovering attractive investment opportunities often overlooked by others. Key initiatives at Urbika include:

- A unique project in terms of technological utilities management through a Utilities Management App.
- Urbika is expected to obtain EDGE (Excellence in Design for Greater Efficiencies) certification, making it a green, low carbon, energy and water efficient estate.



THE COMPANY VIEW

Kushinga Kambarami, Development Manager of Similan, says:

“Urbika is more than just a residential estate, it is a community. We have managed to prove that it is possible to achieve the tangible impacts of job creation and environmental sustainability, as well as the intangible ones of treating residents with dignity and building social fabric. For example, by treating the common areas as an extension of the residents’ living areas through thoughtful urban design and landscaping, we have completely removed the stigma attached to the relatively small size of the residential units and drawn clients into shared spaces where relationships are built and a sense of community is created.”

Harold Spies, the CEO of development partner Similan, says they are transforming standards in affordable housing. Previous affordable housing projects in South Africa were associated with mass market, utilitarian designs which inspired little pride in the community.

Instead, Similan provides ‘affordable luxury’ and by partnering with OMAI and HIFSA, is creating living, growing and thriving communities.



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UN SDG AND CONTEXT

OMAI uses the United Nations Sustainable Development Goals (SDGs) as top-line objectives and strives to address these through investments such as Urbika and active asset management.

With this investment, OMAI addresses SDG 11: Sustainable Cities and Communities. Making cities sustainable means creating career and business opportunities, environmentally sustainable buildings, safe and affordable housing and building resilient societies and economies.

South Africa’s housing backlog is estimated at 2.3 million housing units. This is largely due to high rates of migration to urban centres, creating a substantial demand for housing at the lower income spectrum. This creates opportunities for growth and property investment, while also supporting entrepreneurs and developers.

UNIQUE FEATURES

- Property management – rent and utilities are managed through a Smart Wallet App. This property technology allows residents to manage their monthly rent payments via the app, and it also tracks real-time water and electricity usage, sending timely notifications when tenants run low to remind them to top up. In addition, this has also proven to foster conservative use of electricity and water amongst residents.
- 24-hour security at the estate includes an electric fence, surveillance cameras, biometric access control at the gate, with tenants generating QR access codes for visitors via the app.
- The estate aims to create a healthy, sustainable and vibrant community and boasts a clubhouse, splash fountain for safer summer fun for the kids, volleyball court and free outdoor gym. Zumba and aerobics classes are also offered at the clubhouse, which is open to use by the residents for various other activities.
- Fibre internet is available in each rental apartment and also provides a more stable DSTV connection for each resident than the traditional satellite dish setup.
- The Curro Castle school directly opposite the estate opened its doors to learners in 2019 and provides affordable quality pre-school education for 3-6 year olds. Within the same campus is a Curro Academy school which accommodates Grade 1 to Grade 9 classes. Grades 10 to 12 will be phased in annually. Curro is the biggest independent school operator in South Africa.

EDGE

Urbika is enrolled for EDGE (Excellence in Design for Greater Efficiencies) certification. EDGE is a green building certification system created by the International Finance Corporation, a member of the World Bank Group. The certification process in South Africa is administered by the Green Building Council of South Africa.

To qualify for EDGE, a development must achieve 20% savings on water, 20% on energy and 20% on embodied energy used in materials over and above the national building standard SANS10400.

EDGE buildings are healthier, ‘green’ low carbon homes, and tenants and home owners benefit from significantly lower utility bills. Residents in Urbika will typically pay less for water and electricity, thanks to the green technologies built into the homes.

Similan was also the developer to introduce, in partnership with OMAI, the first EDGE-certified residential development in Africa – Fourleaf Estate in Port Elizabeth.

ENVIRONMENTAL

Tied in with EDGE-compliant construction, Urbika boasts a photovoltaic solar system which provides 30% of the estate’s energy. It uses no batteries, as excess energy is stored as hot water in centralised boilers, which provide immediate hot water to units thanks to a ‘ring-system design’ which negates the need to run the water for 5 to 30 seconds as is usually the case with traditional geyser installations.

The gardens are irrigated via a grey water reticulation system with little to no use of municipal water, another unique feature of the estate. Four of the apartment blocks at Urbika feed their grey water into a natural filtration system tied into the attenuation pond where stormwater from the estate is also harvested.



ALTERNATIVE INVESTMENTS

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