

OrbVest Update - The effects of the Corona-virus on your investment

As the corona-virus continues to grip countries and communities globally, we wanted to outline the impact that it has had on OrbVest and will have on your investments.

We are going through uncertain times and more challenging, we still have no idea how long this pandemic will impact our businesses and our personal lives.

As governments weigh up their options and focus on new debates such as 'lives lost vs livelihoods', one aspect remains painstakingly obvious. Almost everyone on this planet is going to be impacted, it's only the degree to which we are impacted.

We continue to work from home, without significant interruptions, and all of our work flow technology was already cloud-based. From a strategic viewpoint, the lack of travel and additional time at home, has afforded us with a unique opportunity to focus on improving business processes and procedures. We have made significant progress expanding our international distribution network to compensate for weakening investment appetite from some existing countries, and look forward to showing results in the months ahead.

We actively monitor all our deals on a weekly basis and are in constant communication with our sponsors and partners. These ground-level operational updates enable us to stay responsive and readily identify potential risks.

We want to assure all investors that our healthcare portfolio is performing extremely well at this stage, and most importantly, our investments remain sound.

The real estate industry is divided into residential and commercial sectors. The residential sector focuses on properties used primarily as homes or non-business purposes. Commercial real estate is typically broken down into four main categories, namely multifamily, office, retail and industrial. Smaller asset classes exist such as hospitality, healthcare and mixed use which has specific characteristics.

Each asset class has pros and cons for both investors, landlords and tenants and effects of the pandemic have been most noticeable in hospitality and retail where collections probably average in the lower 50 percentile. Multifamily, office and industrial are performing better but there is significant distress. But sitting in the 90% collections range on its own, is healthcare, and our collections for April support this.

The coronavirus has laid bare the age-old adage of risk vs return. Many asset classes along with the booming equities market have provided investors the perfect platform for double digit returns. Unfortunately, many of these asset classes are currently being deeply impacted by the coronavirus.

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A key question in the months that lie ahead is which asset classes will suffer more than others, and which asset classes may potentially expose investors to loss of capital. (Example: Concerns at present with regards hospitality and tourism)

At OrbVest, key to our strategy is preservation of investor capital, whilst at the same time generating long term stable returns for you, our investors. That is the reason why we only focus on healthcare assets that we have hypothesised will be more resilient than most other sectors.

We are delighted to inform you that even tested under these extraordinary events our portfolio looks like it will be relatively unaffected in the medium and long term.

The bulk of our tenants are healthcare related. Some of the smaller practices including General Practitioners and dentists have not been able to trade and have requested a deferral of their rent for May and June. We are only considering a deferral and not a payment holiday at this stage. We expect arrears will be caught up by year-end.

More importantly, these tenants occupy a relatively small space in each building and therefore the impact is limited.

OrbVest also has a small percentage of our portfolio that consists of non-medical tenants. Our strategy is to transition these over to healthcare related tenants in the coming years, which in turn adds tremendous value to the investment. The impact of the coronavirus and related lockdown on these non-medical tenants is significantly higher, but again many of these tenants are large national brands with corporate headquarters located within our buildings so the risks are mitigated. Our partners have assisted many of our tenants unable to trade with their applications for government support, and most were able to pay full rentals in April.

OrbVest collected 95,3% of our normalized rental in April vs March.

Current projections estimate that this may drop to 92.2% in May. Thereafter we expect a strong rebound to above 95% again in June as lockdown restrictions are lifted in Texas and Georgia. Should the coronavirus lockdown continue for periods longer than currently anticipated, this may impact the above percentages. For the 21 tenants that did not pay on time we are in most cases allowing a deferral of rent, which is therefore not lost income. We do not anticipate any business failure amongst these tenants so if all rents are recovered over the balance of the year we expect no impact on your overall returns.

Lastly, OrbVest inherited two multi-family deals upon incorporation. Both were underperforming and whilst these deals don't form part of our core strategy, OrbVest has an obligation to rectify these deals. Throughout 2018 and 2019, OrbVest spent enormous effort working with the partner to turn around both deals and they began to generate dividends. In anticipation of a global slow down we also agreed with our partner that we would aim for a successful exit in Q2 2020. It is unfortunate that these two deals have been negatively impacted, with the anticipated exit having b



these deals has requested that dividends be suspended until clarity around collections is achieved. Net income that is earned in the next 3 months will accumulate within each property's bank balance, for the benefit of that property's capital reserves and that property's investors.

It should be noted that while many real estate companies worldwide have suspended all dividends with immediate effect, we have paid dividends on every healthcare investment for Quarter 1 2020.

The dividend payouts resulted in an all-time record for OrbVest totaling \$1,125,627.

As the global economy is re-activated in the coming months ahead, the full impact of this pandemic will reshape our routines and the way we conduct our lives.

At our very core, we continue to strive to assist you to achieve financial freedom and to help you generate sound returns on investments made to date.

We will continue to offer sound stable income producing assets that are able to generate +-8% cash on cash and overall returns exceeding 11% per annum in USD.

We thank you again for your continued support.

Regards,

Martin Freeman
CEO ORBVEST