

‘4 for 4’ – A remarkable start!

I'd like to thank all our valued investors from around the world for an extraordinary first few months for OrbVest. As we enter May 2021, I am humbled by the fact that OrbVest has acquired four buildings in four months, and we are well on track to achieve and exceed our targets for the coming year. The increase in deal flow and variety on the platform has propelled our equity raised on a monthly basis.

When Covid-19 locked down the global economy in April 2020 and equity evaporated from our primary distribution channels, we took a strategic decision to invest enormous time and effort to further grow and amplify our distribution channels globally. This effort has culminated in OrbVest now having active investors from over 20 countries, which in turn is further driving brand exposure and acceptance. Most notable is that, until December 2020, OrbVest only raised equity from countries outside the USA.

USA Launch

In Q1 2020, we officially launched our equity raise initiatives in the USA and by way of example, we raised \$1.5 million of the required \$5.6 million equity into Medical30. While demand for our product is extremely high in the USA, OrbVest remains resolute that we will at all times ensure that equity remains available to all our valued channels and that investors globally have the opportunity to invest into our deals.

US Environment

It is a privilege to be based in New York State as we enter spring and to see the bulk of a newly-vaccinated population starting to gently return to the normalcy of a post-Covid world. New York City is certainly getting busier as each week passes and enthusiasm increased further this week, as Broadway began offering tickets in advance of a much-anticipated reopening.

What does this mean for OrbVest and real estate?

As mentioned in prior announcements and newsletters, although our portfolio performed well throughout Covid and the bulk of our tenants continued to pay their rent and provide necessary services to communities, leasing and tenant installations were delayed, which will continue to impact some of our buildings in 2021. The positive news is that, in line with the reopening of the economy, there has been a significant increase in leasing activity in the past few weeks, which bodes well for reducing vacancy levels going forward. In addition, some of our tenants, who had requested extensions and abatements, have now voluntarily indicated that they will be resuming full rent payments from May and June onward.

There are strong indications that the reopening of the USA will lead to substantial jobs being created, especially within the food and hospitality industries, which in turn may drive a faster recovery in the US economy.

A stronger economy will in turn drive growth in most sectors, including health care. Already, many practices are starting to revisit their expansion plans, which should culminate in additional demand for space within medical office buildings.

However, OrbVest remains cognizant that excess liquidity within the financial system may in turn increase interest rates, which would decrease potential returns. It should be noted that OrbVest does not expose investors to interest rate fluctuations: we lock in all interest rates upon each acquisition.

Within the health care niche, OrbVest has noted a significant increase in competition to secure deals, which inflates prices and reduces returns to investors. We remain confident that, over the coming quarters, we will be able to close deals that will still generate 7% to 8% average cash-on-cash annual dividends and total returns exceeding 10% per annum.

Deals

OrbVest launched our first deal in Florida during Q1. The Fleming Island deal is 86,566 square feet and is located in Jacksonville, which is the most populous city in Florida and the 13th most populous in the USA.

We have an extensive pipeline of exciting deals that are currently being assessed by the Independent Investment Committee. We look forward to launching these in the next three months.

Deals requiring resolution

As mentioned in the last newsletter, leasing activity caused a temporary pause in our dividends on a few of our buildings. We have made strong progress over the past few months in addressing these hurdles and are comfortable that, with leasing picking up again, these deals should begin generating dividends again in the quarters ahead.

OrbVest is pleased to announce that our last remaining non-core asset, Cypress Ridge in Texas, is now under contract and the exit is scheduled for July.

Conclusion

Bullish market sentiment in the USA and other countries is driving investor sentiment and demand for our product. OrbVest has experienced our strongest first quarter ever and is well poised for further strong growth in Q2 and Q3 of 2021.