Investment Fact Sheet

20Twenty
Financial Solutions

Summary of financial instrument

20Twenty is an instrument listed on the Namibian stock exchange which offers investors a return of CPI+2 to CPI+2.2% per annum with limited risk. It is secured against an underlying diversified mortgage portfolio with default risk mitigated by credit insurance and the design of the product which ensures collection rates are high and mortgages are affordable.

Summary of the underlying mortgage product offering

The mortgage product offered by 20Twenty is an innovation in the Namibian mortgage market which aims to reduce the cost of owning a house, in terms of interest paid, to enable more Namibians to be homeowners and to live debt-free.

The mortgage offered is a variable-term loan with the initial instalment set at a specific affordability level for the individual of 20% - 25% of gross income. The instalment increases annually by the same percentage increase as the individual's annual salary increase, which is typically in line with inflation. As the cost of capital is linked to inflation, when the salary increase is below inflation in a year, it results in a slight increase in the term of the mortgage and likewise, reduces the term if above inflation.

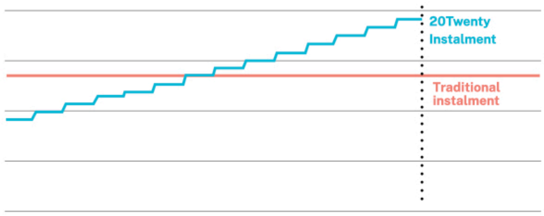
Premiums to include some life and disability insurance cover, and there are no other costs involved (e.g., bond initiation fees, admin fees, bond cancellation fees). The mortgages are secured by the underlying property, with a maximum of 90% of the property value provided as a mortgage (the average will be lower as not all mortgages will be at 90%). Mortgages are only offered to people whose employer offers a salary deduction option for 20Twenty to collect payment.

Returns

Marketability of underlying mortgage product

Namibia's mortgage market is approximately N$50bn. These mortgages have been provided by commercial banks, who are required to lend according to certain guidelines with respect to the term of the loan, interest rates and other factors. As 20Twenty's product offering falls outside of the banking regulation, it enables more flexibility to offer the above structure which:

1. Makes the initial repayment amount more affordable to homeowners
2. Reduces the cost, in terms of interest, to the homeowner
3. Reduces the period of indebtedness due to the mortgage
4. Reduces the likelihood of losing your home as instalments are pegged to affordability throughout the loan term, not increasing unexpected as interest rates increase.



Marketability of underlying mortgage product

Investors in the 20Twenty listed instrument will benefit from the following:

Attractive risk-adjusted return:
Investors receive CPI+2% p.a. as a worst-case return irrespective of different equity and bond cycles, with up to an additional 0.2% depending on the defaults in the underlying portfolio.
Monthly capital repayment constantly improves credit risk profile.

Strong corporate governance: as a **listed instrument,** it will comply to the rules of the NSX and qualify as a local asset in terms of NAMFISA regulated requirements. Additionally, the underlying mortgage origination business has the highest level of corporate governance in place.

Positive social impact: cheaper mortgages with lower starting repayments will make it possible for more Namibians to own their homes and live debt-free sooner.

Enhances portfolio asset allocation effectiveness for pension funds:
- Introducing the 20Twenty instrument into a portfolio of bonds, equities and money market instruments reduces the chance of a funding deficit and reduces the variability of the expected return.
- Good LDI with low volatility against liability profile of Life Co's and Pension funds.
- Predictable monthly cashflows.

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