

ANNEXURE G

Motivation for Development

To Whom It May Concern:

20 October 2022

Dear Sir/ Madam

Letter of Motivation: Demolition of Existing Heritage Structures on Portion 4, 5 & 68 of Erf 498, Pietermaritzburg, and Retention of Structure on Portion 3 of ERF 498 Pietermaritzburg

Introduction

We hereby introduce Adowa Property Developers (Pty) Ltd ("Adowa PD") a Tshwane based property development company mandated and dedicated to developing over 10 000 beds in the student accommodation sector across South Africa. Our investment mandate is significantly informed by our investor, the Government Employee Pension Fund ("GEPF") and their objective to use their investment capacity, in part, to effect socio- economic transformation in South Africa.

To this end, Adowa aims to achieve the following investment objectives:

1. Service as much of the over 500, 000 bed student accommodation shortage at South African Universities as possible;
2. Supply affordable student accommodation to the market that is most in need of it by;
 - 2.1. Target "Historically Disadvantaged" institutions;
 - 2.2. Targeting students with poor income backgrounds whose studies are typically funded by the National Student Financial Aid Scheme ("NSFAS");
 - 2.3. Locating our properties as close to the target campus as possible, in a manner which is accessible to the student most in need of the accommodation;
3. Develop the properties in accordance with the Minimum Norms and Standards specification gazetted by the national Department of Higher Education ("DHET") in September 2015;
4. Maintain the properties and create a conducive learning environment;
5. Achieve investment returns which are satisfactory to our investor;

The first 4 of these five objectives are particularly relevant to this development application.

Motivation

Adowa PD has acquired the properties situated at 4, 8, 12 Roseveare and 8 Carbis Road, Scottsville. The properties are located within a walking distance (approximately 500m from the campus) of the University of KwaZulu-Natal Pietermaritzburg campus ("UKZN"). The intention is re-develop the property into a student accommodation facility in excess of 512 beds by the end of 2024. We recognise that our ability to optimize the use of this site will largely be impacted by the National Heritage Resource act, and the application thereof by the South African Heritage Resource Agency ("SAHRA")

With respect to this development, there are a number of other considerations which APD has to pay attention to in order to achieve its objectives.

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Infrastructure Burden

South African Higher Education Institutions (“HEI”) are currently faced with a seemingly insurmountable infrastructure burden, partly evidenced by the shortage on student accommodation beds across the country particularly at historically “Disadvantaged” institution. One such institution is UKZN.

- With an enrolled population well in excess of 8 000 annually, it is one of the five largest contact institutions in the country and is often faced with significant challenges, including the gross undersupply of accommodation (i.e. a shortage well in excess of 5 000 beds annually).
- Unable to do it on their own, HEIs and the DHET are now turning to the private sector (companies such as Adowa PD) for relief of the accommodation supply backlog and UKZN is no exception.
- Whilst the majority of the established private student accommodation providers have targeted high income students at historically “Privileged” intuitions, Adowa aims to do the opposite by focusing on servicing poor and disadvantaged student typically enrolled at historically “Disadvantaged” and under resourced institutions.

Affordable & Accessible Accommodation

The shortage of quality student accommodation is most acutely felt by students with poor income backgrounds. These students are often in need of financial assistance in order to fund their tuition fees, learning material and living expenses.

- Over 480 000 of the most financially vulnerable students were funded by the NSFAS in the 2020/2021 financial year, with a key qualification criterion for NSFAS being a maximum gross annual household income of R160 000.
- These students receive this assistance because their families cannot afford to fund their tuition fees, let alone the cost for accommodation, public or private transportation, and other living expenses.

We therefore aim make our accommodation financially accessible by ensuring that our rentals charged are always in line with the accommodation allowance available to NSFAS funded student. Depending on the institutions and the student, this NSFAS allowance ranges between **R1 600 – R4 000 per month for 10 months**.

Quality Accommodation

The DHET gazetted its “Minimum Norms and standards” specification for student accommodation (applicable nationally) in September 2015, setting out the strict guidelines as to the provision of student accommodation and the quality thereof. The specification covers every aspect from the size of each room, to the quality and/or type of materials to be used in construction, and the maximum distance from campus an accredited property can be located. In accordance with our mandate, each Adowa PD student accommodation property will be compliant with the DHET specification.

A Conducive Environment

Adowa PD’s investment holding period is unlimited. This is to the say that we intend to hold and operate our property assets for the foreseeable future without amending the use of the properties.



The re-development scheme is designed to be as conducive to learning as possible. This is attended to through interventions such as the creation of a safe and secure facility (e.g. biometric access, smoke and fire detections etc.) and the provision of library facilities for a calm and quiet studying environment. In operating our properties, we are also intend to infuse the environment with unique culture which is not only representative of our nations already diverse communities (from which the students originate) but also seeks to mould the young minds of our student tenants into those of leaders set to take South Africa into a brighter future.

This quality of this environment will be maintained in good order throughout the years over which we retain the properties in our portfolio.

Submission

There are four building structures on the site, with one of the buildings considered to be "heritage sensitive" primarily as a consequence of its age and it being one of the few redbrick houses in Scottsville. The said building has been graded as IIIA.

With respect to the structures, our submission is to obtain approval to demolish structures located on Portion 4, 5 & 68 of ERF 498 and retain building located on Portion 3 of ERF 498. This is in attempt to fully optimize the use of the site by building as many beds on the site as possible.

We therefore submit and request that we be allowed to demolish Structures located on Portion 4, 5 & 68 of ERF 498 and retain building located on Portion 3 of ERF 498 which will be incorporated into the proposed new student accommodation. This will contribute greatly to developing 512 beds of desperately needed quality accommodation.

Your consideration of this submission is greatly appreciated.

Yours Sincerely

A handwritten signature in black ink, appearing to read "Siyavuya Papu", is written over a light blue horizontal line.

Siyavuya Papu
Head of Development Management
Adowa Property Developers

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