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Angola Property Report 2023

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■ Introduction: Angola Property Insights report 2023

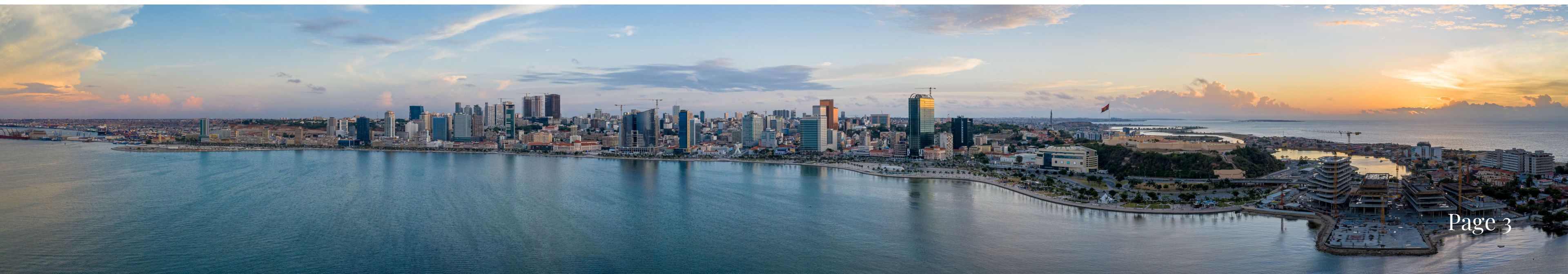
In 2021, Angola emerged from five years of recession. The business environment in Angola records significant improvements since 2018, becoming a key factor to attract new investments and the return of big multinational companies. Furthermore, earlier this year, Nigeria lost its crown as Africa's largest crude producer as Angola surpassed the country for the first time in more than five years.

The behaviour of the economy and the housing market often mirror each other.

In 2017, before the recession, Angola's capital Luanda ranked as the world's most expensive city for expats, ahead of cities like;

Tokyo, Zurich, Singapore, and the capital's real estate prices ranked highest in Africa and among the top worldwide. Meanwhile, in recent years property prices have plummeted and now offers immense real estate investments opportunities – Luanda is on track to becoming Africa's next Mega City – A city with more than 10 million people.

The English written Prestige Properties report provides international investors an insight into the real estate investment opportunities and the improving economic climate in Angola. The report focuses on four key areas: A new USD 400 million real estate investment, Moody's upgrading Angola's ratings, Real Estate project highlights and improvement of housing policies required





Real Estate data report for Luanda

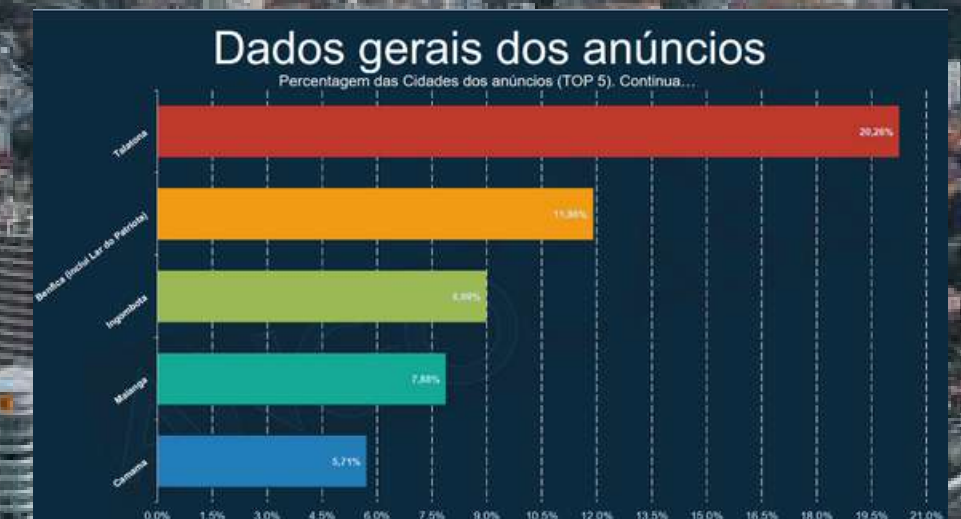
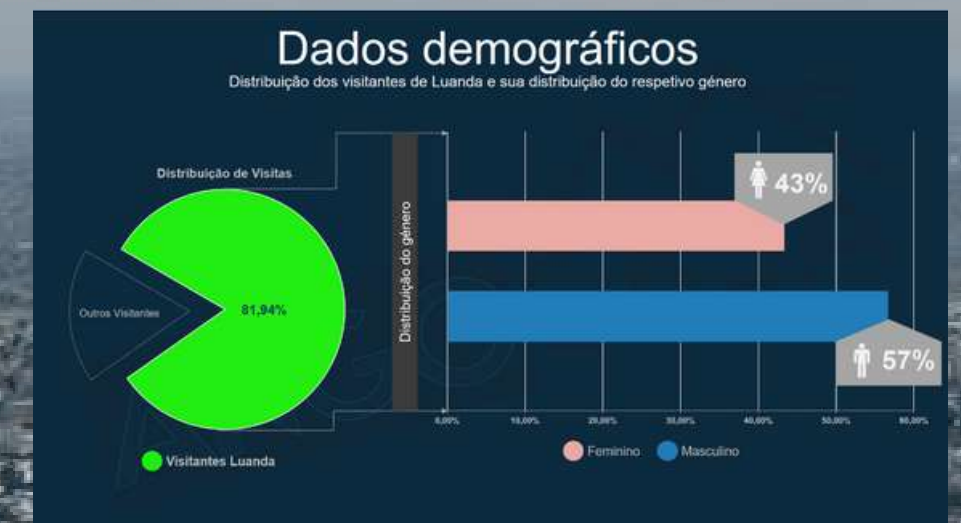
Luanda offers immense real estate investments opportunities.

However, There are literally hundreds if not thousands of data points that are important to be analysed when making a real estate investment, in order to maximize returns. The comprehensive Luanda Real Estate Data Report from AngoCasa provides unique market insights.

We are excited to empower Data-Driven Real Estate Investment in Angola.

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Angola's credit rating upgrade

Moody's credit rating for Angola was last set at B3 in October 2022 with positive outlook.

Moody's Investors Service ("Moody's") has changed the outlook to positive from stable and affirmed the B3 foreign and local currency long-term issuer ratings of the Government of Angola. The B3 foreign currency long-term senior unsecured ratings were also affirmed, along with the (P)B3 senior unsecured foreign and local currency MTN program ratings. The foreign and local currency short-term issuer ratings were affirmed at Not Prime (NP).

Moody's decision to change the outlook to positive from stable reflects its assessment that robust economic growth prospects and significant revenue growth supported by elevated oil prices affords the government the opportunity to continue implementing reforms that can solidify its fiscal strength, liquidity and external position further and point to stronger creditworthiness.

From a longer-term perspective, the current environment also provides the opportunity for the government to continue its diversification agenda, ultimately assisting in navigating carbon transition risks.



The decision to affirm the ratings at B3 reflects Moody's view that, despite the continuing improvement in both fiscal and current account positions, Angola's credit profile remains constrained by its vulnerability to oil shocks due to its rigid economic structure and weak institutional capacity. Policy continuity and the reform agenda of the newly reelected government will invariably take time to reduce Angola's structural vulnerabilities.



Angola's debt burden and fiscal metrics are likely to continue improving

Angola's local currency (LC) and foreign currency (FC) country ceilings remain unchanged at B1 and B3 respectively. The two-notch gap between the LC ceiling and the sovereign rating reflects a certain degree of unpredictability of government actions, the relatively large, albeit declining domestic footprint of the government in the economy, as well as the exposure of the economy to hydrocarbons. The two-notch gap between the FC ceiling the LC ceiling reflects limited policy effectiveness and transfer and convertibility risks, given the track record of imposing capital controls and restrictions during the oil price shocks.

The first driver supporting Moody's decision to change the outlook to positive from stable is the improvement in Angola's fiscal and debt metrics, supported by elevated oil prices and continuing fiscal consolidation. This rebuilding of buffers provides the opportunity for the government to take further measures to shield its finances from fluctuations in oil prices to a greater extent and further solidify its fiscal strength.

Moody's expects the country's debt to GDP ratio to reach 51% by the end of 2022, down from 78% in 2021 and 123% in 2020.

All related fiscal metrics, including debt to revenue and interest payments to revenue, have similarly also improved (expected to reach 225% and 14.9% respectively, in 2022 against 586% and 32.6% in 2020).

Moody's expects Angola's fiscal surplus to average 2.5% of GDP between 2022-2025 and be resilient to moderate oil price volatility given the conservative budgeted oil price and the expectation that the authorities will abide by the Fiscal Responsibility Law.

Moreover, the recent and orderly re-election of President Lourenço for a second mandate substantially dispels political uncertainty over the next five years, ensuring policy continuity and is likely to reinforce the resolve of reform-minded staff within the administration. The authorities' fiscal prudence and consolidation efforts are likely to see government debt decline below 40% of GDP by 2025.



External position and liquidity risks expected to improve in the coming years

Even if oil prices ease from their current levels, Angola's macroeconomic stability is likely to be supported by robust growth prospects and declining inflation. Moody's forecasts economic growth of 3% this year, accelerating to 4.2% on average during the period 2023–2026, driven by the higher oil proceeds and improved dollar liquidity. Non-oil GDP is also benefitting from better budget execution, including increasing capital spending and the prospect of gradually expanding oil production after years of structural decline. Moody's expects oil production to increase to 1.25 million barrels per day (mbpd) in 2023 from 1.18 mbpd forecast in 2022. Inflation is also expected to decline to 14% in 2023 and move towards single digits by 2025 from an estimated 17% in 2022 and 27% in 2020.

The second driver for the change in outlook to positive is the continuing improvement in the country's external position, as well as the reduction in liquidity risks. Prolonged elevated oil prices will provide the opportunity for the authorities to further strengthen the official foreign currency reserves and continue to implement their policy of reducing the stock of debt. The strengthening of Angola's external position is evidenced by the strong appreciation of the kwanza against the dollar over the past 12 months to around AOA 440/USD in October 2022 from AOA 628/USD in September 2021.

This reversal after several years of sharp depreciation was made possible because of the liberalization of the exchange rate implemented with the help of the IMF program. The improvement in dollar liquidity is likely to be sustained if oil prices remain elevated. Moody's expects the current account to reach a surplus of 11.9% of GDP in 2022 (after 11.2% in 2021) and remain in surplus, averaging 6.8% of GDP between 2023–2025 reinforced by the government's import substitution initiative. Consequently, gross official foreign reserves are likely to continue to improve and potentially reach \$22 billion in 2025 from \$16 billion in 2021.

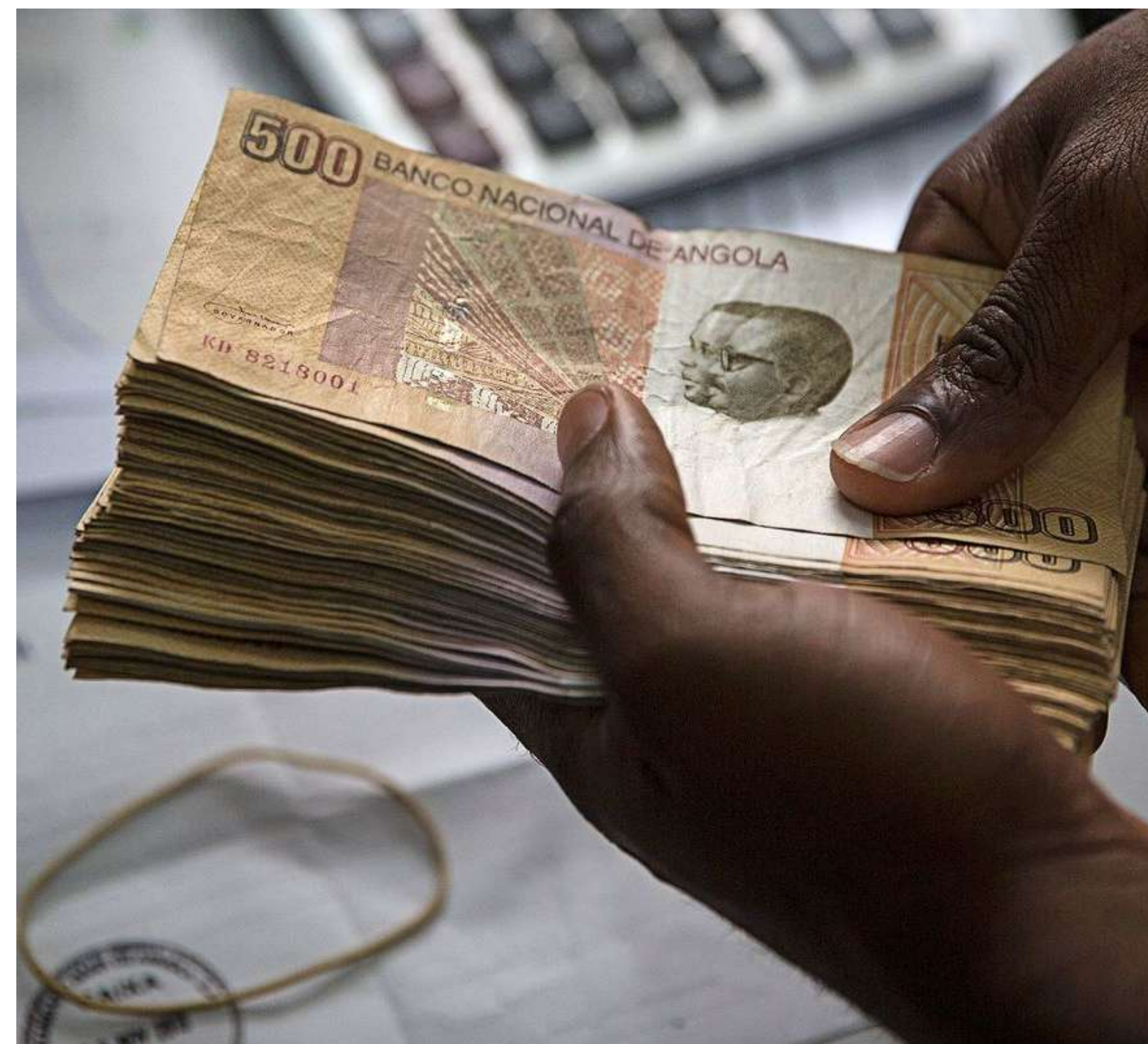
With the strong improvement in the government balance sheet, Angola's liquidity risk is likely to continue to decline. Moody's expects relatively modest gross borrowing requirements of around 6% of GDP in 2022 reflecting the higher fiscal surplus. Given that the government is likely to continue to repay some maturing debt using fiscal surpluses, the government gross borrowing requirement is likely to remain around 8% of GDP until 2025.



External position and liquidity risks expected to improve in the coming years

External funding will also benefit from the partial accumulation of fiscal surpluses over the next few years, which offers the possibility for the government to rebuild some financial buffers given that there is no maturing Eurobond before 2025.

Domestic funding is likely to continue to benefit from declining yields offered by the banking system. This trend is supported by the reduction in government issuances on the domestic market and the steady decline in inflation levels in Angola. Domestic liquidity risk also benefits from the ability of the government to opportunistically issue more domestic debt instruments with longer maturities purely denominated in kwanza.





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Exclusive interview with Linda Liu CEO at Broima Investimentos

Broima Investimentos Lda. is a company specialized in the real estate market, a subsidiary of H&S China Huashi, and has more than 17 years of experience in the Angolan market. Currently, it oversees building its first private development: Orlando Residencial.

The Orlando Residencial is an ambitious USD 400 million project wants to transform the Luanda municipality of Kilamba. The Kilamba neighbourhood serves as the administrative centre of Belas Municipality and a large housing development area 30 km from Luanda.

Q: Please share your vision for the project and its potential impact in municipality of Kilamba

A: Broima Investimentos together with the H&S Group has developed, in recent years, an ambitious project that aims to dramatically change the economic routine of the Kilamba Centrality. The Orlando is the first project that is under implementation, and at an excellent pace.

With three months effectively of the construction process, we have about 180 villas in the finishing phase and/or the construction of the second floor.



Our goal is to have the project inaugurated in March 2023, and we have been working with efficiency and agility to offer the best to our customers. During the whole construction process of the Orlando it is possible to verify the impact on the economy of the Kilamba district, through all the jobs we are generating in the construction industry at various levels, from technicians to management, totalling more than 500 direct jobs. In addition to the project solving problems related to the availability of housing for the population,

both during and after the completion of the project, we will continue to generate direct and indirect jobs.

Q: Luanda is on track to becoming Africa's next Mega City – A city with a population above 10 million people. What opportunities and challenges does this create for the real estate industry?

A: The H&S Group has been in Angola for 16 years, and I have directly followed the evolution of the city of Luanda since 2009 I can highlight that throughout these years, there has been an impressive growth of the road, housing and economic infrastructure systems.

Although there are still problems to be solved for the great mass of Angolan population, I think that we are moving in a good direction, because it is visible the opening of the economic scenario for new investments and the interest of the Angolan governmental system in evolving, betting in the diversity of the economy that propitiates the strengthening of Angola not only in face of the African countries, but in a worldwide scenario.

It is essential to point out that at the time we launched projects such as Jardim de Rosas, Angola's economy was very different, supporting high standard real estate investments. This scenario went through a drastic change, due to several factors, including the worldwide pandemic experienced in the last years. After several market research that we conducted in the last 4 (four) years, we decided to invest in a project where our target public are civil servants, and middle-class families, because this market niche is currently the one with the greatest need for housing investment.



Q: Why should real estate investors consider investing in Orlando Residencial – What’s the unique value proposition?

A: The H&S Group, which owns the project together with Broima Investimentos, has a vast and solid portfolio in the Angolan market. It is this vision that we present to our clients and partners. Over these 16 years we have delivered several condominiums of reference in Angola, such as Jardim de Rosas, Vila Kuditemo, Austin and several integrated infrastructures, such as Camama, Lar do Patriota, Caxito, among others.

Orlando Residencial is a project that has been born with the sum of all these experiences. We will deliver much more than a Villa, we will deliver a New Housing Concept! With a strong bet on green areas, integrated infrastructures, with modern, large houses designed specifically for Angolan families. Besides these qualities, we have a wide leisure area with access to several services focused on providing unforgettable moments to the families that choose to live in this magnificent project.

However, our projects don't end with the Orlando Residencial in Centrality, we will implant 6 (six) more condominiums with similar capacity to the Orlando, a Commercial Zone with about 490 stores, offices, conference centre, hotel and leisure areas, and also an Automotive Technological Center. It is important to highlight that all investments for these projects are already available, and these are in the legalization or closing project phase.

This vision of amplitude of investments in the Centrality of Kilamba is unique, because today a client who makes an investment that ranges from 86.000.000.00 AOA to 120.000.000.00 AOA in a short period of time of about 5 years, will have an appreciation of more than 100% of your investment, since with all projects implemented the economy of the Centrality of Kilamba will be hyper valued.



Real Estate project highlights



Orlando Residencial

The Orlando Residencial is an ambitious USD 400 million project wants to transform the Luanda municipality of Kilamba.

It offers variois housing options, including T3 nd T4 ranging from 86.000.000.00 AOA to 120.000.000.00 AOA

Online presentation:





Real Estate project highlights



V Tower

Coming soon in Ilha de Luanda

Magnificent residential development with incredible sea views, located on the emblematic Ilha de Luanda - Now available for sale.

Essentially designed for you, the luxury apartment has a private pool, spacious living room, excellent bedrooms and a balcony with spectacular views.

More information: +244 933 600 580

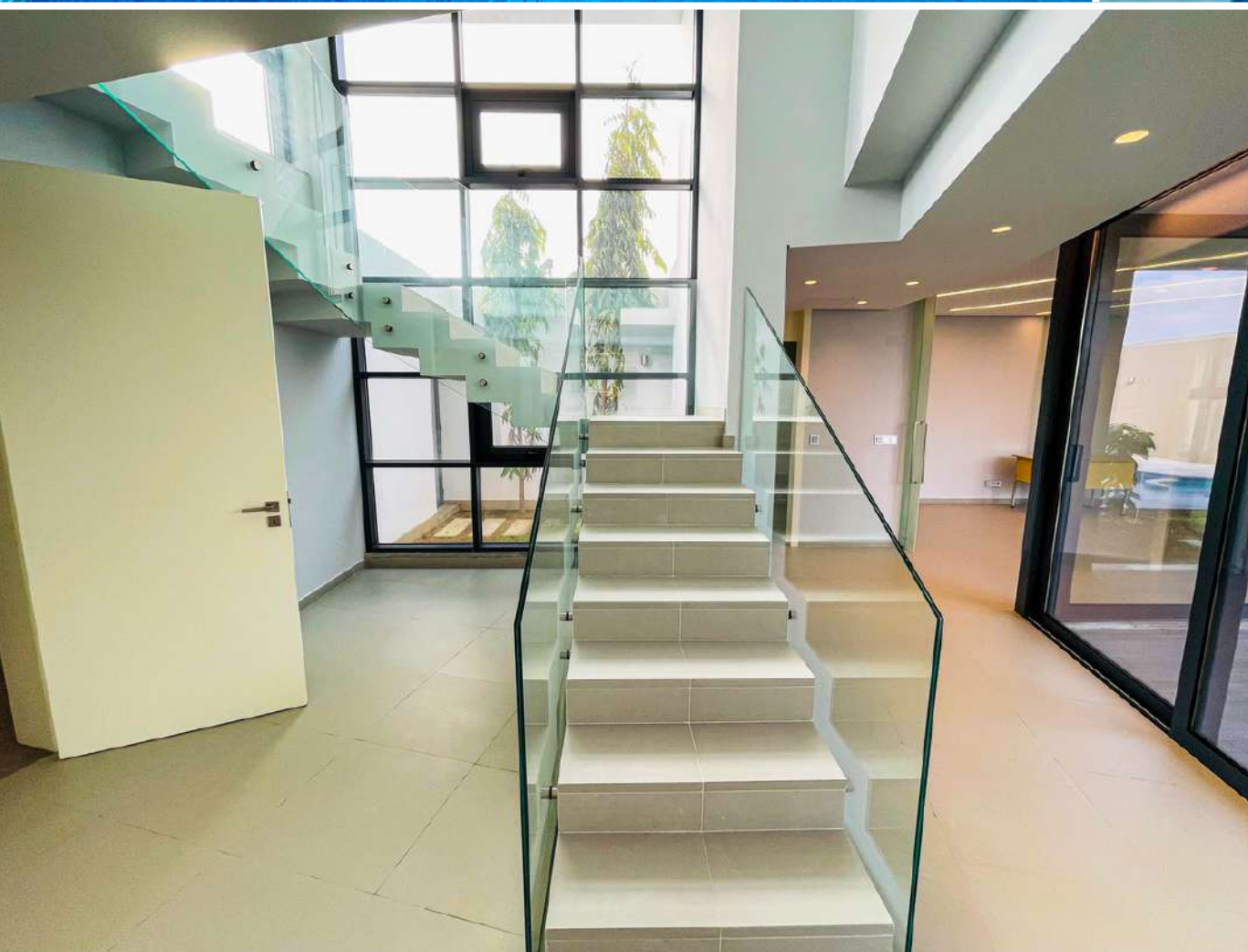


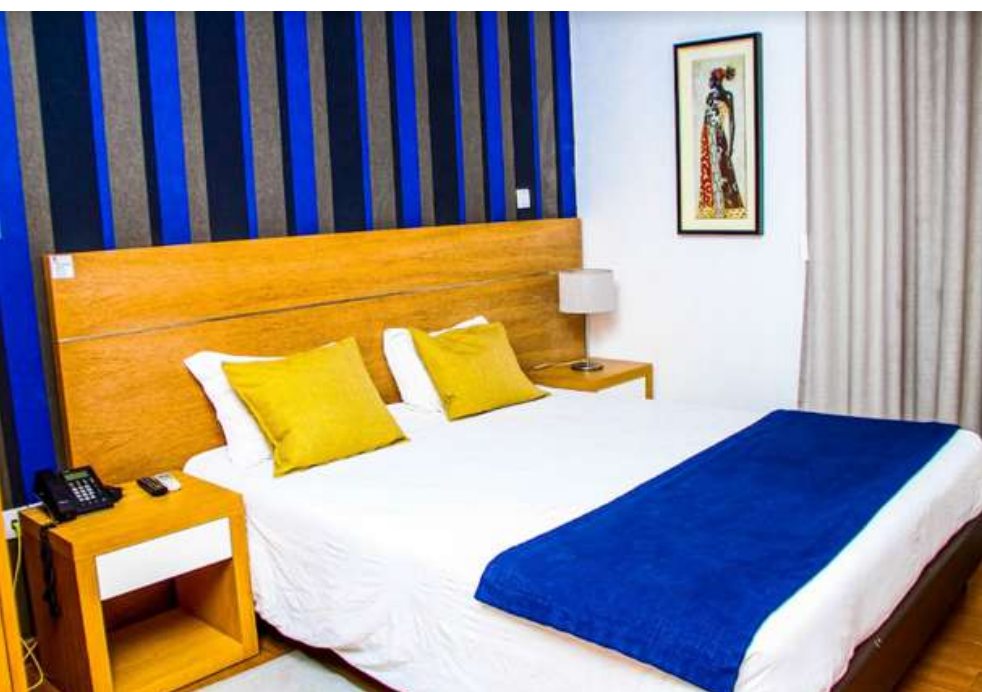
FOR SALE: LUXURY VILLA IN LOBITO

Modern and luxurious T6 villa in attractive area of Lobito, Benguela

Price USD 1.200.000

Online presentation:





HOTEL IN LOBITO

The hotel is located in the beautiful city of Lobito in the Benguela Providence . This charming hotel offers all the amenities and stunning views of the city and mountains. It includes the following units:

27 Double Suites
2 Master Suites

Lobito's infrastructure network is excellent.It includes an international railway system connecting to DRC and Zambia. The Port of Lobito is the second-largest cargo port of Angola. Finally, the International Airport in Catumbela can be reached in 15 min by car.

This hotel is located in a geographically privileged area of enormous potential.

Price: USD 5.500.000

Online presentation:



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An outlook on Angolan housing policies

Access to housing is one of the key cornerstones of a modern society. In Angola, despite some progress, mainly from private investment, housing policy still has obvious flaws.

We asked Cleber Corrêa, current president of APIMA and DG of Proimóveis Imobiliária, for his opinion about the country's current housing policy.

According to him the following areas should be improved:

- 1) To date, the housing issue in Angola has been overlooked. The problem is not faced ahead on, nobody sets up a policy to encourage housing, nor the sale of land with price control.
- 2) The state has created a company called EGTI, where land is sold at prices above the population's financial capacity to buy property.



- 3) Until a policy of access to legalized and infra-structured land is created, as well as a credit policy aligned with the population's financial reality, we are delaying and increasing a problem that will disrupt the urbanization of cities, the administrative structure, and the collection of taxes. As the real estate sector increases in value, land conflicts will escalate.

4) The housing shortage will take decades to be solved. Until that happens, the population will increase much faster compared to the creation of decent housing. And, as always when there is a shortage of a product, housing prices will rise year after year.

1) This increase in housing costs will directly interfere with inflation rates and the cost of products. High-cost housing hampers the economic growth, the emergence of micro and small businesses and foreign investment in the country.

Proposed solution

For APIMA, the best way out to start solving the problem is to establish a forum promoted by the Presidency of the Republic, where entities engaged in developing real estate products submit proposals to overcome the bottlenecks, and the Ministry of Finance should also present a structured solution for financing real estate.



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