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24 July 2020

Dear Shareholders

We herewith wish to provide an update on the recent steps taken by the Board and management, and where we currently stand. It seems as if our whole world has changed since our last update that we drafted specifically for our shareholders.

Executive management has mainly been focusing on four main areas:

1. Engaging government to open up our borders for international tourism in a measured and responsible manner as soon as possible
2. Cost cutting and securing financial sustainability
3. Business Interruption insurance claim
4. Opportunities beyond 2020

1. Engaging government to open up our borders for international tourism in a measured and responsible manner as soon as possible

The tourism industry is fortunate to have highly competent and very dedicated individuals at industry level representing us at this time. Since the end of February 2020 when we received the first cancellations from international tourists travelling to Namibia, Gondwana management actively engaged with all industry stakeholders to inform, assist and positively influence any actions, preventative measures and decisions that might affect tourism to Namibia. Various members of our Board and management team have been actively involved and play leading roles in task teams assembled both by government, tourism representative bodies and private sector to mitigate the effects on our industry, while fighting to prevent the further spread of the virus and prioritising the health of all Namibians. Several studies, analyses and recovery plans, as well as safety protocols and opening procedures for international tourism have been presented at the

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highest level of decision making.

As a major role player in the Namibian tourism industry, we will continue to engage all regulatory bodies and decision makers to positively influence the decisions, protocols and recovery measures to aid the recovery of our industry and promote tourism as a key sector for economic survival and growth in Namibia.

I am very proud of the role that Gondwana is playing at a national level during this time, both directly and indirectly.

2. Cost cutting and securing financial sustainability

From the beginning of this crisis we have carried out detailed scenario planning and we are constantly updating this as our situation and information changes. The situation is extremely fluid, but we obviously have to plan for worst case scenario. This has also been presented and scrutinised at Audit, Risk and Opportunity Committee and Board level.

As per our letter of 18 March, all operational entities in the group immediately implemented aggressive cost controls and cost saving measures as per our Risk Management Plan. As the tenure of the situation was and remains very uncertain, Gondwana decided very early on to rather err on the conservative side with regards to operational costs while maintaining our values and long-term objectives with regards to conservation, our employees and communities, and financial stability. This allowed us to safeguard cash flow and ensure durability of our financial stability for as long as may be required during these uncertain times.

2.1 Remuneration and employee costs

As from March until the end of July, Gondwana Collection recorded between 23% and 26% savings on a monthly basis with regards to Total Employee Costs and between 33%

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and 38% savings with regards to direct remuneration and salaries. Some of the measures taken include:

- An immediate embargo on all new appointments, new vacancies or replacements with regards to Human Resources.
- Restrictions on all overtime and shift allowances as per normal operating procedures and restructuring of all operational employees' rosters to minimise costs, downtime, leave schedules, operational employee costs and transport costs to reflect the reduction in occupancies or even complete closure of properties.
- Suspension of company pension fund contributions (12,5%) after consultation with HR and NAMFISA to reduce total employee costs without initially affecting the 'take home' pay of all employees.
- Immediate pursuit and application for all announced Social Security Commission, TAX (VAT), Namibia Training Authority (NTA) and other government announced initiatives to compensate, assist employers and employees or reduce costs and impact on employees. These processes are ongoing and, despite our unwavering commitment and pleas, have yet to materialise in any refunds or payments from the respected state departments regardless of timeous and complete submissions. These initiatives could however result in a possible additional 25% savings.
- All Board and Board Committee fees have been suspended until further notice.

We will continue to pursue our three focus areas and anything else that might help with everything we have, but if the current situation persists for much longer, further salary cuts will unfortunately become inevitable. We have communicated through various platforms the value that lies in Gondwana's employees. They are our culture, our values and our future.

Even if we are pressurised into cutting salaries, we are not planning any retrenchments. In terms of our planning, if it becomes necessary to cut salaries, we will start with salary earners and hope to continue to protect wage earners' basic take-home pay. We are fully aware that most of our employees are rural based and often represent the only

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income for large families or households. We are also engaging with NGOs who have presented the possibility of a wage subsidy for our community-based joint venture lodges.

2.2 Development costs

In order to safeguard cash flow and preserve credit facilities, Gondwana decided by the end of March 2020 to suspend all development projects, renovations and 'Furniture, Fixtures and Equipment' (FF&E) projects and costs until the duration and extent of the current crisis is known. In that respect we took the following decisions:

- An immediate stop with regard to all development and refurbishment costs, with the completion of King Nehale Lodge and Palmwag Lodge renovations being the only exceptions. Both projects were well on their way already at the beginning of the crisis and most costs had already been incurred at the time.
- Suspension of all FF&E projects planned for 2020 that would not negatively impact on the guest experiences.
- Suspension of planned additions of Camping2Go products at Damara Mopane Lodge and the Canyon Collection.
- Cancellation of vehicle purchases planned for increased capacity at Namibia2Go and Safari2Go.
- Early de-fleet of vehicles and assets that were due for replacement at the end of 2020, and a hold was placed on new purchases.

2.3 Maintenance, replacements and operational costs

Several cost saving measures were implemented to reduce the running costs at all facilities to a minimum. Initiatives include:

- Suspension of all replacement programmes for linen, uniforms and equipment, where they are not impacting service delivery or the guest experience.

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- Several entire lodges and sections of others were placed under care and maintenance, where all running systems were reduced or switched off and only core activities continued. Certain lodges and The Delight Hotel remain closed.
- Travel and logistics cycles were reduced accordingly, and stock levels were reduced to core stock, while stock from closed properties were moved to the few operational entities.
- The Self Sufficiency Centre (SSC) butchery was closed and only necessary meat stocks and cuts were ordered from alternative suppliers.

2.4 General Costs

Across all departments, priorities were identified and all budgets recalled. All spending was reduced to essentials only. Where possible, employees were encouraged to work from home - with improved IT access - and as a result we could terminate a third-party rental contract for office space by accommodating Cardboard Box Travel Shop and Safari2Go in the existing office space.

2.5 Financing, Capital and Facilities.

At the end of the 2019 financial year, Gondwana strategically moved away from a single bank facility to multi-banking facilities. Core operational accounts were consolidated and moved to Bank Windhoek after a lengthy process by the Board to find more suitable and flexible banking and financing options. Long-term facilities secured by bonds over our properties were replaced by a secured short-term facility with Bank Windhoek.

Gondwana Collection started the process of establishing a Rated, Listed Bond programme administered by PSG during this year to replace and improve traditional financing models. This process is now nearing completion with initial investors and NSX engagement planned for September 2020. Current conditions within the tourism industry

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and the uncertainty around investments in the sector will most probably however dictate that we delay issuing paper. The inclination of investors and market conditions will however drive the opportunities with regard to issuing bonds, both in timing and rates as well as to the size of issue.

In order to bridge this fluid situation and provide certainty with regards to financing and facilities, Bank Windhoek was approached and we are currently in the process of negotiating the conversion of the current short-term facility into a long-term facility as well as an additional short term facility that will sustain the group until breakeven business is forecasted. Worst-case scenario planning currently shows that breakeven business will only resume in 2021. Care is taken to ensure that debt gearing ratios remain conservative to safeguard shareholder value and ensure long term affordability.

2.6 Property Valuations

As per our asset policies, all immovable assets were re-valued early in 2020 and our financials are being updated with the new valuations from an independent property valuator. We are proud to mention that under the currently strained conditions, valuations still record strong growth against the 2019 AFS values, mostly because of continued investments at low gearing levels. Our strong balance sheet continues to provide good security and instils further confidence in Gondwana Collection to weather the current storm caused by the Covid-19 crisis. The market value of all our immovable assets comes to N\$ 792 million.

3. Business Interruption Insurance

As per our Risk Management Plan and based on relative events during the last decade like the ash cloud, Ebola outbreak and SARS outbreak, Gondwana comprehensively ensured against catastrophic events as listed. At the onset of this crisis, we immediately engaged with our brokers and insurers, and following several meetings it became obvious

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that insurers across the globe are unwilling to accept liability for business interruption claims resulting from the Covid-19 outbreak and the subsequent losses incurred through restrictions on all travel and tourism by governments across the world.

Gondwana immediately solicited legal advice and appointed senior counsel specialising in insurance in Southern Africa, and on recommendation also appointed Insurance Claims Africa (ICA). ICA is a South African based insurance claims specialist and is handling the Gondwana claim on a commission basis (i.e. no claim, no pay).

Both our senior counsel as well as ICA firmly believes that Gondwana Collection has a strong and valid claim for business interruption as per our policy wording. Not only do we meet the requirement of causality with regards to 'Contagious and infectious diseases', but also with regards to policy specific cover known as 'Acts of Authority'. Our cover, as per the policy, extends to the full gross revenue of the group as a result of the event up to an annual maximum amount of N\$ 635 million as set out in the policy.

All claims and forecasted quantum have been submitted to the insurer, which has yet to accept or reject liability at the time of this writing. Through advice from our legal counsel, we have not made the current situation regarding our insurance claim public so as not to jeopardise the possibility of an early amicable settlement of the claim. We have, however, now reached the point in the process where the insurer has been notified that should acceptance of liability and partial settlement of the claim not be affected by the end of July 2020, Gondwana will be forced to instigate urgent legal action in the Namibian High Court. Gondwana remains confident that following positive rulings in similar cases in South Africa and Europe as well as our specific policy wording, legal outcome will be in our favour. This process is ongoing and receiving our undivided attention. In our worst-case financial planning, we ignore any possible insurance claim.

The purpose of insurance cover purchased remains to mitigate against major risks that

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could disrupt the normal flow of business and restore the insured to a similar position had the event not occurred. It is disappointing that when an event does occur, insurers do not engage constructively, and, similarly, official Namibian regulatory bodies do not speak out against any unfair or deliberate delaying actions by insurance companies that could and would endanger the livelihoods of an industry and its stakeholders.

4. Opportunities beyond 2020

The current crisis that crippled the worldwide tourism and travel industry also presented several new opportunities for Gondwana to not only survive the situation, but to transform the business into a much more robust and focused entity.

One of the many weaknesses in the industry highlighted by the crisis is the cumbersome, extended and often hidden value chain that separates the end-consumer and the primary supplier. Safety, honesty, trust, values, inclusivity, sustainability and transparency are key attributes that will distinguish the preferred supplier of the future tourist, traveller and experience seeker. This presents many opportunities for the extended Gondwana Collection brand and the range of products and services we offer.

Many of these opportunities will be driven by technology, and to answer to the emerging needs of the modern traveller, IT and Systems developments have been a focus area during the last few years. This process was accelerated during the crisis and Gondwana has focused all available energy and resources on refining and further developing technological solutions to realise the opportunities presented in the market. These include e-commerce products, on-line research and booking engines, dynamic pricing, artificial intelligence, integrated customer management and promotion systems and payment portals, to name but a few of the initiatives developed, implemented and currently in process.

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To manage this crisis in the context of Gondwana has at times been extremely difficult and at other times easy. It is easy to talk about our values but to hold on to these in the middle of an existential storm is not easy. To find the balance between our stakeholders, between planet, people and profit is often challenging. Ultimately, it is about protecting the sustainability of our beloved Gondwana. It is not all about getting to the other side, however, it is also about how we get there.

Our dedicated and committed employees inspire us and carry us forward, as we do them. We will continue to carry Gondwana forward together. We will continue to deal with this challenging time for a successful recovery for all, and we will continue to do it in the Gondwana way - with utmost integrity.

Love,

A handwritten signature in black ink, appearing to be "Gys Joubert", written in a cursive style.

Gys Joubert

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