

New Urban Finance Fund for Africa

NewLine Advisors, LLC, Fund Manager

Growing Housing Opportunities in Africa

African Union for Housing Finance

Bank of Tanzania Housing Finance Programme

October 8, 2012

New Urban Finance Fund for Africa

What are the Fund's Objectives?

How will Fund Investments Look?

Fund Structure and Management

Who are Fund Beneficiaries?

What are the Fund's Objectives?

- Catalytic investment in affordable housing and basic services in African cities
 - Investments made through local banking partners
 - Housing microfinance lending programs
 - Finance for affordable housing real estate development
 - In Ghana, Kenya, Tanzania, Uganda, West Bank
- Building on expertise of NUF Fund Managers in successful African pilot investments done for UN-Habitat

How will Fund Investments Look?

- Direct investment in local commercial banks and microfinance institutions (85%)
 - Tier II capital (convertible preferred stock) for housing microfinance and basic infrastructure lending
 - 7 year capital to support build-up of lending programs
 - Ring-fenced returns (covered bond approach)
 - Debt for on-lending or co-investment in affordable housing construction finance
 - 3-5 year tenor
- Indirect investment in IFC-KfW credit enhancement program for housing microfinance (15%)

How will Fund Investments Look?

- NUF Fund investee banks and MFIs linked with end users and local governments to design affordable programs, improve feasibility and credit quality

NUF <ul style="list-style-type: none">• Catalytic Investment• Loan product Development	Local Banks/MFIs <ul style="list-style-type: none">• Loans to individuals• Loans to community group projects
Community Groups <ul style="list-style-type: none">• Savings associations• Project design• Enumeration, affordability data	Local Government/ NGO Partners <ul style="list-style-type: none">• Code compliance• Tenure• Housing support services



Amui Djor, Ghana, slum

Community Project Example

- Investment through local bank for construction finance and take-out of 32 affordable 1-2 bedroom units
- Local council contributed land
- Commercial cross-subsidy from shop rentals and toilet and shower block revenues
- Community group savings contribution

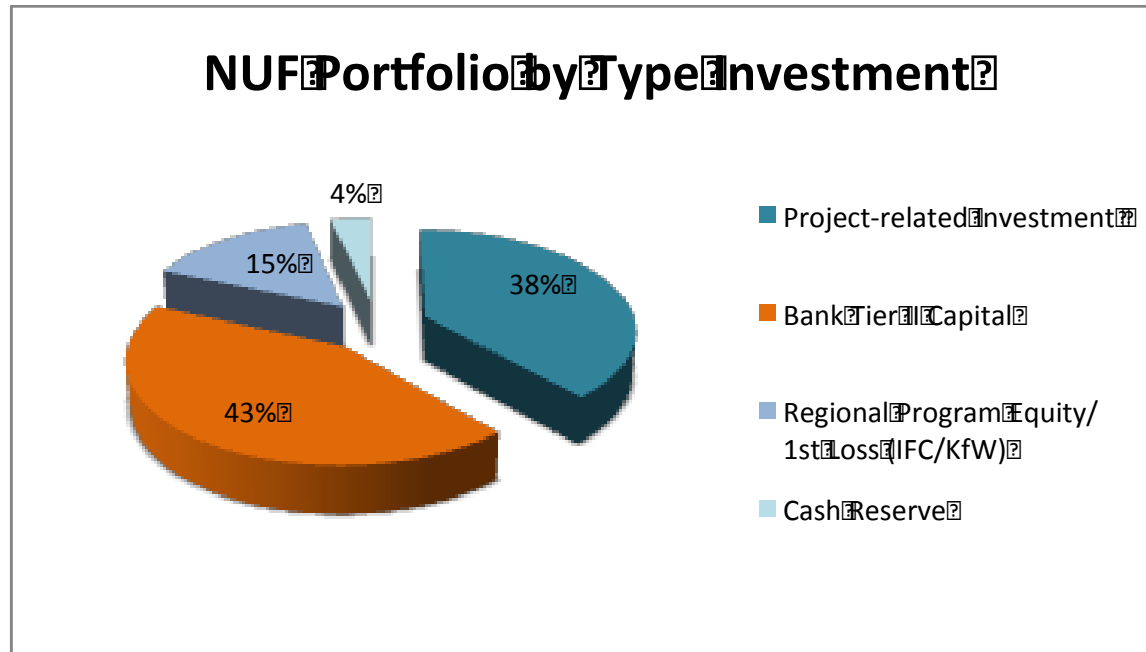
How will Fund Investments Look ?



...replaced by 31 unit mixed-use, mixed-income building

Fund Structure and Management

- Fund Investment parameters



- Returns to LP investors comparable to international real estate investment yields
- Senior secured debt at competitive rates in USD
- FX coverage through partners, TCX or equivalent

Fund Structure and Management

Target Fund Size

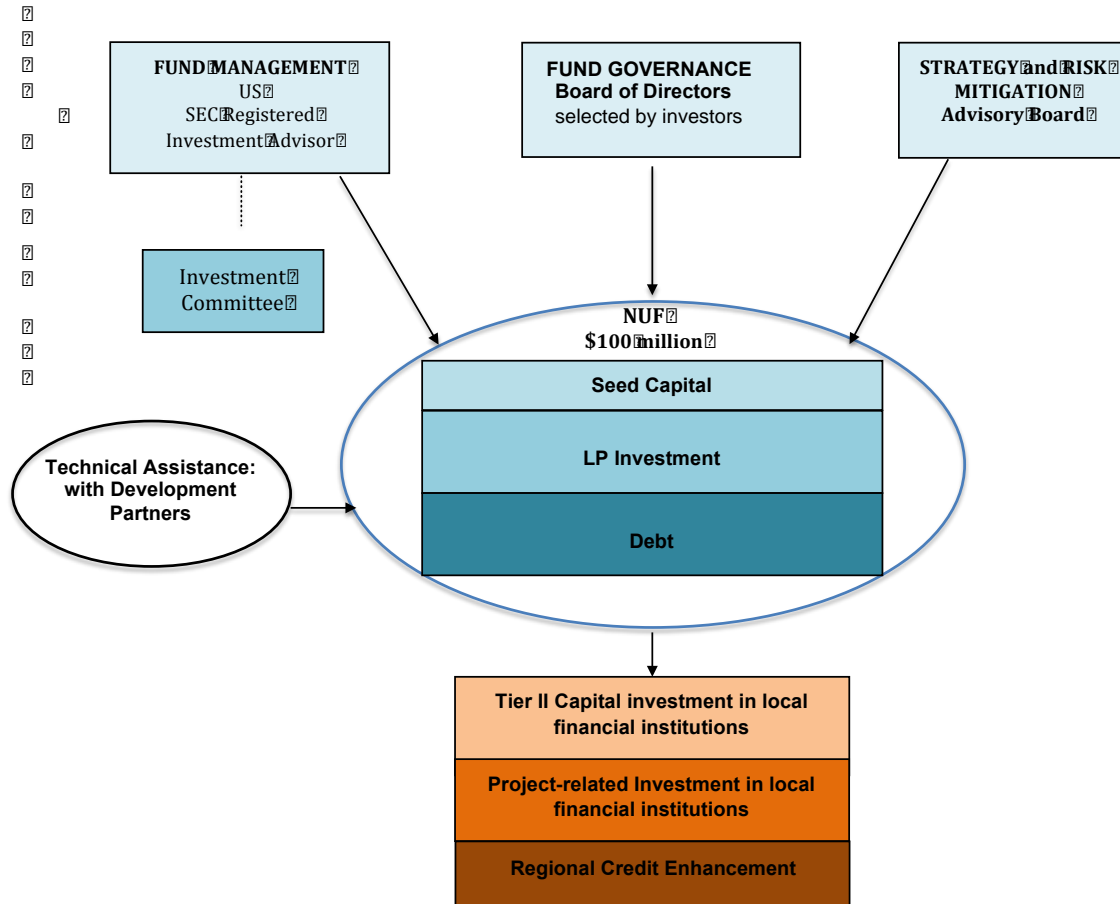
- \$100,000,000 aggregate
- Phased investment
 - Initial pipeline: \$20,000,000
 - Full funding within one year of initial close

Fund Term

- 7 year closed end fund
- Two optional one-year extensions to close out investments

Fund Structure and Management

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Fund Structure and Management

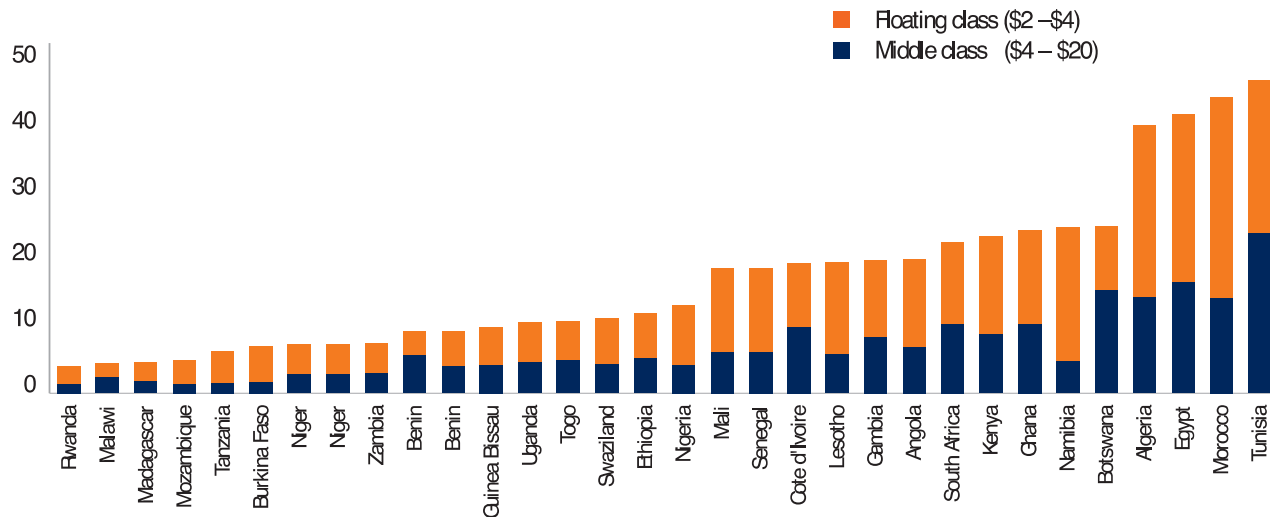
Fund Managers

- Expertise in evaluation of local financial institutions: assessment of capabilities and gaps in capability of local FI's offering lending to end borrowers
 - Strong banking and credit background
 - FI sector development investment experience in East Asia, South Asia, Eastern Europe and Central America, as well as Africa
- Expertise in structuring investment transactions
- Recent in-depth experience in local markets in East Africa, North Africa/Middle East and West Africa
 - Regional knowledge and extensive contacts
 - Knowledge of requirements of African end borrowers (rising middle class in African cities)

Who are Fund Beneficiaries?

- Africa is home to some of the fastest growing cities in the world—potential economic powerhouses
- African Rising Middle Class seek improved housing and basic services, and have disposable income to spend—but little housing stock to buy

Percentage of national populations earning \$2 – \$20 per day



AFDB (2011) The middle of the pyramid: dynamics of the middle class in Africa. Market brief. April 20th 2011.

Who are Fund Beneficiaries?

- Local communities gain access to finance
 - Housing Microfinance products appropriate for lower income borrowers
 - Construction finance and multi-party project design improve communities
- Housing creates local employment and entrepreneurs*
- Improved health and education outcomes result from decent living conditions

*Direct and indirect employment will depend on the local economy: McKinsey estimates in that in India affordable housing, done at scale, creates approximately 10 million jobs for every 1 million housing units.

Contact the NUF!

- Thank you for your interest
- If you are a financial institution looking to expand your activities in housing microfinance or affordable housing and basic services lending, please contact our team in Geneva or Kenya
- If you are an investor interested in opportunities created by the growth of African cities and consumer lending in Africa, please contact our team in New York

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