



**A Case Study in
Affordable Housing**

Private & confidential

A BETTER HOME. A BETTER LIFE.

OUR COMMITMENT

We are dedicated to providing hard working families with affordable well constructed homes in thriving communities.

We genuinely care about our customers and strive to provide them with a better quality life.

Karibu Homes is a development company with a difference – **we sell our starter homes specifically to low income families**

We put our customers at the heart of our business – **we do not profit maximise, instead we have a target return for our investors, and aim for long term customer value**



Our project enables mass market home ownership

Each decile comprises 225,000 households

All figures unless stated KES

	Urban Households										
	225,000	225,000	225,000	225,000	225,000	225,000	225,000	225,000	225,000	225,000	225,000
Urban population deciles	0-10%	10-20%	20-30%	30-40%	40-50%	50-60%	60-70%	70-80%	80-90%	90-100%	
Number of urban households	225,000	225,000	225,000	225,000	225,000	225,000	225,000	225,000	225,000	225,000	225,000
Average monthly household income	10,893	18,533	23,593	29,004	35,117	42,090	49,163	59,462	80,503	224,009	
Borrowing capacity	33%	33%	33%	33%	33%	33%	33%	33%	33%	33%	33%
Monthly mortgage repayment capacity	3,595	6,116	7,786	9,571	11,589	13,890	16,224	19,622	26,566	73,923	
Maximum affordable loan	338,668	579,210	739,686	909,020	1,096,156	1,318,896	1,532,778	1,853,644	2,513,092	6,995,670	
Loan as a proportion of home price	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%
Downpayment	84,667	144,803	184,922	227,255	274,039	329,724	383,195	463,411	628,273	1,748,918	
	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%
Home value buyer could afford	423,335	724,013	924,608	1,136,275	1,370,195	1,648,620	1,915,973	2,317,055	3,141,365	8,744,588	
KH home type	A1	A1	A1	A1	A1	A1	A1	A2	A3	L2	
KH selling price	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000	1,999,500	2,699,000	3,450,000	
Can this decile afford a Karibu Home?	no	no	no	no	yes	yes	yes	yes	yes	yes	yes

Our core market

Market currently being served

Riverview Project in Athi River

CEO level experience in property development, multinationals and impact investors

Executive Team

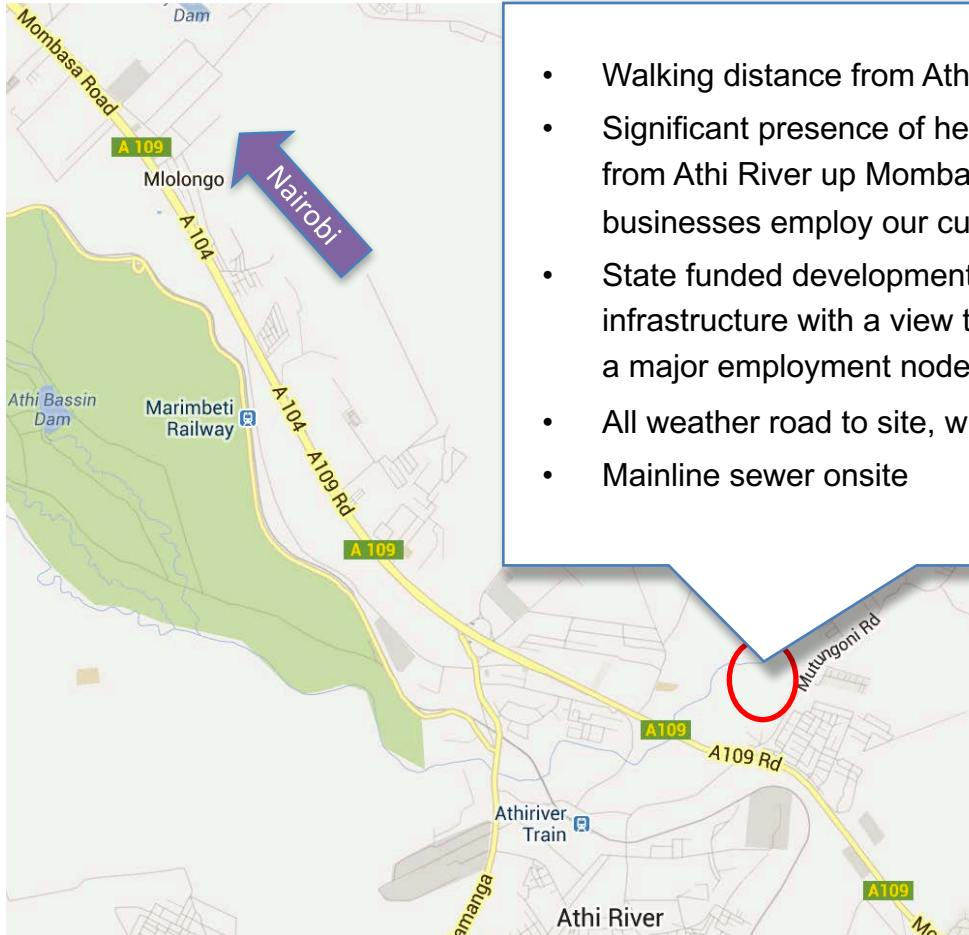
- **Ravi Kohli, Managing Director** - experienced residential and commercial real estate developer in Kenya and UK
- **Irfan Keshavjee, founder & Executive Director** – co-founder of award winning social enterprise, Honey Care Africa; Chairman of a leading E. African retail services group; Board director of Diamond Trust Bank; Ashoka Fellow; Acumen Fellow; MBA Oxford University
- **Nick Gilodi-Johnson, founder** – experience includes FTSE PLC Board and senior management roles in UK retail and corporate strategy in leading European technology businesses; MBA Oxford University

Consultants

- **Lexicon+lon** – lead consultant, architect and master planner
- **Gill Consult** – M&E engineers
- **JM Kariuki** – civil and structural engineers
- **Tandem & Stark** – quantity surveyors

Karibu Homes Riverview

19 acres at Athi River, within 1km of Mombasa Rd, Kenya's primary trunk road



- Walking distance from Athi River
- Significant presence of heavy industry and manufacturing from Athi River up Mombasa Rd to Nairobi – these businesses employ our customer base
- State funded development of major trunk roads and other infrastructure with a view to further developing Athi River as a major employment node of Nairobi Metropolitan
- All weather road to site, with tarmacking contract awarded
- Mainline sewer onsite

Karibu Homes Riverview

Park square, community hall, basketball courts, nursery schools, playgrounds, health clinic, shops



KARIBU
HOMES
RIVERVIEW

Karibu homes is about quality, value and community

1 to 3 bedroom homes with prices starting at less than KES 2m



Starter homes



Enhanced living homes

Current Project Photos



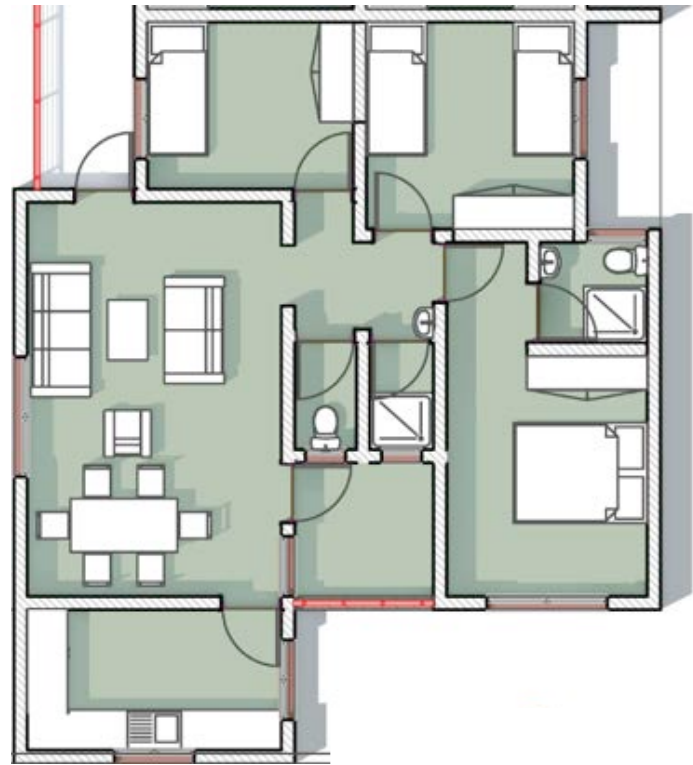
Karibu homes is about quality, value and community

5 typologies ranging in size from 30 to 92 sqm

Starter homes



Enhanced living homes



Status of our current project in Athi River

- First phase of 285 homes completed in August 2016,
- 75% already sold
- Over 70 families have already moved in

A few highlights of Phase 1:

- Over 60% of our homes were sold before the completion of construction
- Our contractor completed construction 2 months ahead of schedule, and came in 1.5% above budget, far ahead of our expectations
- Over 60% of our home owners had previously been excluded from home ownership due to the high price of homes in urban Kenya (see attached chart)
- We remain on target to deliver our investors an annualized IRR of 20% and 3x cash multiple

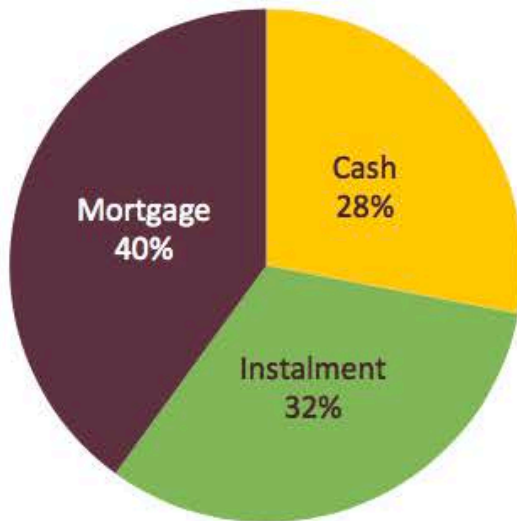
Phase 2:

- We broke ground on our second phase of 526 homes in October 2016, and will likely break ground on the final 350 homes in 2018.

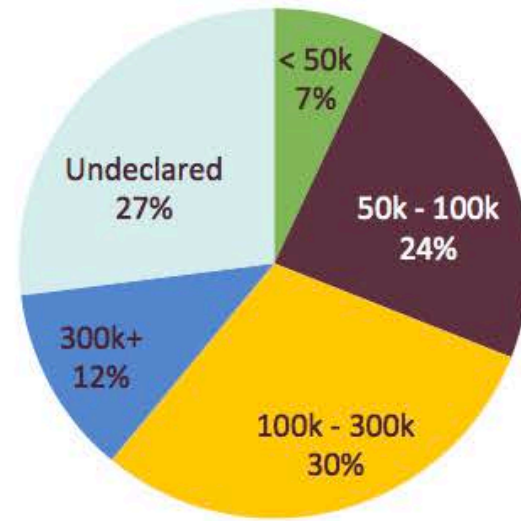
Buyer Income Levels

- over 60% of our buyers were previously excluded from home ownership

Riverview Buyer Types



Riverview Buyer Household Incomes KES per month



Systemic Impact

Since inception, we've also had a significant systemic impact on the affordable housing ecosystem in general:

- President Kenyatta came to site in April to understand how we are delivering affordable housing,
- The World Bank has asked us to pitch alongside them in a PPP initiative with the county governments of Kenya,
- Shelter Afrique, the pan-African real estate bank, has asked us to give a series of talks across Africa with the aim of helping to catalyse affordable housing across their markets,
- The ASPEN institute also recently awarded us a scholarship to attend CityLab2016, the world's premier event for urban innovation, in Miami in October this year,
- The IFC and a few other organizations have approached us to help pilot different methods to enhance access to capital for lower income families to buy homes.
- The Rockefeller Foundation invited us to be panelists to their global 100 Resilient Cities initiative

The Future

Imminent project:

- We've recently secured an option to acquire a prime, fully serviced plot of land in Kiambu, another fast-growing suburb of Nairobi, at a significant discount to market value with a view to developing a residential community of approximately 1,200 homes targeting lower income families. The project seeks to catalyse the creation of affordable housing in the area, creating deep social impact, whilst generating an attractive return on investment
- We are currently in the process of raising US\$2.9m. Targeted return to equity is a 23% IRR or 2.5x cash invested.

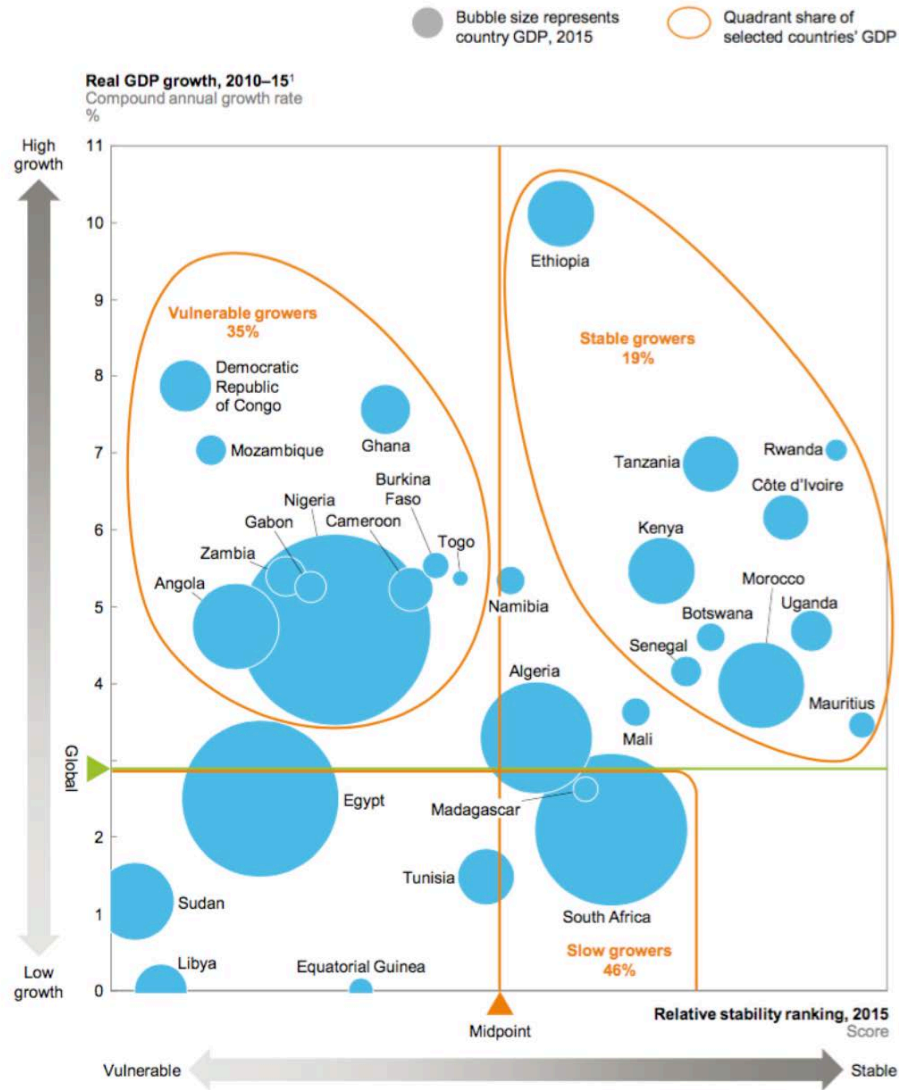
Pipeline

- We are in talks to landowners in Kiambu, Limuru, Ongata Rongai, as well as County Governments to enable as many lower income Kenyans join the property ladder.

Enhancing access to Capital – initial exploration

- **Housing Bond** - lend to a bank at 6% to provide 10 year mortgages at 10%
- **Buy to rent & sell on cash-flows & asset** – Entity buys, gets rental yield between 8% to 10% then sell cash flows and underlying asset with capital gain to a pension fund / bank
- **Tenant Purchase Scheme** – Entity buys, partly rents, partly sells, then sells on cash flows and underlying assets – yield between 10% to 14%
- **Mortgage bridge** – entity buys, funds buyer at 16% interest (retains ownership until asset is paid off), then securitize the cash flows and sells to a pension fund or bank

The potential to scale in Africa



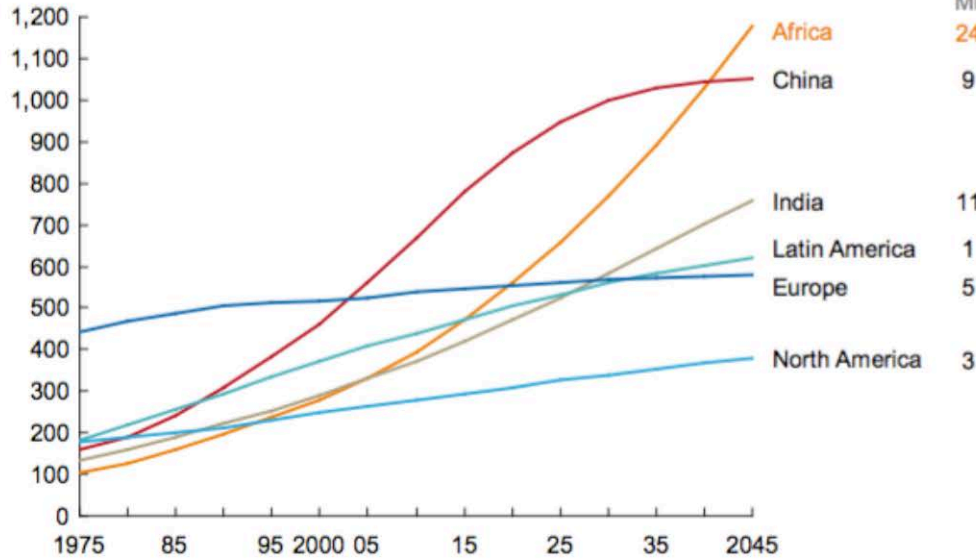
¹ The index covers 30 economies accounting for 96% of GDP; Equatorial Guinea and Libya are plotted manually because of negative growth rates over this period.

...the potential to scale in Africa



Africa is urbanizing faster than any other region; its cities are expected to gain 24 million people each year until 2045

Size of the urbanized population¹
Million



Additional people living in urban areas per year, 2015–45
Million

Africa	24
China	9
India	11
Latin America	1
Europe	5
North America	3

Africa urbanized
%

25	29	33	36	40	45	49	54
----	----	----	----	----	----	----	----

¹ Population living in urban areas. UN forecasts last adjusted in 2014.

SOURCE: World urbanization prospects, June 2014 revision, United Nations population division; McKinsey Global Institute analysis

 This image cannot currently be displayed.