



## **Shelter Afrique Refutes Claims that It is has been Hindering \$12.6M Ujenge Deal**

Nairobi, 22<sup>nd</sup> January 2015

Shelter Afrique, the Pan-African finance institution exclusively supporting the development of affordable housing and the real estate sector in Africa has responded to claims made in the *New Times*, Rwanda on the 21<sup>st</sup> January 2015.

In an article titled "*Homeowners worried as housing deal teeters*" it was insinuated that Shelter Afrique may at least be responsible for the stalled construction of the 1<sup>st</sup> phase of the Palm Estate Project consisting of 32 modern apartments.

Shelter Afrique is fully committed to Rwanda and continues to explore every opportunity for supporting local entrepreneurs and institutions to provide new homes for local people. Since 2011 Shelter Afrique has approved loans in excess of US\$37.3M [RWF 25.4B] for new housing and mortgages in Rwanda. This includes a landmark partnership with the City of Kigali and the Bank of Development of Rwanda (BRD) to develop 2500 homes over the next 5 years.

It is within this context that Shelter Afrique advanced a loan to of US\$6.5 to Ujenge Ltd to part finance a development of 168 units.

Unfortunately, Ujenge has consistently failed to live up to its obligations under a Loan Agreement particularly meeting commitments to make interest payments as and when due. Therefore in accordance with terms of the agreement, both Shelter Afrique and EcoBank as co-lenders are pursuing recovery actions. This is the binding corrective action stipulated in the Agreement. The recovery actions include exploring every reasonable option to achieve the best outcome for all parties in the circumstances and particularly to secure recovery of advances to the borrower

The Loan Agreement adequately governs the relationship between Ujenge and Shelter Afrique and all matters will be addressed within that context. However there are a couple of erroneous impressions created by the report which we believe is important to correct to ensure that members of the public are not discouraged from a legitimate aspiration and usually fulfilling experience of purchasing a home from local developers. We are committed to the development of strong local developers in Rwanda able to lead the development of a thriving housing market and it would be unfortunate if an isolated incident were to undermine that.

The report unfortunately and perhaps inadvertently gave the impression that either Shelter Afrique or Ecobank or both has or had frustrated the borrower's efforts to mobilise equity from two interested investors. This is not true. We wish to state that whilst we have not received a credible or firm offer from TLG, Shelter Afrique introduced Phatisa to Ujenge and facilitated a meeting in December 2014 in the hope that both parties would be able to reach an agreement. Shelter Afrique has not received an offer from either Phatisa or Ujenge about the progress of those discussions. However, for the avoidance of doubt, Shelter Afrique continues to welcome any investor with a credible proposition to step in.

Secondly, Shelter Afrique understands the concern and anxiety amongst buyers who contracted with Ujenge to acquire homes in Phase 1 of the project. . However, Shelter Afrique has not been a party to these agreements. Nevertheless, as an African Financial Institution committed to development and improvement of the quality of life amongst Africans, the execution of the recovery actions whilst focused on recovery of the loan to Ujenge Ltd will ensure that we minimise individual loss to innocent parties.

Whilst we retain our commitment to the development of affordable housing in Rwanda, we remain open welcome all proposals which will help recovery of advances to the borrower.