



SHELTER AFRIQUE REACTS TO REPORT OF DEFAULT ON ITS BONDHOLDING TO BUSINESS DAILY STORY WEDNESDAY, APRIL 11, 2018 “SHELTER AFRIQUE SEEKS HELP TO AVOID DEFAULT”

Our attention has been drawn to the report by the Business Daily printed on the 11th of April, 2018 on pages 1 & 4, titled “*SHELTER AFRIQUE SEEKS HELP TO AVOID DEFAULT*”. We would like to state for the record that the header for this report and the report itself are mostly misleading and misrepresent the true state of things. This report was published in response to a Notice of a Meeting we sent to our noteholders, approved by the Capital Markets Authority.

We would like to state for the public record, the following.

The Company is in the process of negotiating a debt restructuring scheme with its lenders, primarily composed of international Development Finance Institutions (DFI). This restructuring is part of a general turnaround process initiated by the board and management, which has received broad support from our lenders and shareholders. The company is in the final stages of the turnaround, and a satisfactory resolution is expected in the coming weeks.

Our shareholders have also contributed capital in excess of 45m dollars and continue to support the new direction and strategy of the organisation actively, however, as a matter of due diligence and procedure on debt restructuring, we must seek a “*No Objection*” approval from Kenyan Noteholders on the Ksh 5 Billion Bond issued in September 2013. Bondholders remain exempted from any and all matters concerning the restructuring.

We note as well that the what is due for final redemption in September 2018 with a balance of Ksh 824 Million due after the Ksh 925 Million March 2018 tranche was paid. We have honoured all previous payments and intend to honour the last tranche as well. More so the company has ample liquidity to pay the final tranche of the Bond and there no default contemplated whatsoever. This payment has been adequately factored into the cash flows. We also emphasise that the lenders involved in debt restructuring negotiations are aware and supportive of the need for the Company to seek Noteholders “*No Objection*” to the proposed debt restructuring scheme.

The need to seek the Noteholders consent to restructure the debts is part of the Information Memorandum (IM) of the Bond issued in 2013; we reiterate that the Bondholders are not part of debt restructuring, their role is to only approve the planned scheme in line with the IM provisions and Capital Market rules and regulations

The management and staff of Shelter Afrique are proud of the strides the organisation has made in the last year to redefine itself as a leading and dynamic organisation, committed to solving the problem for affordable housing for all Africans. Part of these includes, but are not limited to an interactive capital drive, which has seen the

shareholders recommit to the organisation and its goals. A revision of its governing laws and statutes to make it more transparent and responsive to the needs of its member countries.

They also included ongoing consultations with member countries on their housing needs and possible areas of collaboration, a new strategy anchored on large-scale affordable housing projects, closer working relationships with governments through advisory services and private-public partnership, creating an engaged and motivated workforce. It also includes the launch and successful management of the *5000 for 5000 Housing Competition*, which called for innovation in housing design and building materials.

Shelter Afrique remains committed to the ideals of affordable and accessible housing for all, and to the objectives of sustainable housing as detailed in the United Nations New Urban Agenda.

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Note to Editors

About Shelter Afrique

Shelter Afrique (SHAF) is the only Pan-African finance institution that exclusively supports the development of the housing and real estate sector in Africa. A partnership of 44 African Governments, the African Development Bank (AfDB) and the Africa Reinsurance Company, Shelter Afrique builds strategic partnerships and offers a host of products and related services to support the efficient delivery of affordable housing and commercial real estate.

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