

Shelter Afrique records remarkable growth backed by strong loan pipelines, recoveries

- *Operating loss declined to KSh 59 million (USD 0.59M) in 2019 from the KSh 923 million (US\$9.23M) recorded in 2018, representing a 94% drop, year-on-year.*
- *The company ended the year with high liquidity position with a 29% liquidity ratio, 14% points above the required minimum of 15%*
- *Following resumption of operations, the Company approved KSh 6 billion (US\$60M) during the year, 90% being lines of credit.*

Nairobi, Kenya – Tuesday, July 7, 2020: Pan African housing development financier, Shelter Afrique signalled a full recovery as it reported its 2019 earnings Tuesday.

The Company reduced its operating loss to KSh 59 million (USD 0.59M) in 2019, down from the KSh 923 million (US\$9.23M) loss recorded in 2018, representing a 94% drop year-o-year.

Addressing the Press in Nairobi, Shelter Afrique Chairman Dr. Steve Mainda said despite the minimal loss, the Company had put the distressful past behind it and had successfully turned around to become financially viable.

“Enhanced corporate governance practices backed by a strong, diverse, competent and ethical Board, robust enterprise risk management, a new business model, and debt restructuring plans have played key roles in fast-tracking the recovery process,” Dr. Mainda said.

Shelter Afrique Managing Director Andrew Chimphondah said the Company had projected a return to financial viability by 2020 and overall financial sustainability by 2023.

“The return to financial stability as indicated by a significant reduction in our operating loss in 2019 is an indication that the turnaround strategy has been both successful and effective. With the commencement of loan commitments leading to disbursements on the robust loan pipeline of KSh50 billion (US\$501.30M) from 2020 and beyond, the Company was poised to return to profitability and provide returns to the 46 shareholders,” Mr. Chimphondah said.

Strong liquidity

During the period under review, the Company maintained a strong liquidity position with a cash balance of KSh5.6 billion (US\$56.97M) closing the year with a liquid ratio of 29%, 14 percentage points above the 15% minimum policy limit. The strong liquidity was achieved on the back of

enlarged share capital receipts from shareholders and successful collections from the non-performing loan book. A total of KSh979 million (US\$ 9.79M) was received during the year, which increased total paid-up capital by 8%, from KSh13 billion (US\$ 130.65M) in 2018 to KSh14 billion (US\$140.64M) in 2019. Similarly, Shareholder Funds increased by 8% from KSh10.6 billion (US\$ 106.79M) in 2018 to KSh11.5 billion (US\$ 115.42M) in 2019 due to the new capital subscriptions ..

The Company also recorded a significant reduction in interest expense by 33% from KSh998 million (US\$9.98M) in 2018 to KSh670 million (US\$6.70 M) in 2019 on the back of a 39% decrease on borrowings from KSh11.67 billion (US\$116.77 M) in 2018 to KSh7.16 billion (US\$71.66 M) in 2019.

Interest income and fees fell to KSh1.53 billion (US\$15.34M) and KSh130 million (US\$1.30 Million) in 2019 respectively, as a result of slow underwriting of new business. Total assets under management reduced by 16%, from KSh22.9 billion (US\$ 229.43M) in 2018 to KSh19.3 billion (US\$ 193.13M) in 2019 as a result of a 31% decrease in net loan assets from KSh16.5billion (US\$165.19M) in 2018 to KSh11.46 billion (US\$114.63M) in 2019 due to effective loans collection policies on the back of reduced lending.

The Chief Executive said with the improved financial performance in 2019 and the significant milestone conclusion of the Debt Restructuring Agreement (DRA) with the 8 global lenders, the Company was optimistic of returning to full financial viability from 2021.

“Severe impacts from the COVID-19 Pandemic notwithstanding, we believe this is still achievable. We shall focus on our immediate strategic ambition of achieving KSh100 billion (US\$1 Billion) plus in housing finance delivered directly and through funds mobilized and leveraged from third parties. The 6 key focus areas post COVID-19 pandemic are going to be capital raising, business continuity, cost realignment, strategic repositioning, refinement of the business model and digital transformation,” Mr. Chimphondah said.

Key Milestones

During the year, the Company registered major milestones including the launch of its Centre of Excellence, which offers intellectual capital solutions to member countries. It is the one stop shop for research and development , capacity building training and advocacy on influencing housing policy within the continent. The Company also attained an ISO 9001:2015 Quality Management System accreditation, retained BBB+ Bloomfield Long Term Credit Rating, named among top 100 global financiers by World Finance Publication, attained the Chairmanship of the African Union for Housing Finance and received both the Town Planners Council of Kenya (TCPAK) Award and AIHS Award for commitment to the Affordable Housing Agenda in Africa. **#End#**

Notes to editor

About Shelter Afrique

Shelter-Afrique is a pan African housing finance and development institution established by African governments to address the need for sustainable housing delivery system and related infrastructure projects in Africa. Shareholders include 44 African countries, the African Development Bank, and the African Re-Insurance Corporation. The company's mandate is to provide financing by way of debt, quasi-equity and equity to both public and private institutions for housing and urban infrastructure projects in its member countries.

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. These include project finance, institutional lending, equity investments & joint ventures, trade finance, and social housing. We also offer practical advice and technical assistance to a wide range of industry stakeholders.

Estimated Development Impact of Loan Pipeline

Development Metric	Outcome
Affordable Homes to be built	36,945
Families to be housed (@ 5 Per House)	184,723
Jobs to be created (@ 4 Per House)	147,778

For more information, please visit <http://www.shelterafrique.org/>

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