



**HOUSING FINANCE FORUM:
Uganda, July 11-12, 2018**

SEGMENT LEVERS



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We are present in

**11 AFRICAN
COUNTRIES**

Botswana | Ghana | Kenya | Lesotho
Mozambique | Namibia | Nigeria
Rwanda | Swaziland | Tanzania | Uganda

- **1998**-Incorporated, publicly listed on the Botswana Stock Exchange in 2002.
- **Approx. USD500Mn**-Market capitalization
- **11** country presence in Africa
- Simple, appropriate and accessible consumer, microfinance and savings solutions to the financially under-served.
- Over 345,000 borrowers, 120,000 depositors, 307 customer access points
- **LKL 100%** Owned by the LHL Group
- Largest Credit Only MFI in Kenya
- Over 26,000 Customers



RATIONALE AND FEATURES FOR RENTAL HOUSING

Rationale

- Opportunity:** 60% of Kenyan population is living in overcrowded homes-
- Ready Market:** Above 80% of the total population in urban centers live in rental houses.
- High urbanization rate**(4.4% or 0.5Mn new city dwellers a year(World Bank)
- Mismatch between the demand(200,000 units) Vs. production(50,000Units)
- Low Financing:** The incremental rental housing segment is not embraced by commercial banks
- Favorable Govt. Policy:** 500,000 Units by 2022

- Improving lives:** 81% of Urban population live in slums

Solution Features

- Amounts –Usd1,000 – Usd100,000
- Tenure – 3 to 72 months
- Interest rate- 1.97% monthly reducing balance.
- Repayment frequency- monthly.
- Grace period – one month.
- Collateral- Land, Personal Guarantees & Guarantors, Agency lending, Land Certificates and Chattels

KEY SEGMENTATION LEVERS DRIVING BUSINESS CASE

- a) Commercial Segment-Serves incremental housing, Greenfield
- b) Home Owners-Home improvement
- c) Upgrade-Semi Permanent, Brick & Mortar

- **The Edge**

- Pricing:** Considerably lower than other players
- Scalable:** differentiated and is applicable for various purposes including Housing for Schools
- Cash-flow Based-**Use of historical cash flows(Rent) hence easing assessment.
- Ticket Size:** Usd100,000 enables higher volumes(Units per borrower)
- Medium Tenure:** 72Months allows flexibility in repayments and increased affordability
- Unique Solutions-**Use of Agency Model lending in absence of tangible collateral.
- Housing Upgrading Approach-**Adoption of new building technology and financing semi permanent



- Ecosystem Based Lending** - Enables mass markets outreach