

Kajom
Capital

**Housing solution
for All**



Over the last 20 years, the Senegalese property market has experienced a high growth in demand and a limited capacity in supply



uncontrolled urbanization :

50% live in urban areas ;
Dakar (the capital) concentrates roughly
25% of the population

**Nonalignment of households
income and housing supply:**

An increasing gap between supply and
demand (**300,000 housings**, in 2016)
**50% of the households (in the Capital) are
tenants.**

Low-income population:

Only 20% of the housing available for
sale are **affordable for 50%** of the
population.

**Limited financing options for
property acquisition:**

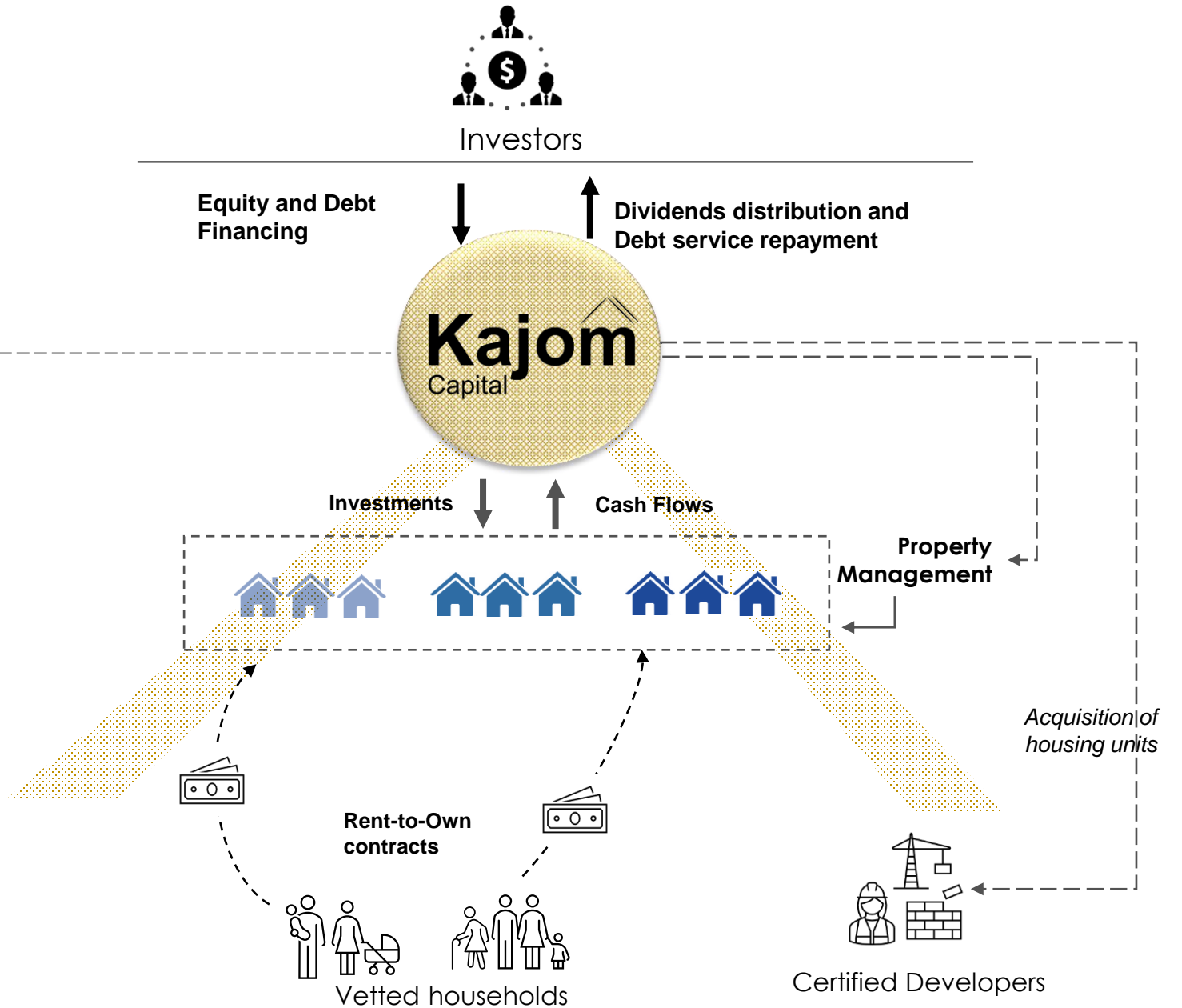
Personal savings or mortgages
Low rate of banking penetration (19%),
with expensive fees (8,69% interest rate)

In this context, the Senegalese Sovereign Wealth Fund – **FONSIS** – launched an investment vehicle – **Kajom Capital** – aiming to finance housing demand through an innovative rent-to-own scheme

Kajom Capital approach is based on allocating patient capital to financing home ownership

Operating model

1. Signing of Rent-to-Own contracts (RtO) with vetted households for pre-identified housing units;
2. Acquisition of housing units from certified developers;
3. Collection of monthly payments (rent and equity) over a fixed period (12 to 15 years);
4. Transfer of ownership to the tenant at the term of the RtO contract (or in case of early repayment).



Kajom Capital targets the middle class and households traditionally excluded by the financial sector



Based on proof of regular income, both formal and informal sector workers are eligible for Kajom Capital RtO contracts

The tenant exercises ownership option at the term of the RtO contract but premature termination of the contract is possible



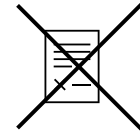
Transfert of contract

- The buyer decides to transfer the property to a new buyer of his choice
- Kajom Capital clearance is mandatory before the execution of such transaction



Early repayment

- The tenant can convert his rents into a mortgage to become homeowner earlier
- He can also use extra savings resulting from a surplus of income to exercise the ownership option



Breach of contract

- The tenant can decide to break the contract during the period of enjoyment of the dwelling for a reason of his own.
- Part of the accumulated equity is paid back to the tenant



Natural exit

- At the term of the RtO contract, the house ownership is transferred to the tenant without any additional fees

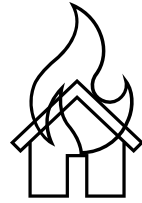
For the sustainability of the model, the main risks are mitigated with diversified instruments



Unsold houses

- ***Commercial risk is borne by the developers***

A housing unit is purchased simultaneously (or right after) with the signing of the RtO contract



Dwelling damages

- ***Developers' guarantees***

Guarantee covering issues related to the solidity of the structure and its key equipments

- ***homeowner's insurance***

Damages to the dwelling caused by the tenant are covered by homeowner's insurance



Tenant death

- ***Death insurance required from the Tenants***

- The death insurance will cover the outstanding payment;
- In event of total incapacity of the tenant, the heirs could take over the RtO contract if eligible



Unpaid rents

- ***Unpaid rents are deducted from the initial deposit***

- The deposit amount is equivalent to 12 monthly payments
- In case of eviction of the tenant, the following charges are deducted from the deposit:
 - ✓The reimbursement of the unpaid rents;
 - ✓The litigation costs;
 - ✓The refurbishment cost.

Kajom Capital is a profitable investment opportunity with a strong social and economic impacts



Households

- More flexible solution for home ownership
- Activation of a savings mechanism (*cf. accumulated equity to exercise purchase option*)



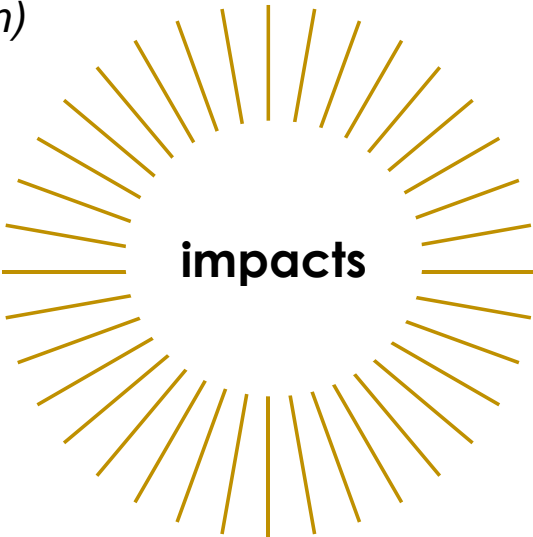
Developers & Builders

- Significantly shorten the tenure of bank loans raised to finance real-estate programs
- Reduction of commercial risk with the offtake guarantee provided by Kajom Capital



banks

- Opportunity to enlarge their mortgage client portfolio by financing tenants willing to convert the rent payments into mortgages
- Derisked financing opportunities with developers granted with an offtaker agreement by Kajom Capital



State and local authorities

- Reduction of the housing deficit
- Better efficiency in planning the urban development (*vs. uncontrolled urbanization*)
- Development of the local housing ecosystem (*industrialization of construction, development of SME subcontractors, etc.*)

Kajom Capital will raise USD 1.5 billion over the next 10 years

RtO contract length **12- 15 years**

Housing Mix **Apartments / Townhouses/
Single-family homes**

- Housing categories
- **Social** **40%**
 - **Economic** **20%**
 - **Medium standing** **40%**

Pilot phase

Target number of units **200**
Investment **USD 10 millions**

Scaling up phase

Target number of units **40 000**
Investment **USD 1.5 Billion**

Kajom Capital is looking for impact investors

Involved partners

Pilot phase (2023)

Project initiator (anchor partner)

- **FONSIS**



International Financial Institutions (key partners)

- **World bank**
- **IFC**



Government of Senegal

- **Ministry in charge of Housing**
- **Ministry of Finance**



Scaling up phase (2024 - 2033)



Private investors



Institutional investors

(SWF, Pension Funds, DFIs, MDB, ...)



Impact Investors

(Patient capital, Subsidized loans, Grants, ...)

Thank you for your attention



Any questions

contact@kajomcapital.org

With cc:

bgning@fonis.org

andione@fonis.org