

# USD5,000,000 DEBT FOR A HOME FINANCE COMPANY



## Overview

A home finance company operating in one of the vibrant and highly profitable sectors in Ghana is seeking funding to improve its operational and financial activities. The company is Licensed by BOG as a non-bank financial institution with a core business mandate of providing residential mortgages in Ghana. The firm focuses on product innovation, timely delivery of services and flexible financing options as it's cutting edge approach.

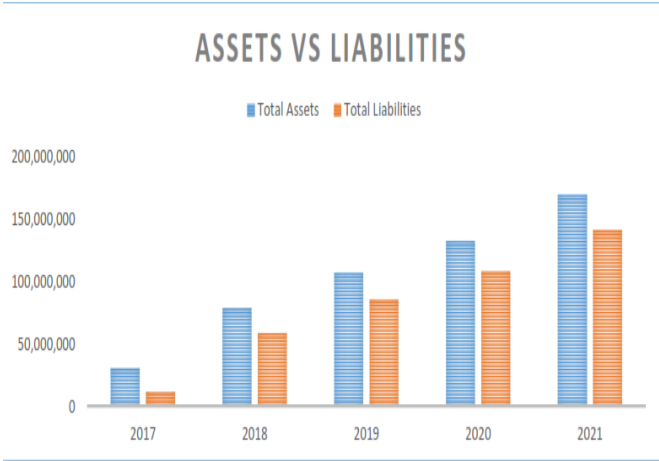
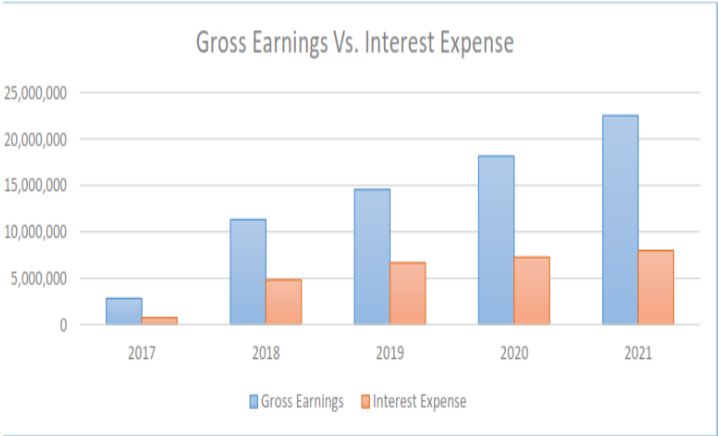
## Industry Analysis

Globally, the construction industry is estimated by Fitch to be worth \$13bn by 2024. Ghana's mortgage industry is significantly underdeveloped even though it has great potential for growth. Data from the Central Bank suggest that contribution of the real estate sector, of which construction is a subsector was 5.7% to GDP in 2012, and increased significantly to 12.7% in 2014. This growth was not sustained as the industry's contribution to GDP slowed to 11.3% in 2016 while growth in the construction subsector declined by 3.5% over the same period. With urbanization rate of 3.51 percent, demand for affordable housing will remain strong, both for rental and purchase. Dominant players like Ghana home loans and Home Finance Company have now resorted to the Universal banking business, leaving the mortgage finance sector sluggish.

## Rationale

- ❖ Ghana has an estimated population of 28million increasing at a growth rate of 2% yearly.
- ❖ A current housing deficit of 1.7 million housing units, projected to reach 1.9million by 2019
- ❖ Required delivery of 200,000 units per annum to close the housing gap.
- ❖ Current delivery rate of 50,000 units per annum
- ❖ Number of households estimated at 5.4million
- ❖ Most households still finance their housing independently with savings or non-mortgage credit.
- ❖ Only one major mortgagee (formerly GHL), now a universal bank

## Financial Projections



## Deal Summary

Facility Type	Debt
Amount	USD5,000,000
Reference Rate	Libor Rate
Indicative Margin	400- 500bps
Target Rate	6-8%
Use of Funds	<ul style="list-style-type: none"><li>• Expansion of operations</li><li>• Finance mortgages</li><li>• Working Capital expense</li></ul>

# USD 5,000,000 DEBT PROGRAM

## Overview

Rum Mortgage Finance plc (Rum) is a licensed non-bank finance institution with focus on Mortgage Financing. Incorporated in XXXX to provide residential financing for both individuals and developers and is regulated by the Bank of Ghana.

Rum also finances the purchase of residential properties, home improvement, home equity as well as the financing of projects. The mortgage lender is a subsidiary of one of the largest Mortgage Financing firms in Africa.

## Industry Analysis

According to Fitch, the global construction industry is estimated by to be worth \$13bn by 2024. Ghana's mortgage industry has great potential for growth due to the growing income levels of the middle income earners.

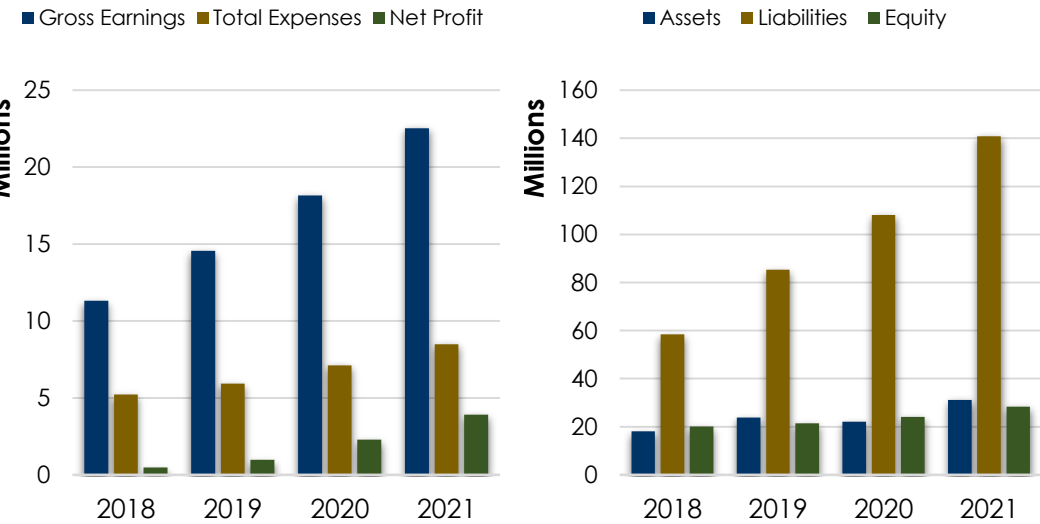
Data from the Central Bank of Ghana suggest that the real estate sector in 2012 recorded a 5.7% contribution to GDP. This increased significantly to 12.7% in 2014. However, this growth was not sustained as the industry's contribution to GDP slowed to 11.3% in 2016 while growth in the construction subsector declined by 3.5% over the same period largely attributed to the energy crisis which had a contagion effect on the broader economy at large.

With urbanization rate of 3.51%, demand for affordable housing remains strong for both rental and purchase. Dominant players like Ghana home loans and Home Finance Company (now Republic Bank Ghana) have now resorted to the Universal Banking business, leaving the mortgage finance sector sluggish.







## Rationale

- Ghana has an estimated population of 28million increasing at a yearly growth rate of 2%.
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## Financial Projections



## Deal Summary

 <div>Facility Type DEBT</div>	 <div>Amount USD 5,000,000</div>	 <div>Reference Rate LIBOR RATE</div>
 <div>Indicative Margin 400 – 500 bps</div>	 <div>Target Rate 6 – 8%</div>	 <div>Use of Funds EOO   MF   WC</div>