

SECTION I: NON-CONFIDENTIAL PROJECT INFORMATION

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| Host Countries: | South Africa, Ghana, Botswana, Mauritius, Namibia |
| Name of Borrower(s): | International Housing Solutions Fund II (“IHS II” or the “Fund”), one or more Cayman and South African limited partnerships. |
| Sponsor: | International Housing Solutions S.a.r.l.. (“IHS” or the “Sponsor”), a limited company organized and existing under the laws of Luxembourg. |
| Project Description: | The Fund will invest equity in affordable housing developments in Sub-Saharan Africa. |
| Total Fund Capitalization: | The Fund will have a total capitalization target of R3.0 billion, or approximately \$300 million including the amount of the proposed OPIC loan. |
| Proposed OPIC Loan: | OPIC loan guaranty of up to \$80 million in principal plus accrued and accreted interest thereon, with the OPIC loan amount accounting for no more than 1/3 of Total Fund Capitalization. |
| Term of Fund: | Ten years, with the possibility of two one-year extensions, subject to limited partner approval. |
| Selection Process: | <p>The Fund represents the second fund for International Housing Solutions.</p> <p>IHS’ first fund, South Africa Workforce Housing Fund (“SAWHF”), was selected as part of the 2006 Global Call for Proposals for Affordable Housing (the “Housing Call”). In 2007, OPIC approved and subsequently committed \$100 million to this fund.</p> <p>In November 2012, IHS requested OPIC support for its second South African affordable housing fund (with some flexibility to expand into key Sub-Saharan markets) through the Investment Fund Department’s follow-on process (the “Follow-On Process”). According to the department’s policies and procedures, a call process is not necessary for follow-on funds that it deems within the scope of the asset allocation plan and</p> |

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| | <p>the Agency’s priorities. Rather, the Investment Funds team must retain the services of an independent private equity investment advisor, or gatekeeper, to evaluate the fund’s proposal.</p> <p>OPIC’s gatekeeper advisor, Pension Consulting Alliance (“PCA”), who evaluated SAWHF during the Housing Call, was used again per the Follow-On Process to evaluate the IHS II proposal. An Evaluation Committee was convened in December 2012 to discuss and evaluate the proposal. At that time, the proposal was put on hold pending further progress with IHS’ first fund. The same Evaluation Committee was reconvened in December 2013 at which time it recommended support for the project, pending satisfactory due diligence results. Due diligence was completed with satisfactory results in February 2014.</p> |
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Policy Review

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| <p>Developmental Effects:</p> | <p>The Fund is expected to have a positive developmental impact on the sub-Saharan Africa region by helping to alleviate the shortage of affordable housing in South Africa and other African countries. As a result of rapid economic growth, urbanization, and household formation, the demand for affordable housing in the region far outstrips supply. The increasing availability of mortgage finance has also released pent-up demand in the market. The Fund’s investments are expected to help mitigate this affordable housing shortage, which has been estimated at 2.1 million units in South Africa alone. In addition to transferring the use of international standards to the region, the Fund will help facilitate knowledge transfer of green building techniques, architecture, cost consultancy, and other professional skills. The Fund will also have a positive impact by creating local construction jobs and procuring building materials from local suppliers. The Fund plans to follow strong reporting standards, including a bi-annual Social Impact Report that tracks the impact and performance of all closed transactions. Each of the Fund’s OPIC-supported investments will be evaluated separately for their potential development impacts.</p> |
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| <p>Environment and Social:</p> | <p>The capitalization of a fund is screened as a Category D activity for the purposes of environmental and social assessment. Although no further assessment is warranted at this stage in the transaction, each of the Fund’s OPIC-supported investments will be screened at and subject to the full scope of OPIC’s environmental and social assessment process, including public</p> |
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| | <p>disclosure within the host country of Environmental Impact Assessments for Category A projects, conditionality and monitoring, as is warranted by the nature and scope of the downstream investments.</p> <p>Under OPIC’s environmental and social policies, the Fund will be required to maintain a Social and Environmental Management System (SEMS) which will assess the environmental and social impact of their own operations as well as the operations of their downstream investments, and include the environmental and social objectives and principles that will be used to guide the Fund and downstream investments to implement measures that will eliminate risks, ameliorate damage, and enhance positive effects.</p> |
| U.S. Economic Impact: | Each of the Fund’s OPIC-supported investments will be evaluated separately for their impact on the U.S. economy. |
| Worker Rights: | Each of the Fund’s OPIC-supported investments will be evaluated separately with regard to specifics of operation and compliance with OPIC Worker Rights and human rights approval criteria. Standard and supplemental Worker Rights language will be applied to each OPIC-supported investment, as appropriate. |
| Human Rights: | OPIC issued a human rights clearance for this Fund on April 15, 2014. |