

A HOME FOR HUMAN POTENTIAL

CORPORATE
STRATEGY

2020-2025



A HOME
FOR
HUMAN
POTENTIAL



A HOME FOR HUMAN POTENTIAL

**PUTTING
A ROOF OVER
THE HEAD OF
HUMANITY.
IT'S AN
AUDACIOUS
GOAL...**

BUT IT'S NOT AN IMPOSSIBLE ONE

WELCOME



Reall is an investor and innovator in affordable housing in Africa and Asia. We develop, refine and share housing models that unlock the political will, capital investment and end-user finance needed to create the conditions for hardworking families to secure their own homes.

We do this because of the scale of the challenge. Globally there are 1.2 billion people without somewhere decent to call home. Urbanisation has reached the rate of 1.5 million a week, effectively adding a city the size of Sydney to the world's population each month. 90% of the urban growth this decade will happen in Africa and Asia.

These numbers are huge, but Reall has a commercially and environmentally viable solution that realises a return on investment allowing funds to be recycled and either revolved at the country level or reinvested across the portfolio. Reall pioneers the \$10K house and has proved we can profitably build houses, with land, water, sanitation and energy at this price point. Urban affordable housing is a \$17 trillion untapped market which can work for people living on low incomes in emerging markets across Asia and Africa. We're crowding in governments, the private sector and developers to take this solution to scale.

Our ambitious and innovative strategy of Build & Broker, which you will read about here, looks to the next five years and the future we want to create. For Build, it provides the vision, the tools and the partners to prove that homes can be delivered for those in the bottom 40% of the income pyramid – making housing truly affordable for those who need it most.

For Broker, we can fundamentally transform markets by engaging others, drawing on evidence, and making strategic interventions to enable 10 million people on low incomes to have access to an

CORPORATE STRATEGY

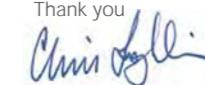
affordable home. This strategy will ensure we are ready to deliver our SDG-aligned mission by 2030.

Today, the relationship between housing and health has never been more acute. Covid-19 has highlighted that decent, sanitary and affordable homes with running water, clean energy and enough space is a frontline defence against the health and economic impacts of pandemics. The need for affordable housing solutions at scale is more urgent than ever to build resilient cities with residents able to withstand future shocks and to kick start economic recovery.

Reall and our partners across the portfolio must fast track the creativity, knowhow, technology, and financial resources to bring about innovative solutions to demonstrate that one of the world's most pressing challenges is also a huge opportunity.

Building a home for human potential isn't just the right thing to do, it's the smart thing to do. As the CEO of a major infrastructure company, Pennon Group, I can see that Reall has the pioneering ambition, tenacity and track record needed to transform markets for families on low incomes.

I am excited by this mission. Whether you are an investor, policy maker, community leader, donor, influencer, or developer we would love to hear from you. Together we can deliver a solution of shared prosperity and a decent home to improve the life chances of 100 million people by 2030.

Thank you

Chris Loughlin
Chair.



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INTRODUCTION

Putting a roof over the head of humanity is an audacious goal. But it's not an impossible one.

We know that when we create vibrant communities people want to live in, growing markets that businesses want to operate in, and profitable platforms investors want to invest in, we also help create a more secure and just world for us all.

For families living on a low income who gain access to decent and affordable housing, home ownership is a significant asset, a force for stability and a proven fundamental component in alleviating poverty. Secure tenure or rental ensures legitimate space in the formal urban area, that can be harnessed to find work, engage in self-employment, and improve education levels.

Secure housing contributes to wellbeing - physical and mental - creating a sense of safety, control and freedom, which in turn ensures better labour market participation. Safe and secure homes improves self-esteem, and help to make long-term planning possible.

**THE AFFORDABLE HOMES GAP
IN AFRICA IS APPROXIMATELY
50 MILLION;
IN SOUTH ASIA IT IS 70 MILLION.
FOR EVERY \$1 INVESTED, FUNDS
CAN STIMULATE AT LEAST \$2.50
OF ECONOMIC OUTPUT THAT
COULD HELP LIBERATE A
\$17 TRILLION UNCROWDED MARKET,
RIPE FOR DISRUPTION**



AN UNCROWDED \$17 TRILLION MARKET

INTRODUCTION

**REALL WORKS
WITH AND INVESTS
IN PARTNERS,
CONTRACTORS,
GOVERNMENTS, AND
FINANCE INSTITUTIONS
TO MAKE THE
AFFORDABLE HOUSING
MARKET ACCESSIBLE
TO THE POOREST
40% IN OUR TARGET
LOCATIONS ACROSS
AFRICA AND ASIA**

In Africa the affordable homes gap is approximately 50 million; in South Asia it is 70 million. For every \$1 invested, funds can stimulate at least \$2.50 of economic output that could help liberate a **\$17 trillion** uncrowded market, ripe for disruption.

Rapid urbanisation is set to accelerate global crises: including health pandemics, worsening climate, compounding failures of urban planning, and increasing social and financial inequality.

Affordable housing has the potential to create solutions to some of the mega trends and global challenges of urbanisation, including dynamic populations (growth and migration), trans-border mega-cities, technology and artificial intelligence, climate change, global migration, and increasing polarisation and insecurity within cities.

For too long, housing has been a secondary component to infrastructure. At Reall, we believe the two are intrinsically interconnected, and we support the position of the UK Government in its outcome of the 2019 Infrastructure Commission.

"To deliver thriving cities, metro mayors and other city leaders should develop integrated strategies for transport, employment and housing. Housing and infrastructure should be planned together: new housing requires new infrastructure. These integrated strategies should be backed up by stable, substantial, devolved funding. And for the cities that face the most severe capacity constraints, and with the most potential for growth, there should be additional funding to support major upgrade programmes, which would be agreed between the cities and central government."

(UK Govt Response and Infrastructure Strategy, 2020)



IMPROVES THE LIFE CHANCES OF 100 MILLION PEOPLE

PROVING THE COMMERCIAL AND ENVIRONMENTAL VIABILITY

Reall's goal is to build an affordable homes movement that improves the life chances of 100 million people in urban Africa and Asia by 2030.

This strategy lays the foundations for the following five years impacting 10 million people and to reach our goal by 2030, impacting the life chances of a 100 million people. This ambitious target will help to move the need of affordable housing up the global agenda and influence broader change, as urbanisation and the housing deficit increases across Africa and Asia.

Born out of the UK housing sector in 1989, in response to the United Nations International Year of Shelter aimed at improving housing for the poor, Reall crowds in the private sector, and delivers economic and social development outcomes through a commercially viable **\$10k** home. We offer solutions to make urbanisation work for the poorest 40% across emerging markets in Africa and Asia.

And Reall is poised to scale up.

Build & Broker by 2025:

Build: a building programme that demonstrates the commercial and environmental viability of affordable housing and connecting with the private sector, governments and developers to take it to scale, including pioneering the **\$10K** house.

Broker: a market transformation programme, brokering strategic interventions that transforms markets in the bottom 40%, enabling 10 million people to have an affordable home.



URBAN SOLUTIONS FOR THE POOREST 40%

AFFORDABLE HOMES

THE \$10K HOME

We are an innovator and investor in affordable homes.

We develop, refine and share innovative housing models that unlock the political will, capital investment and end-user finance needed to create the conditions for the bottom 40% to secure their own homes.

Affordable homes are a fundamental human right that unlock unimaginable human potential to shape a future of gender parity, climate resilience, clean air, renewable energy and socio-economic justice - affordable housing is the doorway to realising **16 out of the 17 Sustainable Development Goals (SDGs)**.

The **\$10k** house is not just a concept - it is a reality that enables the release of human potential, and an enabler in reducing poverty. In 2019, the Centre for Affordable Housing Finance (CAHF) confirmed that Reall's Nigerian partner Millard Fuller Foundation sold the most affordable private homes in Africa in 2019, at \$8,040 each. The **\$10k** house is appropriate for the bottom 40% without compromising on sustainability or quality.

Through its business model Reall realises a return on investment through loans, equity, guarantees and grants allowing funds to be revolved at a country level or recycled and reinvested across the portfolio into new projects.

In total, over 3.5 million people on a low-income have been reached through Reall-supported initiatives since 1989.

- 300,000 people gained new homes
- 72,000 people upgraded their homes
- 350,000 people accessed land with secure tenure on which to build their own homes
- 450,000+ people benefited from improved water provision
- 1.1m+ people benefited from improved sanitation

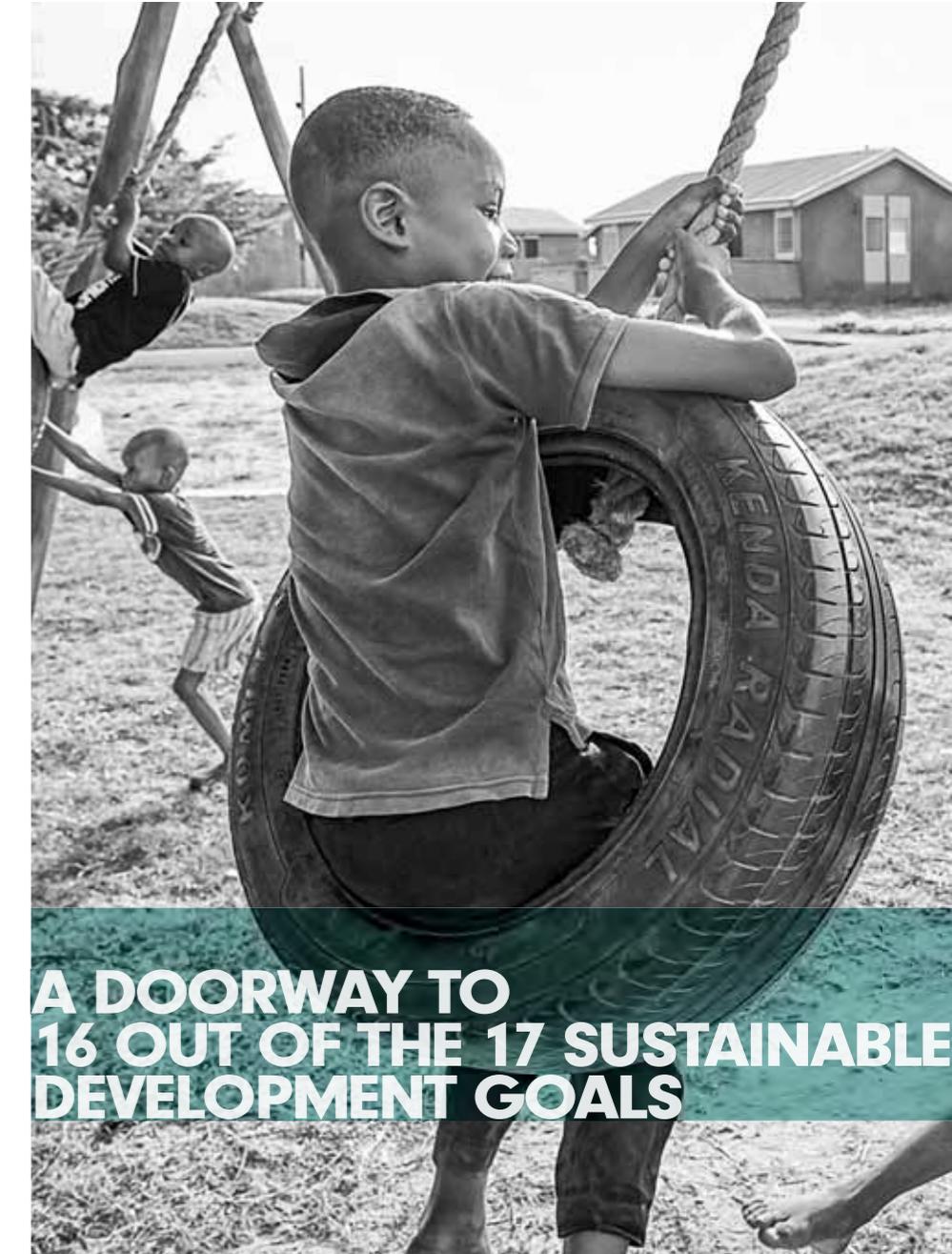
Since 2009, with the support of Swedish and British government agencies Sida and FCDO (formerly DFID), Reall has delivered over 12,000 homes with clean water and toilets, and created an estimated 200,000 jobs through construction supply chains and related services.

As well as these tangible deliverables, there have been significant successes in influencing policy and securing government support, driving change in outdated regulations, and engaging the banking sector around end-user financing.

Partnership is at the heart of the way Reall works. We have partners across Africa and Asia, including small and medium enterprises, large private sector contractors, central and local governments, research bodies, academics, think tanks, tech companies, civil society and multi-lateral organisations. When it's relevant, we also connect UK expertise with local and national partners to strengthen capacity and increase learning.

"As global populations and urban economies expand, managing cities and providing opportunities for all citizens is essential to national prosperity, international progress, and stability."

(Cities Alliance)



A DOORWAY TO 16 OUT OF THE 17 SUSTAINABLE DEVELOPMENT GOALS

BUILD AND BROKER

REALL'S GOAL IS TO BUILD AN AFFORDABLE HOMES MOVEMENT THAT IMPROVES THE LIFE CHANCES OF 100 MILLION PEOPLE IN URBAN AFRICA AND ASIA BY 2030

Reall will work to deliver our two key ambitions by 2025:

BUILD

A building programme that demonstrates the commercial and environmental viability of affordable housing and connecting with the private sector, governments and developers to take it to scale, including pioneering the \$10K house.

BROKER

A market transformation programme, brokering strategic interventions that transforms markets in the bottom 40%, enabling 10 million people to have an affordable home.

We know we will have been successful when:

The housing value chain in our priority countries is demonstrably more targeted towards delivering affordable homes for the bottom 40%.

We have proven the concept, and the commercial and environmental viability of \$10k homes, and we have evidence that others are replicating the concept of affordable housing.

We have financed the delivery of 20,000 affordable homes for the bottom 40%.

These homes are enabling the creation of 100,000 jobs.

This five-year corporate strategy will lay the groundwork to build a movement for the growth required to achieve our goal by 2030.



REALL'S APPROACH



Housing is Reall's entry point. Our goal is to improve the life chances for 100 million people, by addressing social and economic justice. Having a safe and secure home - owned or rented - is a key foundation for delivering that change.

New Opportunities

Vulnerable people are currently bypassed by the urban eco-system. Reall will deliver new opportunities, creating investment and support including second- and third-tier cities - where some of the challenges of rapid urbanisation are not yet locked in, and sustainable solutions can be optimised from the outset.

Evidence-Based Approach

Context analysis and research for each country is critical to determine an optimal brokering strategy, identify design features in building, and target audiences for policy/practice change. Reall also commits to research and learning about the impact of affordable homes for the poorest 40%, and using this evidence to advocate for its importance in social/economic progress.

Climate Smart

Globally, building operations account for 28% of carbon emissions, making construction and buildings one of the largest climate change contributors. Reall commits to sustainable solutions and resilient cities in construction and building development across the supply chain. Through partnerships, we will incorporate technology

across our portfolio to pursue carbon-neutral housing options and demonstrate sustainability across our operations.

Working Across the Housing Value Chain

In the majority of emerging markets, households cannot afford a mortgage loan to purchase even the least expensive commercially-built home. Formal rental markets are poorly developed, often reliant on their own house building. Government has an important function, but new market-based approaches to affordable housing are essential to reach the massive scale commensurate with demand.

To design products and assess markets accurately, housing developers and investors must examine low-income housing from the perspective of an entire value chain. Creating value - and markets - in affordable housing requires not just lowering the costs at each step, but more importantly to innovate and join products and services together into new business models addressing larger segments of the problem. Reall's approach for each country is designed based on evidence around what works to unblock the housing value chain in every local context.



BUILD AND BROKER

IMPACT AREAS

The eco system of affordable housing is huge and complex.

Reall has identified three impact areas to concentrate on for the next five years as we Build & Broker, to ensure the wider benefits of affordable homes can be realised for the bottom 40%:

1. Economic Development
2. Inclusive Services
3. Climate and Energy

There are additional income-generation opportunities in the affordable home market. We use a range of techniques including catalytic subsidies to stimulate actions which enable the bottom 40% to benefit across our three impact areas.

Partnership: Sector Capacity and Learning

Reall will engage with a broad network of partners and collaborators, strengthening our collective voice and impact to build an affordable-homes movement that improves the life chances of 100 million people. We will provide training and support to implementing partners when needed, sharing our research and data to improve global knowledge management, and we will convene, support and participate in exchange events, to contribute to learning across this critical sector.

Reall is continually seeking to understand and evidence where the \$10k home has worked, and where there are blockages.

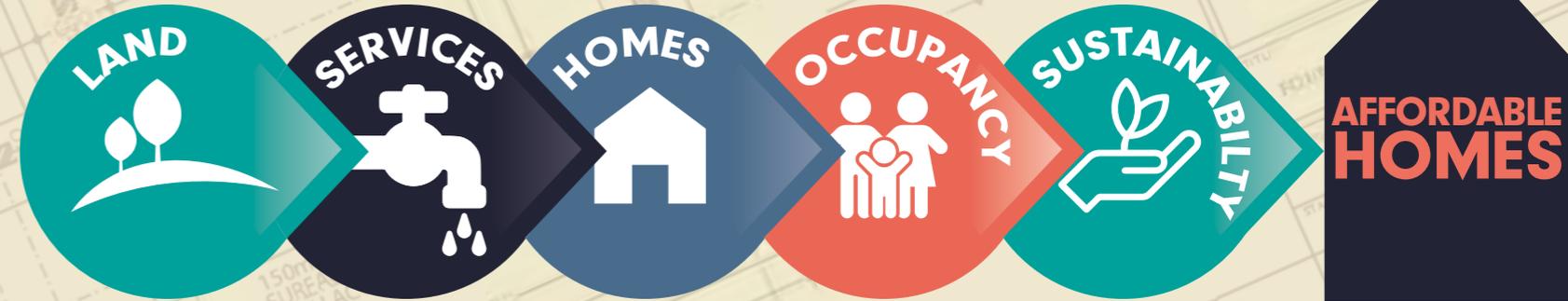
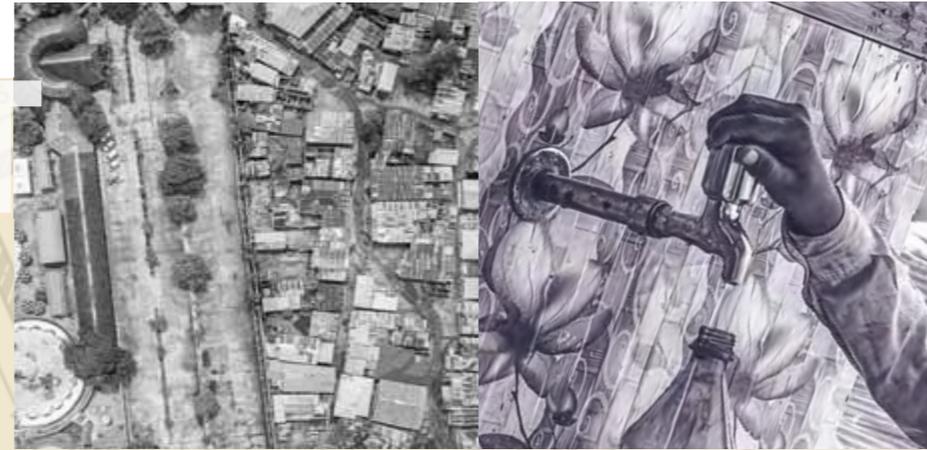
We are committed to always focus on the bottom 40% wherever we work, and demonstrate - with evidence - the commercial and environmental viability of all affordable housing developments.

IMPACT

1. ECONOMIC DEVELOPMENT

2. INCLUSIVE SERVICES

3. CLIMATE AND ENERGY



AMBITION #1

BUILD

Demonstrate the commercial and environmental viability of affordable housing and connecting with the private sector, governments and developers to take it to scale, including pioneering the \$10K house.

Affordable housing is a gateway to significant economic and social development benefiting families, communities, businesses, cities and the state. Affordable housing provides jobs, profits, increases in tax revenue and security for the family and community. It enables authorities to plan and deliver safe and inclusive services.

Land is fundamental to development, growth and housing delivery in any society. It is a crucial element in the property development process, and its acquisition is vital to achieving efficient and sustainable housing delivery in urban environments. Access to land for housing development in urban areas is problematic in many low-income countries, forcing many urban residents to live in slums and informal settlements. Reall will partner with organisations to help unblock access and tenure to land, to support affordable housing development.

- A Reall house is a complete unit which provides water, sanitation, energy and security; it's resilient to climatic shock, with land tenure ensured
- Must have appropriate design and build quality, providing a trans-generational asset against which banks can mortgage
- Has mortgage terms accessible for the bottom 40%, including realistic rates pegged to local currency over appropriate duration, stimulating the affordable housing market

Reall commits to promote the **\$10k** house and prove commercial and environmental viability across the portfolio, without compromising on sustainability. We aim to build enough homes to prove the concept of an affordable home in each of our priority countries.

Our **BUILD** ambition is to provide the evidence we need to deliver our **BROKER** ambition - to transform the market for affordable homes, so that we can deliver systemic change for millions of people.

**SYSTEMIC
CHANGE
FOR MILLIONS
OF PEOPLE**



AMBITION #1 - BUILD

Over the next five years, we will prove that commercially and environmentally viable affordable owned or rented homes can be delivered for the bottom 40%, and pioneer the \$10K house. We will do this by:

1. Creating and supporting a network of commercially sustainable partners in our priority countries capable of delivering projects for affordable housing for the bottom 40%.
2. Investing in commercially viable projects to build 20,000 homes targeted at the bottom 40%, and facilitating access to end-user finance
3. Demonstrating the commercial and environmental viability of the \$10k home, ensuring a significant number of homes cost \$10k or less in each of our target markets.
4. Ensuring robust procedures in assuring financial risk management, due diligence, and meeting the highest international standards of stewardship across all Build investments.
5. Generating and sharing evidence to market the commercial and environmental viability of Reall's affordable home projects targeted at the bottom 40%, crowding in others to replicate and use our proof of concept.
6. Developing housing designed to ensure access for people living with disability.

In five years' time we will know we have been successful because:

1. Reall has a strong pipeline with credible partners delivering affordable homes across our portfolio, with 20,000 built by the end of 2025. These homes will also:
 - a) All have access to energy and WASH facilities within the home.
 - b) All have secure tenure.
 - c) Include 10,000 EDGE* - certified homes with low carbon solutions.
 - d) Be a mixture of owned trans-generational assets and rental solutions.
 - e) Enable the creation of 100,000 jobs over the same period.

2. Reall has successfully demonstrated, documented and published evidence of the commercial and environmental viability of affordable housing for the bottom 40%, including the \$10k home, realising a return on investment and allowing funds to be recycled for further impact.
 - a) Reall has brokered end-user finance from financial institutions across our priority countries to provide mortgages for affordable homes, including the \$10k home.
 - b) Reall has a demonstrable and steady income from the return on investment of recycled funding for new investment.
 - c) Reall has demonstrated and documented stewardship of all Build activities through proper use of rigorous systems to follow relevant international building standards, due diligence of partner/client engagement, and sound risk management across our portfolio.
 - d) Reall has engaged with expert partners to consult, input on and assess our building work from an inclusion perspective, including gender and disability. These recommendations have been applied across 100% of projects by 2025. Where possible, all numbers tracked will be disaggregated by gender, age, ethnicity, religion and disability.

Reall commits to then continue the trajectory of this success into the following five years, to realise both our Build Goal and see our Broker Goal achieve significant Market Transformation across our priority countries by 2030.

* EDGE, an innovation of International Finance Corporation (IFC), is a green building certification system focused on making new residential and commercial buildings more resource-efficient

BROKER



Brokering strategic interventions that transforms markets in the bottom 40%, enabling 10 million people to have an affordable home.

The affordable homes market has the potential to be a productive and profitable sector. Our mission is to demonstrate its commercial and environmental viability with a reliable return on investment in each of our target countries.

Affordable housing in Africa and Asia is constrained by a lack of equity and finance for developers to fund construction / housing development, especially for small and medium-size property developers. The small established class of developers that can deliver low-income housing at scale must deepen and expand. Banks will not provide financing to developers without risk capital. Promoting alternative sources of finance for developers is crucial.

This requires demonstrating the commercial and environmental viability of developing quality housing at a lower price point before new investors will enter the market.

We will work with the private sector to re-direct capital engaging banks to access new clients with fresh financial products. We will work with governments, local authorities and key decision makers to reform regulation, policy and practice.

Our BROKER ambition is to transform the market and change urban dynamics, addressing all components of the housing value chain to bring social and economic benefits to people in the bottom 40% in our target countries.

AMBITION #2

AMBITION #2

Over the next five years, we will change the narrative on social and economic development for 10 million people in the bottom 40% through increased access to an affordable home by 2025. We will do this by:

1. Investing in our capacity to design and deliver effective national, regional and international strategies aimed at unblocking systemic barriers (including barriers related to gender and disability access) in each market, ensuring value for money and strong financial risk management.
2. Crowding new investors, developers, technology innovators, international agencies and financiers into the affordable housing space, for example by:
 - a) Creating new partnerships with key financing institutions in the local markets to unblock end-user financing issues.
 - b) Fostering strategic relationships with key national and local authorities and other organisations (trade unions, utility companies and developers) to address policy and practice on affordable homes.
 - c) Convening and supporting public-private partnerships to take joint action and advocacy.
3. Exploring innovative finance products (such as guarantees; sovereign guarantees) and encouraging/negotiating with finance partners to adopt them.
4. Researching, documenting and sharing the key challenges, solutions and positive stories for affordable homes in each local market. We will use this evidence to promote and advocate for government, housing and finance institutions to adopt pro-affordable homes policies and practices.
5. Demonstrating an investible pipeline to investors who want a local 5-8% return.

In five years' time we will know we have been successful because:

- a) The housing value chain in our priority countries is demonstrably more inclusive and targeted towards delivering affordable homes for the bottom 40%, including opportunities for ownership and rental.
- b) 1.2 million previously excluded households have the potential to access end-user finance for (non-Reall funded) housing, benefiting 6 million people from the bottom 40%.
- c) The national and/or local authorities in each Reall priority country will have taken key steps to realise effective policy, budgets and practice for quality affordable homes delivery, benefiting people in the bottom 40%.
- d) Each Reall priority country (at national or sub-regional level) has understood the need for a climate conscious affordable homes policy and evidence delivery.
- e) Reall has demonstrated the sustainability and continued impact of providing WASH and energy solutions in the home.
- f) Reall has demonstrated and documented our proper stewardship of all Broker activities through proper use of rigorous systems to provide evidence of full project life cycle results and implications, through independent verification and review.

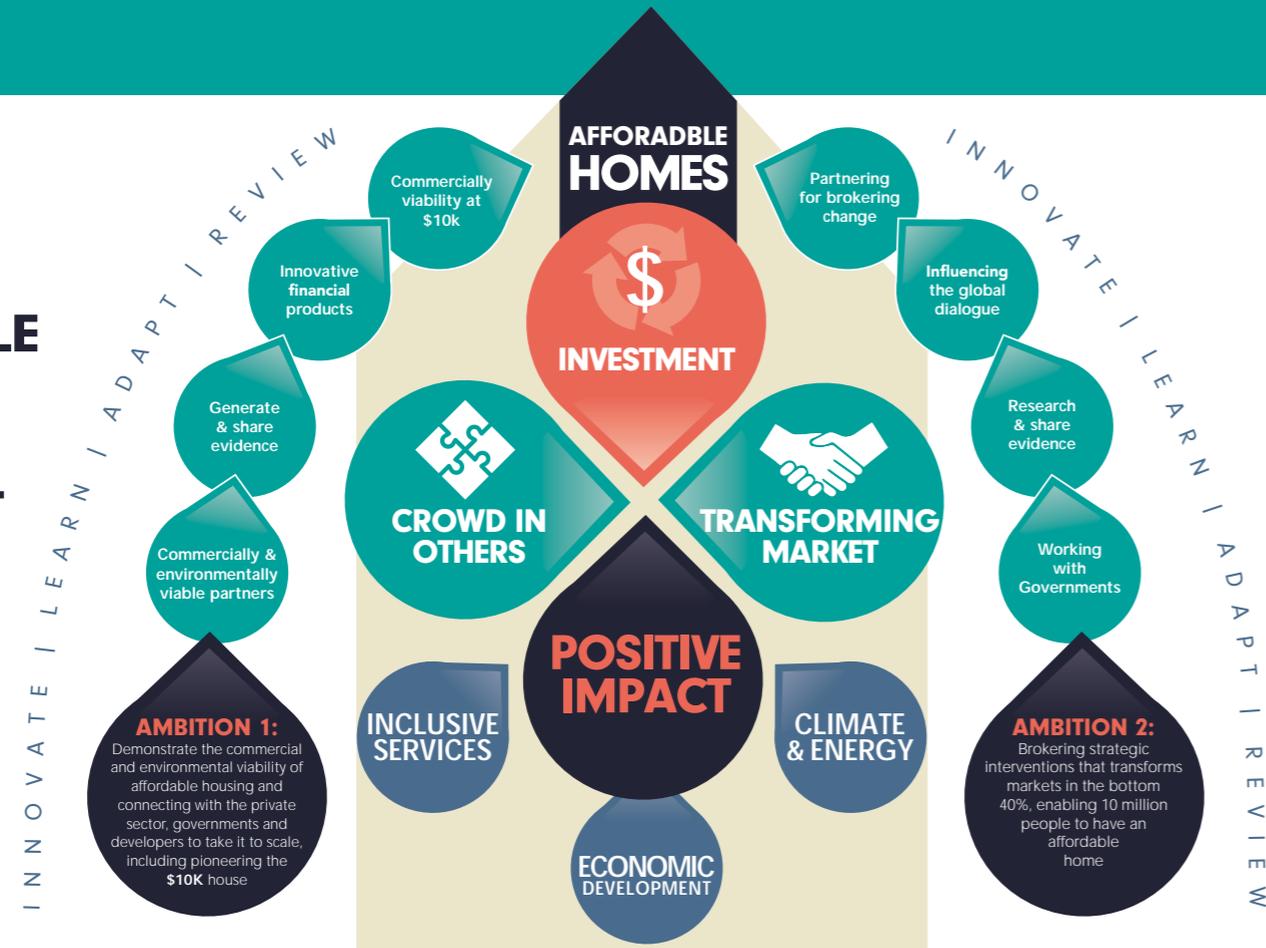
We will create spaces and platforms for brokering where needed, and will prioritise complementing existing structures and the work of others to deliver policy and practice change at the macro level.

Reall recognises that brokering for change can take time. The first five years of this strategy will be foundational to take us to 2030, and the realisation of building an affordable homes movement that improves the life chances of 100 million people in urban Africa and Asia.



OPERATIONAL MODEL

BUILDING AN AFFORDABLE HOMES MOVEMENT



IMPROVE THE LIFE CHANCES OF **10M** PEOPLE BY 2025, AND **100M** BY 2030

THEORY OF CHANGE

REAL WORKS ACROSS AFRICA AND ASIA IN THE CONTEXT OF:

- UNSUSTAINABLE CITIES
- RAPID URBANISATION
- LIMITED DECENT HOUSING STOCK AVAILABLE
- PEOPLE AND COMMUNITIES HAVE LIMITED RESOURCES DUE TO INTENSE SOCIO-ECONOMIC PRESSURES
- LACK OF RESILIENCE AGAINST CLIMATIC SHOCKS



INVESTMENT READY

**BY 2025,
WE AIM TO HAVE
25% OF OUR BUILD
STRATEGIC AMBITION
FUNDING SOURCED
FROM PRIVATE
INVESTORS**

With 30 years' experience across emerging markets in Africa and Asia and the management of an existing investment portfolio of \$50 million, we are investment ready.

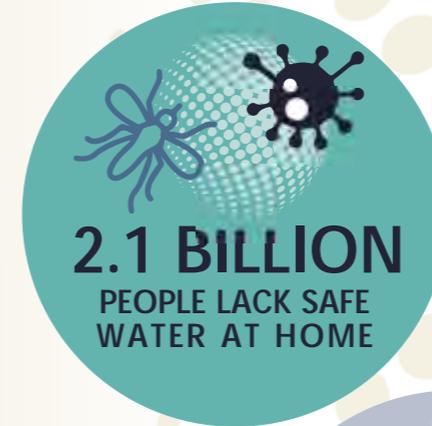
In order to deliver our strategic ambitions, Reall is poised to scale. With a credible track record, we have helped create over 200,000 jobs. There are benefits for investors, developers, and hard-working families with an inter-generational asset that breaks the poverty cycle.

By 2025, we aim to have 25% of our **BUILD** Strategic Ambition funding sourced from private investors and the management of an existing investment portfolio of \$50 million.

This means that we will strengthen and continue to:

- Position all our investments to build up a strong track record for a risk-adjusted return on investment
- Support our partners to deliver affordable homes at scale, on time, on budget with credible exit strategies to ensure rapid sales
- Use our existing portfolio to generate additional investable funds in commercially viable affordable homes projects
- Make the case for affordable homes as a profitable investment option for local and foreign investors
- Use sub-commercial funding to support subsidies for home improvements, invest in climate innovations, deliver capacity development of smaller/start-up partners to strengthen the Affordable Housing sector, and scale up our research and Monitoring & Evaluation efforts

GLOBAL **IMPACT** PRIORITIES



UNLOCKING SUSTAINABLE WATER, SANITATION AND SERVICES THROUGH AFFORDABLE HOUSING

GLOBAL IMPACT PRIORITIES

FACILITATING AFFORDABLE HOMES IN TANDEM WITH WATER AND SANITATION SERVICES IMPROVES THE LIVES OF PEOPLE ON LOW INCOMES IN A WAY THAT IS FINANCIALLY SUSTAINABLE

Globally, **2.1 billion** people lack safe water at home, and 2.3 billion people lack any basic sanitation services - so unlocking fully serviced affordable housing at scale will improve health in a way that is commercially viable and financially sustainable.

Due to urban growth in Sub-Saharan Africa, the proportion of urban residents with piped water has actually declined over the last 30 years, and in low-income countries generally, revenues recovered from users of improved **WASH** services are often insufficient to meet running costs, resulting in disrepair. As global urbanisation accelerates, and if urban environments grow in unplanned and unmanaged ways, it will become more challenging and expensive to install viable **WASH** systems for low-income groups.

What Makes This Sustainable?

Investing in household **WASH** services has huge impacts for people on low incomes:

- physical and mental health benefits
- liberation from water collection duties
- improved educational attainment
- increased safety for women and girls

The linkage of urban water and sanitation with affordable housing and sustainable communities can relieve these urban pressures and provide forward-looking holistic solutions.



HOUSING & SERVICES

Reall advocates for the inclusion of **WASH** and other essential services and access to infrastructure in national affordable housing plans and policies. All Reall supported affordable homes are built to a high professional standard, accompanied by secure tenure and accessible housing finance. All housing is equipped with a full set of basic services including water and sanitation, electricity, waste collection and access to infrastructure.

IMPACT

GLOBAL IMPACT PRIORITIES

WOMEN & GIRLS

Reall advocates for WASH and services (realised through affordable housing) as an engine for the social and economic development of women and girls.

Women and girls particularly benefit from the provision of household WASH services. An in-home clean water supply liberates women from the burden of water collection, improving their health, freeing up time to engage in income generation, and reducing risks of violence and assault. Fully serviced housing enables girls to perform better at school by improving their health, reducing domestic care and water collection duties, and providing a private space to manage their periods.

FINANCIALLY SUSTAINABLE WASH

Reall proves and publicises the commercial and environmental viability of investing in affordable housing as a means to invest in financially sustainable WASH, as residents are incentivised to maintain their own infrastructure.

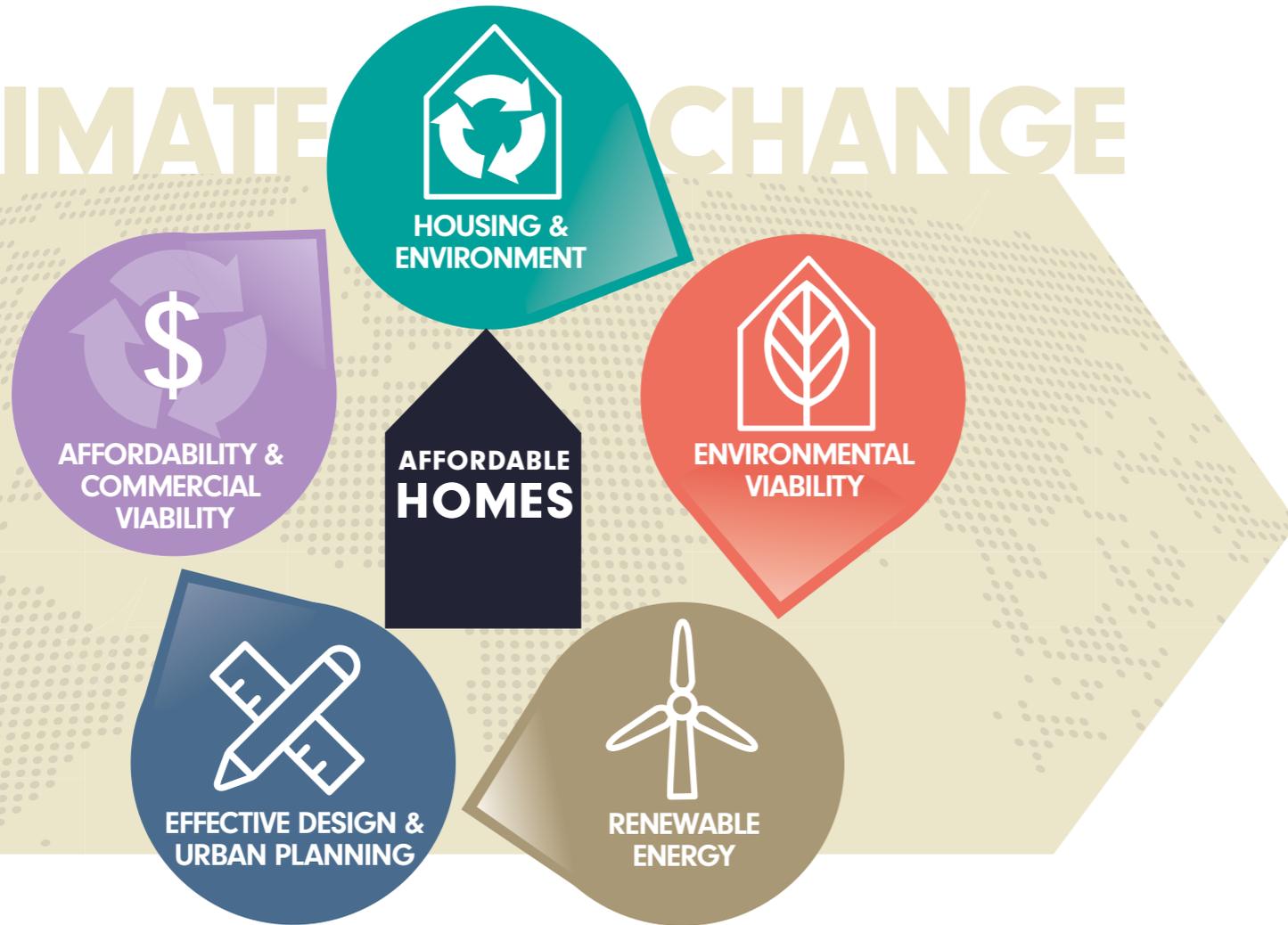
By providing housing in tandem with services, sustainable communities are fostered in which living standards, health, educational attainment, employment opportunities and economic participation are improved significantly compared to typical low-income urban environments, especially informal settlements. This improvement in life chances can translate into permanently reduced financial burdens for WASH maintenance, as residents are empowered to fund water and sanitation solutions themselves, sustainably and in perpetuity.

HOUSING AS HEALTHCARE

Covid-19 has highlighted that decent, sanitary and affordable homes with running water, clean energy and enough space is a frontline defence against the health and economic impacts of pandemics. For the 1.2 billion people who currently lack the most basic necessities, such as toilets, hand washing facilities, space and access to medical care, affordable homes leads to healthier populations that reduce the burden on weaker health systems. As rapid population growth and urbanisation create an unprecedented demand for new homes in Africa and Asia, the opportunity to improve public health and pandemic resilience through the delivery of affordable housing at scale is huge.



CLIMATE CHANGE



TACKLING CLIMATE CHANGE AND PROMOTING ENVIRONMENTAL RESILIENCE THROUGH AFFORDABLE HOUSING



THE GLOBAL IMPACTS OF CLIMATE CHANGE ARE SEVERE AND FAR-REACHING. FACILITATING AFFORDABLE HOUSING AT SCALE IS ESSENTIAL TO ALLEVIATE POVERTY, BUT IT MUST ALWAYS BE SUSTAINABLE AND RESILIENT

To accommodate growing urban populations and reduce housing deficits, an enormous volume of affordable homes must be built throughout Africa and Asia.

The construction sector (including residential housing construction) is a significant contributor towards climate change, with cement alone responsible for 8% of global CO2 emissions.

New housing will further burden the environment unless it is built sustainably - especially in Africa and Asia, where climate change impacts are acute.

The acceleration of climate change results in rising sea levels, more frequent extreme weather events, ocean acidification, food insecurity and sharper inequality.

Green materials and technologies must be mainstreamed across the global affordable-housing sector, to reduce CO2 emissions, safeguard water and boost resilience.

HOW IS REALL MAKING IT HAPPEN

HOUSING & ENVIRONMENT

Reall is taking dedicated action and brokering to provide the housing required in our priority areas - grounded in innovative new models and multi-stakeholder partnerships. Given the vast need for housing internationally, there is an urgent imperative to bridge affordable housing with the sustainable development agenda. Housing initiatives must consider alternative materials, innovative green technologies, renewable energy solutions and disaster resilience. These must be implemented efficiently to raise quality and deliver at scale, without compromising affordability.

ENVIRONMENTAL VIABILITY - ALTERNATIVE MATERIALS & GREEN INNOVATION

Reall implements and advocates for innovative sustainable building practices and technologies that can help reduce environmental footprints. These can include prefabricated modular units, stabilised earth blocks, and a range of more sustainable cement alternatives. Reall also leverages partnerships to streamline and green construction supply chains at local, national and transnational levels. In parallel, Reall strives for positive policy change that can enable affordable housing as a vehicle for climate-conscious development and embed adaptation and mitigation into urban development frameworks.

RENEWABLE ENERGY

Reall advocates for affordable housing to embrace local, renewable resources within the regions where it is most needed. This includes geothermal energy, wind, solar, biomass, and waste-to-energy. Intricately detailed, expensive technologies are not always necessary, and the priority is to incorporate innovative energy solutions into construction without rendering housing unaffordable for people on low incomes.

EFFECTIVE DESIGN & URBAN PLANNING

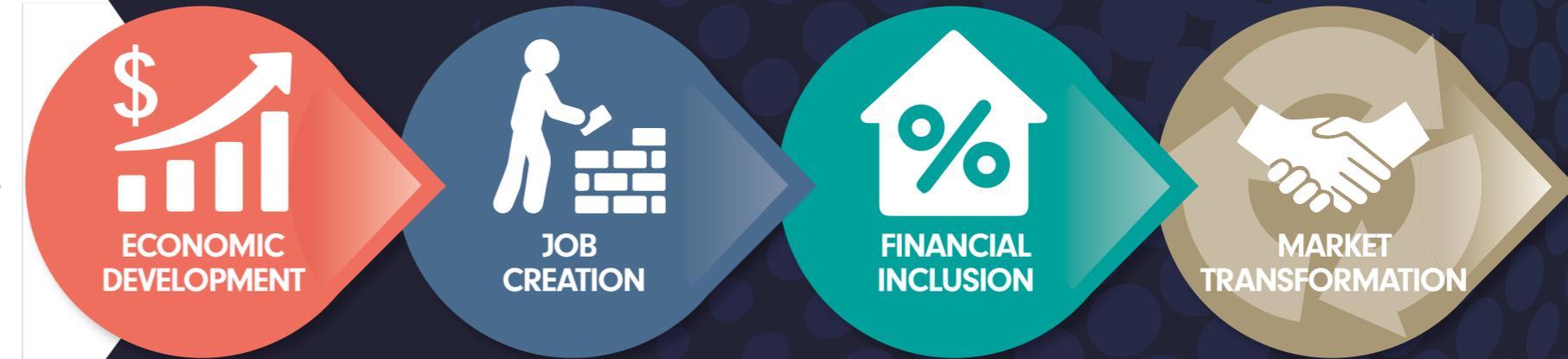
Reall demonstrates that effective low-cost housing can promote social development, stimulate local economies and reduce environmental impacts. Decisions taken during design, material selection, construction and strategy will determine energy and water consumption throughout the entire operational life of houses. Reall advocates for intelligent urban design that fosters attractive living environments, balancing dense developments with access to green space, adequate infrastructure and reliable transport.

AFFORDABILITY & COMMERCIAL VIABILITY

Reall promotes construction models that embrace efficient material usage and streamlined processes, encouraging sustainable sourcing, the effective use of materials, and recyclability throughout the production chain. Building homes and ensuring quality of build is cost-intensive, and subject to a wide range of unpredictable risk factors - through our innovative and intelligent approach, Reall is demonstrating that affordable housing is commercially viable, while delivering tangible social and environmental benefits.



ADVANCING ECONOMIC DEVELOPMENT AND FINANCIAL SECTOR DEEPENING



THROUGH AFFORDABLE HOUSING

AFFORDABLE HOUSING

**UNLOCKING
AFFORDABLE
HOUSING AT SCALE
WILL STIMULATE
ECONOMIC
DEVELOPMENT,
JOB CREATION AND
FINANCIAL SECTOR
DEEPENING**

At least 1.2 billion people globally do not have access to adequate housing. Closing the housing gap requires the construction of 300 million new homes by 2030. The affordable homes market is a \$17 trillion uncrowded market, ripe for disruption, with up to 1 billion people worldwide currently excluded from the formal financial system - especially in low-income countries.

What Makes This Sustainable?

Resolving the housing deficit will require a massive global investment in land acquisition, housing development and construction, and facilitation of mortgage finance. This investment is a unique opportunity to stimulate macroeconomic growth, job creation and financial sector deepening at scale worldwide - significantly accelerating sustainable development.

ECONOMIC DEVELOPMENT

The enormous financial injection required to build adequate housing represents an unprecedented opportunity to stimulate GDP growth, and formalise vast swathes of informal housing - which will contribute significantly to local and national economic development. Investment in affordable housing also results in significant and sustained job creation, producing approximately five new jobs per house in Africa and Asia. At the same time, the facilitation of formal and commercial housing loans for people on low incomes has powerful financial sector-deepening effects, as it drives the financial inclusion of previously unbanked or underbanked groups, women in particular. Housing not only provides a secure base for livelihoods and economic development at the household level for people on low income but also provides an inter-generational asset, often for the first time.



AFFORDABLE HOUSING



JOB CREATION

Reall invests in housing developers throughout Africa and Asia to prove the commercial and environmental viability and developmental impact of affordable housing. Employment plays an important role in urban economies throughout the world by creating new jobs, directly through on-site employment, and indirectly through backward linkages with other industries. On average, five jobs are created for every house that is built.

FINANCIAL INCLUSION

Reall drives financial inclusion by brokering formal housing finance for low-income people. Reall is persuading commercial banks and lenders to move 'downmarket' and launch innovative new products targeted explicitly at people on a low income - those who have had most difficulty acquiring financial products and services, and who will benefit most from them. Reall also facilitates the direct lending of finance to women and female-headed households whenever possible, recognising that equipping women with access to bank accounts and credit is an important gateway to additional financial services.

MARKET TRANSFORMATION

Reall is a market facilitator, sparking positive change by convening and connecting others (including financial institutions, developers, governments and multilateral agencies), leveraging their capacity and streamlining processes.

Reall harnesses evidence generated through building affordable homes to engage other actors in interventions that transform affordable-housing markets. The Reall market-building approach catalyses economic development by 'crowding in' additional private sector investment, as well as governments and policymakers. To advance this further, Reall invests in its capacity to design and deliver effective national, regional and global advocacy strategies that transform housing markets.



IMPACTING

16 OUT OF 17

The affordable home is the doorway to realising 16 out of 17 of the Sustainable Development Goals

- 1 SDG1 End poverty**
Affordable housing is a financial, economic, emotional, social and cultural asset that empowers people to permanently escape the poverty cycle.
- 2 SDG2 Zero hunger**
Enabling livelihoods and the efficient storage of food and improving access to food through effective urban planning and design. Better housing conditions are proven to have a significant positive impact on people's nutritional status.
- 3 SDG3 Good health and wellbeing**
Representing a transformational positive improvement for the physical and mental health of people in low-income groups. Covid-19 has highlighted that decent, sanitary and affordable homes with running water, clean energy and enough space are a frontline defence against the health and economic impacts of pandemics.
- 4 SDG4 Quality education**
Reducing vulnerability to ill-health, improving proximity to schools, and liberating children from water collection and domestic duties. Better quality living conditions are positively associated with cognitive development and literacy in children.
- 5 SDG5 Gender equality**
Empowering girls to perform better at school, liberating women and girls from the burdens of water collection, reducing the risk of sexual and domestic violence, reducing time spent on domestic labour, and enhancing female social status and financial security.
- 6 SDG6 Clean water and sanitation**
Providing housing in tandem with WASH, sustainable communities are fostered in which living standards, health, educational attainment, employment opportunities and economic participation are significantly improved compared to typical low-income urban environments.
- 7 SDG7 Affordable and clean energy**
Integrating low-carbon infrastructure promotes efficient energy technologies and increases access to energy in densely populated urban areas.
- 8 SDG8 Decent work and economic growth**
Catalysing job creation - directly through on-site employment, and indirectly through linkages with industries that produce building materials and related products. Constructing housing in low-income countries typically results in five jobs created per unit.

- 9 SDG9 Industry, innovation and infrastructure**
Advancing infrastructure sectors while mitigating the negative impacts of urban sprawl and slum formation, boosting resilience, formalising the informal, and advancing sustainable economic development.
- 10 SDG10 Reduced inequalities**
Addressing housing deficits and delivering affordable homes at scale is a foothold into the formal economy to escape poverty and deprivation
- 11 SDG11 Sustainable cities and communities**
Addressing the persistence of economic struggle, the dangers of a changing climate, the impacts of urban violence, and the scourges of dysfunctional governance.
- 12 SDG12 Responsible consumption and production**
Climate-conscious housing drives more sustainable consumption and production. It also reduces waste generation, mainstreams alternative construction materials and techniques, promotes recycling, and increases sustainable management of natural resources.
- 13 SDG13 Climate action**
Harnessing alternative materials, innovative green technologies and renewable energy solutions mitigates global climate change impacts.
- 14 SDG14 Life below water**
Green housing promotes the recycling of waste materials and safeguards the health and productivity of oceans. Homes with efficient sewage and waste collections reduce the impact of discarded plastics and other pollutants in freshwater/coastal marine ecosystems.
- 15 SDG15 Life on land**
Innovative, green, affordable construction practices can directly mitigate deforestation through low-carbon building.
- 16 SDG16 Peace, justice and strong institutions**
Directly empowering marginalised groups by reducing their susceptibility to discrimination and exploitation, while allowing them to gain a foothold in the formal economy.
- 17 SDG17 Partnerships for the goals**
Mobilising multi-sector stakeholders, including prominent actors in the public and private sectors stimulating innovative joint ventures and new public-private partnerships.

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|--|--|--|--|--|--|
| 1 NO POVERTY | 2 ZERO HUNGER | 3 GOOD HEALTH AND WELL-BEING | 4 QUALITY EDUCATION | 5 GENDER EQUALITY | 6 CLEAN WATER AND SANITATION |
| 7 AFFORDABLE AND CLEAN ENERGY | 8 DECENT WORK AND ECONOMIC GROWTH | 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE | 10 REDUCED INEQUALITIES | 11 SUSTAINABLE CITIES AND COMMUNITIES | 12 RESPONSIBLE CONSUMPTION AND PRODUCTION |
| 13 CLIMATE ACTION | 14 LIFE BELOW WATER | 15 LIFE ON LAND | 16 PEACE, JUSTICE AND STRONG INSTITUTIONS | 17 PARTNERSHIPS FOR THE GOALS | |

Real A HOME FOR HUMAN POTENTIAL



SDGs

OUR DEVELOPMENT

Developing Our Organisation

Successfully delivering our organisational goal and the ambitions set by this 2020-2025 strategy requires a constant focus on optimising Reall's systems and processes to ensure maximum efficacy and adaptiveness.

Reall recognises that to respond accurately to the rapidly evolving dynamics of the emerging markets in which we work, we must be constantly learning and adapting. Market transformation requires a transparent and progressive business model that delivers return and impact. Reall has a healthy appetite for risk, combined with a pursuit of best practice - resulting in efficiency and effectiveness in our delivery and impact.

Evidencing our Success and Impact

Reall will use our Monitoring, Evaluation and Learning Framework in order to effectively measure progression against our strategy, reporting every quarter to the our Executive Team, and bi-annually to our Board to check progress, review and adapt accordingly.

This is a five-year strategy towards a more ambitious ten-year organisational change goal, and so Reall will conduct a mid-term review by the end of 2022. This will review progress towards the five-year ambitions, and define in greater detail the specific targets and approaches for the 2025-2030 period.

As we enter a Decade of Action for the SDGs, there is increasing urgency to accelerate innovative solutions to global problems. At Reall, supported by our data, we see the affordable home as a gateway to answering 16 of the 17 SDGs. Reall's data dashboard adds new depth to the global understanding of affordable housing, aligning with the initiatives of other key leaders and collaborators. This includes the Centre for Affordable Housing Finance in Africa, who share our goal to transform markets and mobilise investment, and the World Bank, that promotes access to transparent development information through its Open Data Initiative and UN-Habitat, responsible for gathering and reporting on global housing and urban indicators, amongst other important players. Reall is collating data to show how unlocking quality housing for families living on low incomes is an engine for sustainable social and economic development in emerging markets.

Governance

Reall's Board is committed to the realisation of this strategy, exercising the highest principles of governance, accountability and responsibility for the organisation. The Board is comprised of leading experts from across the housing sector, and demonstrates strong business and investment leadership. Reall places great importance on compliance, and has zero appetite for any breaches in statute, regulation, professional standards, safeguarding, bribery or fraud.

Risk and Assurance

Through our dedicated Risk and Assurance department working with our co-assurance partner KPMG, Reall ensures all investments made are robustly monitored, guaranteeing independent and objective assurance with value for money and quality of process, output and impact. The Risk and Assurance department execute a systematic and disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes at delivery partner organisations, and in internal directorates at Reall, reporting to the Executive and the Board.

Growth

Reall's cornerstone investors are the Swedish International Development Cooperation Agency (Sida) and the UK Government's Foreign, Commonwealth and Development Office (FCDO, formerly DFID) who have supported Reall since 2004 and 2002 respectively.

To realise our strategy and goals, Reall requires a secure and scaled funding base with both grant and impact investment. Grants alone are not scalable or sustainable, and miss the opportunity to prove in practice the full investible potential of affordable housing. However, with the growing importance of our brokering work, Reall continues to need substantial levels of grant finance. This will cover policy work, research and evidence, influencing and thought-leadership, both in priority countries and at global level. Additionally, Reall require a degree of grant financing for the 'build' programme, in order to pilot innovations (such as climate smart technologies), support partner development as required, cover the costs of rigorous due diligence and best practice monitoring and evaluation, and to provide the risk-adjusted hard currency returns required by some investors. This is a blended model, whereby provision for managing currency volatility, Reall's costs, technical assistance, pipeline development and innovation are subsidised.



ALL INVESTMENTS MADE ARE ROBUSTLY MONITORED



WITH THANKS FOR THE SUPPORT FROM



AMBITIOUS AND ACHIEVABLE

BUILDING AN AFFORDABLE HOMES MOVEMENT THAT WILL IMPROVE THE LIFE CHANCES OF 100 MILLION PEOPLE IN URBAN AFRICA AND ASIA BY 2030

REALL'S GOALS:

AMBITIOUS & ACHIEVABLE

The affordable housing crisis is one of humanity's greatest challenges. It is also one of our greatest opportunities. The 1.2 billion people without a home aren't a problem that needs solving, they're a future that needs unlocking.

Through our Build & Broker approach, Reall has a strategy to tackle a global challenge which impacts climate change, economic sustainability and equality.

Affordable homes hold the key. We know that when we create vibrant communities people want to live in, growing markets that businesses want to operate in, and profitable platforms investors want to invest in, we help create a more secure and just world for us all.



A HOME FOR HUMAN POTENTIAL

A HOME FOR HUMAN POTENTIAL



CORPORATE STRATEGY

2020-2025

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