The Challenge
Embroided in conflict for half of its history, Afghanistan has 1.2 million displaced people relying on impermanent and structurally unsound housing. The need has not subsided: there have been 50,000 new internally displaced Afghans since 2015.

Through the UN’s refugee repatriation program, 58,000 Afghans have been aided by cash grants to help them resettle in Afghanistan, while 30,000 were provided emergency assistance, and 15,000 received shelter support. In 2015, 499 shelter units were constructed, benefiting 3,240 people. At the current rate, it will take nearly 370 years to safely and sustainably house the remaining population of displaced Afghans.

The Opportunity
During the past 15 years, millions of U.S. service members, contractors, and NGOs have been deployed during the war in Afghanistan. As a result, there are 92,566 twenty-foot shipping containers presently on the ground. To inspect, upgrade, and ship all 92,566 units would cost an estimated $6 billion, using and use slow and expensive routes of transporting units to Europe or Pakistan and then loading and shipping them via sea or air. Previously, the Department of Defense paid over $50 million in late fees (approximately $1,500 per container) during Operation Desert Storm.

Currently, the U.S. military’s processes and procedures cannot retrograde all shipping containers back to the United States in an efficient and cost-effective manner. Proposals have been made to dispose of shipping containers to be sold for scrap metal, to regional governments and businesses, and for affordable housing and schools in Afghanistan. Tajdid has the opportunity to acquire and repurpose thousands of unclaimed shipping containers and work with a number of partners, ranging from the U.S. and Afghan governments to provide a sustainable housing solution for thousands of displaced Afghans returning to Kabul.

At the current rate, it will take nearly 370 years to safely and sustainably house the remaining population of displaced Afghans.

The Solution
Tajdid Capital is a private equity investment vehicle and joint venture with local real estate developers to acquire unclaimed shipping containers and upcycle them into sturdy, sustainable modular housing units for internally displaced Afghans. Tajdid will provide significant cost savings to the U.S. government by acquiring and repurposing these assets.

After repurposing the containers, which are strong, corrosion resistant and can reduce construction time by 40%, we will work in collaboration with our partners to generate rental income for our investors during the life of the investment. This will address a devastating housing crisis and help catalyze the affordable housing industry in the region, providing an attractive and cost-effective opportunity for local developers to enter the downstream housing market.

Establishing partnerships with infrastructure banks, development agencies, and the real estate developers in Kabul’s economic zones to build these affordable housing communities, Tajdid will:

- Acquire land plots from the Afghan government below market rate (comparable projects have been granted free land rights)
- Acquire shipping containers from the U.S. military
- Partner with developers in Kabul’s economic zones to refurbish and transport modular housing units to Kabul
- Execute contracts with Kabul Economic Zone partners, such as the First Microfinance Bank of Afghanistan to facilitate a rent-to-own scheme for tenants during the life of the investment to:
  - pay rent as a portion of worker’s wages to Tajdid for 3-5 years prior to assuming full ownership of housing
  - deposit a portion of tenants’ earnings into a savings account for future mortgage payments via a matched savings program, building future home equity
- Distribute rental income from residual cash flows to investors
- Provide workforce stabilization and help transition refugees from displacement to tenancy and then, homeownership
The Impact
Tajdid Capital will utilize IRIS and GIIRS methodologies to continuously measure and monitor the impact objectives below:

• **Scope** – We estimate that we can repurpose 10,000 units and help house 100,000 displaced and mud-hut dwelling Afghans within that time frame
• **Housing Stability** – We believe we can provide housing stability for hundreds of thousands of Afghans who have experienced immense housing and personal safety risks for decades
• **Military Relief** – Through our efforts, we believe we can remove the burden on the US military from the war remnants at a fraction of the estimated $6 billion cost for shipping the containers to the U.S.
• **Demonstrated effect** – Showcase the viability of repurposing large containers into homes and showcasing the viability of significant investment in Afghanistan
• **Personal health and security** – The houses will provide safe, secure housing for Afghans, especially women and children

Risks
Given the operating region and the proposed instrument, there are inherent risks, including geopolitical, governmental, market, transportation, and currency and financial risks.

To mitigate risks, we plan to partner with the U.S. military, contractors, and microfinance institutions, denominate contracts in U.S. dollars, and develop memoranda of understanding.

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<th><strong>Sources of Funds:</strong></th>
<th><strong>Uses of Funds:</strong></th>
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<tr>
<td>Senior Debt:</td>
<td>Acquisition Price:</td>
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<td>$4,500,000</td>
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<td>Total Uses:</td>
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Key Assumptions:
• Acquisition cost of $4.5 million for 60,000 containers
• 60% of acquisition cost is levered with loan financing (15% interest rate)
• 30% commission on rental fees goes to operating partner
• 60,000 containers convert to 10,000 units (2,400 sq. feet/unit)
• Total Rent per unit is $450, $300–tenants, $150 subsidized
• Acquisition Price Per Unit: $450
• Exit Price Per Unit: $26,854

Fund Structure
Tajdid Capital will serve as a real estate joint venture. Tajdid is the private equity fund that will provide equity capital and will find a local developer on the ground to partner with for operations, including:

• Repurposing
• Transportation and logistics
• Security

To promote home ownership, Tajdid Capital will seek capital from the United States military for the repurposing and shipment of the containers. The military is incentivized to partner because payment for repurposing and shipping containers in Afghanistan will be significantly less than the estimated $6 billion cost for shipping the containers to the U.S.

We will then seek to partner with aid organizations, foundations, and the Afghan government to subsidize the mortgages for civilians, who will then pay their mortgages down via monthly payments.

**Fund Profile:**
- **Fund Name**: Tajdid Fund 1
- **Investment Manager**: Tajdid Capital
- **Target CoC Return**: 2.71x
- **Target Investment**: $4.5 million
- **Fund Structure**: Real Estate Joint Venture
- **Target IRR**: Blended
- **Regional Focus**: Afghanistan – Kabul and Kandahar
- **Target Investor Pool**: US Military, Afghan Government, Aid organizations and foundations

**Loan Issuance Fees:**
- AcquisiFon Cost: $360,000
- Loan Issuance Fees: $27,000
- Total Uses: $4,887,000