



AFRICAN UNION FOR  
HOUSING FINANCE

## 2<sup>nd</sup> SHARKROOM – April 2023

### Summary of investment proposals

On April 13<sup>th</sup> 2023, the AUHF's Investment Committee held its second Sharkroom event, following the success of the first Sharkroom session in Cairo in November 2022. Held online as a virtual event, the Sharkroom includes project pitches from three organisations: ECHALE International (Uganda), PAL Homes SPV (Zimbabwe) and Rent2Buy (South Africa).

The panel of investors, with decades of international experience in housing investment among them, constituted Maureen Katuvesirauina of the International Finance Corporation; Debra Erb of the United States International Development Finance Corporation; and Zachary Munene of Shelter Afrique. The panel provided the presenters with constructive investment-oriented feedback which helped equip the presenters and all in audience with the necessary tools to position themselves in a manner attractive to investors. This report summarises the project proposals of each of the three organisations.



*The images above are some of the pictures provided in the investment proposals at the Sharkroom*

Since its formation in 1984, the AUHF has evolved into a member-based, industry association of mortgage banks, building societies, housing corporations, Development Finance Institutions and other organisations involved in the mobilisation of funds for shelter and housing on the African continent. As an industry body, the AUHF promotes the development of effective housing markets and the delivery of affordable housing across Africa, working in the interests of its members and the industry as a whole. For more details about the AUHF, email Thandiwe Dhlamini: [thandiwe@housingfinanceafrica.org](mailto:thandiwe@housingfinanceafrica.org) and for more about the AUHF's Investment Committee, email Luther Jubane: [luther@housingfinanceafrica.org](mailto:luther@housingfinanceafrica.org)



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ECHALE  
-INTERNATIONAL-

## Project proposal summary:

### ECHALE INTERNATIONAL, Sub-Saharan Africa

ECHALE International is a housing development franchise that seeks to address a gap in the market for high-quality single-family homes that are affordable to the world's fastest growing middle class in Africa. They have a 25-year track record of operations in Mexico and are currently raising funds to scale to Africa. They are seeking an investment of \$350 000 to unlock their potential for exponential growth in the African market, starting with Uganda.

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## Seeking US\$350 000 to scale ECHALE to Uganda

According to the African Development Bank, Africa's middle-class tripled in size over the last 30 years, to 313 million people, and is estimated to reach 1.1 billion by 2060. Faced with limited affordable housing options, a significant number of middle-class Africans are forced to live outside the formal housing sector in places that, while affordable, are often unsafe, unhealthy, uncomfortable, and/or undignified. Commercial housing developers struggle to meet the needs of middle and lower-middle income customers without negatively impacting their businesses. Without sufficient financial incentives, demand will continue to outgrow supply. ECHALE seeks to combat this by providing:

- 1) **Product for customers** -- ECHALE delivers single family homes that meet middle-income Africans' requirements for affordability, durability, desirability, and sustainability.
- 2) **Business model for developers** – ECHALE provides developers with a methodology, tools, and support for delivering these homes at scale and profitably.



ECHALE Uganda House Renderin

## Projected investor ROI (Year 10)

- \$350 000 converts to 4% equity in year 2, worth \$1.28 million
- 48 new local affordable housing developers supported
- 495 000 new jobs in the formal housing sector
- 20 000 new single-family homes in three African countries, valued at a total of \$400 million
- A continuously growing network of affordable housing developers in Africa through which to innovate, test, and distribute new technologies.



ECHALE's track record in Mexico:

- 50 000 new single-family homes
- 200 000 home improvements
- 1 million people housed
- 450 000 jobs created

ECHALE Community in Mexico

Our franchise package for local developers includes:

Ecoblock machine that enables local production of low-carbon, energy efficient Compressed Earth Blocks with high compression strength (1250 psi)

Standards and procedures for efficient Ecoblock production, house construction, community development, and business management

Training and continuous support for franchisees and their employees

Technology platform that drives efficiency and quality

Portfolio of customizable house designs and construction blueprints

Human-centered design methodology to facilitate customization

Research and development that supports growth

Affiliation with an internationally recognized brand that opens doors to more financing options



## Project proposal summary: PAL Homes SPV, Zimbabwe

PAL Homes SPV is a project that seeks to provide affordable housing through the use of 3D Construction Printing (3DCP) technology. The fast and accurate delivery of the technology will help scale up affordable housing construction, thus contributing to addressing the housing backlog in Africa with Zimbabwe being the starting point. The SPV is seeking a USD\$3.5 million cap-raise for the procurement of two 3DCP printers and OPEX.

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### PAL Homes SPV

PAL Homes is a Special Purpose Vehicle by Tivane Investments, a sustainable infrastructure development and projects preparation company that focuses on smart, inclusive, and climate-resilient infrastructure. Tivane Investments owns PowerAfrika Labs, an architectural research and design lab, and PASIE, a sustainable interior and exterior furniture manufacturing company responsible for developing the PAL smart bench - a solar powered bench with WiFi connectivity. The Postal Telecommunication Regulatory Authority of Zimbabwe (POTRAZ) is the main investor, and Tivane Construction joins as the construction project management company.

### The Zimbabwean housing market

The Zimbabwean housing backlog is ever expanding, currently standing at 2 million units. However there is a growing Affordable Housing finance market in the country with more than USD\$100 million invested by institutional investors such as Shelter Afrique, Reall, Old Mutual CABS, IDBZ, FBC and more in the past 5 years.

### Key aspects

1. The 3DCP industry grew from \$3million in 2019 to \$1.6 billion in 2023.
2. PAL Homes launched a 3DCP Capraise roadshow in May 2022 that was subscribed to by property developers, infrastructure inputs manufacturers, DFIs and other institutional investors.
3. The Zimbabwean based DFI, Infrastructure Development Bank of Zimbabwe (IDBZ) has partnered with PAL Homes to raise capital on behalf of PAL Homes by first establishing offtake agreements to ensure project bankability.
4. Locally based infrastructure inputs manufacturer invests in the development of an affordable concrete mix for the 3DCP to be procured by PAL Homes.
5. The key value propositions are a 20%-50% reduction in BOQs, timely construction schedules, sustainability - reduces GHGE and wastage of materials by up to 40%.

### The Ask: \$3.5 million

PAL Homes' ask is a total of \$35 million in equity (40%) and debt (60%) in the form of asset-backed finance.



*Designs of the PAL 3D printed affordable house*

*Total area of 120 sqm*

*It comes with organic furniture and fittings that blend well with the curvy house profile.*



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my budget fitness



rent 2 buy

## Project proposal summary:

### Rent2buy, First Time Buyers, Home Buying Assistance

Rent2buy is a home ownership innovation and finance business that aims to deliver housing solutions to the gap market in South Africa. Rent2buy uses technology to make property ownership a reality within a 60 month period or less through their budget and finance repair programmes. They also have 12 - 60 months various Rent2buy models that offer qualifying first time buyers education, counselling, budget and debt repair, access to aggregated financial assistance and deal matching.

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A 2 bedroomed house, part of the Mill Park Development in Bredasdorp, South Africa, sold on a 36 month Rent2Buy concept with 50% rental deposit saver.

### Key aspects

Mortgage lenders generally favour those who earn R15 000 per month or more, leaving a large 'gap' market in South Africa. Becoming a homeowner can be a daunting task, and therefore Rent2buy have developed comprehensive programs that include education, debt repair and counselling and financial assistance.

Their goal is to provide the necessary tools and resources to help individuals and families navigate the home buying process with confidence and ease. They help provide access to affordable housing, low-interest loans, debt and budget repair and debt consolidation assistance to housing subsidy applications. They also help with Deposit Saver Rent2Buy products, and down payment assistance to make homeownership a reality for more people.

### Technology

The unique technology that they have developed allows them to score and quantify a property's ownership time-cycle, enabling a completely paperless application. They educate and then aggregate an applicant's property ownership opportunities and finally guide the applicant through the process ensuring that value is optimised.

### The Mill Park, Bredasdorp R2B pilot project

The Bredasdorp Mill Park Rent to Own project is a pilot project between the Western Cape Department of Human Settlements, who provided the

funding, the Cape Agulhas Municipality who provided the land, ASLA as the construction Company, and My Budget Fitness who developed the Rent2buy concept and project.

The R2B projects are aimed at first-time home buyers who may in the future qualify for a home loan or unsecured finance and a Government First Home Finance subsidy through the Rent2Buy ownership concept. During the 36 month Rent to Own period, the buyer is guided to save 50% of the monthly rental into a Deposit Saver account, guided by a My Budget Fitness Personal Trainer. At the end of the rental term of 36 months, the Deposit Saver and the First Home Finance subsidy is deducted from the purchase price, thus reducing the LTV, and making property ownership more affordable for the first-time buyer by negotiating a lower interest rate.

### The Ask:

**R20 000** = 1 Home rescued from debt + education for 2 children paid for at university

**R288 000** = 48 New Homeowners X 10

**R1 000 000** = 61 000 people reached and at least 360 new homeowners per year X 40

**R 20 000 000** = 1 500 New Home Owners per year X 40