

# The Namibia and Virtual Sharkroom

## Panel's Note

The 38th Annual AUHF Conference and AGM in Cairo, Egypt saw the first Mock Sharkroom session take place on Day 2 of the conference as an initiative of the newly established Investment Committee under the theme 'Green Financing'. Nine organizations from across the continent presented their initiatives showcasing how they are adding value to Africa's housing value chain all the while combating climate change and environmental degradation. Of the 9 presentations, 5 were in-person and the other 4 presented virtually.

A second virtual Sharkroom took place on April 13<sup>th</sup>, 2023, following the success of the first Sharkroom held in Cairo. This Sharkroom featured three organizations from South Africa, Zimbabwe, and Mexico (with African operations starting in Uganda in the near future) presenting their initiatives.

The third edition of the Sharkroom took place in Windhoek, Namibia at the 39th Annual AUHF Conference and AGM on November 1st, 2023. A total of 7 participants took part, from 6 different countries. Of the 7 participants, 3 were returning presenters from the first two Sharkrooms who came back with improved presentations having received constructive feedback from the panel.

The panel of investors for the first two sessions, 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 same panel was retained for the 3rd instalment of the Sharkroom with just one substitution made, Zachary Munene was replaced by Olajumoke Akinwunmi of Alitheia Capital. The panel provided the presenters with constructive investment-oriented feedback to help equip the presenters and all in the audience with the necessary tools to position themselves in a manner attractive to investors.

This document is essentially a note of the key takeaways from the panel. These were given to the presenters as feedback to their pitches and they give a good insight into what investors are seeking in housing projects which is a vital resource for anyone seeking to secure funds for housing.

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## Key takeaways:

What an investee needs from potential investors, 'the ask', should be clear and well articulated. A clear indication of the investment amount should be given in 'the ask'. It was also recommended that pitches to investors include a detailed discussion of the financial stack and demonstrate the return on investment to assure investors that the project is bankable and worth funding.

The availability of offtake finance boosts investor confidence in the project and almost guarantees good cashflows that would translate to returns on the investment. Therefore, projects with offtake finance tend to be more favourable to investors.

Investors are constantly seeking to invest in projects that would have a greater impact, are of a larger scale, or at least there must be room for scaling up further and an opportunity to reinvest. The judges recommended that investees share more details on scaling up and the long-term vision of their initiatives.

The presentations should demonstrate a great consideration of the risks associated with the projects and, in turn, the active measures taken to mitigate said risks. Risk and risk mitigation is a vital component of any investment and demonstrating that associated risks are mitigated puts investors' minds at ease.

In addition to knowing what the ask is, investors are also interested in knowing what the investees' exposure in the project is as well. A higher exposure is more likely to give investors more confidence in the investee's efforts to make the project a success. Essentially, the investee must have some skin in the game.

It is recommended that the pitches demonstrate that there is significant demand for their projects/initiatives in the market. Plaudits are also given to initiatives that have unique selling points that can appeal to social and impact investors e.g., woman led initiatives and green components to projects.

The judges also recommended that an overview of the project be provided in the introduction of the pitch including a clear structure of the project i.e. finance, partners, target market etc.

Extra precaution is needed to comply with approved building standards, especially when projects are using alternative building technologies and materials.

It is always good in the perspective of investors to see potential investees coming up with projects/initiatives that are responsive to pressing needs of the market. A demonstration of detailed market analysis ought to be given during the pitch.

The judges recommended that investees be able to demonstrate a good track record of success of their projects in the past either in the current or a different market. This boosts investor confidence in the success of the project.

Knowing who the investor is and what they traditionally invest in is essential. That way the investee may know from the onset whether their initiative would be considered for investment. For example, small ticket initiatives cannot access finance from the IFC and equity seeking developments cannot access equity from the DFC.

It is also valuable for investees, in their pitch, to be able to show potential investors that the investment opportunity has an exit plan for the investor when the investment period lapses.

For new building technologies, and generally new housing products in the market, it is vital for the presenter to show that there is/will be market acceptance for the product.

For developments where the units are held for rental, investors would also be concerned about the strategy for property management and rental collections. This would have to be demonstrated in the investee's pitch.