African Union for Housing Finance

The Cairo 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 13th 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 panel of investors for both 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 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.

Key takeaways:

- 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.

- 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 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. Furthermore, 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 a 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 project in the past either in the current or a different market. This gives investors confidence in the success of the project.

- 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.