

**Remarks by the Managing Director, Shelter Afrique at the Handover Ceremony of the \$1M USD Facility to the Tanzania Mortgage Refinance Company**

**The Chief Executive Officer, TMRC**

**The Board of Directors, TMRC**

**The Senior Management, TMRC**

**Ladies and Gentlemen of the Press,**

Let me begin by expressing my pleasure at being able to participate in this ceremony today; what you will witness today is the culmination of months of behind the scene negotiation and discussions. Today, we are here to announce the US\$1M investment Shelter Afrique is putting into the Tanzania Mortgage Refinance Company.

For those of you in the audience who may not be familiar with us, Shelter Afrique is a Pan-African real estate and construction financier that has been in operation for over 32 years. We were created by the African Development Bank as the premier housing finance institution on the continent and with a mandate to make housing more affordable and help member states close their housing deficits.

We currently have 44 African States as shareholders and member countries, Tanzania of course being one of them.

32 years is a long time in any business and with it comes institutional knowledge, institutional memory and experience; one thing we have always been keen on is partnerships. It is no secret that no one organisation or government can solve the housing challenge alone; it will require a coming together of shared interests. To this end we at Shelter Afrique have always been equally as keen on partnerships and in a matter speaking, that is what we are here to commemorate.

We happy to have such an able partner in TMRC and we are sure that our equity participation will go some way in making housing in Tanzania more affordable and more accessible to all; especially during a period that we note the Tanzania mortgage market is growing. As at 31st December 2014 total lending by banking sector for the purposes of residential housing was TZS 248.35 billion (USD 141.7 million), which represents an annual growth of 59%; total number of mortgage loans also grew by 29% to 3,598.

It seems now is as good a time as any to contribute to the burgeoning housing market in Tanzania, beyond that however, we are very interested in projects of scale; because asides from the rhetoric of expanding our thinking when it comes to affordable housing, the truth remains we will cannot chip away at the deficit without projects of scale and for that institutions like TMRC are increasingly more important.

As an investor we were attracted to the TMRC model because of its dominant market position; The TMRC is the only wholesale lending company to the housing

finance market; we were also encouraged by the strong support it enjoys from the government, World Bank and member banks. It is also regulated by Bank of Tanzania (BOT) and Capital Markets and Securities Authority (CMSA) which gives the company an edge in terms of accessing long term finance

It is also especially assuring that it has established a supportive legal framework: the passing of Mortgage Finance (Special Provisions) Act of 2008 provides a conducive environment for the development of the mortgage market in Tanzania.

It is an investment we feel confident in and one that we fully expect will assist to make home ownership more affordable to more Tanzanians and to act as market setter by promulgating standards for mortgage lending that meet international best practices.

As home ownership increases, there will be indirect benefits to other sectors (e.g. construction, insurance, legal and other professional services etc.) of the economy, especially in terms of employment.

The TMRC model is one that we would like to see replicated in all our member states and indeed is one we have already helped to establish in Nigerian with the Nigerian Refinance Mortgage Company.

We are also not new to the Tanzanian market having given a line of credit US\$3M to Azania Bank Ltd Line for trade finance. We also extended a US\$14M to National Housing Corporation in 2011. We also signed a loan of US\$5M with the Integrated Property Tanzania Limited Bahari beach for 44 Units in 2009.

I think you will find that we have built quite an extensive portfolio here in Tanzania, we are currently considering a pipeline of US\$30M and are currently committed to the tune of \$US24M; but we want to do more in Tanzania and indeed in all member countries. So I will use this opportunity to encourage all private developers, savings and credit societies, government organisations, tertiary institutions and financial institutions in Tanzania interested in housing to reach out to us even as we make plans to ramp up our business development activities.

I am confident that in the coming months and years you will all be reading about many more such ceremonies, but is also important to note that Shelter Afrique is a Pan-African institution with active portfolios in 23 member countries and plans to approach dormant markets with fresh ideas for development and collaboration.

In 2012 we launched the first Pan-African Housing Fund (PAHF), a new private equity fund providing equity and quasi equity finance to developers, with a target size of USD 60 million and a first close at USD 40 million in September 2012. This is only just one of the ways we are trying to making housing more affordable and accessible for all Africans.

We are also testing new theories and challenging the status quo, we are moving the conversation away from traditional approaches of home ownership to rental housing and from traditional methods of construction to alternative building technologies. In fact Rental Housing will be the theme of the 34<sup>th</sup> AGM & Symposium in Ghana next month.

We will continue to find new and efficient ways to make housing more affordable and more accessible for all, we will continue to challenge the status-quo; this is our mandate and it is one we fully expect to deliver.

Thank You.