

Shelter Afrique See's Moody's Stable Rating as a Call to Action

Nairobi, 16th, September, 2015

Shelter Afrique the Pan-African finance institution exclusively supporting the development of affordable housing and real estate sector in Africa has responded to the recent release of its investment rating by Moody's.

Responding to the report in Nairobi, the Managing Director, James Mugerwa stated that management of Shelter Afrique was very pleased to maintain a level of consistency and to keep a stable rating, he went on to say that it made it easier for the organisation to raise funds on the capital markets and made investors secure in buying Shelter Afrique bonds, a point he said was reflected in the oversubscription of the Shelter Afrique Bond in 2013.

Moody's report had earlier in the week rated Shelter Afrique stable but warned of the risk it faced with non-performing loans and concentration of assets in a few countries. Responding to that, Mugerwa said that Shelter Afrique saw that as a call to action, stating that reducing the NPL ratio of the organisation had been the number one priority of management and on the strength of that also increasing the quality of the portfolio. Mugerwa also stated that the housing financier was expanding operations beyond their East and West African strongholds and had adopted a direct-to-market approach, where they would centre the operations close to relevant markets; a regional office for Anglo-phone West Africa already operates out of Abuja.

Mugerwa also noted that plans are underway to have regional offices in Abidjan, Lusaka and Kinshasa and this would spread the risk of a few assets concentrated in a few countries.

Mugerwa added that while Shelter Afrique had an impressive pipeline and portfolio spread across its 44 member countries, he admitted they could be more present in some of their member countries and the regionalisation would address this. Mugerwa also stressed the importance of the stable Moody's rating as one step in the journey to becoming an investment grade institution.

Mugerwa highlighted how critical the capital markets were to the finance of construction and infrastructure, and that Shelter Afrique would continue to improve its rating to make it more attractive to the market and investors.

Having had success with the Kenyan and CFA bond markets, Mugerwa revealed that Shelter Afrique was about to approach the Nigerian bond market as well as part of a strategy to make it easier for developers to access local currency at reduced costs.

About Shelter Afrique:

SHAF is a Pan-African company for habitat and housing in Africa, an international housing finance and development institution which has its headquarter in Nairobi, is also located in Nigeria. And it is backed by 44 member countries, the Africa Development Bank (AFDB) and Africa Reinsurance Company (Africa RE).

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