

AUHF

LEVERAGING LONG TERM CAPITAL TO FINANCE INFRASTRUCTURE: OLD MUTUAL & CABS

M MPOFU

OCTOBER 2018



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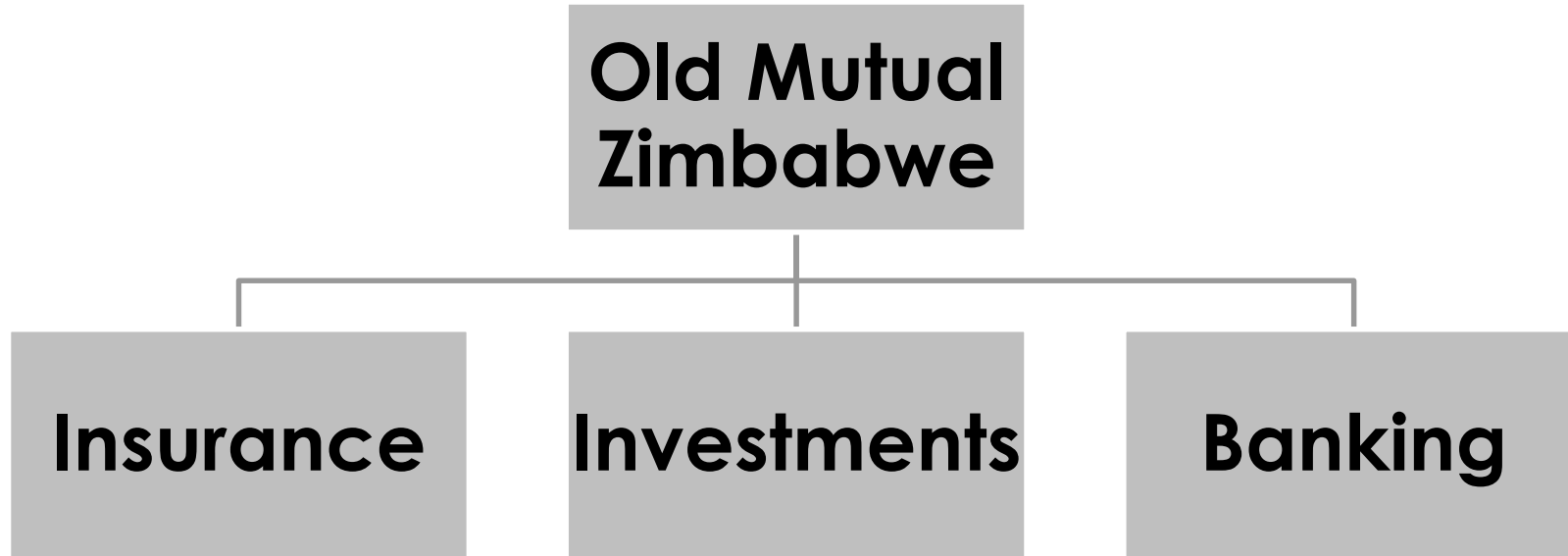
CABS 

A Member of the  OLD MUTUAL Group

BUDIRO PROJECT

- Objectives
- Budiro bond
- Project stakeholders
- Offsite infrastructure
- House delivery
- Key learnings

GROUP STRUCTURE



PROJECT OBJECTIVES

- Contribute to reduction of the national housing backlog
- Provision of well serviced & affordable housing
- Provision of mortgage finance
- Contribute to economic activity

BACKGROUND INFORMATION

Low Income Housing Development Project	Harare, Zimbabwe
Old Mutual Signed MOA with Ministry of National Housing for the provision of Low cost housing	Nov 2009
CABS signed an agreement with City of Harare (COH) for the construction of 3,102 low cost houses	Sept 2011
Construction of the houses began	June 2012
2,797 housing units delivered	May 2015
Sales commenced	June 2014

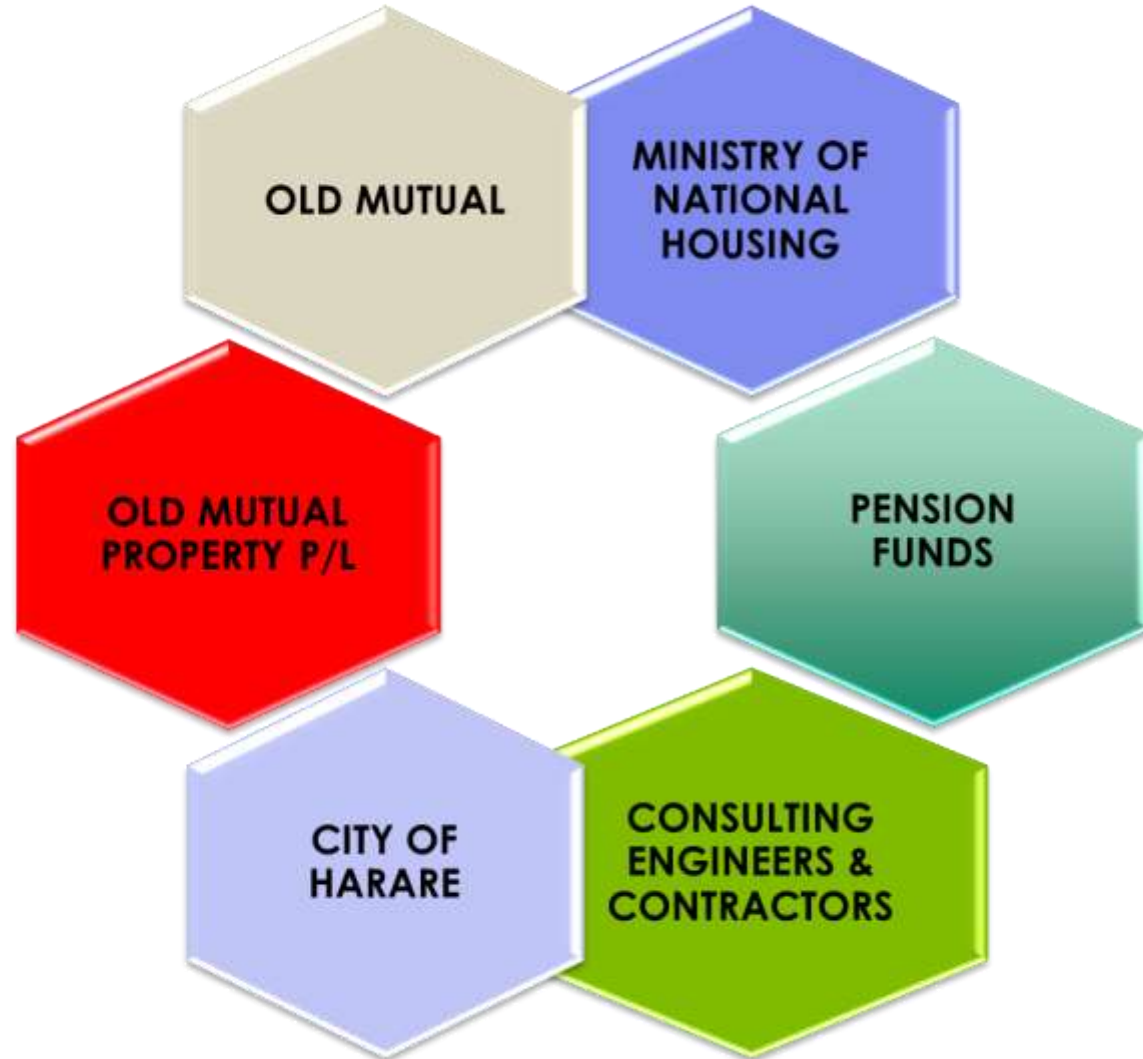
BOND – PFUND CONSIDERATIONS

- Economic environment
- Long term liability & asset matching
- Yield compared to government debt
- Diversification from existing assets
- Benefit from the infrastructure development
- Capital/investment required
- Project risk

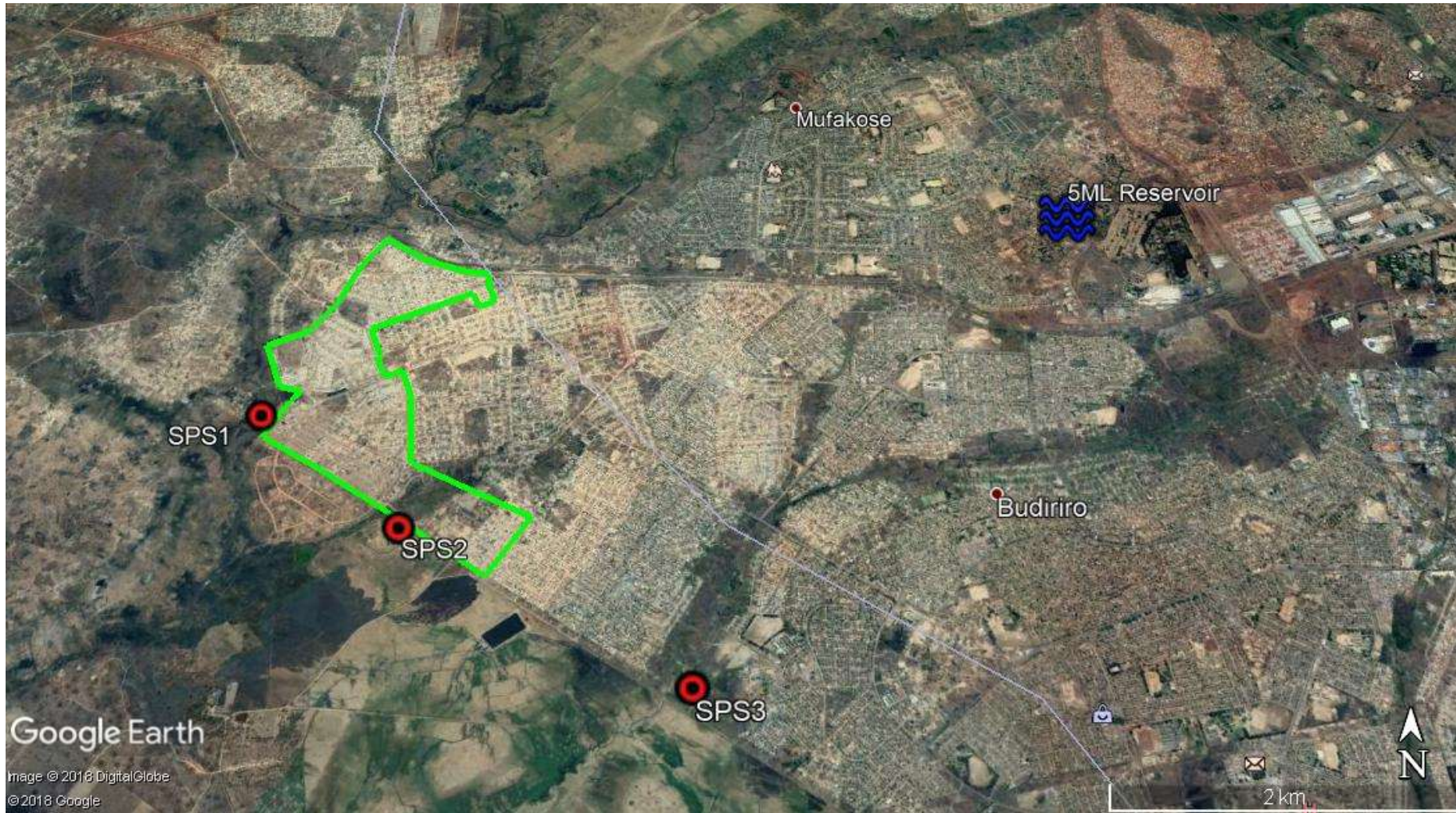
BOND FEATURES

FEATURE	
Amount raised	US\$62 million
Tenor	10 years
Coupon rate	8.5% per annum
Status	Prescribed Asset Status
Approver	Insurance and Pensions Commission
Underwriter	Old Mutual

PROJECT STAKEHOLDERS



OFFSITE INFRASTRUCTURE



LINK/ACCESS ROAD



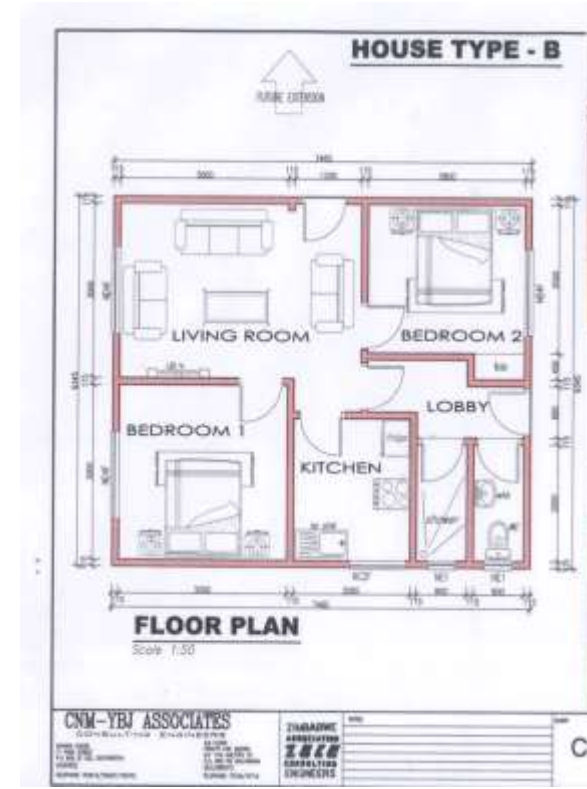
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INFRASTRUCTURE PROVISION

OFFSITE	<ul style="list-style-type: none">▪ Water reservoir▪ Sewer pump stations▪ Financial support to COH for Link/Access Road
ONSITE	<ul style="list-style-type: none">▪ Road & storm water drainage systems▪ Water reticulation▪ Sewer reticulation▪ Electricity reticulation (partly funded by the beneficiaries)

- Offsite infrastructure ordinarily provided by the City Council
- Infrastructure cost being recovered from beneficiaries
- ZESA was supposed to provide power infrastructure but said they had no capacity.

HOUSE PLANS



HOUSE DELIVERY



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INCREMENTAL DEVELOPMENT



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CHALLENGES RESOLVED

- Restrictions on selling
- Infrastructure
 - Electricity
 - Link road
- Affordability by the target market
 - Offsite Infrastructure cost
 - 15% VAT
- Beneficiaries inability to raise 25% deposit

KEY TAKE OUTS

- Economic environment predictability important
- Ability to deliver the project and realise cash flows is key
- Pension funds can fund infrastructure development

THANK YOU



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GENERAL PLAN AREA PHASE 1				GENERAL PLAN AREA PHASE 2			
GENERAL PLAN AREA	No. OF STANDS	GENERAL PLAN AREA	No. OF STANDS	GENERAL PLAN AREA	No. OF STANDS	GENERAL PLAN AREA	No. OF STANDS
1	209	6	136	7B	18	13	305
2	176	7A	173	9B	147	14A	157
3	208	8	186	10	219	14B	188
4	192	9A	144	11	117	TOTAL	1406
5	163	TOTAL	1587	12	255		



 CGM CONSULTANTS CIVIL ENGINEERS	CNM - YBJ ASSOCIATES 17 TANK STREET PO BOX 1022, SOLEMANIA HARARE TEL: 092 798111/798112/798113	ZIMBABWE ASSOCIATION OF CONSULTING ENGINEERS ZACE CONSULTING ENGINEERS	JV	CABS	OFFICE: HARARE DRAWN BY: N.T.S. DATE: MAY 2013 CHECKED BY: CNM-YBJ DESIGNED BY: CNM-YBJ	PROJECT: CABS BUDIRO HOUSING PROJECT TITLE: COMBINED PHASE DRAWING No: TBA
	NOTES: 1. ALL NEW STANDS SHOWN WILL BE IN ACCORDANCE WITH THE ZIMBABWE BUILDING BY-LAWS OF 2006 AS AMENDED BY THE BUILDING BY-LAWS (AMENDMENT) ACT, 2007.			SCALE:	SHEET:	TOTAL SHEETS:

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