

space for 16-20 years," he says. "At the same time, many of our key staff members have gained excellent experience in the SA marketplace — so IHS may be young, but it certainly has depth."

DBSA senior investment officer Gloria Mamba says that the bank has benefited from access to IHS's specialised skills.

So, what type of projects is the fund targeting? "We have three areas of interest," Mkorosi says.

"Our primary area of interest is investing equity into greenfields development projects that provide new housing stock." Here, IHS targets development partners who have been able to access debt from banks, but still require equity to complete their projects.

IHS's second area of involvement is in rental stock, and the company's role here is to help developers purchase and refurbish existing buildings. IHS may also partner developers to build new properties for the rental market.

The company is also geared to participate in private equity transactions,

and will purchase minority stakes in operational organisations within the affordable housing value chain. "In these transactions we look for winners to back," he says.

Mkorosi says about 50%-70% of the fund has been earmarked for greenfields projects, 10%-30% for rental stock, while 10%-15% will be allocated to private equity transactions.

The fund also participates in projects that may be considered beyond the usual field. For example, it plans to become involved in government's Breaking New Ground projects similar to Cosmo City in Johannesburg, where RDP homes (set aside for households earning R3 500 or less) share space with homes priced at more than R1m — though the majority of units available targets IHS's market. Further, it is interested in investing in mixed-use developments comprising housing, retail, industrial and commercial space.

IHS's partnerships with other financiers and developers is a key strength

of the company's business model.

"As a financier, we know how to package finance for projects and rate the risk of a market, but we don't share the developers' knowledge of their niche markets."

It's an approach that works well, from the perspective of IHS's partners, too. Says Dougal Westley of Bigen Africa: "Bigen Africa is a service provision company focusing on jointly identifying and structuring potential residential infrastructure with key strategic partners. IHS is one of those partners, and with their simple yet unique approach to structured financing of project equity, they have enabled us to complete key initial project stages and facilitate the implementation of feasible projects."

Nedbank has enjoyed a similarly beneficial association with IHS. Says Nedbank Affordable Housing head Manie Annandale: "This collaboration model fits the bank's affordable housing strategy of being primarily a funder as opposed to being a developer for its own account." ■