

PRESS RELEASE

Old Mutual's IDEAS Fund finances key cross-border infrastructure deal for Beitbridge

4 August, 2011

4 August 2011 - Old Mutual's Infrastructure, Developmental and Environmental Assets (IDEAS) Fund has financed the equity requirements for the South African Infrastructure Investment Company (SAIIC) to upgrade the Beitbridge Border Post between South Africa and Zimbabwe. At the same time, Standard Bank was awarded the lead debt arranger mandate and WBHO the Engineering, Procurement and Construction contract. The Export Credit Insurance Corporation of South Africa Ltd (ECIC) has insured the project for political risk insurance. The total project value is US\$90 million (approximately R612 million) and construction is expected to take up to 18 months.

SAIIC is a joint venture company formed by Old Mutual, Sanlam, Nedbank and NLP to originate, develop and operate infrastructure projects in Southern Africa. The shareholders of SAIIC have a rich track record in infrastructure development in Zimbabwe, in particular having constructed and operated the Beitbridge, linking Zimbabwe and South Africa, since 1995.

Beitbridge Border Post is extremely important to the economies of sub-Saharan Africa. It is the busiest regional transit link in Eastern and Southern Africa and forms the main axis of the North-South Corridor linking South Africa by road and rail with Zimbabwe, Botswana, Zambia, DRC, Malawi, Tanzania and Northern Mozambique. Over 10 million tons of cargo passes along this corridor every year.

Kingdom Mugadza, an IDEAS Fund portfolio manager at Old Mutual Alternative Investments, said that research conducted by the UK Department for International Development has shown that the cost of transport in Africa is about 30% to 40% above that in other developing regions – representing a substantial drag on regional trade and economic development. Furthermore, in sub-Saharan Africa, transport costs absorb more than 20% of foreign export earnings, rising up to 50% in some landlocked nations.

Mugadza notes that the poor state of systems and infrastructure at the Beitbridge Border Post means that it takes an average of 34 hours for a truck to cross the border northbound and 11 hours southbound. "If the cost of trucks standing at border posts is US\$100 million per annum - as estimated by the Road Freight Association of South Africa - then an overhaul of the systems and infrastructure at Beitbridge to reduce the cost of trade along the North-South Corridor is long overdue."

Regarding the specifics of the project, the government of Zimbabwe has charged SAIIC with:

- Upgrading the border post and modernizing its amenities;
- Constructing the main access road to the border;
- Providing a weighbridge facility; and
- Providing a new housing village for all government employees employed at the border post.

SAIIC has also been awarded a 15-year concession to operate and manage the border post facilities, starting from the end of construction.

“The US\$90 million contract value represents one of the largest investments into Zimbabwe in the recent past,” adds Mugadza. “The project also reinforces Old Mutual Alternative Investments, and the IDEAS Fund, as one of the largest and most active equity investors in infrastructure projects in Southern Africa. Currently Old Mutual has over US\$1.5 billion (approximately R10.2 billion) in infrastructure investments across the region, ranging from public-private partnerships to clean energy investments.

About Alternative Investments and the IDEAS Fund

Alternative Investments is one of 16 specialist investment boutiques within Old Mutual Investment Group (SA) (OMIGSA), part of the Old Mutual group. Alternative Investments focuses on investing in the areas of infrastructure, SRI and private equity, managing a range of funds including the IDEAS Fund. Launched in January of 1999, the fund has over R3.0 billion in assets under management, with underlying investments in toll roads, power, gas, railways, prisons and telecoms, among others.

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