

African Infrastructure Fund reaches final close of US\$500 million



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Head of Alternative Investments

African Infrastructure Investment Fund 2 (AIIF2), a fund promoted and advised by African Infrastructure Investment Managers (AIIM), has announced its final close with commitments of US\$500 million (approximately R3.6 billion) from institutional investors.

AIIM was established in 2000 as a joint venture between the Macquarie Infrastructure and Real Assets business of Macquarie Group Limited of Australia and OMIGSA's Alternative Investments boutique.

The Fund reached its first close of US\$320 million in March 2010, and is focused on infrastructure equity investment in sub-Saharan Africa, targeting core infrastructure investments including roads, airports, power, telecommunications, rail, ports, social infrastructure and related investments in capital-intensive developmental assets.

Andrew Johnstone, AIIM CEO, believes that the strong investor support for AIIF2 demonstrates that Africa is climbing up the agenda of investors. We have a strong pipeline of potential opportunities under detailed review, primarily in the transport and energy sectors, and we are pleased that AIIF2 has already committed 24% of its capital to investments in the transport sector. We are now building on the momentum of this successful fund raising and will look to launch a parallel fund initiative in West Africa.

The lack of investment in infrastructure is considered one of the more serious impediments to improving the economic growth trajectory of African economies. AIIF2 is expected to catalyse infrastructure investment activities on the continent, by mobilising equity capital, and access to global experience of successfully





delivered, sustainable infrastructure assets. The Fund will invest in development-stage, greenfield and brownfield projects, as well as the rehabilitation and restructuring of existing assets.

Many international institutions have been keen to participate in AIIF2, and I am very pleased that AIIM has raised a significantly sized fund despite the difficult fundraising environment. Our experience investing on the African continent – outside South Africa – has shown that these projects make a real difference to the economies and welfare of people in sub-Saharan Africa. AIIM has established offices in Lagos, Nigeria, and in Nairobi, Kenya, and we expect AIIF2 capital to be directed largely at West and East Africa, in addition to the SADC (Southern African Development Community) countries, where there is an enormous need for infrastructure that will facilitate growth in these economies over time.

About AIIM

AIIM has positioned itself as one of the leading unlisted infrastructure equity investment managers in the African market.

The AIIM joint venture has (both directly and indirectly) managed and advised three infrastructure-focused

equity funds, all of which have been successfully invested, namely: the South Africa Infrastructure Fund (SAIF), the African Infrastructure Investment Fund (AIIF), and the Kagiso Infrastructure Empowerment Fund (“KIEF”), managed jointly with Kagiso Tiso Holdings. Collectively, the firm currently advises US\$1.1 billion of committed funds in infrastructure equity investments in Africa.

The AIIM-managed funds focus on infrastructure investments that: provide essential services to the community; have a strategic competitive advantage; require significant capital expenditure; expect to deliver project returns commensurate with the investment risks; and require equity-like cash flows and risk profiles. ■



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