

Sector Snapshot: Infrastructure



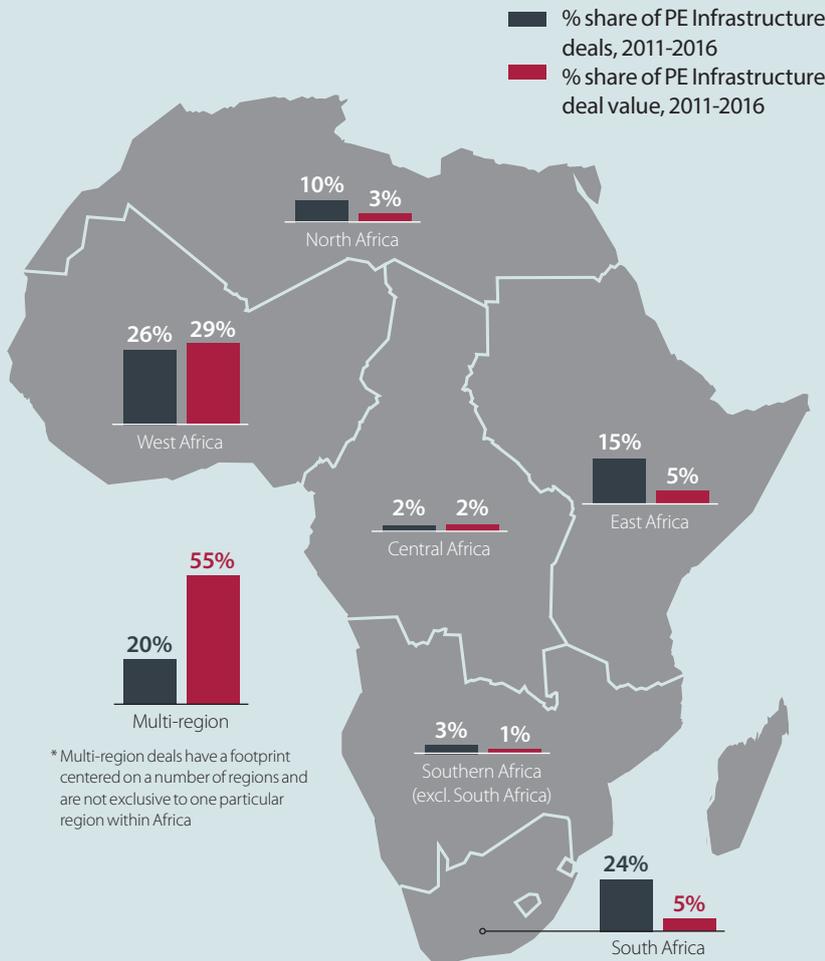
Total value of PE Infrastructure deals in Africa, 2011-2016

US\$10.6bn

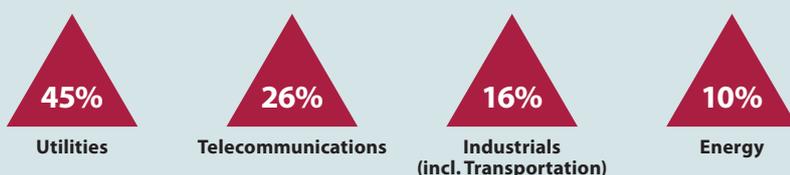
Number of reported PE Infrastructure deals in Africa, 2011-2016

86

% share of number and value of PE Infrastructure deals in Africa, by region, 2011-2016



Top 4 sectors attracting PE Infrastructure Deals in Africa, 2011-2016



Infrastructure Growth Drivers

The investment potential of African infrastructure is being increasingly recognised, as is evident by the development of PE activity in this sector. The significant demand for public and private infrastructure investment within Africa spans areas such as power, water supply and sanitation, information and communication technologies.

What is driving this demand? In 2017, the World Bank estimated Africa's urban population to stand at 472 million people, forecasting it to double over the next 25 years. Infrastructure investment is vital to translating this rapid urbanisation into sustainable economic development. Indeed, the World Bank has stated that US\$93bn will be required annually to 2020 to close Africa's infrastructure gap. PE investors have the opportunity to play a significant role in providing finance to reduce Africa's infrastructure deficit.

"On a forward looking basis, African infrastructure projects are offering attractive premiums to those in developed markets, relative to the perceived risks and most certainly relative to the real risks."

Jurie Swart, African Infrastructure Investment Managers

Private Equity Infrastructure Deals

Between 2011 and 2016, West and South Africa attracted 50% of the total number of PE infrastructure deals, while multi-region deals accounted for the greatest share of deal value (55%). PE investments in infrastructure projects in Africa include Amandi Energy (ARM- Harith Infrastructure Investment Ltd & other investors, 2016), Sindila Micro-Hydro (Metier Sustainable Capital Practice, 2016), IHS Towers (Investec Asset Management, 2015), ENEO (Actis, 2014), Gas Train (African Capital Alliance, 2014), IHS Towers (Emerging Capital Partners & other investors, 2014), Helios Towers Africa (Helios Investment Partners & other investors, 2014), Seven Energy International (FBN Capital, 2012).

Private Equity Infrastructure Exits

Several funds have also successfully exited investments in the infrastructure sector. Companies that have been exited by PE investors in recent years include Bakwena Platinum Corridor Concessionaire (African Infrastructure Investment Managers, 2016), HTN Towers (Helios Investment Partners, 2016), Globeleq Africa (Actis, 2015), MTN Côte d'Ivoire (Emerging Capital Partners, 2013), and MTN Nigeria (African Capital Alliance, 2012).

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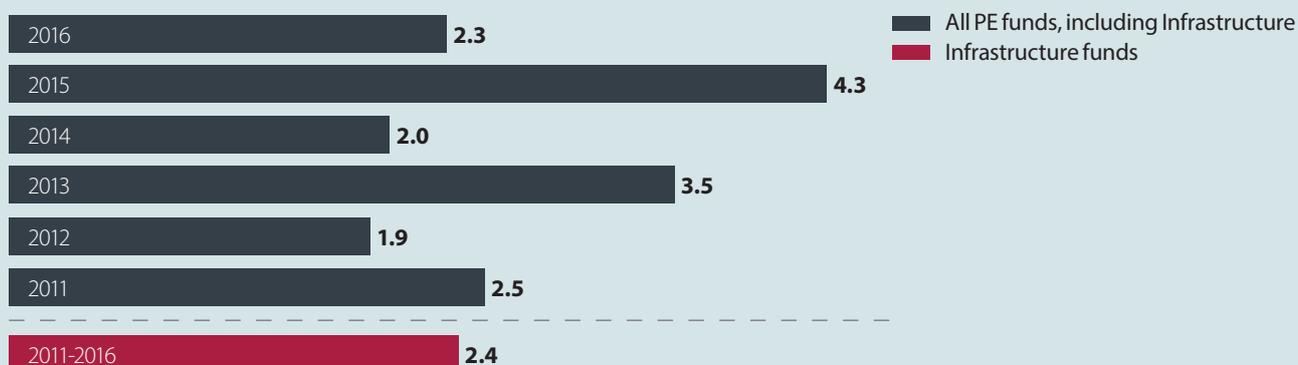
Total value of PE Infrastructure fundraising
in Africa, 2011-2016

US \$2.4_{bn}

Private Equity Infrastructure Funds

GPs invest in infrastructure projects in Africa from both PE infrastructure-specific and generalist funds. PE infrastructure funds raised over the past six years for Africa include Actis Energy 3 (Actis, Emerging Markets), African Infrastructure Investment Fund 2 (African Infrastructure Investment Managers, Pan-African), Convergence Partners Communication Infrastructure Fund (Convergence Partners, Pan-African), Lereko Metier Sustainable Capital Fund (Metier Sustainable Capital Practice, Sub-Saharan Africa).

Total value of Africa PE fundraising, US\$bn



Selection of PE Infrastructure-focused funds currently fundraising for Africa



Focus: West Africa
Fund: ARM-Harith Infrastructure Fund
Fund manager: ARM-Harith Infrastructure Investment Ltd
Targeted Close: US\$250mn



Focus: West & Central Africa
Fund: Argentil Energy Investment Fund
Fund manager: Argentil Capital Management Ltd
Targeted Close: US\$200mn



Infrastructure (along with Real Estate) was viewed by LPs as one of the most attractive sectors in African PE over the next three years.

Source: AVCA Annual Limited Partner Survey, August 2016

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About AVCA

AVCA: Enabling private investment in Africa

The African Private Equity and Venture Capital Association is the pan-African industry body which promotes and enables private investment in Africa.

AVCA plays an important role as a champion and effective change agent for the industry, educating, equipping and connecting members and stakeholders with independent industry research, best practice training programmes and exceptional networking opportunities.

With a global and growing member base, AVCA members span private equity and venture capital firms, institutional investors, foundations and endowments, pension funds, international development finance institutions, professional service firms, academia, and other associations.

This diverse membership is united by a common purpose: to be part of the Africa growth story.