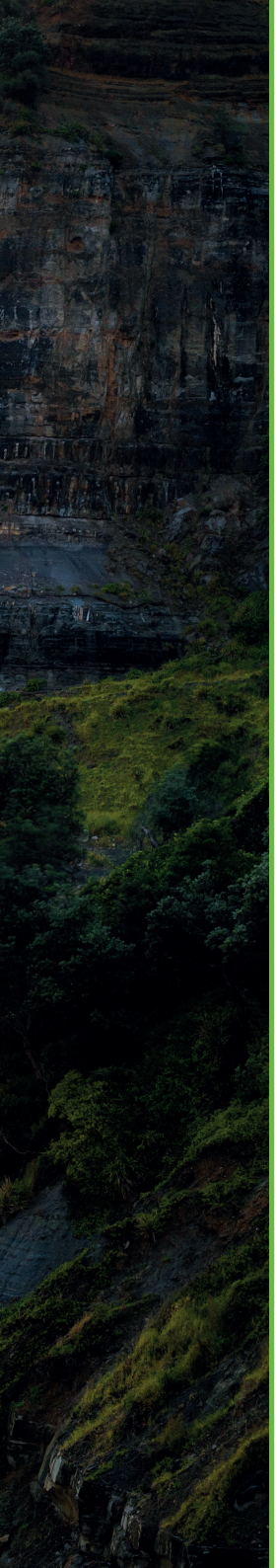
AFRICA50

INVESTING IN INFRASTRUCTURE
FOR AFRICA'S GROWTH

CORPORATE PROFILE



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INTRODUCTION & HIGHLIGHTS

Investing in Infrastructure for Africa's Growth

As part of the 2012 Declaration on the Programme for Infrastructure Development in Africa (PIDA), African heads of states called for innovative solutions to accelerate the delivery of infrastructure on the African continent as part of the AU's Agenda 2063.

In response, and after broad consultation with its stakeholders, the African Development Bank (AfDB) announced the establishment of Africa50, an investment vehicle conceived to be part of the solution to the continent's infrastructure challenges.

Africa50 is aligned with AfDB's High 5's and supports the UN SDGs.

[AfDB's High 5s]

The High 5 for transforming Africa
Le Top 5 pour transformer l'Afrique

Priority Sectors

POWER **ICT*** **TRANSPORT** **MIDSTREAM GAS**

Infrastructure Projects

5

African Shareholder Countries

27

Committed Capital

OVER US$870 MILLION

* Information and Communication Technology

US$170 BILLION

Infrastructure funding needs per year, leaving an annual gap estimated at **US$108 billion**

Government and public funding while critically important, will not be enough to bridge the gap.

THE INFRASTRUCTURE FUNDING GAP

Barriers to Bridging the Gap

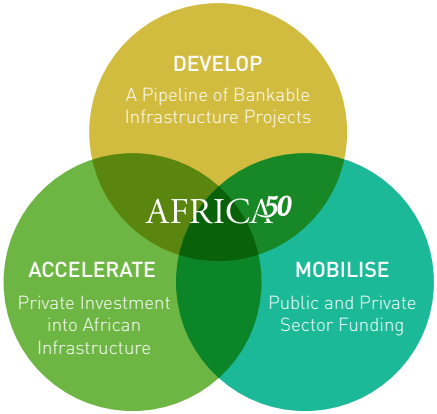
Limited public resources	Budgetary constraints and inefficient use of resources limit the number of projects the public sector can fund	**PUBLIC SECTOR**
Limited government capacity to implement projects	Not enough well-prepared projects are ready for financing and implementation	
Enabling environment / regulatory constraints	Slow progress in establishing enabling environments conducive to PPPs	
Limited number of early risk-takers and credible private players	Early-stage investors and strong private sponsors are wary of Africa due to a perception of high risk	**PRIVATE SECTOR**

Source: African Development Bank

AFRICA50

Strategic Pillars

- **Project Development (PD)**
- **Project Finance (PF)**
- **Mobilize public and private sector funding**



- **Africa50 Project Development** seeks to increase the number of bankable infrastructure projects. It provides early stage equity and engages with stakeholders through the deal cycle with the aim of accelerating project implementation towards financial close.
- **Africa50 Project Finance** engages stakeholders near or post financial close. It provides equity and quasi equity with flexible exit options, along with access to preferential debt from the AfDB and other DFIs.
- Africa50 PD and PF balance **profitability and developmental impact**, targeting return on investment on a portfolio basis to ensure sustainability.
- Africa50 leverages shareholders countries' capital commitment to **mobilise long-term savings** from within and outside Africa to fund infrastructure on the continent.

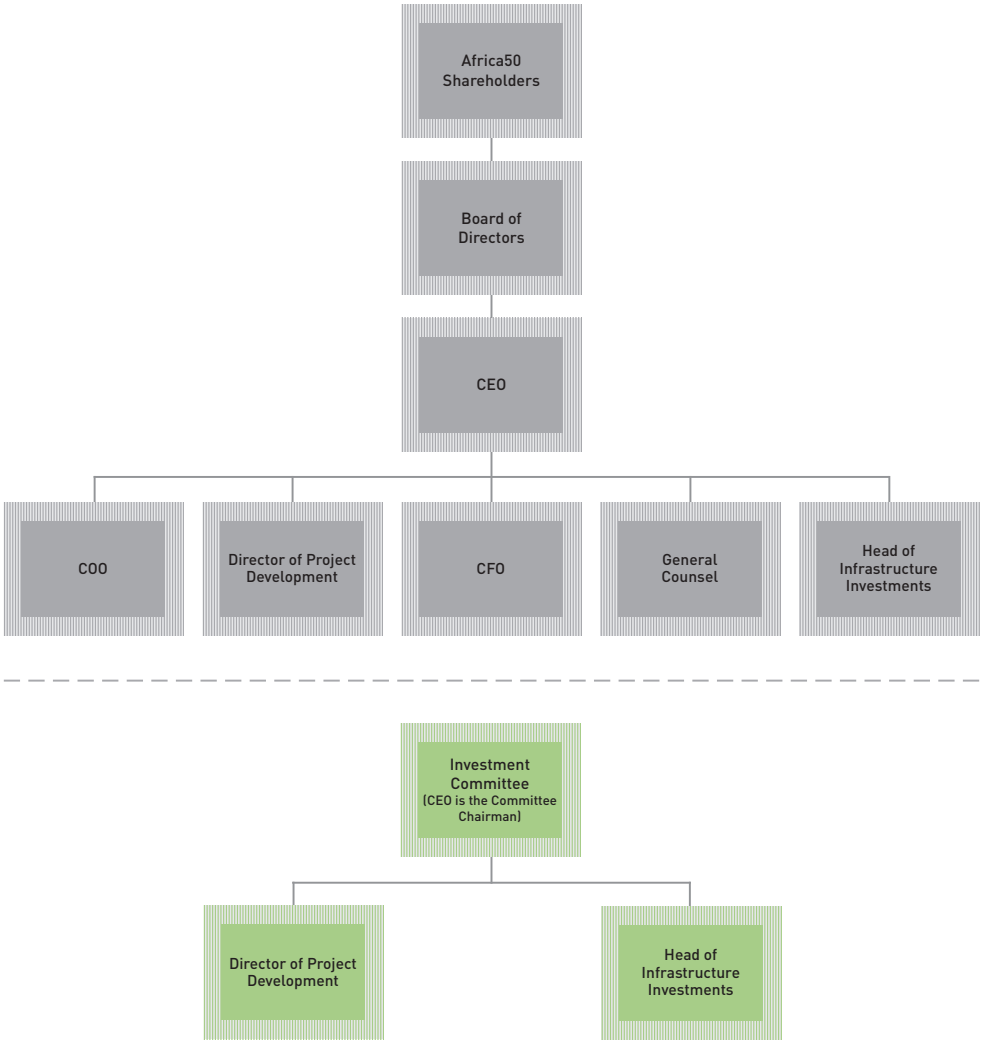
Value Proposition

- **Experienced investment team** with a track record of deal making
- **Close relationships with African government shareholders and the AfDB** which are critically important in the infrastructure development and financing process
- **Access to deal-flow** generated from project development activities and through ongoing dialogue with its African government shareholders
- Access to **competitive finance, including long-term debt** from the AfDB and the broader DFI community, as well as existing concessional funding
- Jurisdiction-specific potential **risk mitigation** through high level public-sector engagement
- **Priority** to core infrastructure projects of its **shareholder countries**
- **Efficient** decision-making matched by **speed in execution**

SHAREHOLDER COUNTRIES

Funding from 30 shareholders including 27 African Countries, the AfDB, the Central Bank of West African States (BCEAO), and the Bank Al-Maghrib (BAM) – With US$870 million in committed capital

Governance Structure



Chairman of the Board

Akinwumi Adesina
Chairman of the Board
President of the African Development Bank

Chief Executive Officer

Alain Ebobissé
Chief Executive Officer

Senior Leadership Team

Carole Wainaina
Chief Operating Officer

Koffi Klousseh
Director of
Project Development

Eric Ouedraogo
Chief Financial Officer

Kimberly Heimert
General Counsel

Raza Hasnani
Head of Infrastructure
Investments

Priority Sectors

Africa50 prioritises investment in the Power, Transport, ICT and gas sectors, which are projected to collectively absorb 86 percent of Africa's overall infrastructure funding by 2025.

POWER

Energy access is the foundation of inclusive economic growth, innovation and prosperity.

ICT

ICT has a strong multiplier effect on economies as it drives increased access to information, innovation, and knowledge, at reduced costs.

TRANSPORT

Transport infrastructure is critical to boosting competitiveness and trade, access to social services, and regional integration.

MIDSTREAM GAS

Natural gas is an important source of energy for reducing pollution. It also enables to develop local resources for power generation.

Investment Criteria

- Predominantly **private sector** or undertaken under a **public private partnership framework (PPP)**.
- Mid-to-large scale, typically with a project value over **US$100 million**. Smaller projects may be considered on a case-by-case basis.
- Aligned with Africa50's focus sectors. Other infrastructure sectors may be considered on a case by case basis.
- Technically and financially sound.
- Supported by reputable partners with the relevant track record.
- Benefit the local economy.
- Meet world class environmental, social, and governance standards.

INVESTMENT ACTIVITIES

Project Development (PD) Business Model

PD Value Proposition	PD Ownership Model
• Identify projects through network and shareholder support • Engage stakeholders along deal cycle through relationships (shareholders, government and private sector partners) • Identify and resolve obstacles to move projects to financial close • Mitigate risk by innovative structuring and financial appraisal	• Typically take significant minority stakes in projects or platforms • Play an active role alongside main sponsor except for surrogate sponsor engagement • Partner with other developers to complement value proposition when beneficial • Remain more flexible and understanding of African realities
PD Project Cycle Positioning	**PD Sustainability Model**
• Project Concept • Feasibility (Technical, E&S, Business, Legal) • Land acquisition, approvals and permitting • Contract negotiation and structuring (Offtake, EPC, O&M) • Financing, guarantees and financial close	• Operate following a venture capital model • Deploy risk capital in early stages • Balance profitability and development impact • Develop a large portfolio of projects • Return Target: modest return on investment on portfolio basis to ensure sustainability • Ticket Size: US$2-10 million • Current Allocation:10% of Africa50's Capital

Project Finance (PF)
Business Model

PF Value Proposition	PF Ownership Model
• Source proprietary investments through Africa50 Project Development and other sources • Engage stakeholders post financial close through relationships • Access AfDB and DFI community for preferential debt • Mitigate risk during construction and operation phases in markets perceived as high risk	• Typically take significant minority stakes in projects or platforms • Play an active role regardless of the type of investment • Provide capital alongside strategic partners • Invest in and sponsor private sector funds to mobilize institutional investors capital
PF Project Cycle Positioning	**PF Sustainability Model**
• Construction • Testing • Initial operation • Steady state	• Operate following a venture capital model • Deploy risk capital in early stages • Balance profitability and development impact • Develop a large portfolio of projects • Return Target: 14-20% • Ticket Size: US$25-75 million • Current Allocation:90% of Africa50's Capital

SIGNED INVESTMENTS

Senegal

Malicounda Power Plant

Development of a greenfield 120-megawatt combined cycle thermal power plant

Approved
September 2017

Background

In September 2017, Africa50 signed an agreement with Senelec, the Senegalese national utility, for competitive selection of a strategic sponsor to develop a 120 megawatt combined cycle thermal power plant in Malicounda. The plant, situated in Mbour department (85 kilometres from Dakar), will initially run on fuel oil, but will be converted to natural gas once it becomes available from recently discovered gas fields. Private sector participation follows the Build, Own, Operate, and Transfer model.

Africa 50's stake is 30 , alongside MelecPowerGen - the majority-owner and strategic sponsor, and Senelec – the Senegalese National Electric Utility.

In January 2018, MelecPowerGen, which was selected as strategic sponsor, signed a 20-year power purchase agreement with Senelec, with the lowest thermal power plant tariff in the country.

"This project is the first early-stage investment through its project development arm to be converted into a long-term equity investment made by its project financing arm."

Dr. Akinwumi Adesina
President of the African Development Bank

"This project is a good example of how Africa50, working with effective partners such as Scatec and Norfund, as well as the Egyptian authorities, can facilitate infrastructure project development in Africa."

Alain Ebobissé
CEO of Africa50

Egypt

Benban Photovoltaic Power Plants

Construction of a 400-megawatt solar power plant

Approved
May 2017

Project Cost
US$430 million

Financial Close
October 2017

Background

Africa50 entered into a joint Development Agreement with Scatec Solar and Norfund in May 2017, committing late stage project development equity for six utility scale photovoltaic power plants totalling 400 megawatts. The projects successfully reached financial close in October 2017.

Developed under the second round of the Egyptian Feed-in Tariff Program, this project is part of a program to establish the largest solar park in the world, consisting of 30 plants with a combined capacity of more than 1600 megawatts.

Africa50 is contributing 25 percent of the equity to fund construction alongside Scatec Solar and Norfund. Senior debt is provided by the European Bank for Reconstruction and Development, the Netherlands Development Finance Company, the Green Climate Fund, the Islamic Development Bank, and the Islamic Corporation for the Development of the Private Sector.

The plants are supported by 25-year power purchase agreements with the state-owned Egyptian Electricity Transmission Company, backstopped by a sovereign guarantee.

The six plants are expected to generate around 900,000 megawatt hours of clean photovoltaic electricity annually, which would avoid emissions of more than 350,000 tons of carbon dioxide. In addition, the partners are committed to training and employing local workers for plant construction and operation.

Cameroon

Nachtigal Hydropower Plant

Construction of a 420-megawatt hydropower plant on Sangara river

Approved
September 2018

Project Cost
€1.2 billion

Financial Close
December 2018

Background

Africa50 has acquired 15% of the equity stake in Nachtigal Hydro Power Company (NHPC) which runs the Nachtigal hydropower project in Cameroon.

Africa50 purchased its stake from the Government of Cameroon, helping free-up public funds for other pressing development needs.

The project entails the construction and operation of a 420 MW hydropower plat 65 kilometers from Yaoundé, as well as 50 kilometer transmission line to Nyom. It will be operated under a 35-year concession.

Considered as a national priority, Nachtigal is part of Cameroon's development plan to enhance both the reliability of the energy sector and access to power. The plant will produce an average of close to 3,000 GWh per annum, covering 30% of the country's energy needs. The power produced will be sold to the national utility company at a competitive price, thereby benefitting the Cameroonian consumers and boosting the economic and industrial development of the country.

The project is expecting to create up to 1,500 direct jobs during construction (65% locally sourced), and many permanent jobs upon completion in 2023.

Its total cost is projected to be €1.2 billion. Shareholders' equity will fund 24% of the project while the rest will be funded through debt under a project finance structure. The lender group coordinated by IFC includes 11 development finance institutions and 4 local commercial banks coordinated by Attijariwafa Bank

Rwanda

Kigali Innovation City

Construction of a Digital Innovation Precinct

Approved
November 2018

Background

Africa50 has signed an agreement with the Republic of Rwanda to develop and finance a "Digital Innovation Precinct", including commercial and retail complexes, as part of Kigali Innovation City (KIC).

As co-sponsor and partner of the project, Africa50 will apply its project development, financial structuring, and infrastructure development expertise, working alongside the Rwanda Development Board and other partners during the development phase. It will also help select additional partners, including other development finance institutions and private sector lenders, for the construction.

KIC is a flagship, pan-African project whose final value could approach $2 billion. It will house international universities, technology companies, biotech firms, and commercial and retail real estate in an area of 70 hectares. As a key component of the government's Vision 2020 development program, KIC aims to attract technology companies from all over the world to Rwanda to create an innovation ecosystem and further a knowledge-based economy.

KIC should create over 50,000 jobs and generate $150 million in ICT exports annually, as well as attracting over $300 million in foreign direct investment. Over 2600 students are expected to graduate annually from its universities over 30 years, adding to Rwanda's and Africa's pool of tech-savvy entrepreneurs.

Democratic Republic of Congo

Republic of Congo

Approved

November 2018

Project Cost

US$550 million

Rail-Road Bridge

Construction of a 1.7 km rail-road bridge linking the cities of Kinshasa and Brazzaville

Background

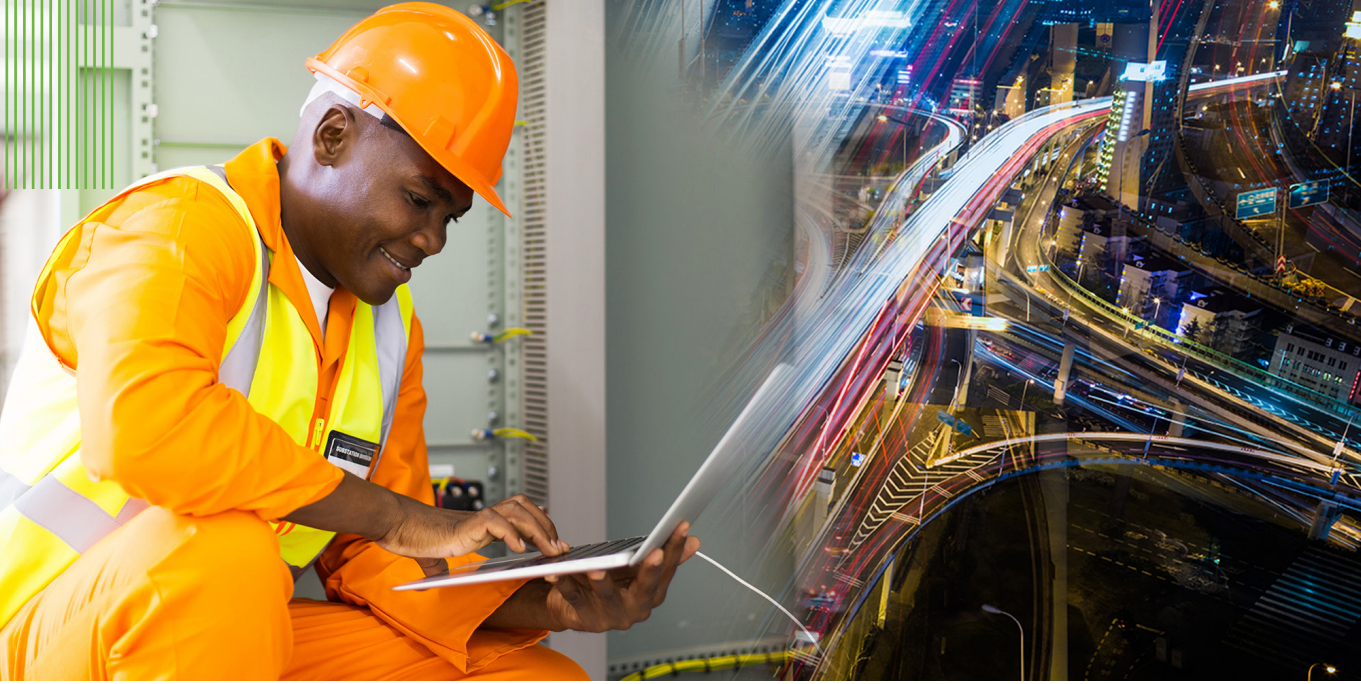
The African Development Bank and Africa50 have signed an agreement with the Democratic Republic of Congo and the Republic of Congo to develop and finance the first road-rail bridge project linking their capitals – Kinshasa and Brazzaville.

The two governments have mandated Africa50 and the African Development Bank to develop the project as a public private partnership, the bank will act as the debt provider under the aegis of the Economic Community of Central African States. As the main developer, Africa50 will lead the project development, help select a strategic partner, and provide equity for construction.

This landmark project, part of the Programme for Infrastructure Development in Africa (PIDA) Priority Action Plan, consists of a 1.7-kilometer toll bridge over the Congo River. It will include a single railway track, a double-lane road, sidewalks, and a single border checkpoint at each end. It will be connected to existing road infrastructure in both countries.

The bridge will improve transport networks between Kinshasa and Brazzaville. The two closest capitals in the world are currently only linked by ferries. Once the bridge is built, the existing traffic of an estimated 750,000 people and 340,000 tons of freight a year, is expected to increase to over 3 million people and 2 million tons of freight by 2025.

The governments of the two countries have long been working on this crucial infrastructure project, signing initial protocols in 2007, and cooperating on and co-funding the feasibility study with the African Development Bank.



Room2Run

US$1 billion securitization transaction

Background

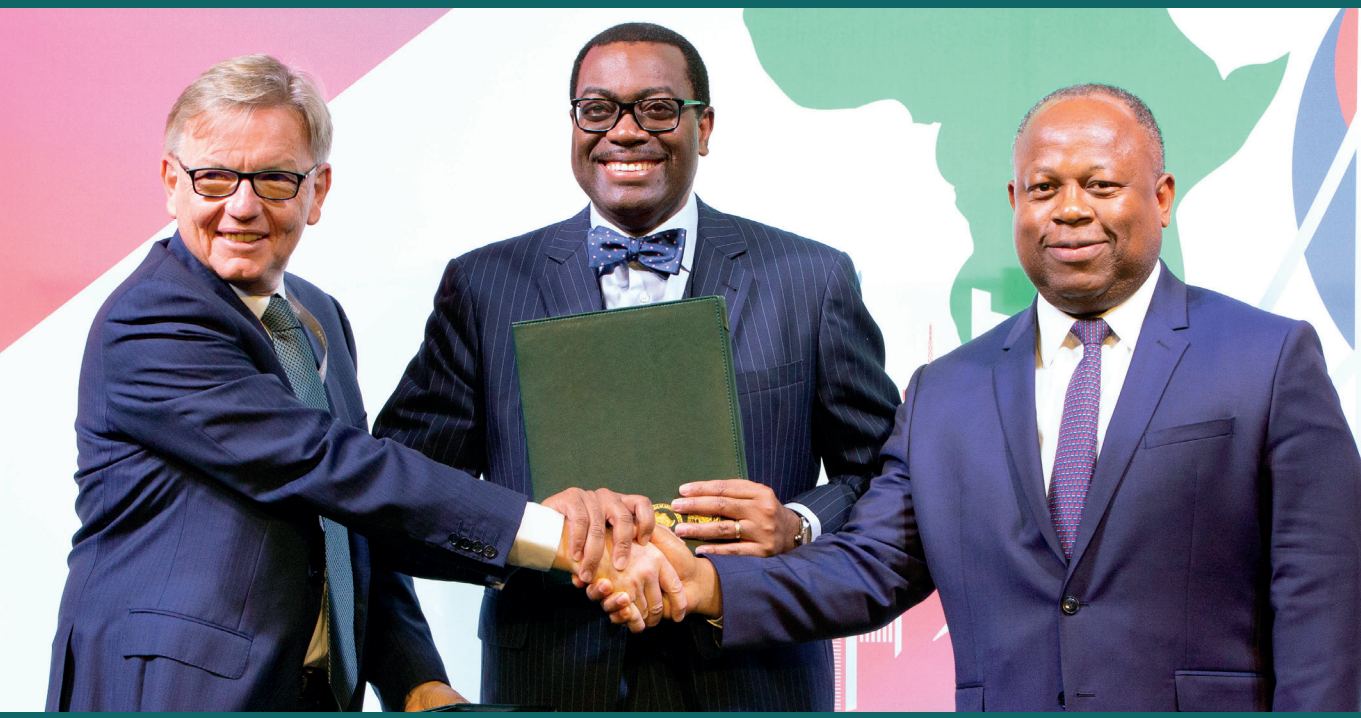
Quasi-equity investment in a Risk Protection Agreement between African Development Bank and institutional investors, including Africa50, for a tranche of a US$ 1 billion pan-African portfolio of loans.

The portfolio consists of approximately 50 loans from among the African Development Bank's non-sovereign lending book, including power, transportation, financial sector, and manufacturing assets. The portfolio spans the African continent, with exposure to borrowers in North Africa, West Africa, Central Africa, East Africa, and Southern Africa.

Room2Run is in direct response to G20's call for MDBs to use their existing resources to full capacity. It is the first-ever portfolio synthetic securitization between a Multi-Lateral Development Bank (MDB) and private sector investors.

The transaction enables the African Development Bank to free up additional economic capital, creating resources to support its development agenda.

The African Development Bank, Africa50 and the Green Climate Fund announce plans to collborate on the Desert to Power programme



"The Desert to Power programme will transform countries in the Sahel region by accelerating their access to energy through solar power. To realise this ambition, strong collaboration is needed. Therefore, the partnership with the Green Climate Fund and Africa50 is a great milestone and will help us deliver at scale."

Dr. Akinwumi Adesina, President of the African Development Bank

"Africa50 is about leveraging partnerships to contribute to the continent's growth through developing and funding high impact private and PPP infrastructure projects. This agreement allows us to leverage our project development capabilities and build a bigger pipeline of bankable projects that will provide millions of people and businesses on the continent with clean and affordable energy."

Alain Ebobissé, CEO of Africa50

The African Development Bank, the Green Climate Fund (GCF) and Africa50 signed a letter of intent to collaborate on the Desert to Power programme on 29 May 2018, on the sidelines of the African Development Bank's Annual Meetings, in Busan, South Korea.

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