

## Vantage Capital announces the launch of its fourth mezzanine fund

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Vantage Capital, Africa's largest mezzanine fund manager, announced today the successful first close on its fourth mezzanine fund. With US \$207 million of commitments from European and US-based commercial investors as well as development finance institutions (DFIs), including the IFC, CDC Group and SIFEM, Vantage Mezzanine Fund IV is on track to reach its target total fund size of US \$350 million.

The fund will provide mid-sized African businesses with flexible capital that will enhance job creation and facilitate much-needed economic opportunities and growth – especially necessary for post-Covid-19 recovery.

**Warren van der Merwe**, Managing Partner, noted, "Vantage is proud of the continued support received from its investors. We were the first independent mezzanine fund in South Africa when we raised Fund I in 2006. Mezzanine was not well known in South Africa at that time, let alone in the rest of Africa. Since then, we have taken our mezzanine product across Africa to 15 target markets, having invested in 11 of them. Our fundraising success, in such a challenging environment, is a validation of the mezzanine asset class in Africa and of our role as a pioneer in this space over the past 15 years. As with previous funds, most of the funds have been raised from private sector investors such as insurers, pension funds and endowments who find our contractual yields and equity upside exposure attractive when compared to private equity alternatives. We have also received valuable support from DFI investors, namely the IFC, CDC Group and SIFEM, who appreciate the impact that mezzanine can have in growing mid-sized African enterprises."

Since 2006, Vantage Capital's Mezzanine division has made 31 investments across three funds into 11 African countries, making it the largest and most experienced independent mezzanine funder on the continent. Its inaugural mezzanine fund was raised in 2006, with US \$150 million invested into five South African companies. In 2012, its second mezzanine fund of \$240 million was raised, investing into a portfolio of 13 companies across Africa. This was followed by its third mezzanine fund of US \$287 million raised in 2015, with a further 13 investments spread across the continent.

"Vantage Capital's mezzanine offering plays an important role in supporting the growth of mid-size businesses that would otherwise struggle to access capital through conventional banking channels", explains **Luc Albinski**, Executive Chairman. "Vantage's non-dilutive funding enables business owners to retain control and hold on to their equity, while at the same time accessing the capital needed to realise their full potential. This, in turn, plays an important role in driving economic growth, job creation and improved prosperity."

Over the past 15 years, Vantage has funded a number of success stories. **Vumatel**, a fibre-to-the-home network operator in South Africa, is one such example. Vantage invested in the company in 2016, at a time when it had a small subscriber base of 3,500 but was well-poised to take advantage of tremendous household demand for fibre. With the help of Vantage's expansion funding, in a little over two years the company grew its subscriber base to over 90,000 and enjoyed exponential growth in operating profit. Another example is Pétro Ivoire, where in 2018 Vantage facilitated the first-ever leveraged management buyout in Francophone West Africa. The transaction enabled the founding family to regain control of their business by using Vantage's mezzanine debt to buy out their private equity investors. In the past year, Vantage has also provided growth capital that facilitated **CIM Santé's** expansion of its clinics across Morocco; and in late 2020, the fund manager provided **PickAlbatros Hotels** in Egypt with capital for its renovations, at a time when banks were reluctant to support the hospitality sector due to the negative impact of Covid-19.

Vantage will continue its focus on supporting Africa’s mid-market sector as it commences deployment on its newly-raised fourth mezzanine fund.



*Vantage Capital’s funding into CIM Santé, a healthcare group in Morocco, is being used to fund the rollout of clinics across the country*

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#### **About Vantage Capital**

Vantage Capital is an Africa-focused fund manager with offices in Johannesburg and Cape Town. The business was founded in 2001 and has raised funds of over \$1.3 billion. Since 2006, Vantage Capital’s Mezzanine division has made 31 investments across three funds into 11 African countries, making it the largest and most experienced independent mezzanine funder on the continent. In addition, Vantage Capital’s GreenX division has made 14 senior debt investments into South African solar and wind energy projects across three funds.