

CASE STUDY:

N3 TOLL CONCESSION (RF) PROPRIETARY LIMITED (N3TC)



THE COMPANY:



Company:	N3 Toll Concession (RF) Proprietary Limited (N3TC)
Region:	Africa
Country:	South Africa
Sector:	Toll Roads
Investment	Infrastructure

- They provide a high quality road, improved road safety and substantial savings on vehicle operating costs.
- There is systematic monitoring of environmental, social as well as health and safety indicators.
- In 2018, their Touching Lives programme contributed to over 70 projects along the toll route and has created over 1 000 job opportunities.

THE N3 TOLL ROUTE – NOT JUST ANY ROAD

N3 Toll Concession (N3TC) began its journey on the eve of the new millennium, in November 1999, when it entered into a 30-year concession contract with the South African National Roads Agency (Soc) Limited, in respect of a 415km section of the N3 from the Cedara Interchange in KwaZulu-Natal to the Heidelberg South Interchange in Gauteng (the N3 Toll Route).

The company’s core responsibility is the design, construction, financing, operating and maintenance of the N3 Toll Route. The focus is on customers’ need for safety, convenience and mobility; shareholders’ need for wealth optimisation; and communities’ need for long-term socio-economic development and sustainability.

Toll roads provide a high-quality road network for the country, that leads to improved road safety, reduction in traveling time and distance, and lower vehicle

operating costs. Toll tariffs for the N3 Toll Route were originally determined as part of the concession contract bidding process. Since then, they have had annual CPI-based adjustments that are approved by the Minister of Transport.

As part of N3TC’s ‘Touching Lives Programme,’ the Company has placed a large emphasis on socio-economic value creation by funding sustainable projects that span across the entire route.



Investors: Old Mutual Life Assurance Company (South Africa) Limited (IDEAS); African Infrastructure Investment Fund; Old Mutual Life Assurance Company (South Africa) Limited (FUTUREGROWTH); Public Investment Corporation Ltd (GEPF and UIF); GAIA N3 Holdings (Pty) Ltd; Stanlib Infrastructure GP2 (Pty) Ltd; AFC Equity Ltd; Infra-Africa Investment Holdings (Pty) Ltd; Fikile Projects (Pty) Ltd; Rangwato Freddie Projects CC; Mott MacDonald Africa (Pty) Ltd; Squinch Advisory Services CC; Sankar, Govender & Associates CC; John Muller en Vennote BK; J Molobela.

THE COMPANY VIEW

Con Roux, Commercial Director of N3TC, comments: "AIIM has been an absolutely integral partner from the moment they came on board and have been great professionals to work with. It's not just AIIM's focus on governance issues, as vital as they are, that are important. They are also a powerful supporter of the social benefits we are able to deliver to the communities that line the N3's route. AIIM believes that new, professionally managed and operated infrastructure can be at the heart of social progress, and we share the same philosophy."



INCORPORATING ESG INTO PRIVATE EQUITY

African Infrastructure Investment Managers (AIIM) is part of Old Mutual Alternative Investments and is Africa's largest and most experienced infrastructure equity fund manager. By virtue of its investment in N3TC, funded through its investment funds, African Infrastructure Investment Fund (AIIF) and the IDEAS Fund, AIIM – together with its other shareholders – has entered into a public-private partnership (PPP) with the government of South Africa.

AIIM plays a key role in the integration and implementation of an Environmental and Social Management System (ESMS) that focuses on monitoring, identifying and managing the concession's exposure to environmental and social risks. This creates a culture where there is systematic monitoring of various environmental and social indicators as well as health and safety standards. The ESMS that

has been implemented follows international best practice and is in compliance with the Equator Principles and IFC Performance Standards. Skills training is mainly related to highway construction, operation and maintenance, which gives those recipients the opportunity to be a part of the N3TC team, whilst also providing them with tertiary bursaries if required. In order to establish strong governance structures, AIIM has 5 seats on the board of N3TC and are active in the Audit, Finance, Remuneration, Procurement and Social and Ethics Committee to assist it in bringing value to all its stakeholders.

A poor road system stifles economic growth, whereas PPPs allow us to improve the quality of large-scale public infrastructure, specifically national roads, so that all users may enjoy the benefits and contribute to the creation of a fully-functional national economy.

A FORCE FOR GOOD

Journeying down the scenic route from Heidelberg to Cedara, you may not be fortunate enough to stumble upon a wattled crane but you will definitely encounter an individual impacted by the Touching Lives programme. It boasts a portfolio of over 70 projects, ranging from environmental conservation to enterprise development and child welfare. The major focus is on education, especially early childhood development.

The aim of N3TC's CSI programme is to transform the lives of people and communities and to make a tangible, lasting difference. The projects that are chosen for funding undergo

a selection process, are centres of excellence and align to the goals and objectives of the company. They are regularly monitored, evaluated and reviewed by the company and its shareholders.

In 2018, the Touching Lives programme collectively created over 1 000 job opportunities and over 90 000 people across all races and genders, mostly under the age of 35, benefited from the association with N3TC. The company believes in "sustaining the impact", not only by providing financial support, but also by making necessary resources available, facilitating collaborative partnerships between projects and engaging all stakeholders in the process.



www.aiimafrika.com

A Member of



OLDMUTUAL
ALTERNATIVE INVESTMENTS

African Infrastructure Investment Managers (Pty) Ltd (Reg No 2000/001435/07) (FSP 4307) is a licensed financial services provider, approved by the Registrar of Financial Services Providers (www.fsb.co.za) to provide advisory and/or intermediary services in terms of the Financial Advisory and Intermediary Services Act 37, 2002. African Infrastructure Investment Managers (Pty) Ltd is a wholly owned subsidiary of Old Mutual Alternative Investments Holdings (Pty) Ltd and is a member of the Old Mutual Investment Group. Old Mutual Alternative Investments (Pty) is a member of the Old Mutual Group. This is a market linked pooled product, which is policy based. The policy is issued by Old Mutual Life Assurance Company (South Africa) Limited. Old Mutual Investment Group is a member of the Old Mutual Group. Accordingly, Old Mutual plc and Nedbank are related entities. We outsource investment administration of our local funds to Curo Fund Services (Pty) Ltd, 35% of which is owned by the Old Mutual Investment Group Holdings (Pty) Ltd. All inter-group transactions are done on an arms lengths basis. While all reasonable steps have been taken to ensure that the information in this report is accurate, the information is provided without any express or implied warranty. Please note that where percentages are displayed in this report, the total may not add to 100% due to the rounding of figures. Past performance is not necessarily a guide to future investment performance. For more detailed legal information pertaining to the Old Mutual Investment Group, and Old Mutual Alternative Investments please refer to the Legal section of our website. www.oldmutualalternatives.com