

Vantage Mezzanine Fund III invests R250m in Vumatel

African mezzanine fund manager Vantage Capital, announced today that it has disbursed the second and final tranche of a R250 million expansion capital facility to Vumatel. The funds will be used for the ongoing expansion of Vumatel's fibre-to-the-home (FTTH) network in a growing number of Johannesburg and Cape Town suburbs.



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The Vantage mezzanine facility was structured in two equal tranches of R125 million, to be drawn by Vumatel upon the achievement of certain operational and financial milestones by the company. Since concluding the transaction in April this year, Vumatel has rapidly expanded its network and has exceeded the milestones required to drawdown both tranches of the R250 million facility from Vantage.

Vumatel was established in 2014 to supply affordable high-speed fibre optic network connectivity to homes in South Africa. Vumatel began deploying its open access FTTH network in October 2014 in Parkhurst, a Johannesburg suburb. Since then, the company has rapidly expanded its network to cover 22 suburbs, reaching more than 33,000 homes. Driven by strong customer demand for reliable high speed internet, Vumatel has a robust pipeline of additional suburbs for further network deployment.

Broadband deficit

Despite having one of the highest GDP per capita ratios in Africa, South Africa's average broadband speed is one of the lowest on the continent. Vumatel was founded to address this large deficit in high-speed broadband services for residential users in South Africa. The company contributes to greater high-speed broadband adoption through the deployment of an open access fibre optic network. 'Open access' means that the Vumatel network can be used as a platform by multiple internet service providers, such that customers can benefit from a variety of choices to suit their needs.

Vumatel's founding shareholders Niel Schoeman, Johan Pretorius and Richard Came have been key players in establishing and operating several well-known telecommunications and technology businesses including Dimension Data, Dark Fibre Africa, Conduct Telecom and the Birchman Group.

This is Vantage's 22nd mezzanine investment and the fourth investment in Fund III, which is targeting a final close of R4 billion and has a 40% allocation for South Africa. Vantage Mezzanine Fund III supported the Servest buyout last year, and recently concluded a \$20 million investment in Landmark (a Nigerian property group), as well as an N\$80 million (R80 million) investment in UAG (a Namibian hospitality and property group).

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