

# CASE STUDY:

## EASTCASTLE INFRASTRUCTURE

### THE COMPANY:



- Company:** Eastcastle Infrastructure (Eastcastle)
- Region:** Sub-Saharan Africa
- Country:** Democratic Republic of Congo and Nigeria
- Sector:** Digital infrastructure
- Technology:** Telecommunication towers
- Size:** USD130m
- Investor:** AIIF3
- Investment:** Equity

#### IMPACT HIGHLIGHTS

- USD130m funding round to support Eastcastle’s build-to-suit towers strategy in Democratic Republic of Congo and Nigeria providing increased regional coverage for users through a planned portfolio roll-out of more than 2,000 towers.
- Support Africa’s digital revolution where data consumption per subscriber is expected to increase fourfold by 2025, along with an expected 200 million new mobile internet users.

#### EASTCASTLE’S STORY

Eastcastle Infrastructure was established in 2020 by Peter Lewis, the former Group CFO and Pankaj Kulshrestha, the former Group COO of Eaton Towers, to pursue new build-to-suit telecom tower and related infrastructure opportunities for their core existing MNO relationships initially in Nigeria, Democratic Republic of Congo and the Ivory Coast.

The founders’ experience in developing and building locally resourced African telecom-related businesses extends to over twelve African countries and has resulted in the creation of thousands of jobs for local nationals. The Eastcastle team has successfully structured and completed fourteen African telecoms tower acquisitions and disposals. The most recent being the sale of Eaton Towers’ operations in Ghana, Uganda, Kenya, Niger and Burkina Faso to

American Tower for USD1.85 billion at the end of 2019.

Eastcastle’s primary customer base comprises Mobile Network Operators across the African continent. Substantial investment in mobile towers is needed to serve exponential growth in data consumption across the continent which is driven by continuing growth in mobile subscriber numbers, rising smartphone adoption and rising data consumption per subscriber.





# THE COMPANY VIEW

Peter Lewis, Co-Founder of Eastcastle said:

**“As leaders in the pan-African infrastructure investment space, AIIM was an obvious choice as partner, as Eastcastle embarks on the next phase of its growth. The team brings a wealth of experience in digital infrastructure, which complements Eastcastle’s longstanding capabilities in developing and operating tower portfolios across multiple markets. As smart phone adoption and internet penetration increases across the continent, the demand for digital infrastructure in Africa has never been greater, and we look forward to working with our new partners – AIIM, Adenia Partners, and IFC – in plugging the gap and bridging Africa’s digital divide.”**

## THE ROLE PLAYED BY PRIVATE EQUITY

Through a joint funding round, AIIM (via AIIF3), Adenia Partners and the International Finance Corporation (IFC) and the founders plan to invest a total of USD130 million to support Eastcastle’s build-to-suit strategy and to develop new telecom towers, initially in the Democratic Republic of Congo and Nigeria. The number of towers across the region needs to increase significantly to accelerate the deployment of bandwidth intensive technologies such as 3G, 4G and 5G by Mobile Network Operators and to increase quality connectivity for individuals and businesses.

AIIM’s investment comes at a time when data consumption across Africa is soaring, with data consumption per subscriber expected to increase fourfold by 2025, along with an expected 200 million new mobile internet users. Mobile operators that use bandwidth

intensive technologies, such as 3G, 4G and 5G are expected to account for more than 85% of connections by 2025, compared to around 38% in 2017. The growth in smartphone adoption in Africa is another factor leading to increasing demand for data, with smartphone usage set to rise to 65% of connections in 2025, up from 44% today.

AIIM will leverage its on the ground presence in Nigeria and regional experience in developing investment platforms, supporting debt capital raises and implementing first class governance and ESG practices to support the business during its growth. AIIM’s senior advisor panel and operational experience, developed through its investments in the sector, provide support to management on the development of business strategy.

## A FORCE FOR GOOD

Investment in digital infrastructure is a critical enabler of the digital economy. Mobile internet is estimated to hold potential to add up to USD180 billion to Africa’s gross domestic product by 2025 allowing improved productivity and efficiency across large swathes of the economy including agriculture, education, financial services, healthcare and supply chains.

However, affordability of connectivity is a critical priority in bridging the digital divide. The usage gap (i.e. populations within the footprint of mobile broadband networks of 3G or above but are not using the internet) is becoming a more critical consideration in the region because while the mobile coverage

gap has decreased from 50% in 2014 to 25% by end 2019 and the percentage of the population connected to the mobile internet has doubled from 13% in 2014 to 26% in 2019, the usage gap over this period has increased and stood at 49% as at the end of 2019.

AIIM’s investment in Eastcastle is premised on creating infrastructure sharing economics and alternatives for the regional network operators to increase density and coverage. We expect the company to act as a price disruptor in its target markets ultimately supporting downstream price reductions which will help stimulate market demand.

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