

• V O O G •

# Infrastructure Project Incubator Fund

<sup>1</sup>There is more than USD 150 billion sitting in investment funds globally looking for viable projects in which to invest

And that number is growing as more private sector investment funds and pension funds are directing their interest to infrastructure investment. Research conducted by the likes of World Bank, McKinsey and AECOM indicates more than USD 95 trillion needs to be spent on infrastructure by 2040 and there is a near USD 18 trillion shortfall in public funding. To maintain demand USD 3.3 trillion needs spending annually for the next 10 years. So, if the demand is there and money is available, what is the problem? Why are investments so slow in taking place? Because, as economic forums have identified, governments have been unable to create a pipeline of viable projects due to a lack of resources and clarity in the project formulation.

A second issue is that, whilst the majority of infrastructure funds understand the commercial risks and are willing to invest in viable projects, the funds are not prepared to risk investment in the project incubation phase where there remains uncertainty as to the project proceeding and there is risk of 100% loss of investment. Historically, funding for this is sourced directly from governments (if they have budgets available), through government to government or institution based (World Bank, Asian Development Bank, Asian Infrastructure Investment Bank etc) technical assistance grants, which are only available to governments, or by strategic private sector investors.

Enter the VOOG Infrastructure Project Incubator Fund — an Australian established open ended, unlisted, unregistered wholesale unit trust.

# The Fund is designed to fill this recognised but largely unaddressed gap in funding

It uses a portfolio approach to investment in the incubation phase of infrastructure projects, generating yields from successful projects to cover other project shortfalls (not unlike borehole exploration in the resources sector). The estimated average ROI of this investment is 15-20% p.a. In addition, by assuming the investment risk during the incubation period, the Fund is capable of generating continuing equity interest in projects at effectively no cost, and these interests will yield returns over the life of the projects, which life can be up to 40 years. **These interests are estimated to lift estimated Fund yields, net of fees and expenses, to in excess of 25% p.a.**



## Key drivers of the Fund's success:

- **The Fund invests through Australian controlled regional sub-funds established with developing country focus.** It is in these countries where yields are significantly higher than in developed countries and projects can be implemented significantly faster. (In some countries forms of sovereign guarantees can form part of the investment and in some cases investment yields exceeding 10% p.a. are mandated by the governments.) There is country risk but this is mitigated through political risk insurances and local investor interests.
- **The Fund is technically oriented.** First and foremost, any project must be technically viable. Thereafter, the Fund must also ensure the projects are financially and legally viable. For this the Fund has assembled a panel of recognised global experts in engineering and ESG for project assessment. As appropriate, detailed analysis is carried out utilising only the top 5 legal firms (Baker McKenzie, Kirkland & Ellis LLP, etc), the top 5 financial advisory firms (PwC, EY etc), and the top global engineering firms (Mott MacDonald, Jacobs etc) in their respective disciplines.
- **The Fund management:**

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### **The Trustee — Non Correlated Capital Pty Ltd**

With in excess of 25 funds and AUD 300 million assets under management, its directors have particular experience in the resources sector and venture capital fund administration. Non-Correlated Capital's focus on corporate governance has seen its FUM increase over 300% in 3 years.

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### **The Investment Manager — VOOG Investment Management Pty Ltd**

Its directors, Donald McBain, Roger Clay and Hayden Burge between them have in excess of 100 years of international experience in infrastructure analysis, technical and ESG planning, implementation and operation.

Pascal Gouel, Fund Director, has 25 years of global experience in multi-asset class investment management, deal origination, capital raising and has personally executed over AUD 1 billion in project investment and acquisitions.

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### **Assisting Expertise —**

Assisting the Fund Manager are strongly independent and highly experienced committees and consultants.

### **Investment Advisory Committee**

Dr John Hewson AM (Chair)  
Zelda Anthony  
John Brumby AO  
Dr Roger Sexton AM  
Nicholas Whitlam

### **Technical Support Panel**

Rodney Chapin — wastewater & PPP  
Mark Davison — railway systems  
Gary Garner — airport, air transport & PPP  
Mike Gordon — infrastructure delivery  
Colin Smith — renewable energy & SCADA

### **Fund Advisors & Support**

Legal consultants — Baker McKenzie  
Financial & tax consultant — PwC  
Data security — Ansarada Pty Ltd  
Auditor — Hall Chadwick

# VOOG Infrastructure Project Incubator Fund is ready to go

The Fund has four projects waiting for immediate investment: a water supply project in Indonesia, two water supply projects in Thailand and an airport project in Indonesia. All four projects are covered by Memoranda of Understanding, have been ratified by government authorities as being projects required, and are already advanced in their technical and financial evaluation. A further twenty prospective projects have been identified.

The first returns to the Fund are expected within one year.

## Fund Metrics

### Design

|                             |  |
|-----------------------------|--|
| Type                        | Open ended, unlisted, unregistered wholesale unit trust  |
| Target Size                 | AUD 120 million  |
| Initial Unit Price          | AUD 1.00   |
| Redemption                  | Minimum investment timeframe of 5 years. Early redemption subject to available liquidity and the discretion of the Trustee and Investment Manager. |
| Subsidiary Funds' Geography | Indonesia<br>South-East Asia (excl. Indonesia)<br>Central Asia<br>North Africa   |
| Minimum Investment          | AUD 100,000  |
| Asset Type                  | Short term: Concept to "shovel ready" stage infrastructure projects<br>Long term: Infrastructure project equities                                  |

### First Close

|                                       |                              |
|---------------------------------------|------------------------------|
| Initial Offering Investment Threshold | AUD 15 million               |
| Subsidiary Fund Geography             | Indonesia<br>South-East Asia |

This document has been prepared by VOOG Investment Management Pty Ltd, ACN 654 270 863 as an Authorised Representative, AR No. 001300521 of Non Correlated Advisors Pty Ltd, ACN 158 314 982, AFSL 430126. Non Correlated Capital Pty Ltd, ACN 143 882 562, AFSL 499882 is the trustee of the VOOG Infrastructure Project Incubator Fund ('Fund'). The document is issued for general promotional purposes only and is not an offer to sell, or solicitation to buy, any financial product. The information contained in this document is general information only and does not take into account your individual objectives, financial situation or needs. It should not be relied upon in determining whether to invest in the Fund. In deciding whether to acquire or continue to hold an investment in the Fund, you should read the Fund's information memorandum ('IM') in full. Should there be any discrepancy between this document and the IM, the IM shall prevail. The forecast of financial performance is an estimate, and no guarantee exists for either the performance of the Fund or the repayment of invested capital or any particular rate of return therefrom. This document may not be reproduced, distributed, or published by any recipient for any purpose. Scan the QR Code using a smart phone or device and tap the notification to obtain the full terms under which this document may be used.

