

Macquarie in Investment Fund Targeting Infrastructure

By [The Moscow Times](#)

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An infrastructure fund with \$630 million under management is on the verge of securing new investments in Russia at a likely value of at least \$50 million in the airport and power sectors, its co-chairman said.

The fund, a joint venture between emerging markets-focused Renaissance Capital and Australian bank Macquarie, has closed only one deal since its formation in 2008 — a \$125 million investment in transport group Brunswick Rail.

“We are in talks on many projects and are close to finalizing investments. We are very interested in airports and the power sector among others,” said RenCap’s Hasnen Varawalla, who co-chairs the fund with Macquarie counterpart Andrew Cowley.

Russia needs to replace swathes of crumbling Soviet-era infrastructure to support the movement of people and goods across the vast country, as well as prepare for the Winter

Olympics in 2014 and the football World Cup four years later.

Total government and private-sector spending on Russian infrastructure has increased from \$7 billion in 1999 to \$111 billion last year, Varawalla said, adding that there was reason to believe that the pace of investment would be sustained.

“Based on the number of planned projects, it’s fair to conclude that total spend on infrastructure in Russia will be \$110 billion a year for years to come,” he said, adding that state development bank VEB was an investor in the fund and therefore a good link to government.

The Macquarie-Renaissance Infrastructure Fund, or MRIF, is the biggest fund dedicated to Russian infrastructure, according to private equity research group Preqin.

China’s CITIC Group and Russian Alfa Capital Partners both have similar funds with some \$200 million under management.

Varawalla declined to comment on specific projects.

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