

# Mergence Renewable Energy Debt Fund I

31 October 2018 - Issued: 16 November 2018



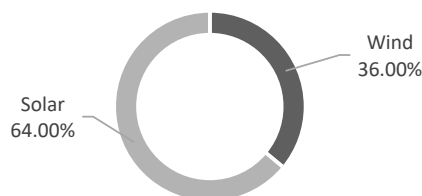
## OVERVIEW

Risk Profile	
Targeted Fund Size	R 5 billion
Current asset value	R 1.082 billion
Undrawn capital	R 180 million
Fund Purpose	Maximise long-term income generation while promoting renewable energy assets.
Sector	South African Renewable Energy Assets
Asset Class	Fixed & variable rate debt instruments
Benchmark Return	3-month JIBAR + 3% (net)
Launch Date	April 2013
Fund Structure	Closed-end
Fund Maturity Date	30 September 2029
Commitment Period	24 months from Launch Date
Management Fee	Subject to mandate (usually between 0.75% and 1.50% per annum, excl VAT)

## FUND COMPOSITION

The Mergence Renewable Energy Debt Fund invests in feasible renewable energy generation projects based on proven technology. Investments are made in debt instruments underpinned by electricity generation assets with power purchase agreements in place. Repayments from the generation asset earnings are passed through to the investor. Investments take place through renewable energy project companies to maximise profit and isolate specific risks. The Fund aims to invest in projects which are structured to deliver socio-economic targets in excess of the minimum thresholds, therefore taking into account local content, local procurement, local ownership and job creation.

## TARGET TECHNOLOGY ALLOCATION



## INVESTOR PROFILE

The Fund is suitable for institutional investors:

- who seek exposure through supporting developmental investing in terms of social and environmental criteria;
- who are comfortable with the inherent volatility of the financial markets, and who acknowledge that the effects of impact investing occur over medium to long term time horizons.

## PERFORMANCE COMMENTARY

The Fund has invested in 11 renewable energy projects located in 4 South African provinces. All current renewable energy project investments yield gross returns above the benchmark return of Jibar + 3%. In addition to achieving the gross returns, the Fund has invested in projects that demonstrate higher than threshold economic development indications including community ownership and local content. As of the end of Q12015, all of the eleven investments within the portfolio have been completed, commissioned and are selling electricity successfully into the grid.

## IMPACT OBJECTIVE

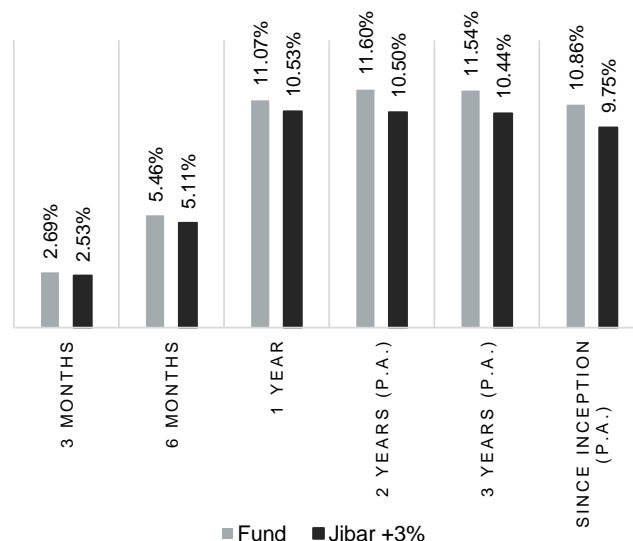
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## INVESTMENT OBJECTIVE

The Mergence Renewable Energy Debt Fund is a Development Impact Fund which seeks to provide commercially viable investments into the renewable energy sector enabling investors to achieve targeted investment returns together with social and environmental impact. This Fund invests primarily in the construction, commissioning and operation of renewable energy projects within South Africa, and aims to achieve the maximum risk-adjusted return possible from this asset class. The Fund only invests in the senior debt of viable renewable energy projects. Our Investment approach includes:

- Strong fundamentals;
- Diversification across technologies; and
- Well-regarded advisory committee with strong track record.

## PERFORMANCE SUMMARY

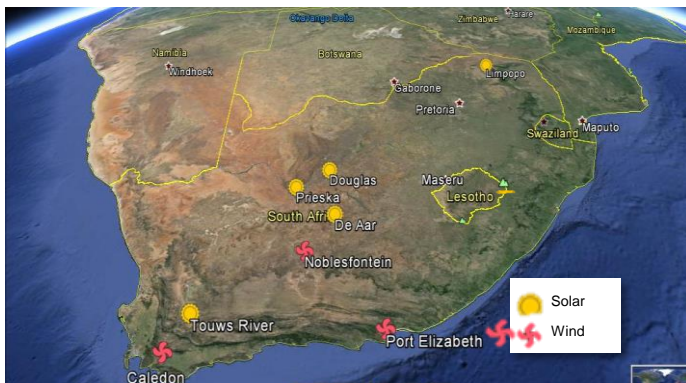


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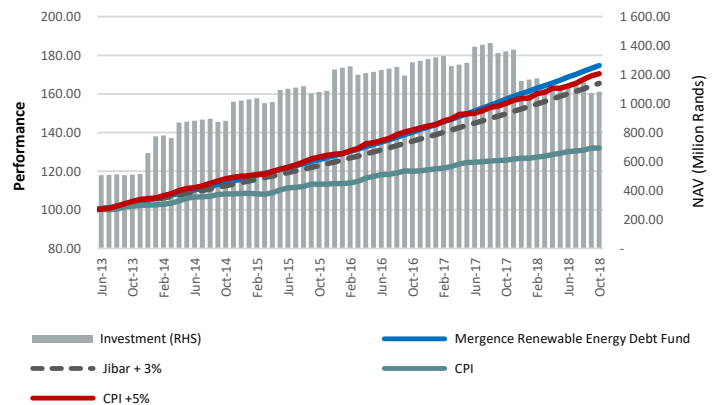
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## GEOGRAPHIC ALLOCATION



## FUND GROWTH



## SOLAR AND WIND PROJECTS



## PORTFOLIO MANAGER



**Mark van Wyk**  
B Com (Hons), CA (SA)  
Head: Unlisted Investments, Portfolio Manager

As Head of Mergence Unlisted Investments, Mark is responsible for overseeing all activities across the unlisted credit and unlisted equity asset portfolios. His career spans more than 18 years in the capital and investment markets. He started his career in property asset management at Sanlam Properties. Mark served his articles at PricewaterhouseCoopers in Cape Town, specialising in structured finance and financial services where he qualified as a chartered accountant. He then spent six years at Mettle Investments, a corporate finance and financial services boutique where he specialised in corporate finance, structured finance, specialist income funds and private equity transactions. Mark joined Mergence in 2010. He spent five years as portfolio manager of the Renewable Energy Debt Fund and the Mergence High Impact Debt Fund, one of only two GIIRS rated funds in South Africa. In 2014, Mark received the ABSIP Award for Best Alternative Asset/Fund Manager.

## ADVISORY COMMITTEE

<b>Dr Grové Steyn</b>	SA	Infrastructure Economist
<b>Clay Norrbom</b>	USA	Renewable Energy Fund Mngr
<b>Gerhard Kemp</b>	SA	Project Financier
<b>Buddy Buruku</b>	Ghana	Renewable Energy Consulting
<b>Bob Assenberg</b>	NL	Renewable Energy Fund Mngr

## THE TEAM



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