

Fund Fact Sheet

Mergence Renewable Energy Debt Fund II

31 October 2020 - Issued: 20 November 2020



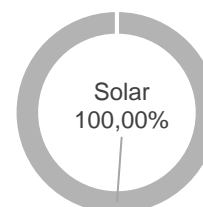
OVERVIEW

	Low	Moderate	High
Risk Profile			
Targeted Fund Size	R 3 billion		
Current asset value	R 576,1 million		
Undrawn capital	R 180 million		
Fund Purpose	Consistent income generation & capital preservation investing (renewable energy assets)		
Sector	South African Renewable Energy Assets		
Asset Class	Unlisted secured debt		
Benchmark Return	CPI + 4%		
Launch Date	October 2017		
Fund Structure	Closed-end		
Fund Maturity Date	30 September 2029		
Commitment Period	24 months from Launch Date		
Management Fee	0.85% per annum (excl. VAT) (negotiable with preferential fee to seed investors)		

FUND COMPOSITION

The Mergence Renewable Energy Debt II 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.

IMPACT OBJECTIVE

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 and local ownership and job creation.

INVESTMENT OBJECTIVE

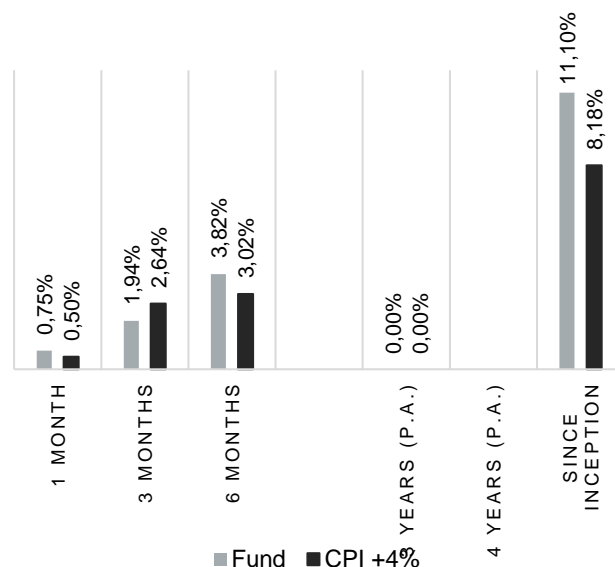
The Mergence Renewable Energy Debt Fund II is a Development Impact Fund which seeks to provide commercially viable investments into the renewable energy sector enabling investors to achieve targeted investment returns together with social and environmental impact. This Fund invests primarily in the construction, 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 & mezzanine 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 COMMENTARY

The Fund has invested in 3 renewable energy projects located in 1 South African province. All current renewable energy project investments yield gross returns above the benchmark return of CPI + 4%. 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. All of the 3 investments within the portfolio have been completed, commissioned and are selling electricity successfully into the grid.

PERFORMANCE SUMMARY



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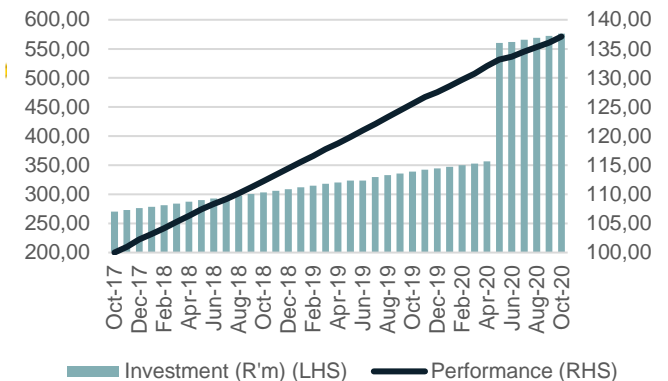
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GEOGRAPHIC ALLOCATION



FUND GROWTH



SOLAR AND WIND PROJECTS



PORTFOLIO MANAGER



Bulelwa Ntshingwa

BCom (Accounting), PGDA (Development Finance)
Investment Principal

Bulelwa joined Mergence in 2020 with a strong background in private equity and asset management spanning 17 years and a demonstrable track record in managing the entire deal process. She has sat on the boards of various portfolio/investee companies while Investment Principal at PAPE Fund Managers (Private Equity Firm) and Managing Partner and Founder at Stem Investment Management (an independent advisory and investment firm in Cape Town focusing on renewable energy and infrastructure). Earlier in her career, Bulelwa was an associate for Inspired Evolution Investment Management (First Cleantech PE firm in Africa) and equity analyst for various companies including Eskom Pension & Provident Fund and Old Mutual. She holds various non-executive leadership positions for NGOs. She has a BComm (Accounting) from UCT and a Postgraduate Diploma in Development Finance from Stellenbosch University.



Chito Siame

B Sc (Hons), ACCA, MCom (Financial Management)
Investment Principal (Unlisted)

'Chito is an Investment Principal at Mergence Investment Managers focussing on private markets (unlisted) investment opportunities (private equity and/or – credit) throughout the Southern African Development Community (SADC). Chito was the lead to conclude the transactions Sanlei Trout and Lesana Microfinance in Lesotho. He also serves on the boards of several of the Mergence investment companies, including South African Water Works, Maluti Green Med and Sanlei Trout. Chito joined the public markets (listed) investment team at Mergence Investment Managers as an Equity Analyst in 2011 for. During this time, he analysed various company sectors including FMCG, hospitality, financial services, and telecommunications before transitioning to the private markets (unlisted) investment team in 2015. Prior to Mergence Investment Managers, he worked in audit and management consulting, as well as a business analyst at Lafarge Holcim South East Africa. Chito is a chartered certified accountant (ACCA accreditation) and holds a Masters in Financial Management from the University of Cape Town.

THE TEAM



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