

Fund Fact Sheet

Mergence Renewable Energy Debt Fund I

31 July 2021 - Issued: 24 August 2021



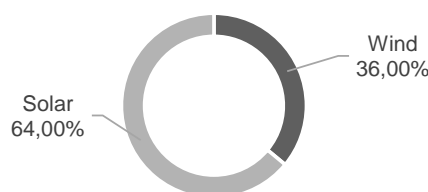
OVERVIEW

Risk Profile	
Targeted Fund Size	R 5 billion
Current asset value	R 913 million
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

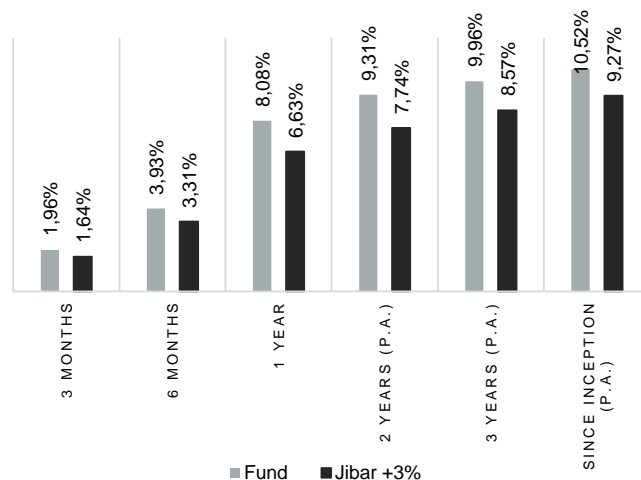
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INVESTMENT OBJECTIVE

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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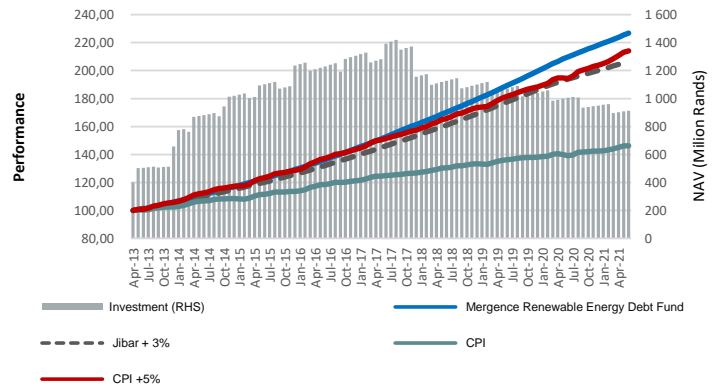
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GEOGRAPHIC ALLOCATION



FUND GROWTH



SOLAR AND WIND PROJECTS



PORTFOLIO MANAGER



Kasief Isaacs, B Com (Hons), CA (SA)
Senior Investment Principal

Kasief joined Mergence in February 2015 to bolster the private equity capabilities of the Private Markets Investments team. He has a BCom (Hons) from the University of the Western Cape. He helped develop the Mergence Infrastructure & Development | Equity Fund where, as senior investment principal his focus is on infrastructure within the region. With over 26 years of experience, Kasief is a qualified CA with a specific focus on energy, infrastructure and impact. Before joining Mergence, Kasief led PwC's South African Renewable Energy practice and has advised developers and investors from South Africa, Spain, Italy, Germany, China and as well as the United States on the SA renewable energy market including participation in the REIPPP programme, project acquisitions, private PPAs, and BEE structuring and funding.



Chitongwa Siame, B Sc (Hons), ACCA, MCom (Fin Mngmt)
Investment Principal

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.

ADVISORY COMMITTEE

Dr Grové Steyn	SA	Infrastructure Economist
Clay Norrbom	USA	Renewable Energy Fund Mgr
Gerhard Kemp	SA	Project Financier
Buddy Buruku	Ghana	Renewable Energy Consulting
Bob Assenberg	NL	Renewable Energy Fund Mgr

THE TEAM



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