

Fund Fact Sheet

Mergence Renewable Energy Debt Fund II

31 July 2024 - Issued: 13 August 2024



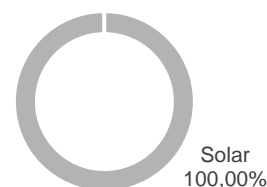
OVERVIEW

	Low	Moderate	High
Risk Profile			
Current asset value	R 841,07 million		
Undrawn capital	R0,00		
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.

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

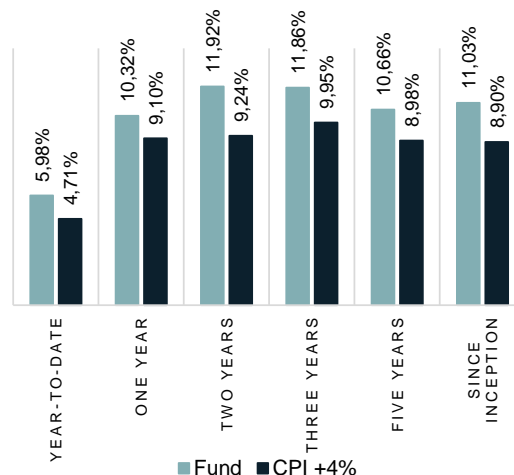
The Mergence Renewable Energy Debt Fund II is a Development Impact Fund which seeks to provide commercially viable investments into the renewable energy sector enabling investors to achieve targeted investment returns together with social and environmental impact. This Fund invests primarily in the construction, 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
- Experienced team 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. 2 Of the 3 investments within the portfolio have been completed, commissioned and are selling electricity successfully into the grid with the 3rd expected to commence operations in Q3 2024.

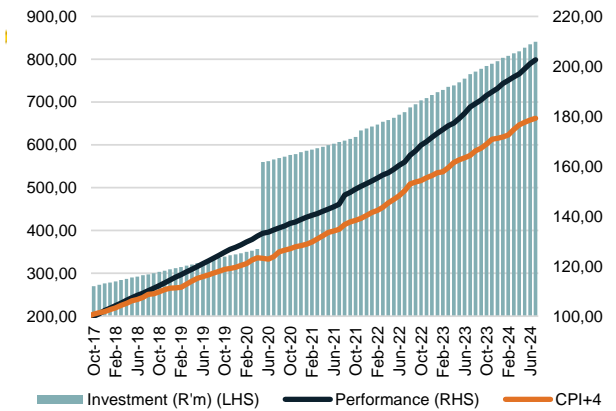
PERFORMANCE SUMMARY



GEOGRAPHIC ALLOCATION



FUND GROWTH



INVESTMENT PROJECTS



PORTFOLIO MANAGEMENT TEAM



Kasief Isaacs
BCom Hons, CA (SA)
Head: Private Markets

Kasief joined Mergence in 2015. He has over 17 years of experience in the financial services industry. As Senior Investment Principal he has a specific focus on energy, infrastructure, and impact within SA and SADC. He leads the Private Markets investment team which has built up a stellar performance record over the past decade. Kasief has prior extensive international and local experience in SA's renewable energy market. He is an experienced conference speaker and media commentator.



Chito Siame
BSc Hons, ACCA, MCom (Financial Management)
Investment Principal

Chito joined Mergence in 2011 as Equity Analyst in the Public Markets investment team focused on FMCG, hospitality, financial services, and telecommunications before transitioning to the Private Markets investment team in 2015. As Investment Principal, Chito focuses on Private Market investment opportunities within SADC. He has led transactions in the aquaculture and microfinancing sectors and serves on the boards of several investee companies.

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