

## Fund Fact Sheet

# Mergence Renewable Energy Debt Fund II

31 December 2024 - Issued: 10 January 2025



### OVERVIEW

	Low	Moderate	High
Risk Profile			
Current asset value	R 826.74 million		
Undrawn capital	R0.00		
Fund Purpose	Consistent income generation & capital preservation investing (renewable energy)		
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.

### 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

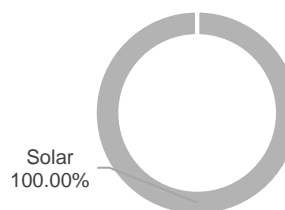
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### INVESTMENT OBJECTIVE

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 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.

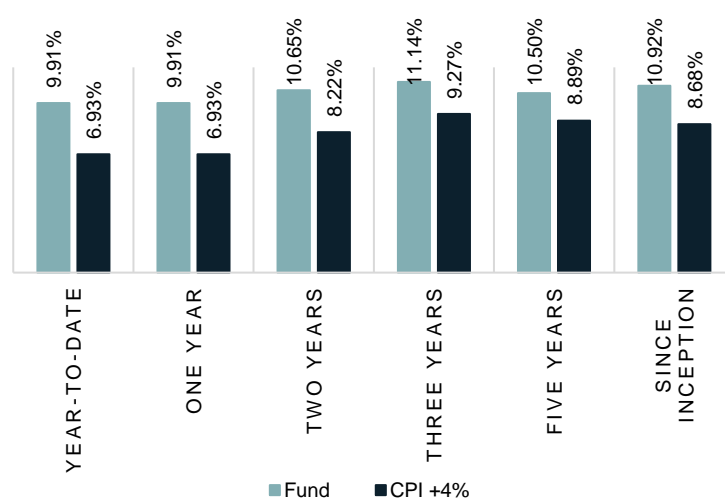
### TECHNOLOGY ALLOCATION



### PERFORMANCE COMMENTARY

The Fund has invested in three renewable energy projects located in one 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. Two of the three investments within the portfolio have been completed, commissioned and are selling electricity successfully into the grid with the third expected to commence operations in Q4 2024. The Fund has diversified into commercial and industrial electricity supply.

### PERFORMANCE SUMMARY



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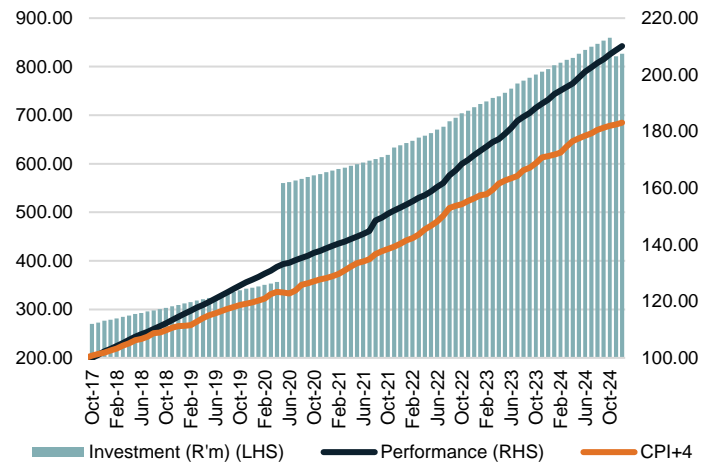
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### GEOGRAPHIC ALLOCATION



### 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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