

Fund Fact Sheet

Mergence Renewable Energy Debt Fund I

30 June 2024 - Issued: 10 July 2024



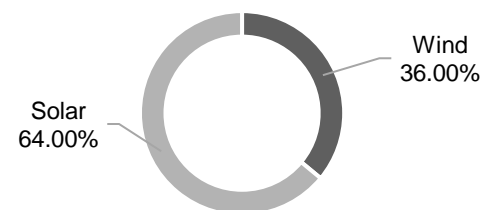
OVERVIEW

	Low	Moderate	High
Risk Profile			
Current asset value	#N/A		
Undrawn capital	R0.00		
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 0.55% and 0,75% 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.

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 Q2 2024, seven of the eleven assets have fully settled their outstanding debt. R1.99bn cash has been returned to investors compared to the initial capital of R1.37bn that clients allocated to the Fund. The remaining 4 continue selling electricity successfully into the grid and service their outstanding loans as scheduled.

IMPACT OBJECTIVE

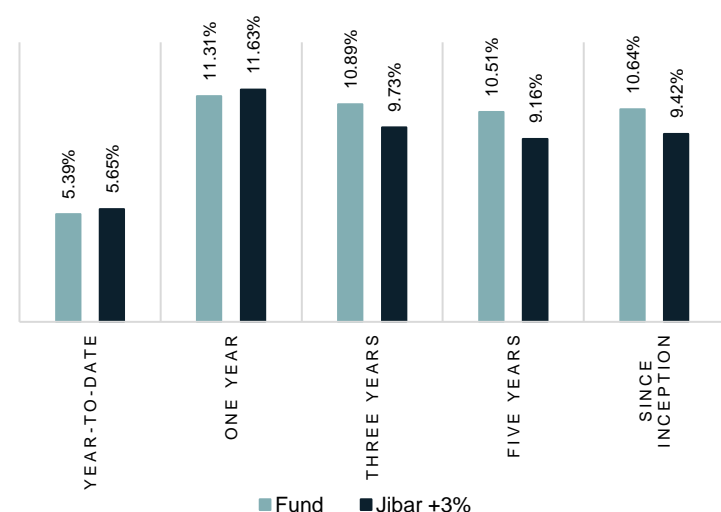
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INVESTMENT OBJECTIVE

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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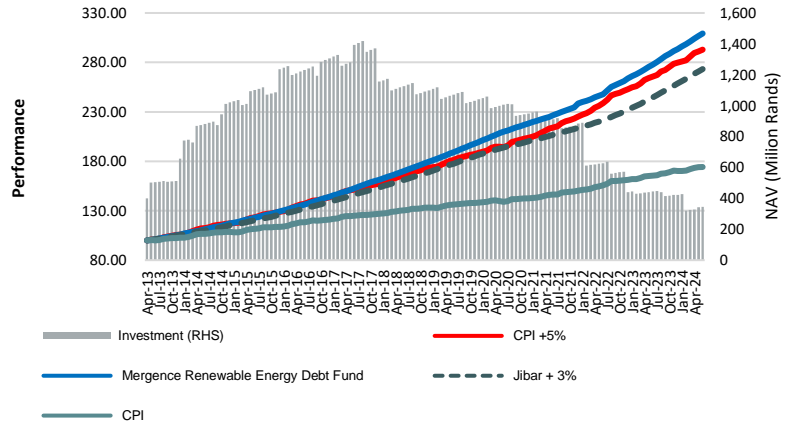
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GEOGRAPHIC ALLOCATION



FUND GROWTH



SOLAR AND WIND PROJECTS



PORTFOLIO 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.



Chitongwa Siame, BSc Hons, ACCA, MCom (Fin Mngmt)
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.

ADVISORY COMMITTEE**

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

** - The Advisory Committee no longer plays an active role in the Fund. Their insights were invaluable during the portfolio construction stage.

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