



Gaia Africa Climate Fund 2021

Catalysing Africa's Climate Infrastructure Development Cycle

USD 200 Million



Signatory of:



OUR WAY OF LIFE IS IN THE BALANCE

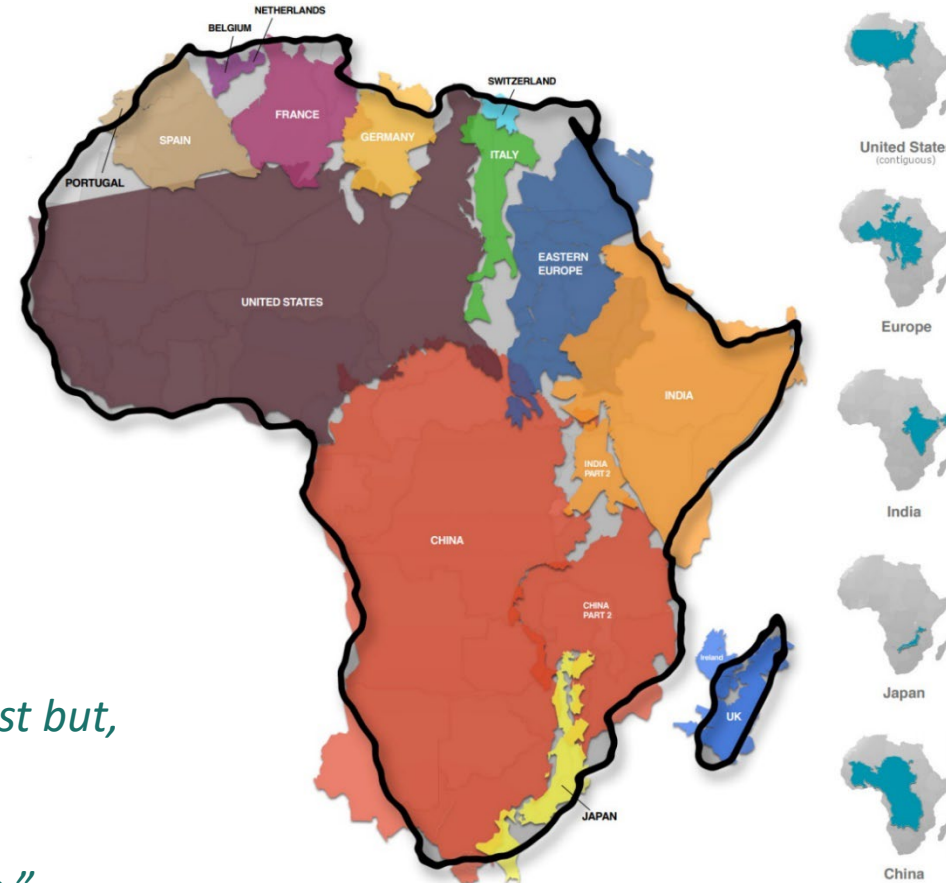
Africa is the tipping point



- 17% of world's population
- 7 of the top 20 fastest growing economies
- 17 of the top 20 fastest growing cities
- Youngest population
- Greatest renewable energy potential
- Energy consumption to quadruple over next 20 years
- <2% global renewable energy investment

If Africa is to energise using fossil fuels, the impact will be **global**

*"Africa's contribution to climate change has been the least but, as we chart our economic future, Africa must be central to the **global climate solution**."*



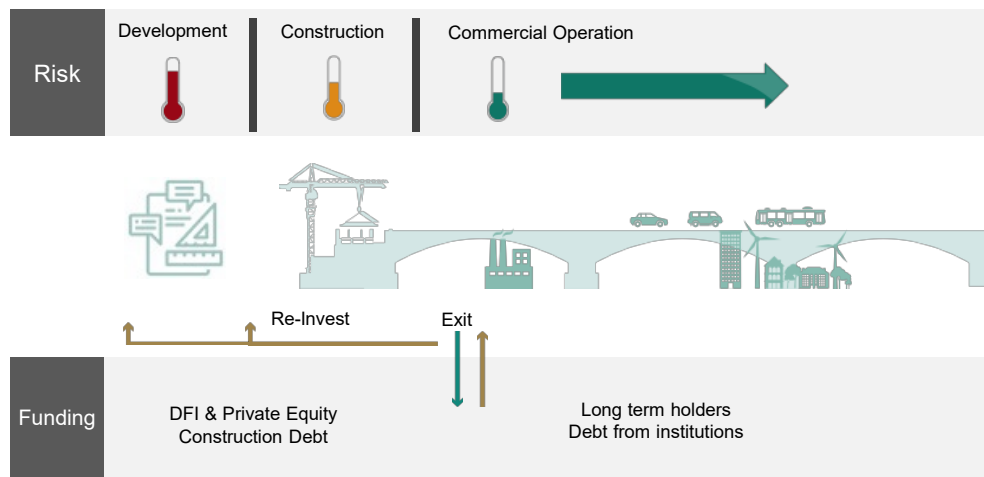
CHALLENGE

Sub-Saharan Africa Starved of Electricity

- Access to electricity critical to rise above poverty
- Nearly 600 million without electricity
- Only 7 countries have electrification rate >50%
- Lack of alternative means businesses depend on fossil fuels. Generator Use: Kenya, 57%; Tanzania, 42%; Ethiopia, 41%
- Generator power costs x 4 of grid power

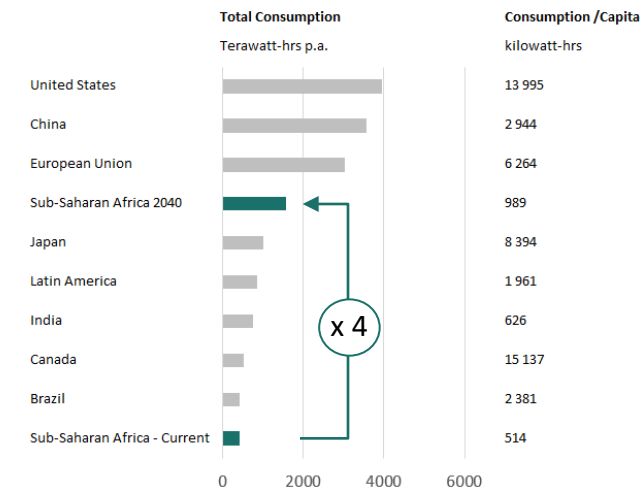
Ineffective Clean Energy Project Development Cycle

- Funding gaps (development & secondary) preventing effective development cycle
- The **primary bottleneck** has become the **secondary market** preventing capital to be recycled into new greenfield projects



SSA Electricity Consumption Set to Increase

- SSA has 7 out of 20 fastest growing economies
- Total energy consumption x 4 by 2040



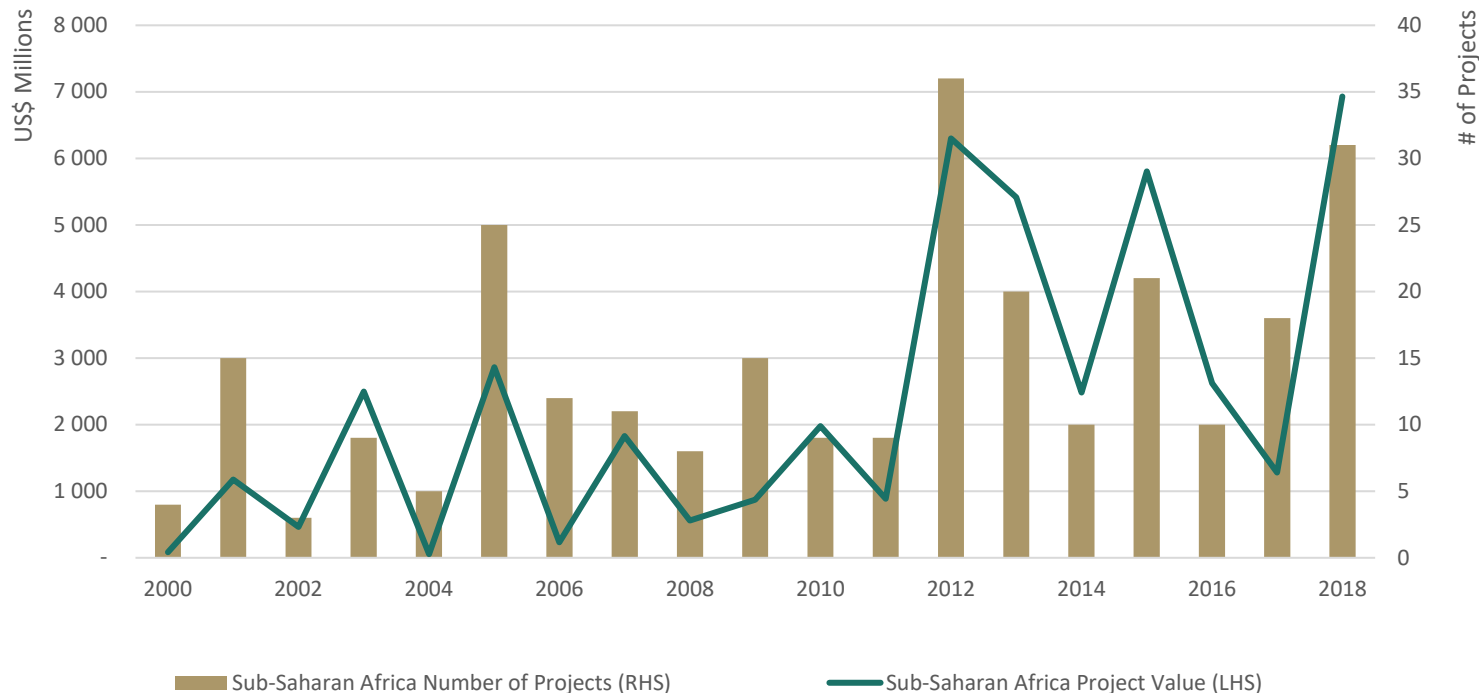
CAPITAL RECYCLING NEEDS

Pipeline of Projects Requiring Exits

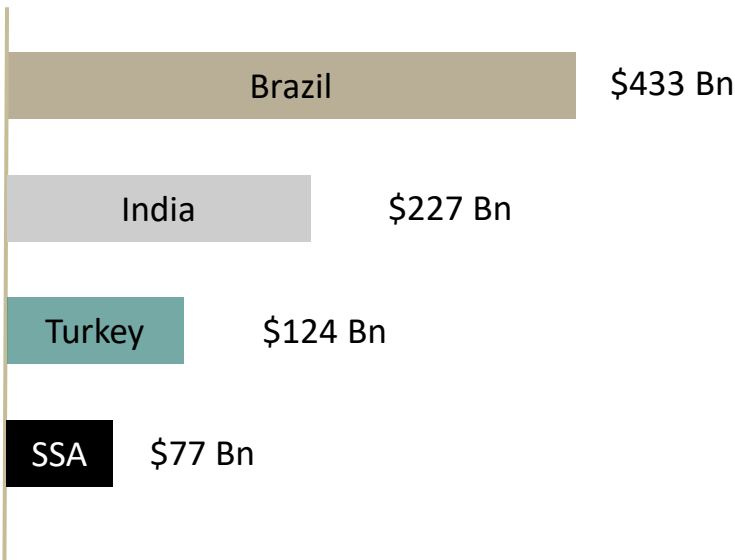
The Necessity for Secondary Transactions

- **An established exit path is critical in creating a sustainable initial financing platform**
 - Allows greenfield investors to recycle their capital
 - Creates demand for new projects
 - Reduces exit risk and therefore upfront risk premium along with project costing to the benefit of the host nation

Renewable Energy Projects Brought Online



PPP Projects 1991 - 2015

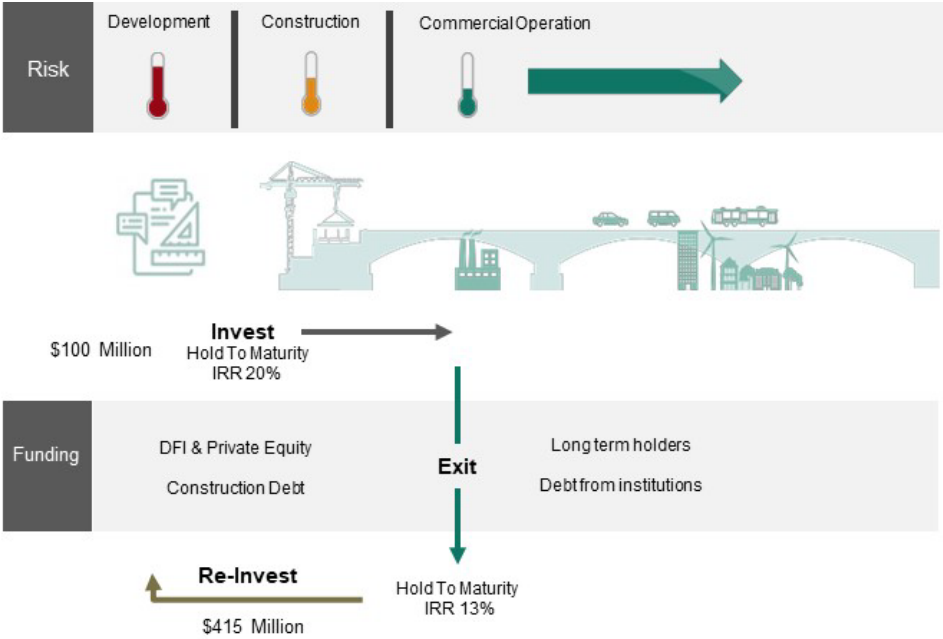


Data from: 1991 - 2015
Sources: The World Bank and Public-Private Infrastructure Advisory Facility (PPIAF),
Private Participation in Infrastructure Database, 2016,
<http://ppi.worldbank.org/index.aspx>.

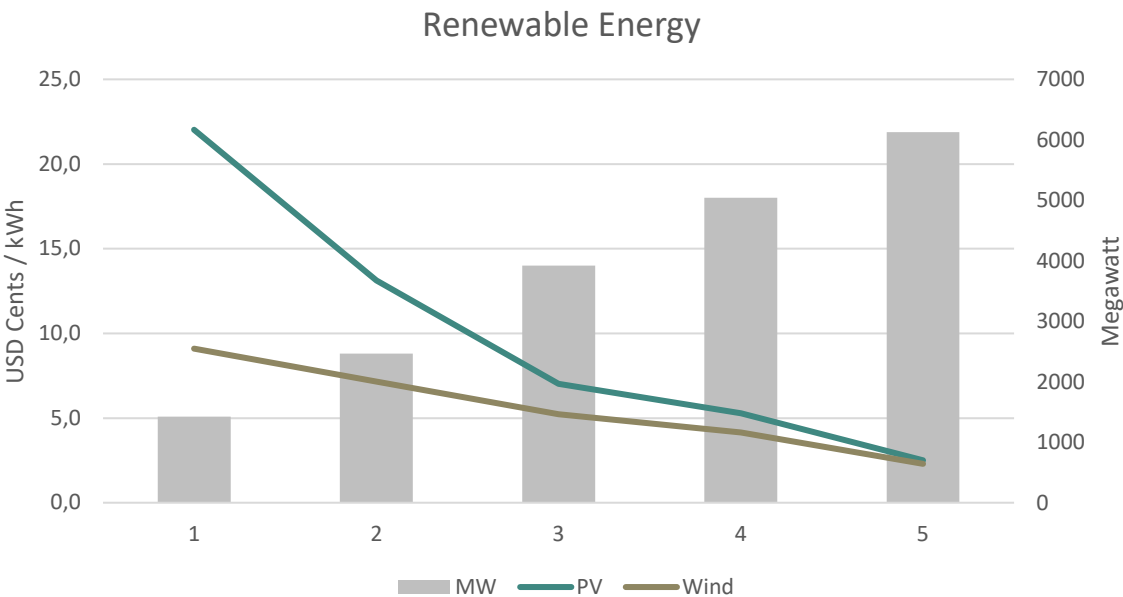
CASE STUDY – SOUTH AFRICA

The effect of sound funding and development ecosystem

South Africa's Independent Renewable Energy Programme



- 10 years = 6,000 MW
- Decrease in prices
 - Solar – 8.8 x
 - Wind – 4 x
- Offset fossil fuels
- > R250 billion direct investment
- > 38,000 full time jobs created

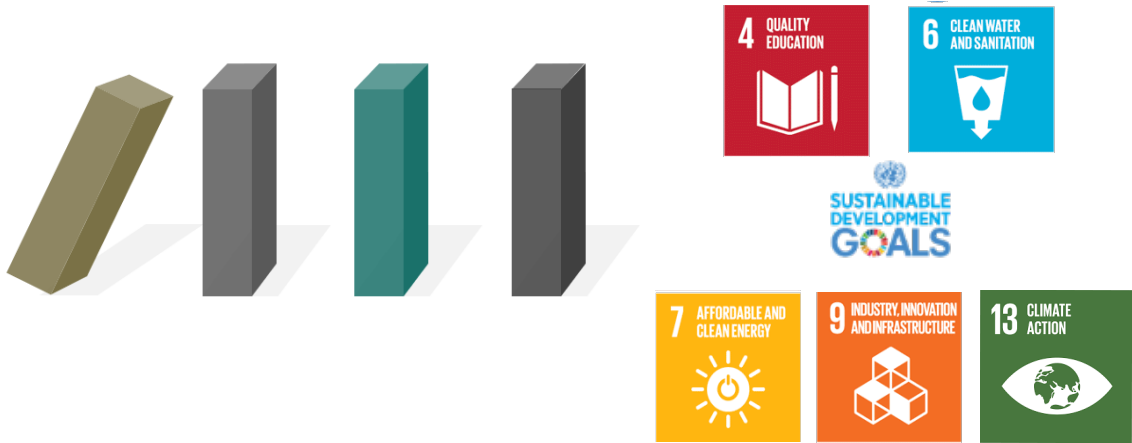


SOLUTION

\$200m Fund to Acquire Secondary Equity Interests in Renewable Energy + Water & Sanitation Projects in Sub-Saharan Africa

Investment Strategy

Mission: Catalyse a sustainable project development cycle



KEY OBJECTIVES

- Accelerate the project development cycle by providing an exit and allowing developers/investors to realise value and reinvest into the cycle
- Crowd in more investors at all stages of the project development cycle
- Effect direct upskilling and skill transfer to develop a local skilled workforce to support a sustainable local industry
- Provide access to clean renewable energy

TARGET SIZE

US\$ 200 million



IMPACT

E



Accelerate the climate infrastructure project development snowball

S



Direct upskilling & skill transfer to support a sustainable local industry

G



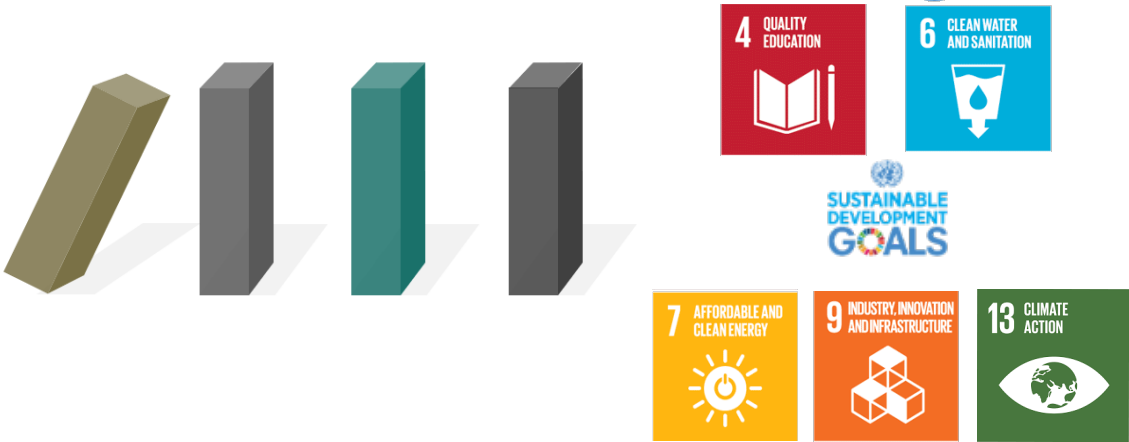
Prioritising and promoting exemplary governance structures

SOLUTION

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Investment Strategy

Mission: Catalyse a sustainable project development cycle



SECTOR FOCUS

Sustainable & Renewable infrastructure (utility scale)

- Primary focus – energy
- Secondary focus – water & sewage (limited deal flow currently)



GEOGRAPHY

Sub-Saharan Africa
(Excl. South Africa)



INVESTMENT STAGE & RETURN

Asset Stage	Target Allocation	Target Return US\$	Number of Deals	Capital Allocation
Secondary	75% - 100%	12% - 14%	4 – 6	USD150m-
Expansion	0% – 20%	15% - 18%	1 – 2	USD30m+
Greenfield	0% - 15%	16% - 25%	1 - 2	USD15m+
Blended Return		15% - 18%	6 - 8	

SOLUTION

Risk Reality Mismatch

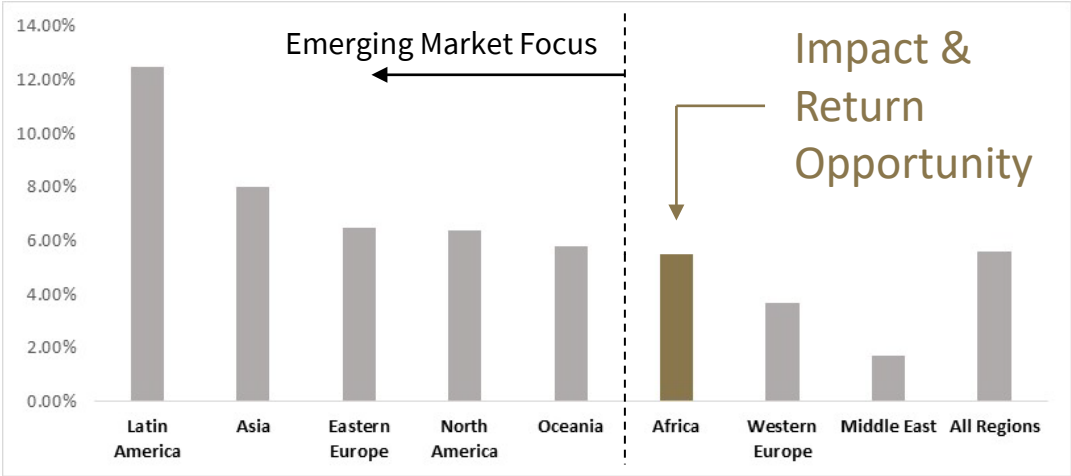
- Infrastructure in Sub-Saharan Africa provides premium returns at reduced risk in comparison to emerging peers
- Low default rate the result of risk-mitigating measures employed by the projects, including: power purchase agreements with fixed dollar denominated tariffs, World Bank Insurance, long term O&M contracts, DFI's as co-funders

Renewables IRR (US\$)

	Operating	Greenfield
Europe	4% - 7%	7% - 9%
North America	6% - 8%	8% - 10%
Asia	8% - 10%	+12%
Latin America	+10%	+12%
Africa	+12%	+16%

- Diversification benefits
- Risk return premium to emerging market peers
- US\$ Inflation linked return
- Dividend returns

Project Finance Default Rates 1990 - 2016



Source: Moodys Investor Service

PIPELINE AVAILABILITY

Fund strategy applicable across geographies and requires 6 – 8 transactions

- 12 Priority countries identified (Botswana, Tanzania, Kenya, Ethiopia, Uganda, Rwanda, Cameroon, Cote d’Ivoire, Nigeria, Ghana, Burkina Faso, Senegal).
- Proprietary database of projects requiring exits which are operational or under construction between 2018 – 2021.

2018 – 2021: Projects Operating & Under Construction

12 Priority Countries

- 2,2GW Capacity
- 68 Projects
- 135 Equity Investors

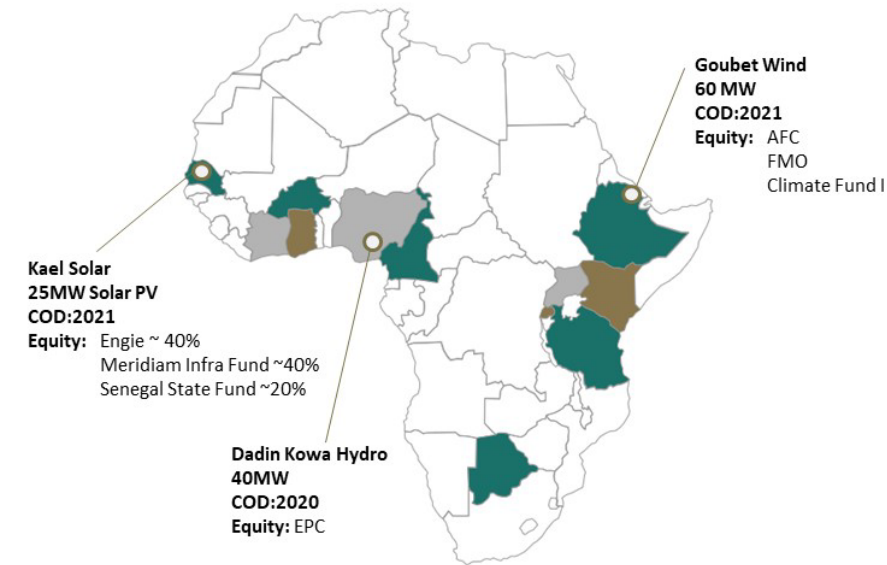
Sub-Saharan Africa

- 4,4 GW Capacity
- 116 Projects
- 212 Equity Investors



Transaction Counterparties

- Independent Power Producers (IPP)
- Project Developers
- PE Funds
- DFIs
- Equipment Manufacturers & EPC Contractors



Technology	Priority Countries	SSA
Hydro	33	41
Wind	3	3
Solar	25	60
Geothermal	1	1
Biomass	1	1
Other*	5	10

*Certain projects may use a combination of technologies i.e. solar and biomass.

ABOUT GAIA FUND MANAGERS

Innovative team able to raise and deploy funding effectively

- Established 2012
- Focus on sustainable renewable energy and infrastructure investments across sub-Saharan Africa
- Gaia pioneered the secondary (brownfield) infrastructure investment landscape in South Africa:
 - Concluded 1st secondary (brownfield) transaction
 - Listed 1st renewable energy holding company (Yield Co)
 - Listed 1st collective investment scheme (UCITS) holding structure

• Team



Local



Cohesive



Fund management
Experience



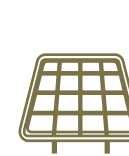
Sector Experience



Track Record

- Ability to manage setbacks and guide project management to resolve issues:
 - Turbine collapse
 - Turbine fires
 - Industrial action & riots
 - Local community disputes
 - Gearbox failures
 - Management Re-Organisation
 - Insurance disputes
 - Warranty claims

**US\$250 Mn invested
over 12 transactions since 2015**



315MW

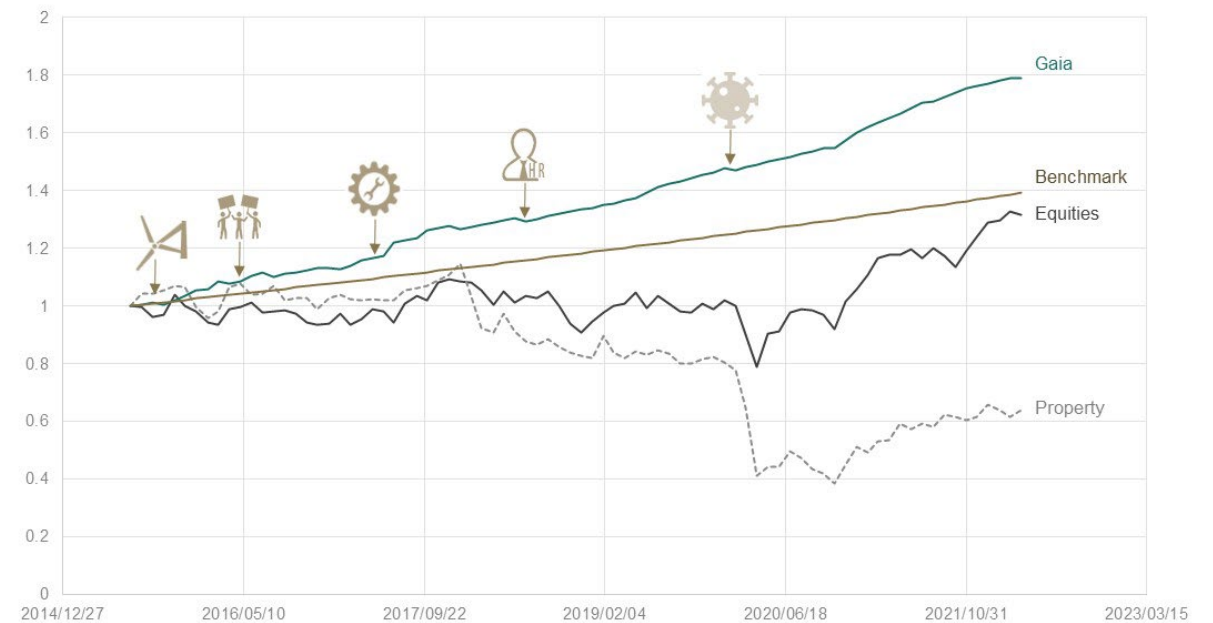


350MW



416 km

Real Return (ZAR) Vs Other Asset Classes

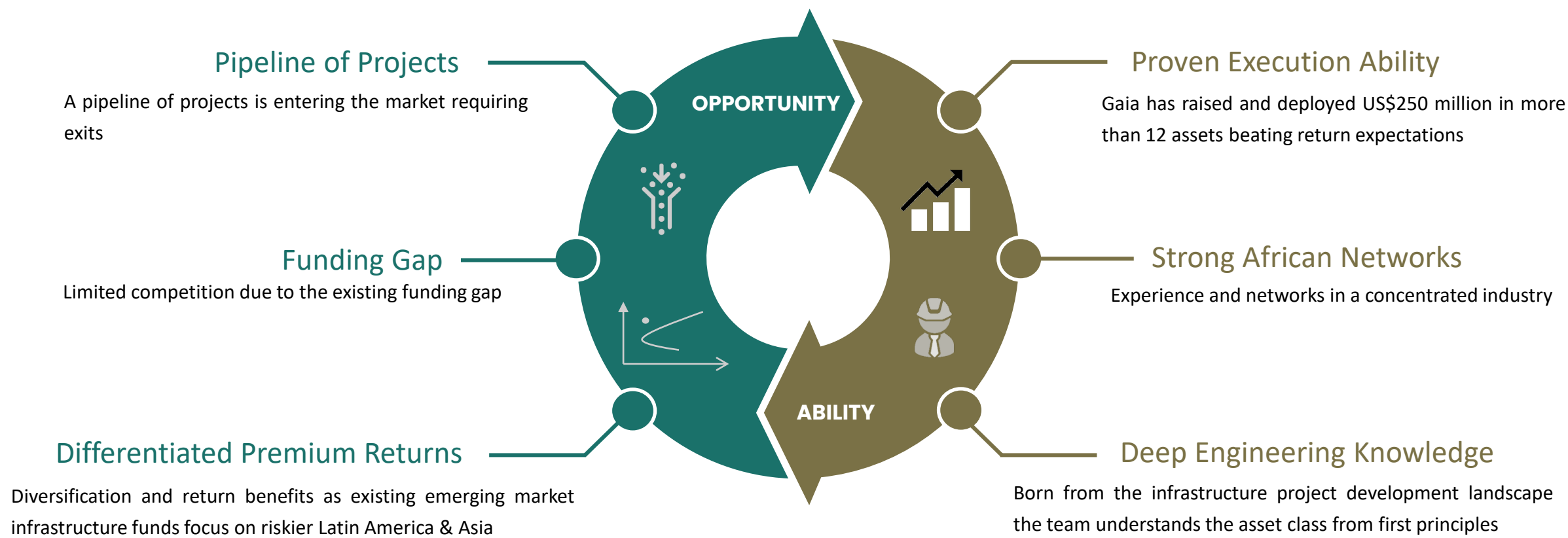


POSITIONING

Ability, track record and exposure as competitive strengths

The fund addresses both (1) a structural sector need in filling a project financing funding gap and (2) provides investors access to African infrastructure as an asset class.

Investor success due to **effective match** provided by Gaia team



REGIONAL EXPERIENCE

Local HQ & Strong Networks



Extensive Regional Transaction Experience

Executive team members have transacted in more than 18 Sub-Saharan African countries.

- Kenya
- Nigeria
- Sierra Leone
- Tanzania
- Uganda
- Zimbabwe
- Botswana
- Zambia
- Benin
- Rwanda
- Seychelles
- Malawi
- Namibia
- Mozambique
- Ghana
- DRC
- Senegal
- South Africa

Notable Infrastructure Transactions

- Mozambique – Cahora Bassa Dam Ownership Restructuring – US\$950m
- Zambia – Kariba Hydro Extension – US\$420m
- Ghana – TOPL Gas IPP – US\$130m
- Zambia – Small Hydro Portfolio Development – US\$10m
- Zambia – Itezhi-Tezhi Hydro IPP – US\$270m
- South Africa – 12 Renewable energy IPP investments & 1 Toll road concession – US\$250m

Diverse & Complimentary Team

- Deep engineering knowledge
- Diverse project & investor exposure
- Proven execution ability
- Proven governance structures



Independents & Experts



A-L. Olivier

IC Member



K. Ramachandran

Fund Director



B. Gyepi-Garbrah

IC Member



K. Muller

IC Member



C. Ferreira

IC Member



V. Dujardin

ICFA Coach



Directors / Management



M. Nieuwoudt

Chairman



R. de Wit

Managing Director



I. Knoetze

Legal & Compliance



Dr. H. Snyman

CIO



E. Malan

Finance



Dr. D. Kennon

COO



T. Lister

CR&I



J.M. Hoensi

EU Relations Manager



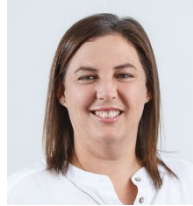
Y. du Plessis

Accounting



M. Schabot

Deal Associate



S. Zeeman

Administration



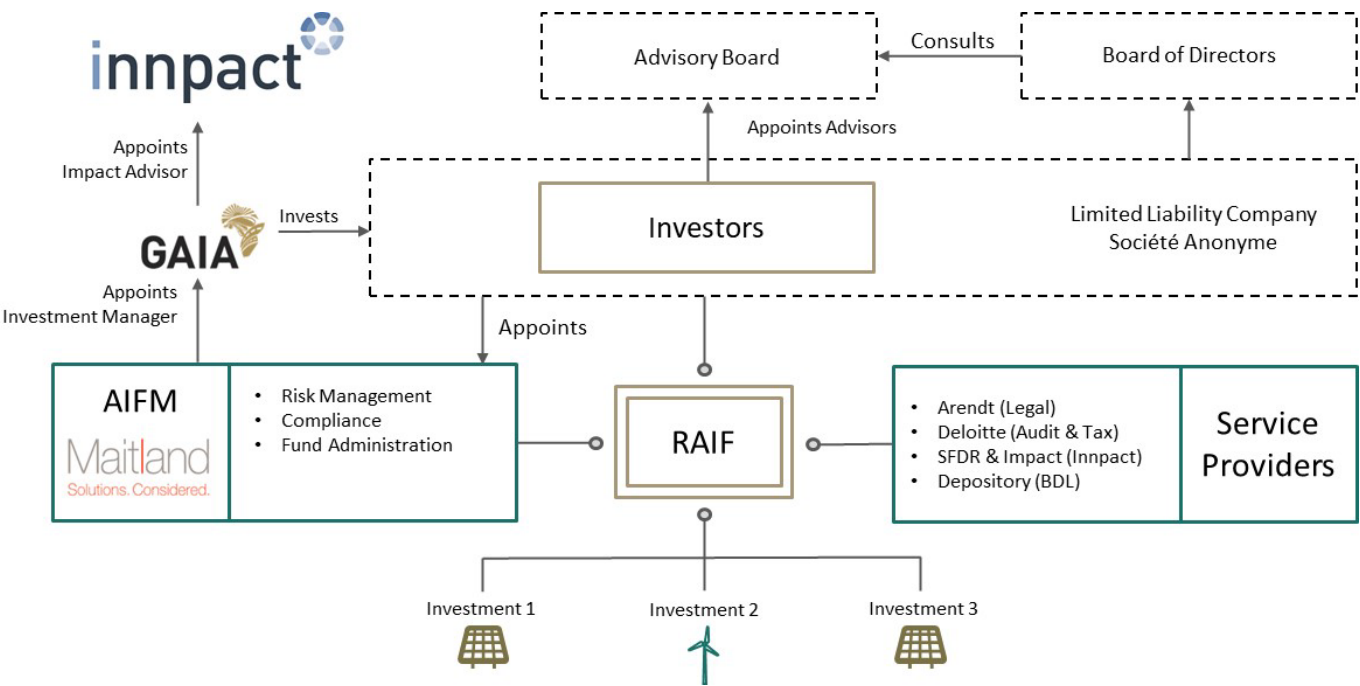
K. Schabot

Analyst & ESG



STRUCTURE & GOVERNANCE

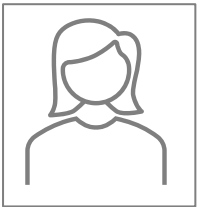
Regulated and Well-supported



Fund Board



K. Ramachandran
Maitland (AIFM)



TBC
Independent



R. de Wit
Gaia

IC Members



A-L. Olivier
Independent



B. Gyepi-Garbrah
Independent



M. Nieuwoudt
Gaia



C. Ferreira
Gaia

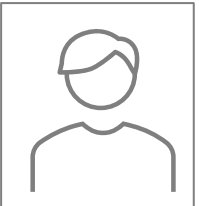


K. Muller
Independent

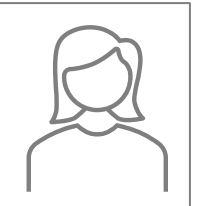
Advisory Board



TBC
Investor
Nominated



TBC
Investor
Nominated



TBC
Investor
Nominated



THE GLOBAL CLIMATE INITIATIVE NEEDS CAPITAL RECYCLING

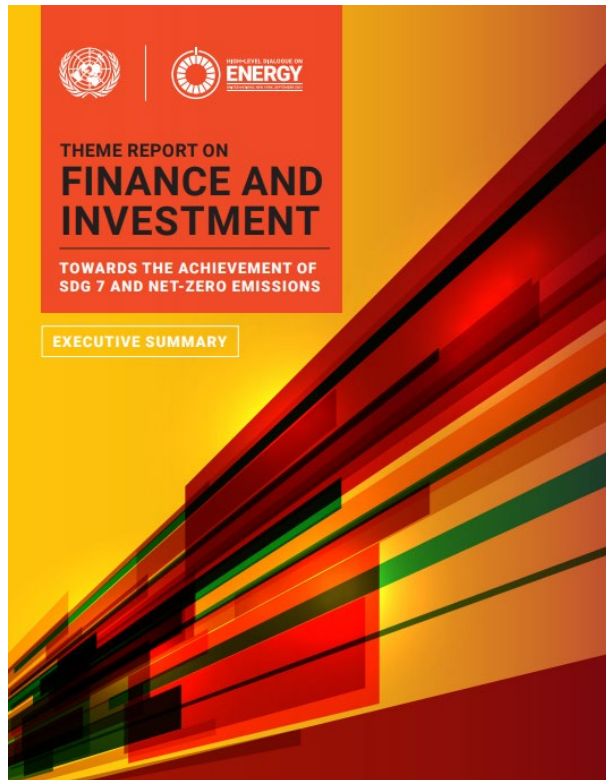
Ensure Optimal Financing Ecosystem



United Nations



RECOMMENDATION 5



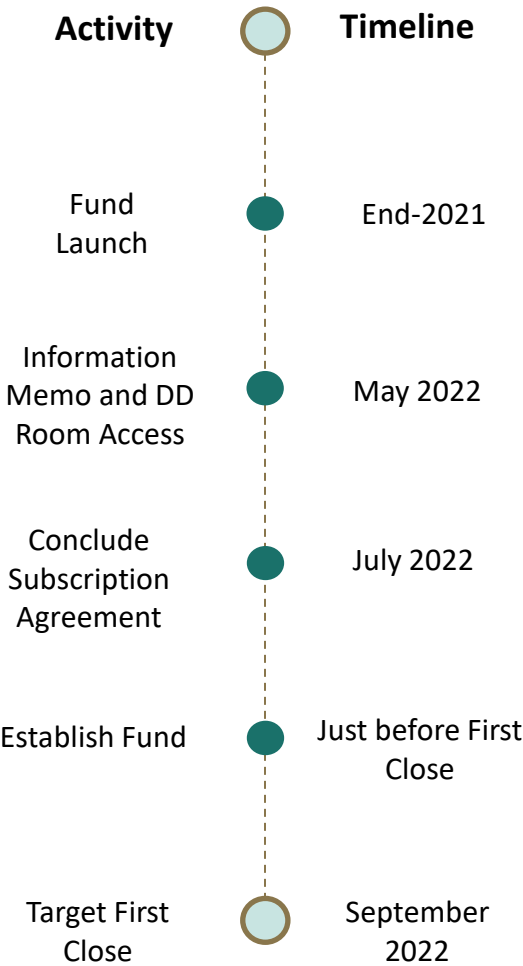
“Governments, DFIs, the private sector, and donors should work together to develop a coordinated framework to **address market barriers**, support the capacity-building of local financiers, and **ensure an optimal finance and investment ecosystem...**”

Financing options include bonds, shares, special purpose vehicles (SPVs), and the **secondary market.**”

KEY FUND TERMS & TIMELINES

Summary of key fund terms

Structure	Reserved Alternative Investment Fund (Luxembourg)
Sector	Utility Scale Climate Infrastructure (Renewable energy, water & sewage)
Investment Stage	Equity. Primary Focus: Operating Assets
Target Return	15%
Target Size	USD 200 Million
First Close	USD 50 Million
Currency	USD
Term	10 Years
Commitment Period	3 Years from First Close
Exit	Listing or Sale to Pension Fund, Yield Co, PE Fund
Advisory Fee	1% on first close and 1,5% on invested funds pa
Hurdle rate	8%
Performance Fee	15% above hurdle
Governance	<ul style="list-style-type: none">• Management by AIFM.• Independent legal management of LLC.• Independent Investment committee members.• Anchor investor and other large investors to have members on Advisory board.
Exclusions	Fees exclude external advisor costs
Fund Manager & Administrator	Maitland Lux



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Thank You

