



Gaia Africa Climate Fund 2022

Catalysing Africa's Climate Infrastructure Development Cycle

USD 200 Million

Signatory of:



OUR WAY OF LIFE IS IN THE BALANCE

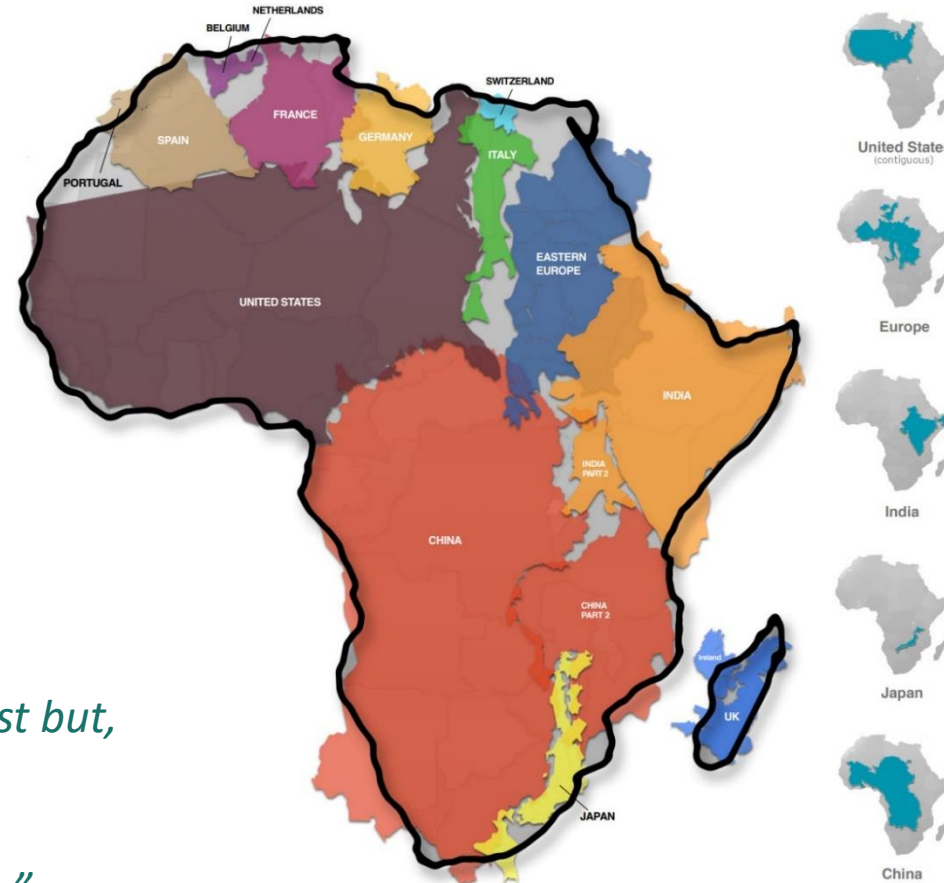
Africa is the tipping point



- 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.**”*



CO₂
Emissions

14%



United States (contiguous)

10%



Europe

7%



India

3%



Japan

28%



China

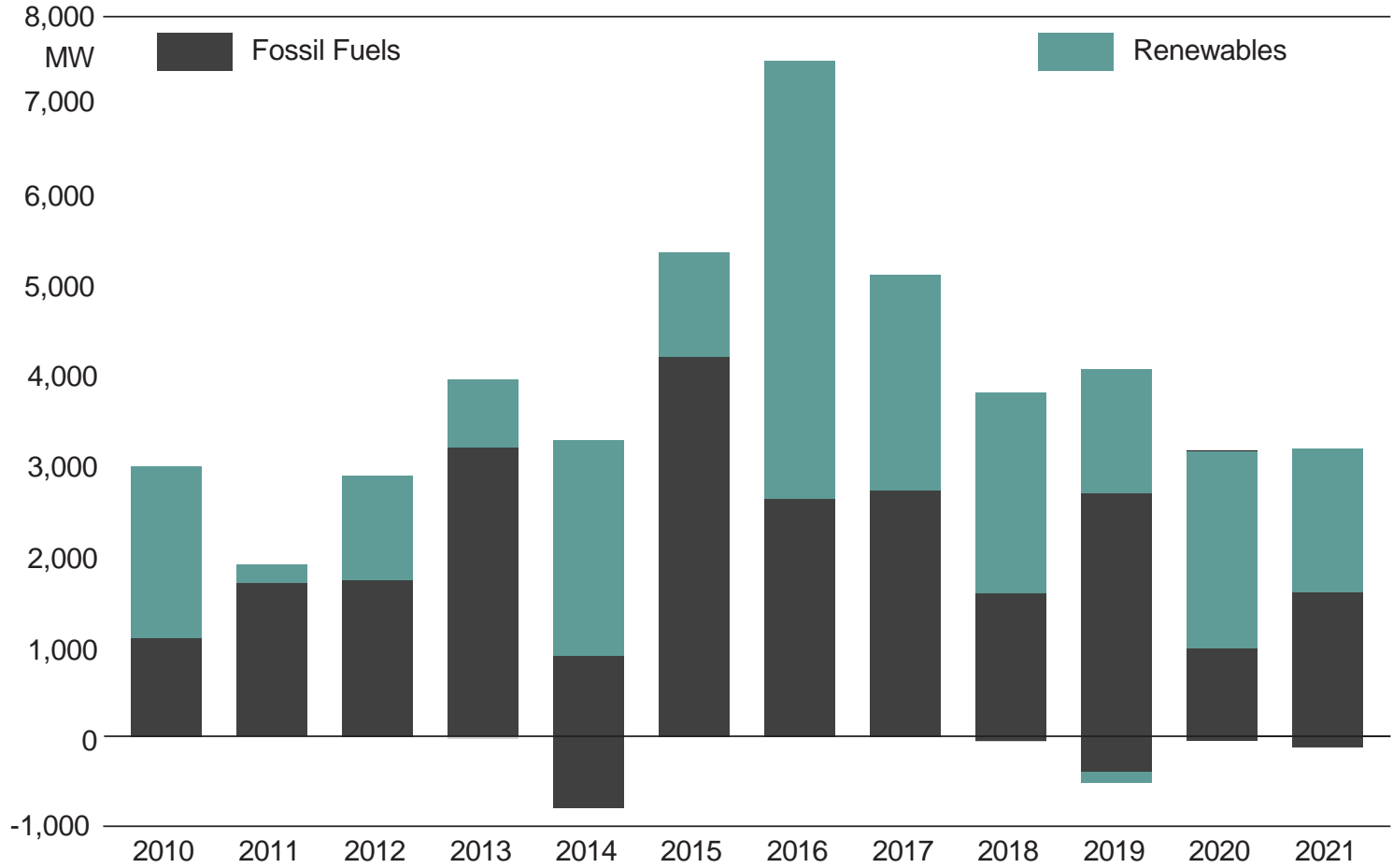
TOTAL: 62%



FOSSIL FUELS STILL DOMINATE

Need to accelerate renewable energy projects

Sub-Saharan Africa Net New On-Grid Capacity by Fuel



Source: © African Energy 2022 (www.africa-energy.com)

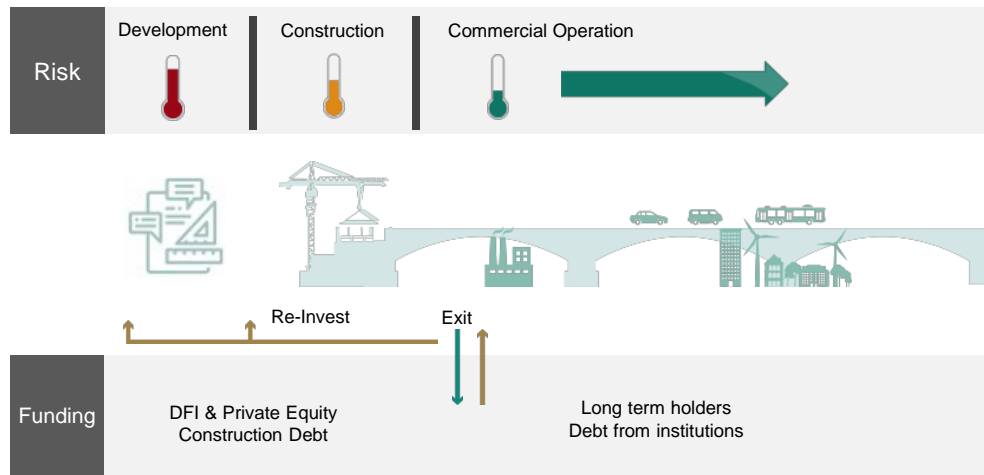
CHALLENGE

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

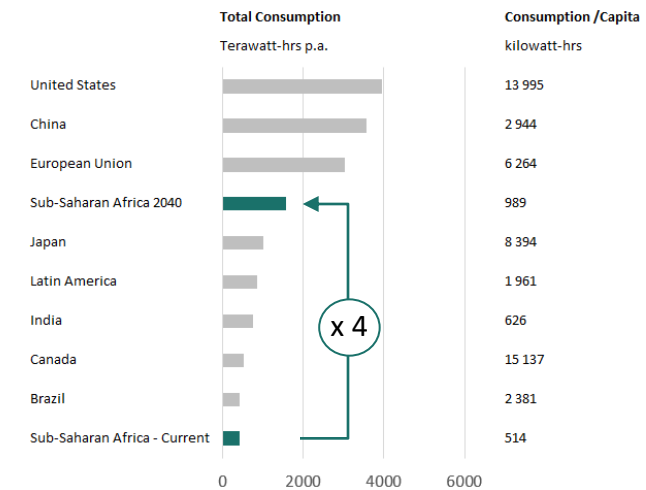
Ineffective Clean Energy Project Development Cycle

- 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



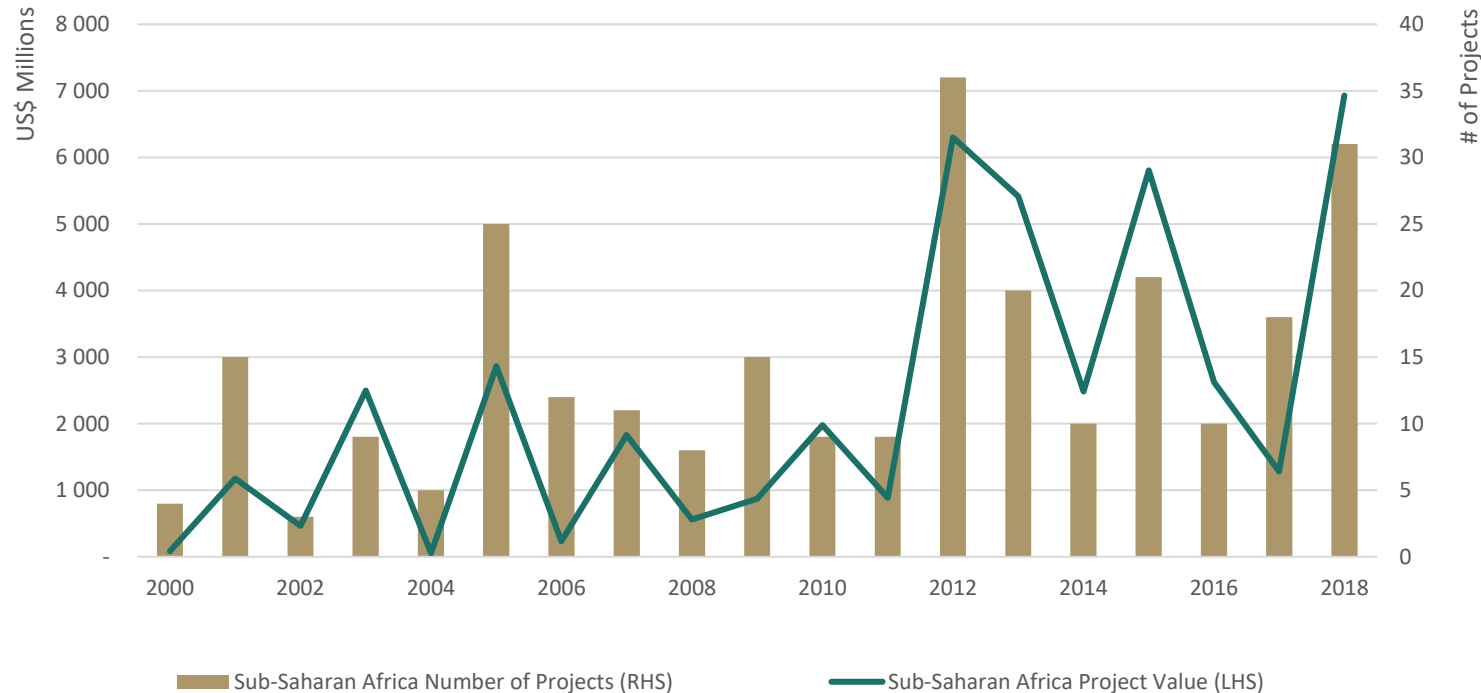
CAPITAL RECYCLING NEEDS

Pipeline of Projects Requiring Exits

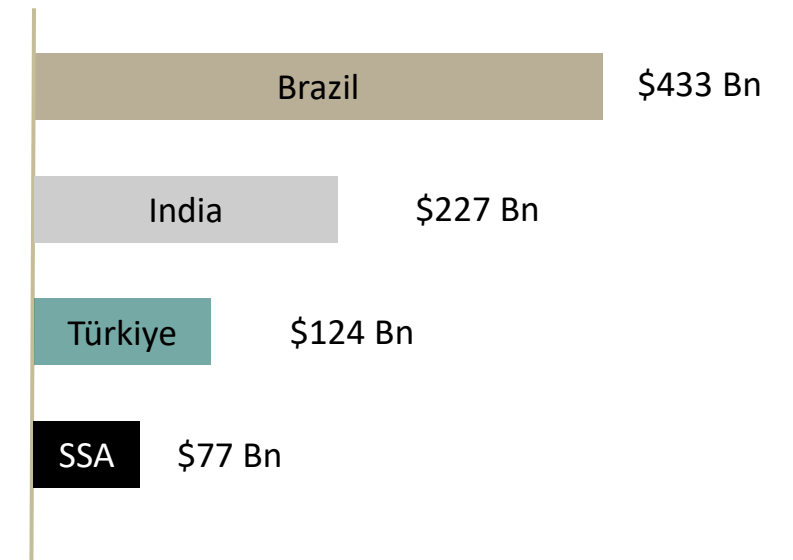
The Necessity for Secondary Transactions

- **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



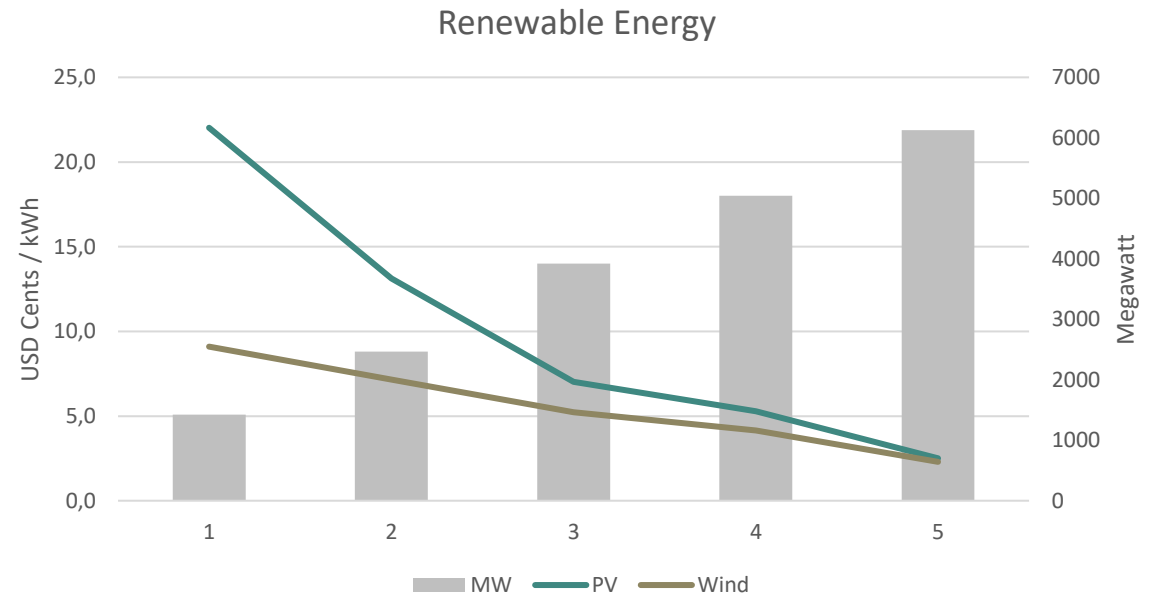
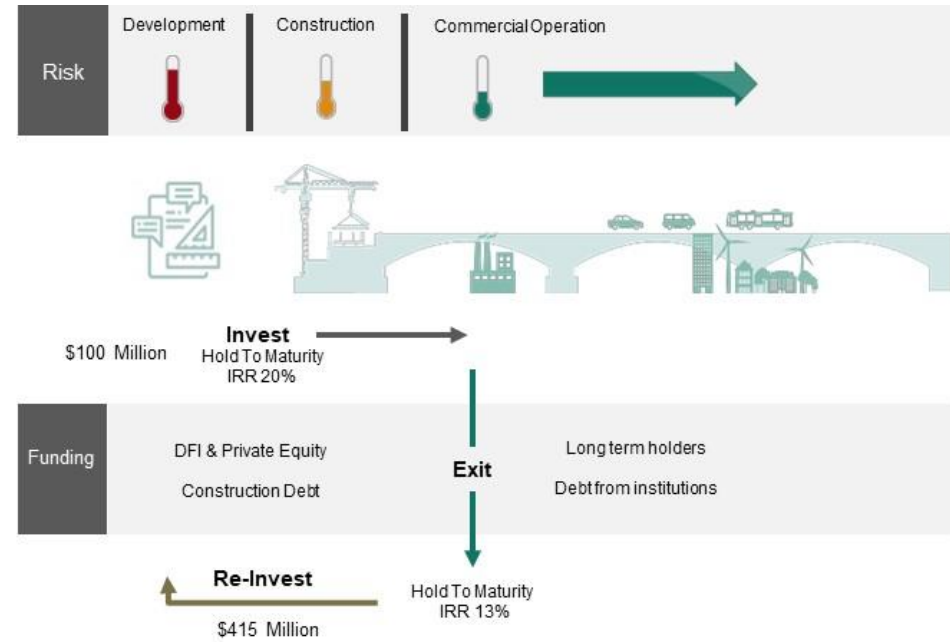
Data from: 1991 - 2015
 Sources: The World Bank and Public-Private Infrastructure Advisory Facility (PPIAF),
 Private Participation in Infrastructure Database, 2016,
<http://ppi.worldbank.org/index.aspx>.

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



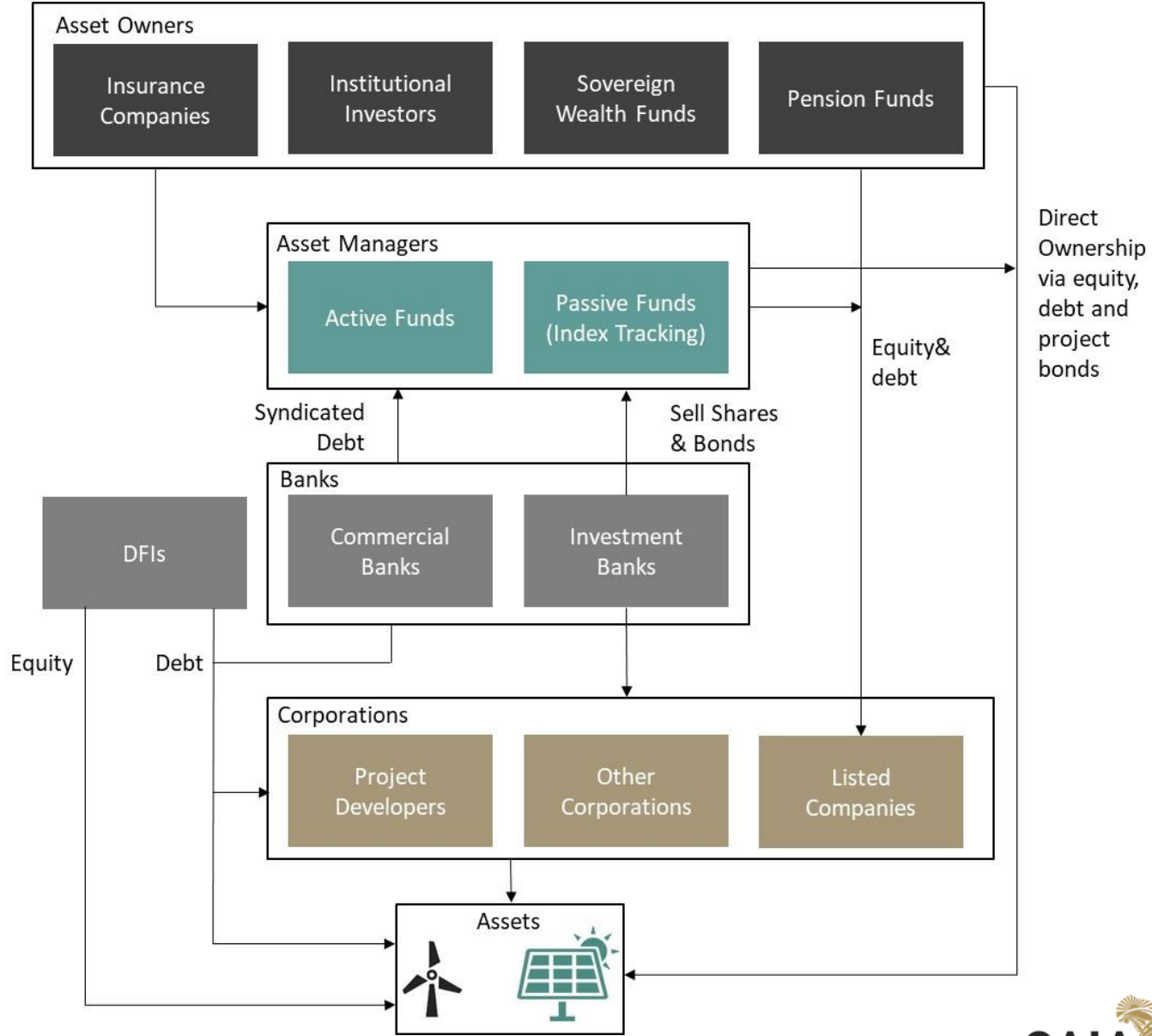
CASE STUDY – SOUTH AFRICA VS AFRICA

Entire investment chain activated in South Africa

Sub-Saharan Africa’s investment chain is inefficient

Entities	Local	International
Asset Owners	● Inactive	● Inactive
Asset Managers	● Inactive	● Semi- Active
Banks	● Semi- Active	● Active
Corporations	● Semi- Active	● Active

- In order to accelerate project development on the continent an active and efficient funding ecosystem is required
- A vibrant secondary market is needed to draw in asset owners with a product that matches their risk and return requirements
- Gaia is the pioneer in activating these previously excluded investors, crowding-in more financial capital for African sustainable infrastructure

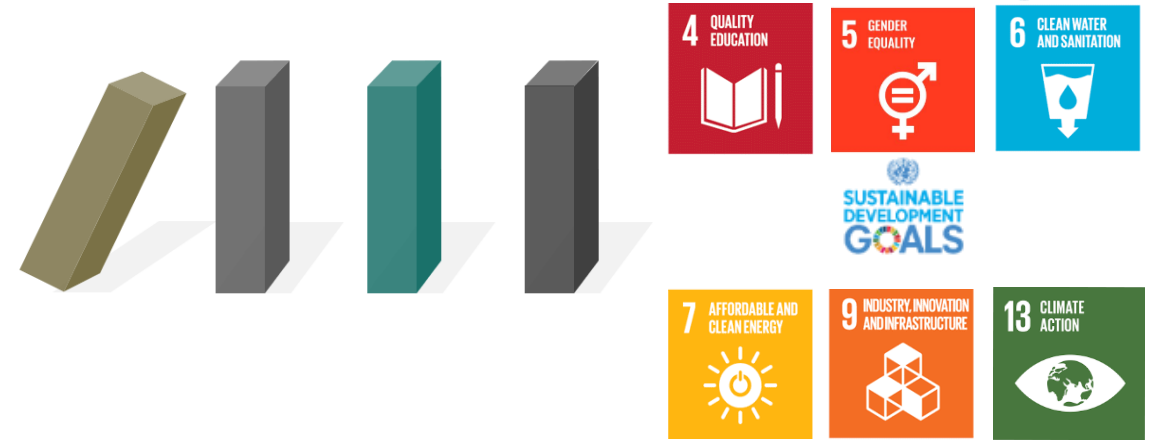


SDG 13 IS AT RISK - SOLUTION

\$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

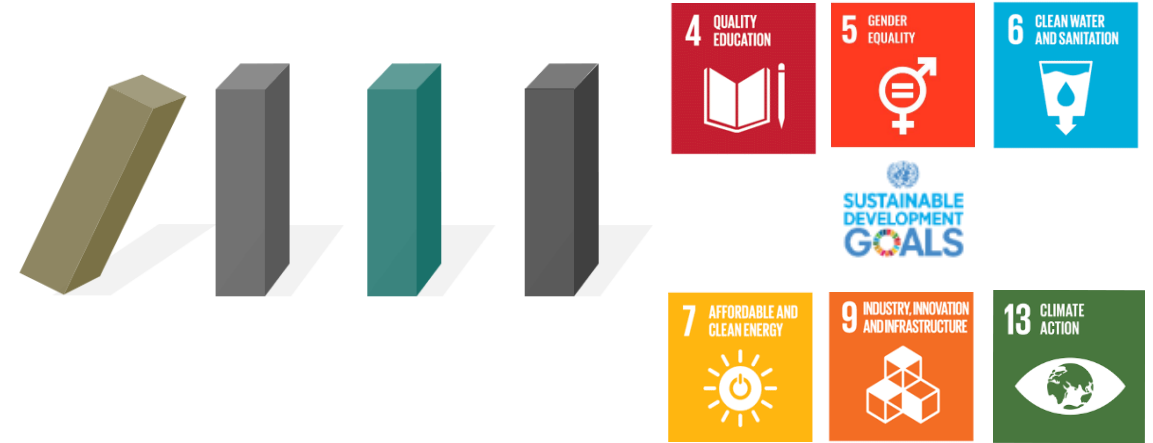
- E** Accelerate the climate infrastructure project development snowball
- S** Direct upskilling & skill transfer to support a sustainable local industry
- G** Prioritising and promoting exemplary governance structures

SDG 13 IS AT RISK – SOLUTION

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Investment Strategy

Mission: Catalyse a sustainable project development cycle



SECTOR FOCUS/ IMPACT THEMES

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	

SDG 13 IS AT RISK - SOLUTION

Risk Reality Mismatch

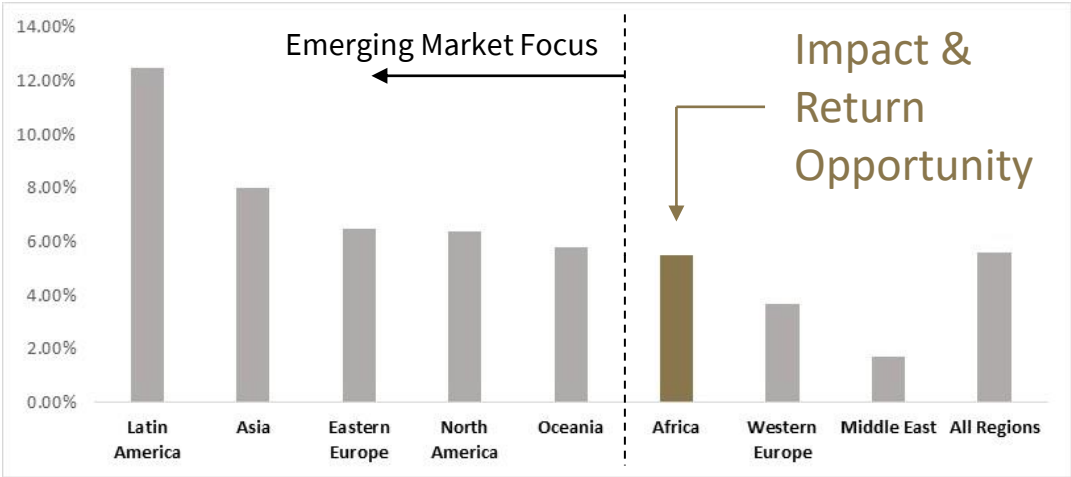
- Infrastructure in Sub-Saharan Africa provides premium returns at reduced risk in comparison to emerging peers
- Low default rate the result of risk-mitigating measures employed by the projects, including: power purchase agreements with fixed dollar denominated tariffs, World Bank Insurance, long term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

GENERATING A MEASURABLE IMPACT ALONGSIDE A FINANCIAL RETURN

Gaia Impact Investment Criteria: Movement alignment, Economic & Climate justice

Twin Objective: Focus on Impact & Returns

First: Identify high-impact opportunities that contributes to the UN's Sustainable Development Goals (UN SDGs).

Secondly: Applies traditional fundamental analysis & due diligence to select to optimise the portfolio's impact and risk-adjusted returns.

Gaia Impact Management Framework

IMM: Use Gaia's best practices impact management and measurement (IMM) framework to evaluate and report on impact.

ESMS: Adopted an Environmental Social Management System (ESMS) setting out impact and sustainability considerations

Highest standards and adopted "best-practices" of Impact Reporting

Gaia will adhere to the highest standards of impact reporting – SFDR, EU Taxonomy, Article 9 fund and IRIS+.

Work with international impact advisor Impact to ensure "best-practices"

ESG – Full integration in the Investment Process

- Alignment with international standards
- Use of best practice material like the IFC Performance Standards

Sustained impact and value-add a priority

- Enablers: Legal provisions, 100-day plans include impact/ ESG considerations
- Value-add commitment during holding period – work with investees
- Impact considerations at exit

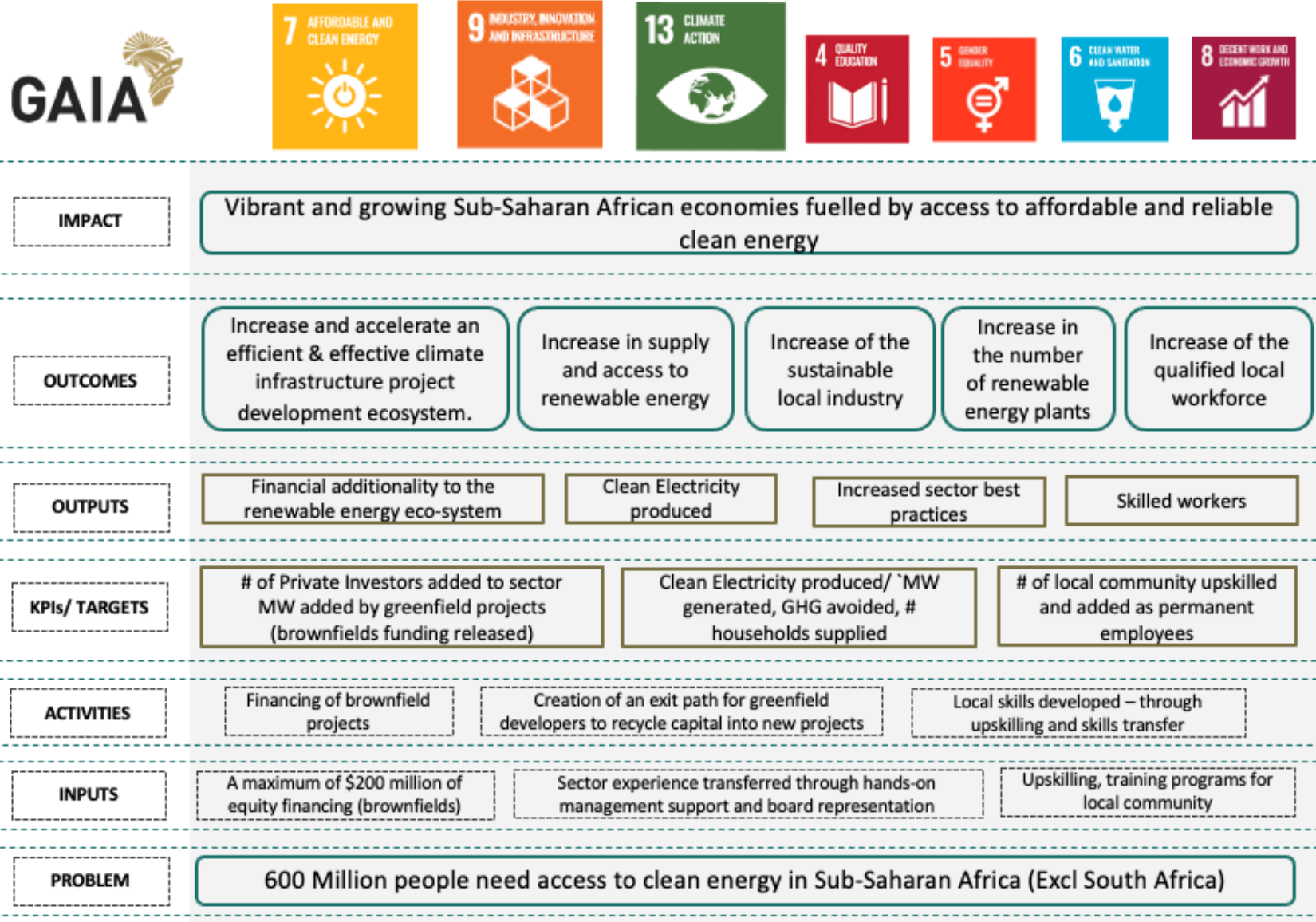


IMPACT FRONTIERS



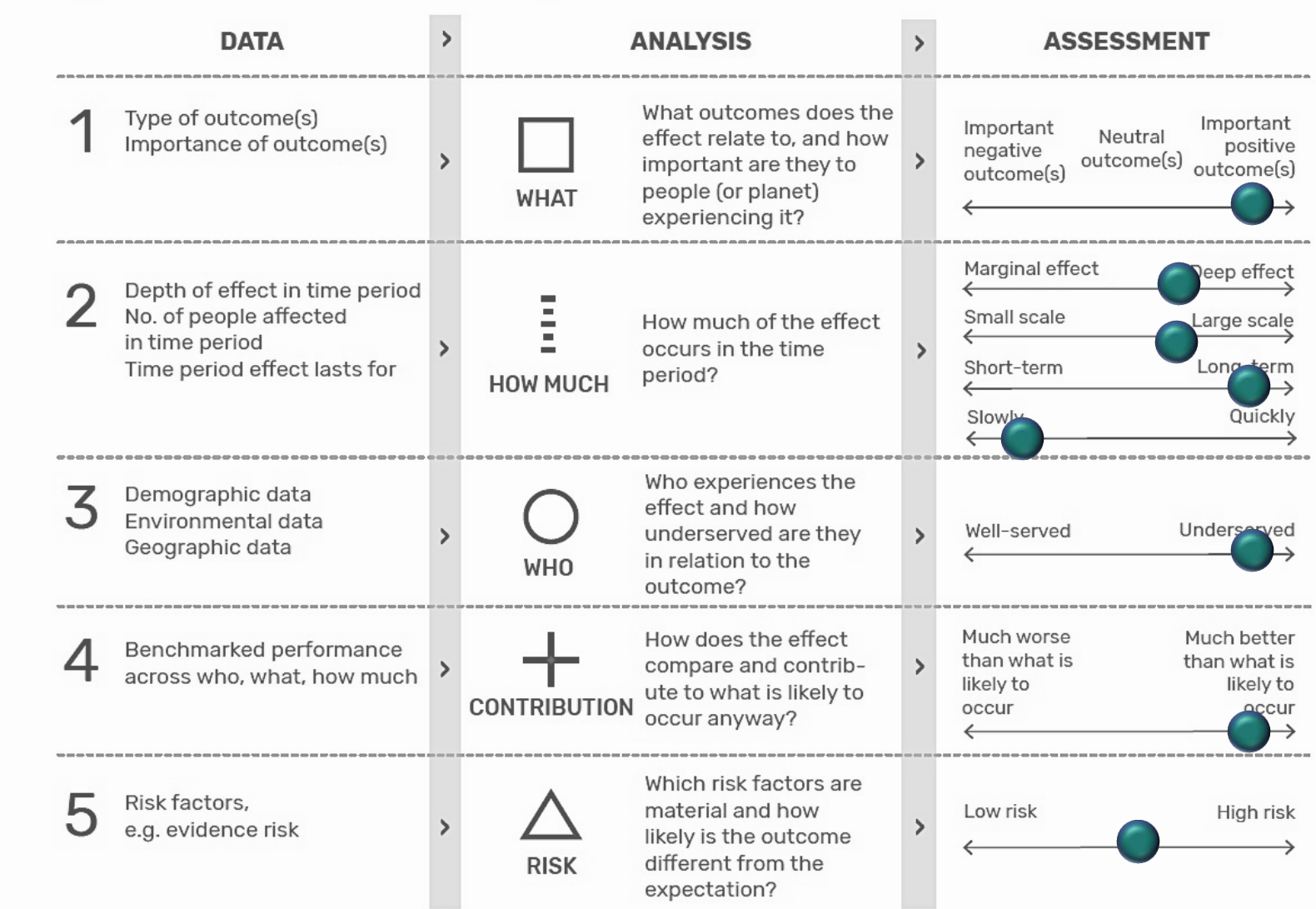
THEORY OF CHANGE

Understanding the target impact & aligning with UN SDGs



IMP FRAMEWORK

Evaluate impact scale, depth & duration – 5 dimensions of impact



IMPACT FRONTIERS

IMPACT MANAGEMENT PROJECT

- Enabling an effective secondary market in SSA to attract more capital
- Local skills gap + women underrepresented.
- More available clean energy
- 600m need clean energy in SSA
- Insufficient eco-system to channel more capital in and target investment
- The financial system needs to be activated and catalyzed for long-term benefit.
- Africa only received 2% of the world's funding to address climate change
- Brownfield equity financing
- Impact/ ESG value add investee level
- Skills transfer focus local + women
- ESMS adopted
- Extensive ESG analysis, impact monitoring through investment cycle + engagement



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, Mauritius, 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

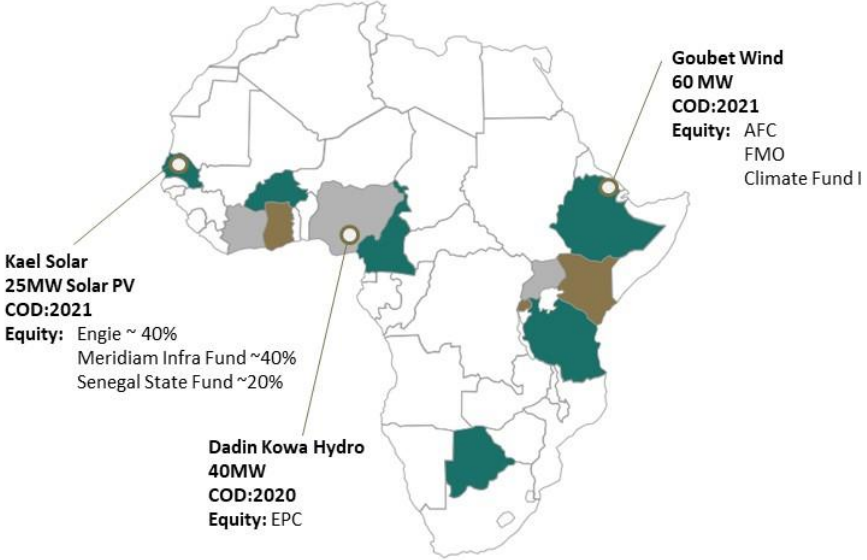
Sub-Saharan Africa

- 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

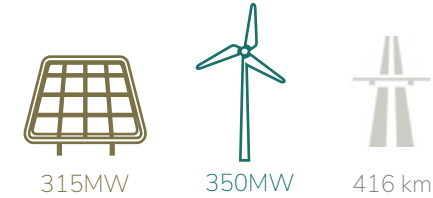
- Established 2012
- Focus on sustainable renewable energy and infrastructure investments across sub-Saharan Africa
- Gaia pioneered the secondary (brownfield) infrastructure investment landscape in South Africa:
 - Concluded 1st secondary (brownfield) transaction
 - Listed 1st renewable energy holding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

• Team

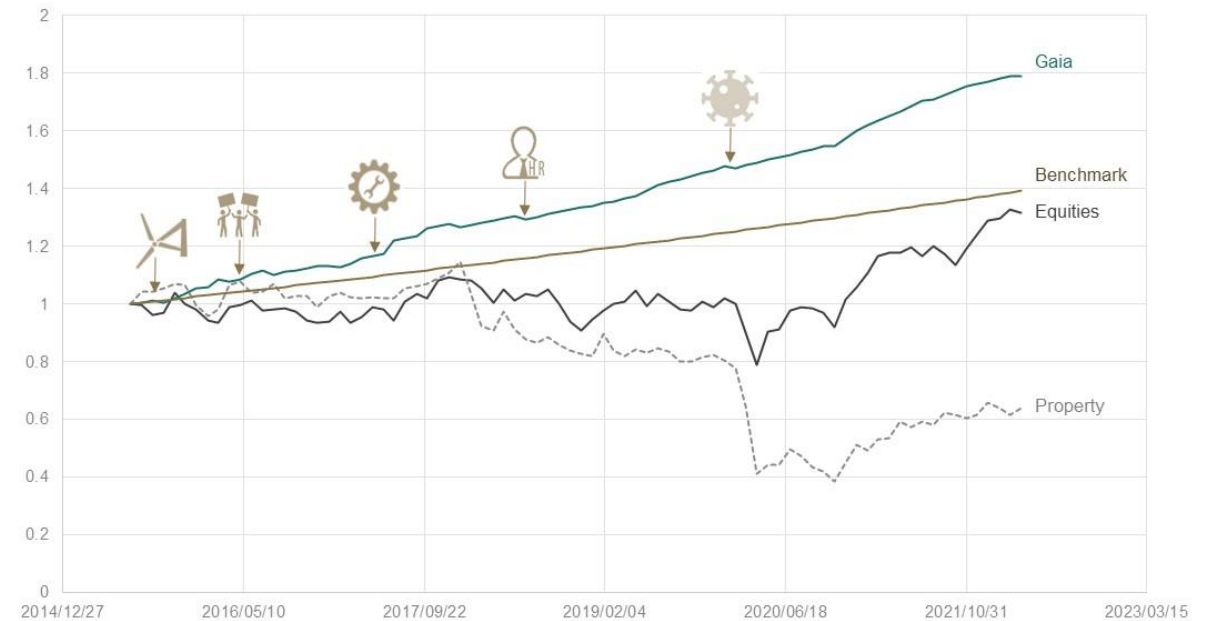


- Ability to manage setbacks and guide project management to resolve issues:
 - Turbine collapse
 - Turbine fires
 - Industrial action & riots
 - Local community disputes
 - Gearbox failures
 - Management Re-Organisation
 - Insurance disputes
 - Warranty claims

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



Real Return (ZAR) Vs Other Asset Classes

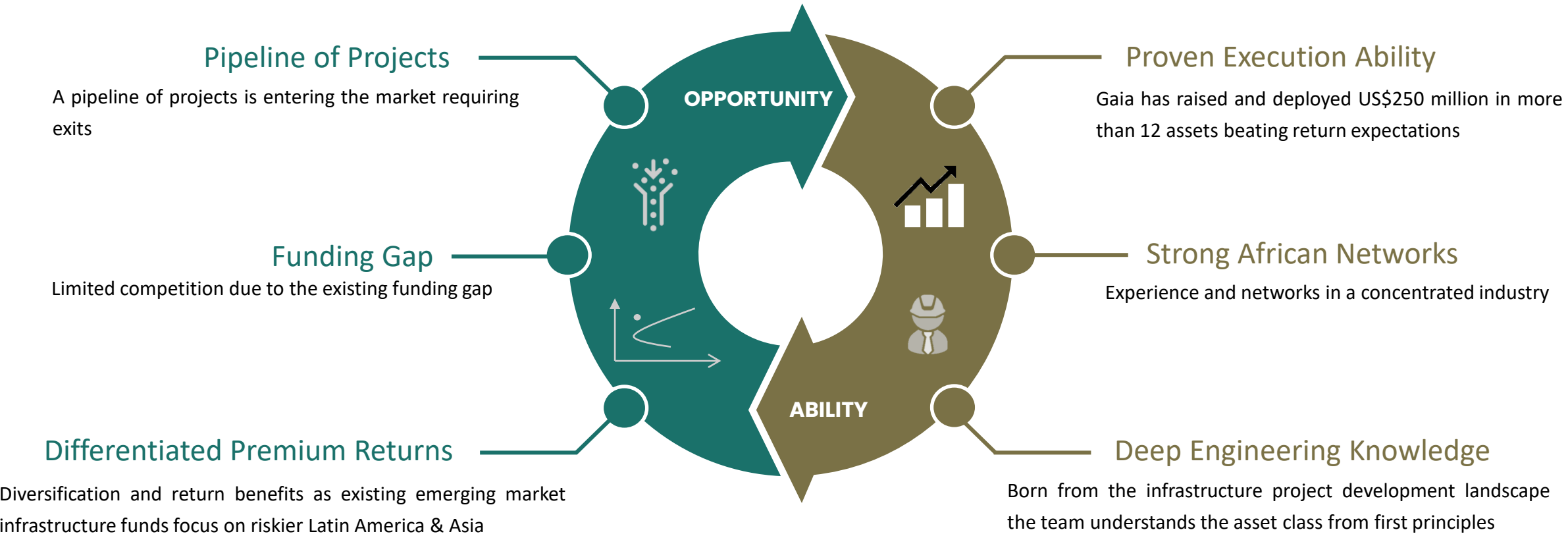


POSITIONING

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
Chief Impact & Risk



M. Hønsi
EU Relations Manager



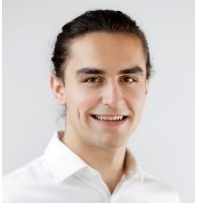
Y. du Plessis
Accounting



M. Schabort
Deal Associate



S. Zeeman
Administration

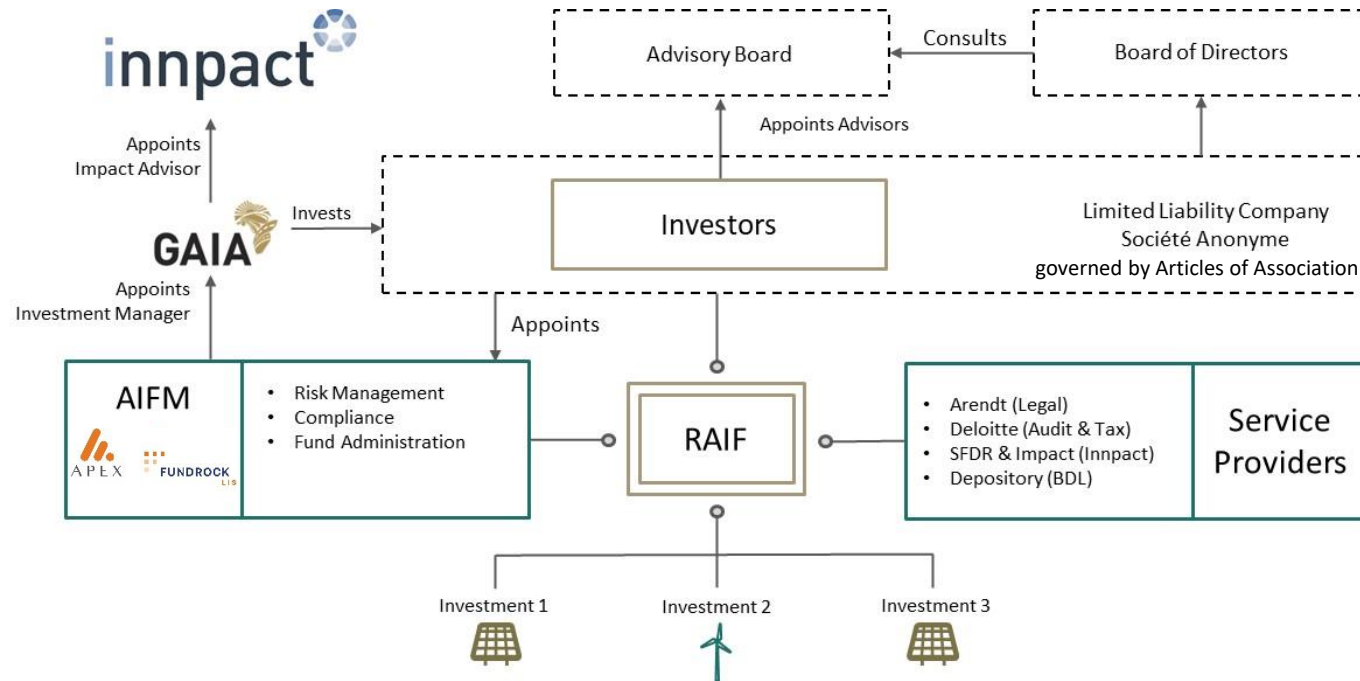


K. Schabort
Analyst & ESG



STRUCTURE & GOVERNANCE

Regulated and Well-supported – Company structure



RAIF company structure allows listing on a Green Exchange as potential exit option

Fund Board



K. Ramachandran
Maitland (AIFM)



R. Marney
Independent



R. de Wit
Gaia

IC Members



A-L. Olivier
Independent



B. Gyepi-Garbrah
Independent



M. Nieuwoudt
Gaia

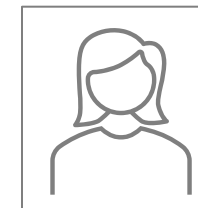


C. Ferreira
Gaia

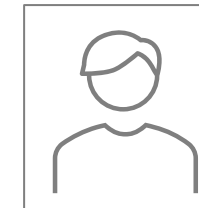


K. Muller
Independent

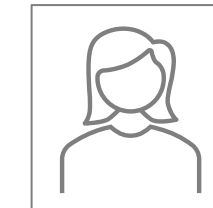
Advisory Board



TBC
Investor
Nominated



TBC
Investor
Nominated

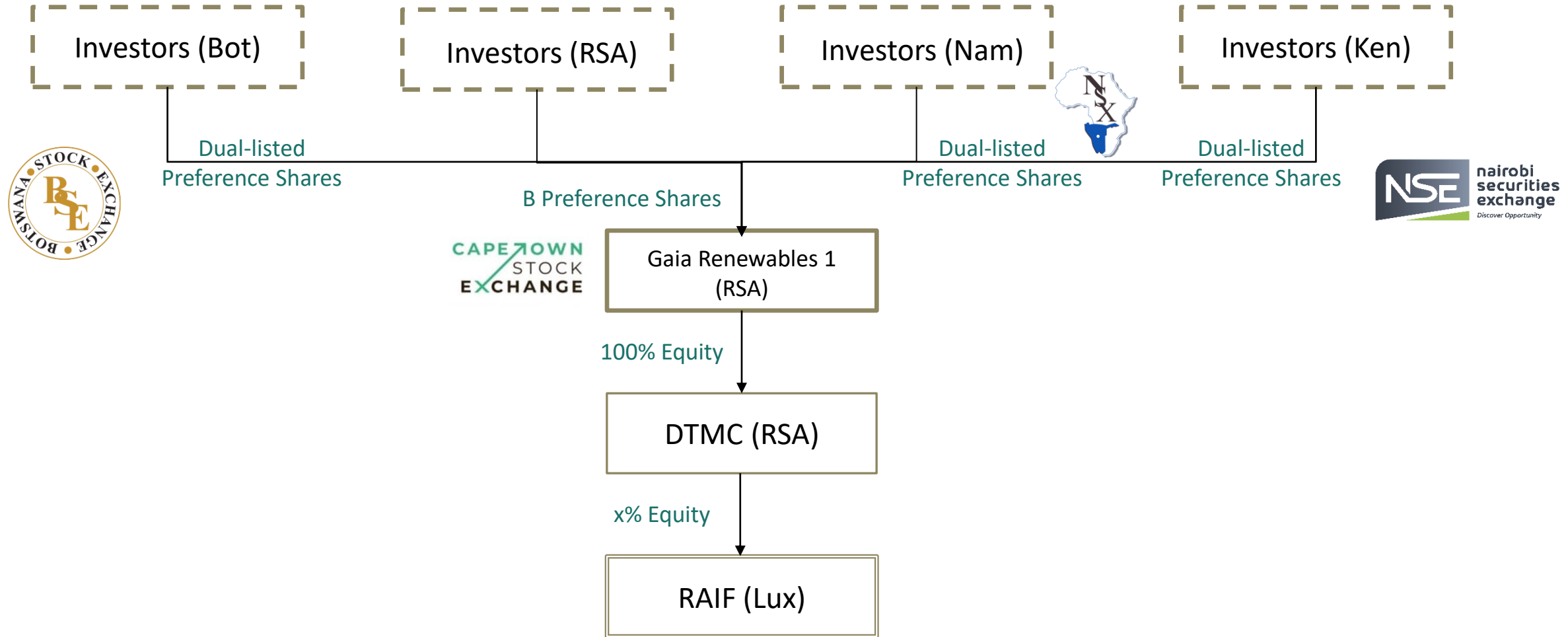


TBC
Investor
Nominated



A STRUCTURE FOR AFRICAN INVESTORS

Mobilising Capital Markets for this Initiative



THE GLOBAL CLIMATE INITIATIVE NEEDS CAPITAL RECYCLING

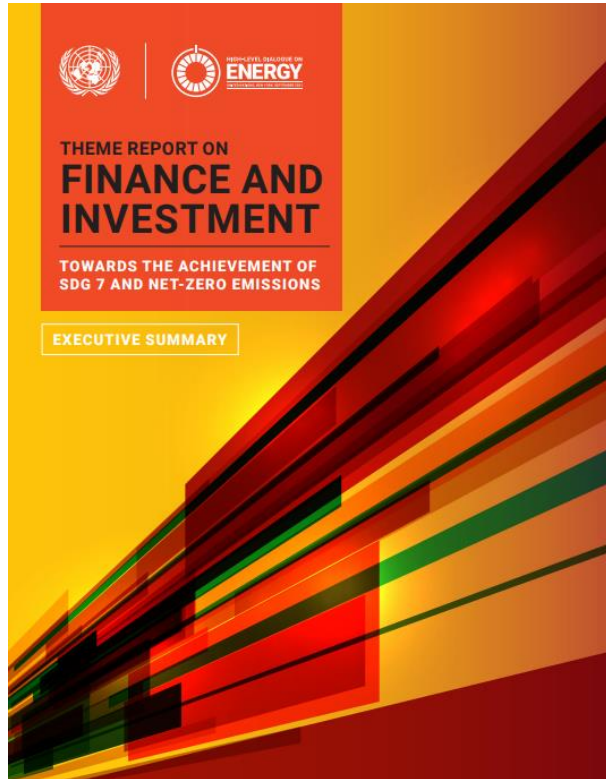
Ensure Optimal Financing Ecosystem



United Nations



RECOMMENDATION 5



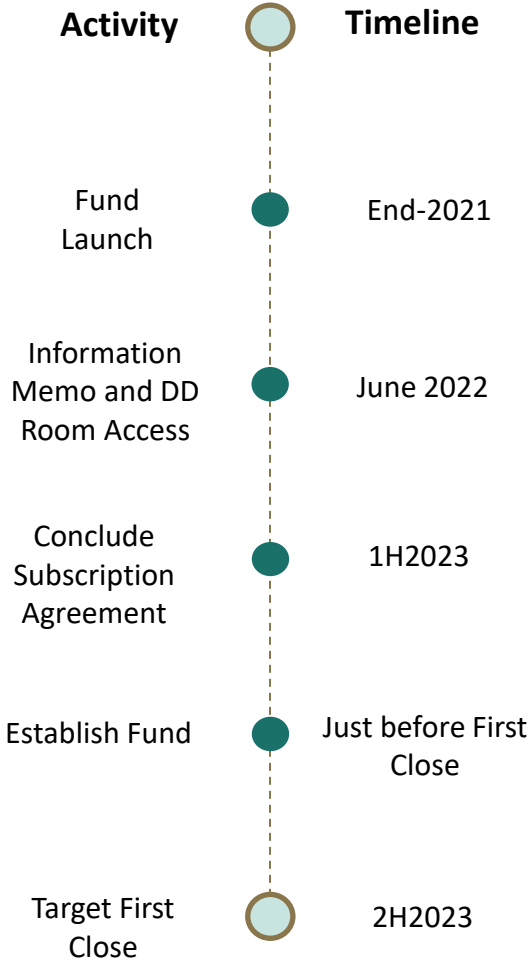
“Governments, DFIs, the private sector, and donors should work together to develop a coordinated framework to **address market barriers**, support the capacity-building of local financiers, and **ensure an optimal finance and investment ecosystem...**”

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 of RAIF company on Green Exchange 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 + Impact to be linked with carry
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

