Press release by Mergence Investment Managers
27 November 2013

Largest CPV solar plant to connect to the grid next month

The largest concentrated photovoltaic (CPV) solar plant in the western world is being constructed outside Touwsriver in the Western Cape and is set to connect to the electricity grid next month.

The 44 MW plant is being developed by French semiconductor giant Soitec as one of the 28 solar and wind projects, collectively involving 1 415 MW of capacity, that reached financial closure following South Africa's first bid window under the Renewable Energy Independent Power Producer Procurement Programme (REIPPPP).

Specialist fund manager Mergence Investment Managers has invested R50m in the Soitec plant. Mark van Wyk, portfolio manager and head of impact investing at Mergence, said the investment was in line with Mergence's commitment to invest client pension fund assets to support the country's infrastructural and growth needs, including long-term energy security.

"In Round 1 of the REIPPP, Mergence Investment Managers has committed R500 000 to a total of six projects dedicated to wind and solar energy generation. The projects are predominantly in rural areas, have a high degree of community involvement and contribute to the re-industrialisation of South Africa," said Mr van Wyk.

The Soitec plant will involve the construction and erection of 1 500 CPV units, creating over 4 100 person month jobs during the one-year construction period and over 15 000 person month jobs during the 20 year operation period. By the end of 2013, 400 people from the Touwsriver community will have been employed and people trained on the job in each step of the process.

Over the life of the project, R535 million will be spent on local content procurement; R64m will be contributed to social economic development and R39m will be contributed to enterprise development.

Concentrated photovoltaic panels are an innovation over standard photovoltaic technology in that they concentrate the sun's rays through fresnel lenses and are erected such that the panels track the sunlight from east to west throughout the day.

The project will be 50% completed by December 2013 and is on track for commissioning in June 2014. At full capacity of 44 MW the energy generated should supply 10 000 average South African households.

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NOTES TO EDITORS

Mergence Investment Managers

Mergence Investment Managers (Pty) Limited is a black-owned specialist fund manager founded in 2004 with R12 billion assets under management. it is a subsidiary of Mergence Africa Holdings (Pty) Limited. The company has a Level One rating from Empowerdex. Its clients are largely institutional and include parastatals, unions and pension funds.

Mergence helped to draft the Code for Responsible Investment in SA (CRISA). It is also one of a current total of 32 fund managers in South Africa - and only 681 worldwide - to become a signatory to the UN Principles of Responsible Investment (UN PRI) which held its international conference in Cape Town on 1 and 2 October 2013.

www.mergence.co.za

Mergence and renewable energy

Impact investing is one of several strategic investment areas in which Mergence Investment Managers specialises. Mergence's impact funds are designed to generate sound financial returns and to be aligned with South Africa's infrastructural and growth needs, seeking to address structural issues in areas ranging from housing, education, income disparity and unemployment to energy shortages.

Within its range of impact and SRI funds, Mergence has identified renewable energy as a key impact investment area to support the government-driven independent power producer procurement programme (IPP) and to sustain South Africa's long-term energy security. The roll-out of renewable energy projects as part of the IPP procurement has heightened the importance of renewable energy finance.

Mergence started to investigate investing in renewable energy projects in 2011. At August 2013, Mergence had invested in eight renewable energy projects approved in Round 1 of the REIPP programme with a total investment of R515 million, with additional commitments of R600 million which should be invested by December 2013.

The projects selected will generate solar and wind energy and are situated largely in rural areas, including the Northern and Western Cape. These are generally areas where job creation and infrastructure development is needed,

such as roads to get the material and equipment from the suppliers to site.

It is estimated that the share of the eight projects financed by Mergence will save 56 000 tonnes of CO2 per annum, that is equivalent to the emissions from 13 000 cars, and generate enough electricity to power over 3 600 four person homes

In the pipeline, spanning rounds one, two and three of the REIPP programme, Mergence has identified renewable energy projects, in addition to smaller IPP projects, where it can invest an additional R1.5 billion.