



AFRICA RENEWABLE ENERGY FUND

IRENA Project Navigator Workshop

Cape Verde, September 2014

Africa Renewable Energy Fund (AREF) Highlights

Target Fund Size	\$200m
Timing/Status	<p>First close of \$100m achieved in Q1 2014 – Fund now fully operational. LP approvals for a further \$70m obtained in Q3 2014 and now being documented. Fundraising continuing; Final Close at Target Fund Size expected by end 2014.</p> <p>Four projects in advanced development. Expect first financial closings and start of construction in Q1 2015</p>
Strategy	Construction of renewable power plants in Sub-Saharan Africa (excluding South Africa)
Fund Structure	10-year (extendable to 12) closed-end private equity limited partnership
Fund Manager	Berkeley Energy (in partnership with Africa Biofuel and Renewable Energy Company – ABREC)
Distributions/Fees	Return of all drawdowns; 8% preferred return; 80/20 carry split. Management Fee 2%
Origination	Create partnership with local sponsor/developer after initial and before detailed development stage
Team/People	Main office in Nairobi, second office to open in 2015 in West Africa. Professional team of 11 in place now, growing to approx. 20. Eminent and experienced Investment Committee includes senior African industry figures.
Sponsoring Investors	African Development Bank, in conjunction with Sustainable Energy Fund for Africa (SEFA)
Project Support Facility	\$10m to support early stage project development, matched by the Fund. Any residual balance from the PSF facility can be applied to make investments and returns above 4% are to go to other LPs
SEFA Capped Return	SEFA to limit return of its \$29.5m commitment to 4%, with the remaining proceeds distributed to other LPs, enhancing their returns/mitigating risk

AREF Investment Focus

Criteria	Strategy	Rationale														
Geography	Two out of four regions: East, West, Central and Southern Africa No more than 25% in any one country	<ul style="list-style-type: none"> Energy demand / supply gap & significant renewable resource Electricity sector reform & regulatory / fiscal incentives 														
Renewable Technologies	Four out of six technologies: small hydro, wind, solar, geothermal, stranded gas and biomass. No more than 50% of fund in any one technology	<ul style="list-style-type: none"> Operationally proven and economically mature Able to support project finance (c.50% - 70% leverage) 														
Deal Size	Project size \$10-80m	<table border="1"> <thead> <tr> <th>Technology</th> <th>Wind</th> <th>Hydro</th> <th>Solar</th> <th>Geotherm.</th> <th>Biomass</th> <th>Stranded gas¹</th> </tr> </thead> <tbody> <tr> <td>Guidance limit</td> <td>50 MW</td> <td>30 MW</td> <td>20 MW</td> <td>50 MW</td> <td>10 MW</td> <td>60 MW</td> </tr> </tbody> </table>	Technology	Wind	Hydro	Solar	Geotherm.	Biomass	Stranded gas ¹	Guidance limit	50 MW	30 MW	20 MW	50 MW	10 MW	60 MW
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Stage	Development into construction	<ul style="list-style-type: none"> Ideal risk-return profile and timeline Limited competition and wide availability of projects 														
Shareholdings	Controlling positions. Aggregate projects into “platforms” – operating businesses with multiple units	<ul style="list-style-type: none"> Drive operational value creation throughout holding period Control exit Businesses are more sought after and more valuable than individual assets 														
Project Revenue	Electricity, by-products	<ul style="list-style-type: none"> Long-term contracts and additional revenues where possible 														
Hold Period	c. 5-7 years for standalone assets, longer in case of building platform businesses	<ul style="list-style-type: none"> c.1-3 years development, 1-3 years construction, c.1-3 years operations Demonstrate operating track record to optimise capital gain 														
Distributions	Capital gains focus, target 20%+ IRR ²	<ul style="list-style-type: none"> Divest to trade and financial buyers with lower yield requirement 														

¹ Opportunities to capture gas for local power generation as an alternative to gas flaring

² Target IRR is gross of fees, carried interest, taxes and expenses

Berkeley Energy

Fund Management Experience

- Managing a family of dedicated renewable energy emerging market funds
- Strong track record in generating value in renewable energy projects
- Senior experience in preparing and timing exits

Team and Approach

- Cohesive, well balanced team
- Worked together for 5+ years
- Experienced in Africa
- Relationships with OEMs, contractors and consultants

Development and Execution

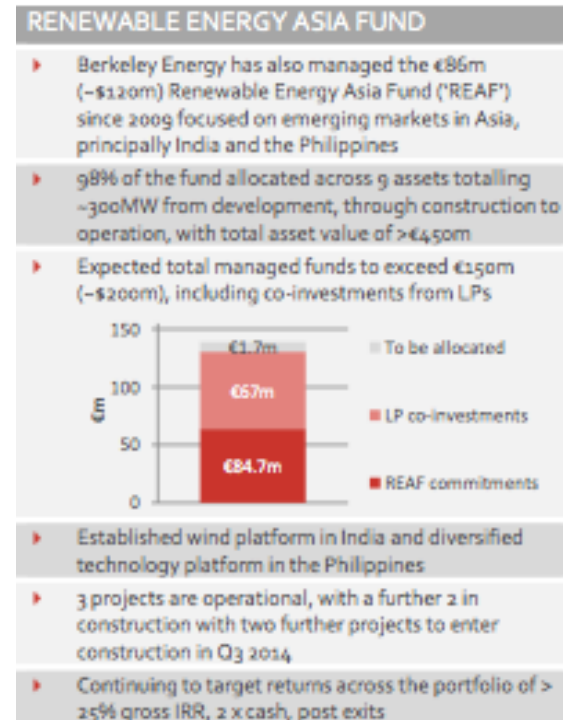
- Focused development experience and capability
- In-house engineering and EPC delivery
- Low historic abort costs
- Sound ESG management

- Proven as bankable sponsor to local developers
- Completed over 120 renewable projects in developed and emerging markets
- Relationships with lenders

Project Finance Track Record

Berkeley Energy offer to project developers:

1. We can get your projects done. We are engineers and developers, as well as financiers
2. To be able to do this, we insist on a high degree of control. This is something our partners elsewhere in Africa and Asia have accepted
3. Please contact us at our Nairobi office if you believe your project fits our criteria:



AREF investment committee

Deep renewable energy project development, construction and operations experience combined with structuring, finance and investment expertise. Comprised of senior executives in the business and eminent independent African decision-makers



TC Kundi
Managing Partner, Berkeley Energy
Investment / EPC / Operations

- 20+ years experience of identifying, investing, developing and operating renewable energy generating assets
- Built the UK’s largest renewable energy generating portfolio, with responsibility for over 80 individual projects
- Long-term experience of project development in emerging and developed markets, negotiating and managing EPC relationships



Alastair Vere Nicoll
Partner, Berkeley Energy
Investment / Legal / Structuring

- Principal role negotiating REAF portfolio investments and debt financings
- Lawyer specialised in private equity infrastructure deals in the renewable energy and water sectors
- Acted for many of the market leading infrastructure and private equity firms



Andrew Reicher
Chairman AREF, IC member
Investment / Capacity building mentoring

- Former Chief Investment Officer of CDC and Actis, overseeing 59 emerging market investments (\$580m invested, 26.3% IRR, 2.8x multiple of cost)
- Manager of Actis’ first Infrastructure Fund, overseeing 14 power investments (\$858m invested, 24.1% IRR, 2.0x multiple of cost)
- Deep experience of private equity, emerging markets, power infrastructure




Luka Buljan
Investment Director, Berkeley Energy Africa
Origination / Execution

- 12 years experience of developing, acquiring, financing, and selling power generation and distribution projects in sub-Saharan Africa
- Former CEO of Empower, COO of African Power Corporation, Director Business Development at Globeleq
- Extensive power sector relationships in East and West Africa



Tierno Bocar Tall
ABREC CEO
Origination / Advice

- ABREC was founded in 2009 to promote and invest in the development of renewable energy across Africa
- Owned by 13 African states and 6 financial institutions
- Extensive relationships across Africa in the renewable power sector and among public sector counterparties



Edward Njoroge
IC member
Investment / Origination

- Former Managing Director of Kenya Electricity Generating Company (KenGen)
- Played a pivotal role in the strategic transformation of the company, including its flotation on the Nairobi Stock Exchange and pivot towards geothermal and other renewable energy sources
- Board Member of the Nairobi Securities Exchange and Telkom Kenya Limited