



THE SECONDARY MARKET FOR REIPPP RENEWABLE ENERGY PROJECTS IN SOUTH AFRICA

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In a little over 3 years REIPPP has resulted in:

- 64 projects awarded to the private sector
- private sector investment totalling USD 14 billion committed
- 3922 MW of renewable power
- SA amongst global top 10 in IPP investment
- More investment in power generation than rest of Africa in last 20 years



- Moved from Renewable Energy Feed-In Tariff (REFIT) to competitive bidding
- 2 bid rounds have reached financial close, 3rd round will do so by end of the year, 4th round bid submission completed
- Bid rounds attracted local and international project developers, sponsors and equity shareholders
- Secondary market started to emerge after round 1 and is likely to develop in the next few years

Advantages of a Secondary Market for REIPPP Renewable Energy Projects

- Should attract more investors to the SA REIPP market as there will be clear exit route that will allow bidders to sell the equity stake once projects become operational
- Developers can recycle their equity to larger number of projects, rather than tying up equity for full period of PPA



Why should investors buy into the Secondary Market?

- Access to opportunities previously missed out on
- Quicker returns on investment
- Performance history available
- Diversification



General issues affecting Secondary Market Transactions

- REIPPP restrictions
- Transactional Issues
 - Confidentiality
 - Due Diligence
 - Representations and Warranties
 - Existing legal documents
- Tax

- Implementation Agreement lock in
- Conduit Companies
- DOE Consent
- Affects Equity and Debt Providers



- Confidentiality
- Due Diligence
- Representations and Warranties
- Existing Legal Documents
 - Pre-emptive Rights
 - Change of Control
 - Triggers for Deemed Offers

Conclusion

- Planning for future secondary transactions is essential
- Greater certainty required from the DOE



Thank you



**"Do you promise to pay the bill,
the whole bill and nothing but the bill?"**