

Futuregrowth Power Debt Fund

Developmental & Social Impact Bi-annual Report 30 September 2025

Powering South Africa's Grid Expansion



The Futuregrowth Power Debt Fund has maintained sound performance over the reporting period. Our portfolio consists of carefully selected REIPPPP projects, contributing to a programme that has deployed approximately R250 billion across 123 projects with zero defaults over 13 years. The Independent Transmission Projects programme reached a critical milestone in July 2025 with the opening of pre-qualification tenders.

The programme targets 1,164 kilometres of transmission infrastructure across seven corridors in the Northern Cape, North-West, and Gauteng, requiring R112 billion in private capital by 2029. Minister Kgosisentsho Ramokgopa's determination under Section 34 of the Electricity Regulation Act establishes the regulatory framework for private sector participation, with the NTCSA designated as the purchaser of transmission infrastructure through concession-based structures. Much like with the REIPPPP, the private sector will play a meaningful role here. Bankability will determine which transmission projects attract institutional capital through clear cost-recovery mechanisms, appropriate risk allocation, and regulatory certainty around tariff methodologies. If the published timelines are met, we should have clarity on how these projects will be structured and the role capital markets will play. Notwithstanding these opportunities, the Futuregrowth Private Debt team continues to identify power-related investment opportunities.

Our recent deployment into Decentral Energy exemplifies this approach. The company focuses on industrial and commercial energy installations, addressing growing demand for reliable power solutions. This transaction demonstrates how capital can be deployed effectively when projects meet bankability requirements.

Jason Lightfoot
Senior Portfolio Manager

Fund facts

Portfolio manager	Jason Lightfoot
Benchmark	South African STeFI Composite Index (STeFI)
Performance target	STeFI + 2.25% per annum before the deduction of taxes and fees, with income reinvested
Reg 28 classification	Debt instruments, predominantly unlisted instruments of unlisted entities
Investment focus	Debt and fixed income in energy-related industries and sectors
Minimum investment	R50 million (at the manager's discretion)
Asset class	Fixed & variable rate debt instruments
Current structure	Pooled, open-ended
Fund start date	January 2013
Total Fund assets	R10.6 billion
Termination period	12 months (size dependent)

Specialising in renewable energy investments

The Futuregrowth Power Debt Fund specialises in energy-related industries and sectors, and forms part of Futuregrowth's suite of developmental investments.

The Fund may invest in a wide range of debt instruments including those issued by government, parastatals and corporates, as well as securitised assets. The inclusion of assets is subject to credit committee approval.

The Fund is largely invested in renewable energy deals that form part of the Department of Energy's Renewable Energy Independent Power Producer Procurement Programme (REIPPPP). All projects under the REIPPPP enter into an off-take purchase agreement with Eskom for the power they will produce during the next 20 years and these revenue streams will be used by the projects to repay the debt finance.

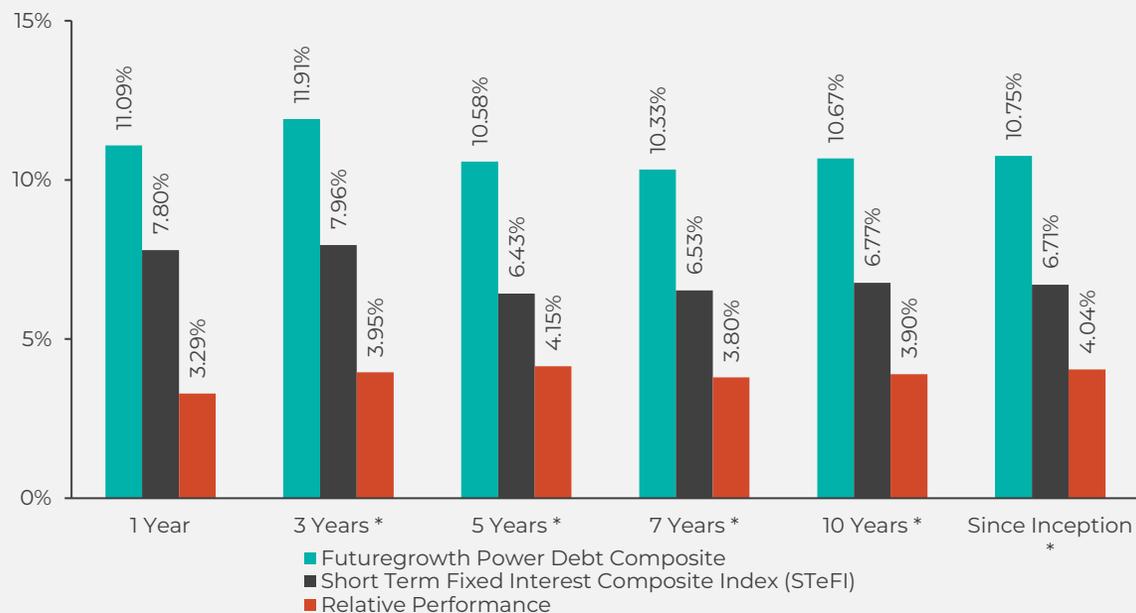
The Fund aims to provide investors with a vehicle that facilitates infrastructural, social, environmental and economic development in southern Africa through investments in energy-related businesses and sectors. These include electricity generation from renewable, alternative and traditional sources, power distribution and reticulation, and supporting industries and sectors.

The Fund delivers on a variety of social impact requirements such as: job creation through employing local labour to build and maintain the plants, SMME development through employing contractors, mentorship and skills transfer from international developers, meeting BEE equity requirements, investment by the projects into local socio-economic infrastructure and services, and compliance with the international Equator Principles.

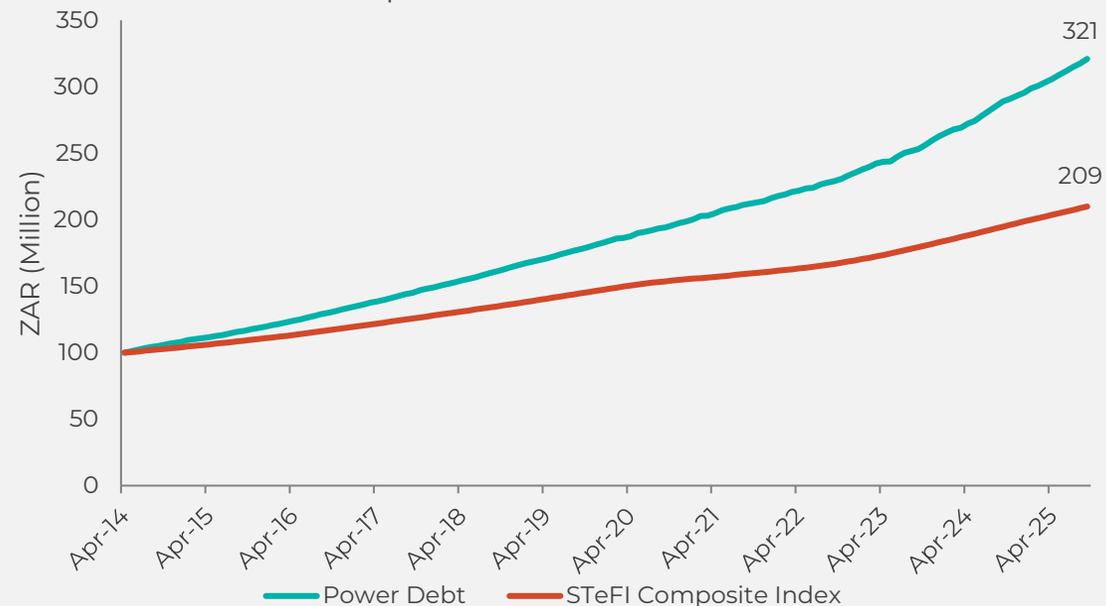
Investment performance

Credit spread accrual continues to be the main contributor

Futuregrowth Power Debt Composite



Cumulative performance



Data as 30 September 2025 // Since inception date (GIPS Composite): May 2014
 Fund start date: January 2013 // Source: Futuregrowth // *Annualised

The Fund outperformed its benchmark for the period. Credit spread accrual continues to be the main contributor to performance, through an exposure to primarily energy-related transactions in both the unlisted and listed credit space. On the interest rate side, nominal bond positioning positively impacted performance, given an overweight position where bonds endured a marginal rally.

Our developmental investment philosophy

Developmental product suite

Futuregrowth has a track record of nearly 30 years of investing in developmental assets. Our funds provide finance to institutions that may not typically receive support from the traditional banking or lending process. In addition to providing finance (credit), we also invest in equity and retail property with a developmental nature.

Our developmental funds are part of our broader responsible investment strategy and reflect the intention of our clients to do good by investing consciously to make a positive impact on society and the broader environment, and thereby to safeguard our collective future.

Our suite of developmental funds consists of:

- **Fixed Income:** (Infrastructure & Development Bond Fund, Power Debt Fund, Inflation-Linked Debt Fund);
- **Unlisted equity:** (Development Equity Fund, Agri Funds);
- **Unlisted retail property:** (Community Property Fund); and
- **Fund of funds:** incorporating our suite of development funds as building blocks (Developmental Balanced Fund).

Futuregrowth is dedicated to the development and empowerment of South Africa and its people. We are constantly looking for opportunities that will yield optimal financial returns for investors while making a meaningful difference. As such, we have become a reliable channel for investor savings and promoting national development.

We define developmental investing as financing that: a) provides investors with commercial returns; and b) produces a social and developmental impact. Our primary focus is on the provision of basic services and improvement of infrastructure development.

In order to achieve sustainable, long-term, benchmark-beating performance, we apply a responsible investment filter when screening and analysing new deals for our developmental funds. This is supported by a robust credit process that considers both financial and non-financial risks.

Global contribution

We are aligned with the United Nation's Sustainable Development Goals (SDGs), thus contributing to this global "blueprint to achieve a better and more sustainable future for all". The SDGs are covered in some detail later in this report, where we link the activities of our deal case study to these global targets.

(See: www.un.org/sustainabledevelopment/sustainable-development-goals/)



How we measure and manage impact

Futuregrowth actively measures and manages for impact. Our impact measurement and management approach is aligned with both global and local development frameworks.



National Development Plan (NDP)

This is a long-term development framework for the elimination of poverty and reducing inequality in South Africa by 2030.

UN Sustainable Development Goals (SDGs)

These goals represent the globally agreed 2030 agenda and are a call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity.

Principles for Responsible Investing (PRI)

Futuregrowth is a signatory to the Principles for Responsible Investment (PRI), which is an international network of signatories contributing to developing a more sustainable global financial system by incorporating six defined Principles for Responsible Investment into investment practice.

Sector insight

Key qualifying criteria for projects under the REIPPP programme

The REIPPPP was born in 2012 out of a need and desire to procure alternative, sustainable energy, while simultaneously contributing to social and economic development in South Africa. It allows Independent Power Producers (IPPs) to submit competitive bids to design, develop and operate large-scale renewable energy power plants across South Africa. As a pre-requisite for submitting bids to the REIPPPP, IPPs must show how their project will deliver social and economic development for South Africans.



Bid tariff

- +/- 70% of the bid evaluation weighted towards the bid tariff.
- Tariffs awarded in later rounds of the programme have dropped significantly compared to the first round.



Local procurement

- Minimum of 50% of staff must be RSA citizens, with target of 80%.
- At least 45% of the project's construction materials and services must be procured in SA.



Black and community ownership

- At least 30% BEE shareholding requirement for the IPP.
- At least 2.5% must be held by a trust representing the local community.

Sector insight

Key qualifying criteria continued: Environmental impact and Social Economic Development (SED)

As a pre-requisite for submitting bids to the REIPPPP, IPPs must show how their project will deliver social and economic development for South Africans. Only projects with acceptable social and economic plans can advance to be judged on feasibility and price.



Clean and renewable generation

- Environmental Impact Assessment of the proposed site and impact of the project required.
- Renewable energy projects do not use fossil fuels, create toxic emissions or hazardous waste.



Employment and skills transfer

- Many international developers have partnered with local firms to develop projects, resulting in a high level of mentorship and skills transfer from the international developers.



Infrastructural investment & empowerment

- Many of the projects are constructed in remote arid areas where access roads are required for the construction and operation of the project.
- BEE requirements result in local community empowerment.

Futuregrowth's Renewable energy impact in SA

2025

29

Renewable energy power plants and projects (*30 Sept 2025)

2 340 GW

Installed (generated) capacity which is approximately 13.5% of South Africa's grid renewable power (2024)

6 950 GWh

energy generated, powering 2 million equivalent households (2025)

7.5 million

tonnes CO2 equivalent offset (2025)

Geographic diversity & technology capacity

The Fund is invested in a diversity of renewable energy deals, with **R7.4 billion** in committed deals across **29 projects** (out of 117 awarded PPAs under REIPPPP Bid Windows 1 - 4).

Wind R4.6bn



1 433 MW

Solar PV R1.2bn



358 MW

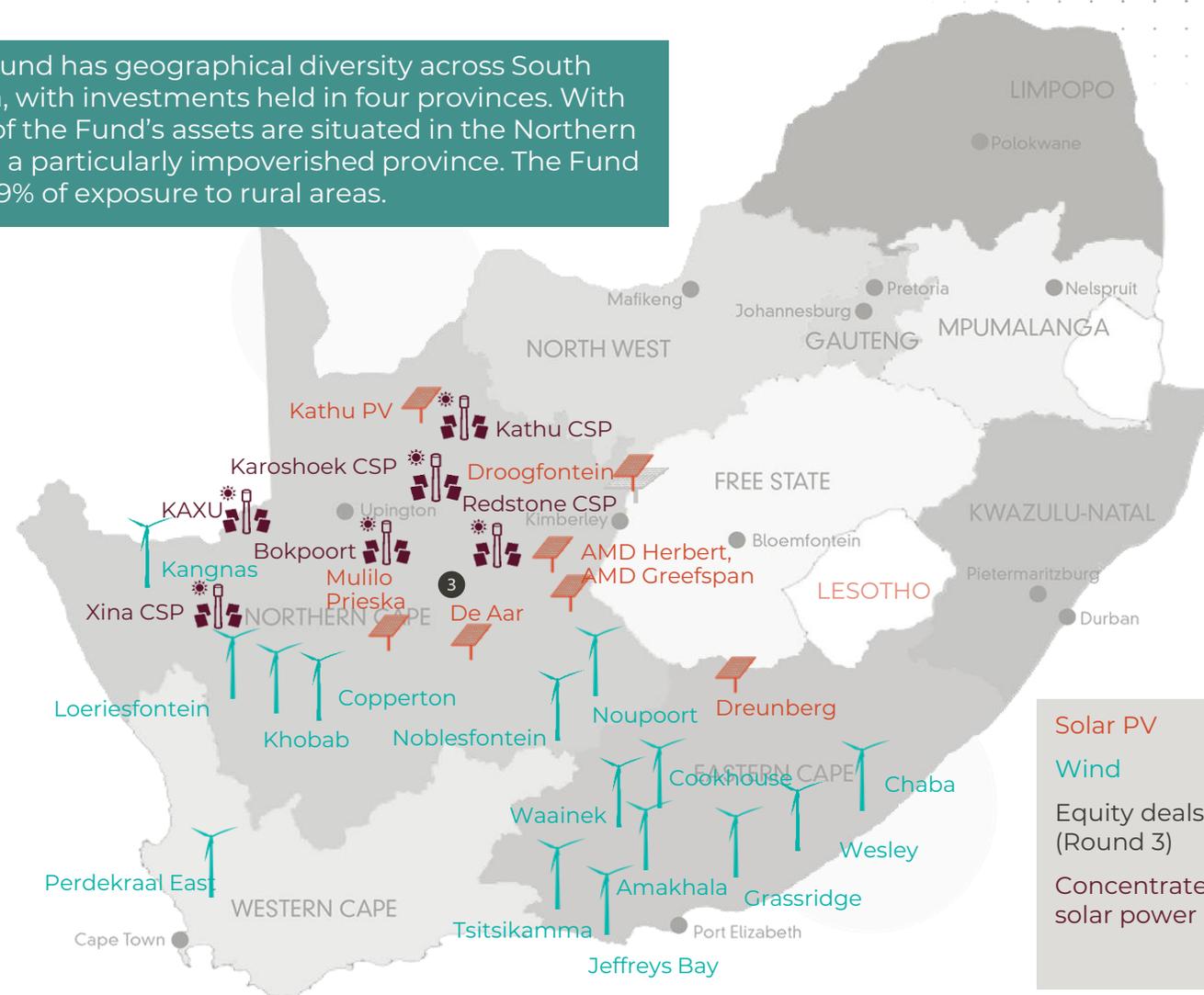
Solar CSP R2.3bn



550 MW

Region	% exposure
Northern Cape	48.00%
Eastern Cape	12.14%
Western Cape	3.97%
Total Renewable Energy exposure	64.11%
Other (including National Gov)	35.89%
Total	100%

The Fund has geographical diversity across South Africa, with investments held in four provinces. With 48% of the Fund's assets are situated in the Northern Cape, a particularly impoverished province. The Fund has 69% of exposure to rural areas.



Solar PV

Wind

Equity deals (Round 3)

Concentrated solar power

The Fund's IMPACT across a diverse range of SDGs



Droogfontein: promoting the growth of local SMMEs

SDG 7: Ensure access to affordable, reliable, sustainable and modern energy for all by investing in new, expanding or existing renewable energy projects resulting in the reduction of greenhouse gas emissions and the promotion of technology and efficient business models.



Noupoort: creating local jobs and skills transfer

SDG 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all by investing in underserved markets that unlock and support job creation, growth and improved labour standards and practices for improved livelihoods.



De Aar: supporting local entrepreneurs through the Big Shake-up Accelerator Programme

SDG 9: Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation by partnering and supporting government in financing infrastructure projects and providing access to finance for businesses that create more inclusive and sustainable communities.



Cookhouse Wind Farm: Providing advanced education bursaries to deserving local candidates

SDG 10: Reduce inequality within and among countries by investing in businesses that promote financial, social and economic inclusion for all in order to promote inclusive growth and reduce inequalities.



Decentral: Providing clean energy installations for 66 businesses and institutions across South Africa. Provision of embedded energy systems tailored to different sectors, including agriculture, retail, education, and care facilities.

SDG 13: Take urgent action to combat climate change and its impacts by investing in businesses that reduce greenhouse gas emissions, increase resource efficiency, preserve and grow natural capital and support climate mitigation.

Our clients' investments contribute directly to **five** SDGs across a range of technologies.

Case Study: Decentral Energy

Building resilient futures: Transforming South Africa's energy landscape

Case Study: Decentral Energy

Building resilient futures: Transforming South Africa's energy landscape

Decentral Energy, founded in 2009, is a leading Independent Power Producer (IPP) and investor in clean energy solutions. The company has built a strong track record of innovation and resilience within South Africa's evolving energy landscape.

Investment overview

Futuregrowth, acting on behalf of our clients invested **R300m** in committed capital to Decentral, which has enabled the growth of commercial and industrial renewable energy assets across South Africa. These embedded generation projects serve a broad range of economic sectors and are well-aligned with national sustainability and energy transition objectives.

Investment rationale

Futuregrowth's decision to invest in Decentral Energy is rooted in the opportunity to support South Africa's transition to cleaner, more resilient energy systems. This investment aligns with Futuregrowth's commitment as a responsible investor by supporting a company offering sustainable solutions to key economic sectors.

Additionally, Decentral's proven track record in deploying scalable energy solutions and its ability to adapt to South Africa's energy needs positions it as a strong partner, with a solid project pipeline valued at **R1.3 billion**. Futuregrowth is confident in the company's capacity to drive significant impact in the renewable energy sector, delivering both **financial returns** and **positive environmental outcomes**. This investment aligns with Futuregrowth's broader sustainability goals and offers diversification into a high impact, growing sector.

Expertise

Decentral brings technical and operational expertise in distributed energy systems, enabling customised solutions that support clients' transition to more sustainable and cost-effective energy use. The company's ability to navigate regulatory shifts and tailor systems to client needs has been critical to its sustained growth.

Conclusion

Through its partnership with Decentral, Futuregrowth continues to demonstrate its commitment to investing in scalable, real-economy solutions that support South Africa's just energy transition. In addition to achieving competitive returns, this investment reflects our broader objective of generating long-term value for our clients—while contributing to national development priorities through clean, reliable energy.

Case Study: Decentral Energy

Sustainability & impact summary

Decentral Energy is committed to supporting South Africa's transition to sustainable energy solutions.

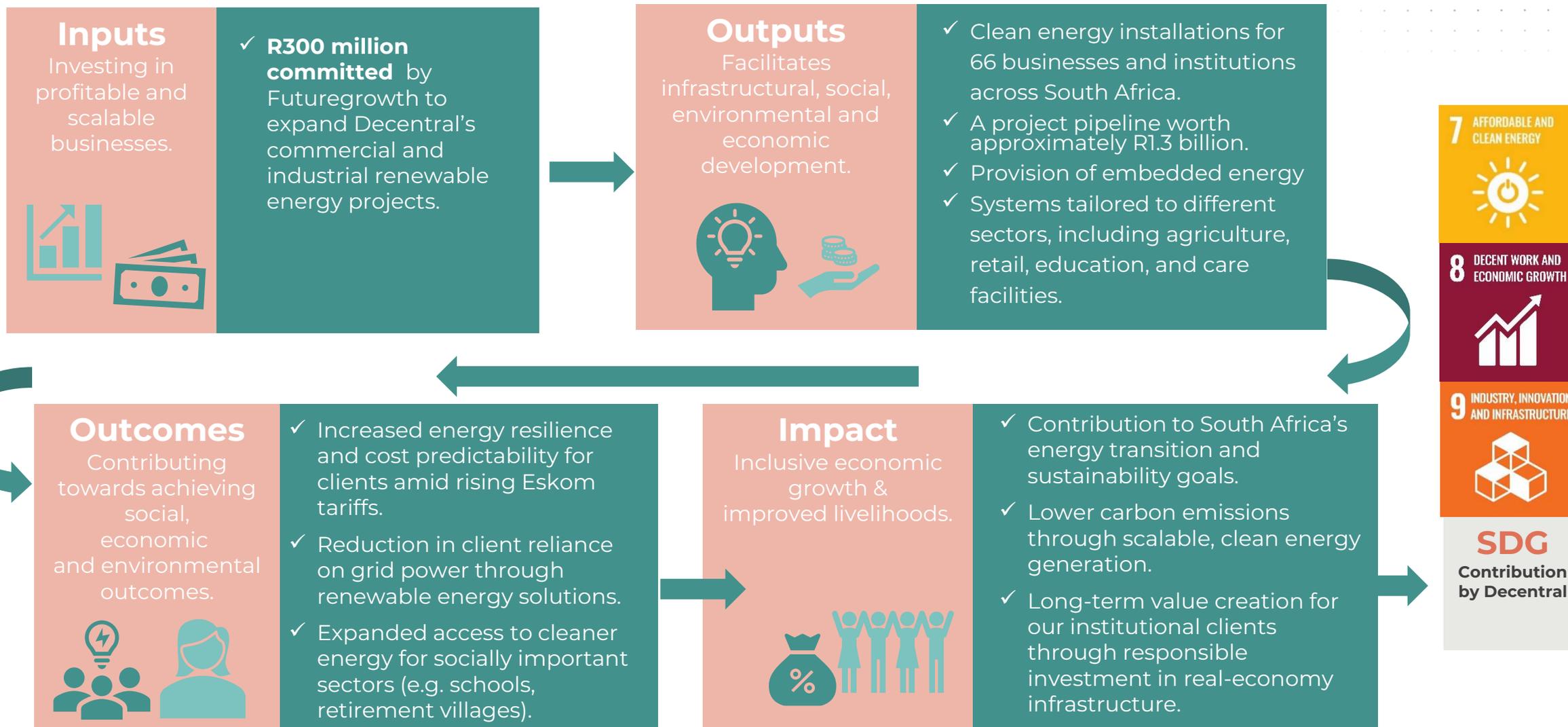
Key impacts

- Delivered **clean energy solutions** to **66 businesses** across key segments of the South African economy over the past year.
- Enhanced **energy resilience** for partner businesses and reduced reliance on the national grid.
- Protected businesses against escalating Eskom tariffs, resulting in **lowered operational costs**.
- Contributed to **reduced carbon emissions** and improved **local energy security**.
- Supplied power to **social infrastructure** such as retirement villages and educational institutions.
- Current project **pipeline** valued at approximately **R1.3 billion**.



Case Study: Decentral Energy

Building Resilient Futures: Transforming South Africa's energy landscape



Disclaimer: Impact indicators and SDG contribution as a result of business activities at the time of reporting.

Futuregrowth Power Debt Fund / Key features

R10.6bn
Fund size

Commercial
risk-adjusted
returns

Electricity
generation from
renewable and
alternative
sources

Active in
9 provinces

Job Creation

- Employing local labour to build and maintain plants;
- Short- and long-term job creation; and
- SMME development through employing contractors.

Over 69% of the
Fund is invested
in rural areas

Skills Transfer

- High level of mentorship and skills transfer from international developers; and
- International developers partnering with local firms.

Supports **5**
Sustainable
Development
Goals (**SDGs**)

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