



**GAIA Infrastructure
Capital Limited**
Results for the year ended
28 February 2017

May 2017

Your Investment Partner



A large, stylized graphic in the background of the slide. It features a sun with rays at the top, a wind turbine in the middle, and a large, curved shape at the bottom that resembles a stylized leaf or a turbine blade. The entire graphic is rendered in a dark gray color against a black background.

Contents

1. Introduction to GAIA
2. Viable asset transaction: Dorper Wind Farm
3. Financials review
4. Investment pipeline
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Highlights and key metrics



Earnings per share up 205% to 65.59 cents



Maiden dividend per share of 63.5 cents declared



Tangible net asset value per share increased 6.7% to R10.63



Acquired see-through economic interest of 25.2% in Dorper Wind Farm (Dec. 2016)



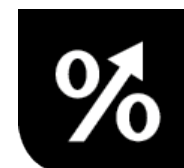
An investment holding company listed on the main board of the JSE



Opportunity for investors to gain direct exposure to large infrastructure assets



The Manager has finalised its BBBEE empowerment structure



Strong pipeline of new investment opportunities



Introduction to GAIA

A compelling investment case

GAIA is an investment holding company that aims to provide direct exposure to high quality investments in the Southern Africa infrastructure sector

- ✓ Provides investors with direct exposure to large infrastructure assets
- ✓ Developing a diversified portfolio of operating assets
- ✓ Low risk, uncorrelated investment with predictable inflation-linked cash flows
- ✓ Target investment return of at least $\text{CPI} + 6.0\%^*$
*Before costs over contract term
- ✓ Target stable long term target dividend policy linked to inflation
- ✓ Strong management team with significant infrastructure experience and expertise
- ✓ Significant pipeline of near-term value accretive infrastructure assets*
*Near term pipeline of R2.9bn

Investment mandate



Renewable
energy



Transport



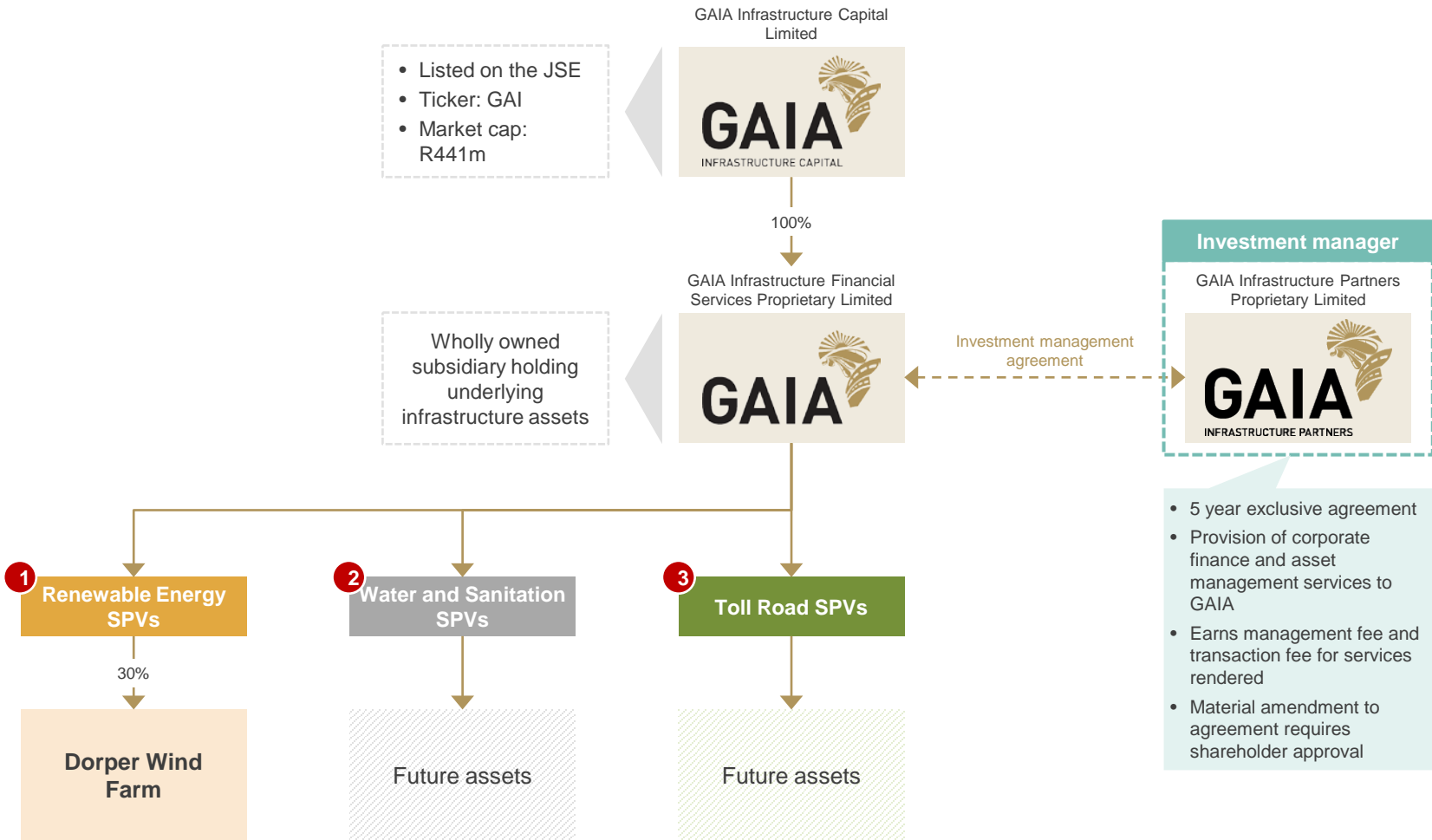
Water and
sanitation

Opportunity	Solar / Wind / Hydro power plants	Roads / Railways / Ports infrastructure	Piped water networks / water utility infrastructure
Investment characteristics	<ul style="list-style-type: none"> Investments in operational / near-operational assets (secondary market) 	<ul style="list-style-type: none"> Investments in Private-Public-Partnerships (PPP) on economic infrastructure with contracted concessions 	
	<ul style="list-style-type: none"> 20 year Power Purchase Agreements (PPA), at inflation linked tariffs with Eskom, guaranteed by National Treasury 	<ul style="list-style-type: none"> 20 – 30 year concession agreements 	<ul style="list-style-type: none"> Concession agreements with Municipalities
Investment access	<ul style="list-style-type: none"> Access to REIPPPP secondary market opportunities through existing expertise Past transactions Networks with developers and equity owners 	<ul style="list-style-type: none"> Access to opportunities through expertise and market knowledge Established relationships with leading advisors in the infrastructure investments sector 	

Investment criteria

1	Operational criteria	<ul style="list-style-type: none">• Infrastructure assets that are operational or have less than 6 months to becoming operational
2	Investment return target	<ul style="list-style-type: none">• CPI + 6.0% return (before costs) over the duration of the contract• Long-term inflation-linked income profile• Predictable and transparent cash flow positive projects
3	Size of opportunity	<ul style="list-style-type: none">• Target investment size of more than R50 million per transaction• Experienced management team with clear operational strategies• Acceptable third party credit risk exposure
4	Control	<ul style="list-style-type: none">• Management value add and directorships
5	Geographies	<ul style="list-style-type: none">• Southern Africa
6	ESG appreciation	<ul style="list-style-type: none">• Visible and responsible ESG policy appreciation

GAIA group structure



Note:

GAIA Infrastructure Partners referred to as ManCo
 GAIA Infrastructure Capital referred to as Listco

ManCo team

↗ Comprehensive range of in-house skills

- Engineers with real market development experience
- Additional project and corporate finance, technical and legal due diligence expertise

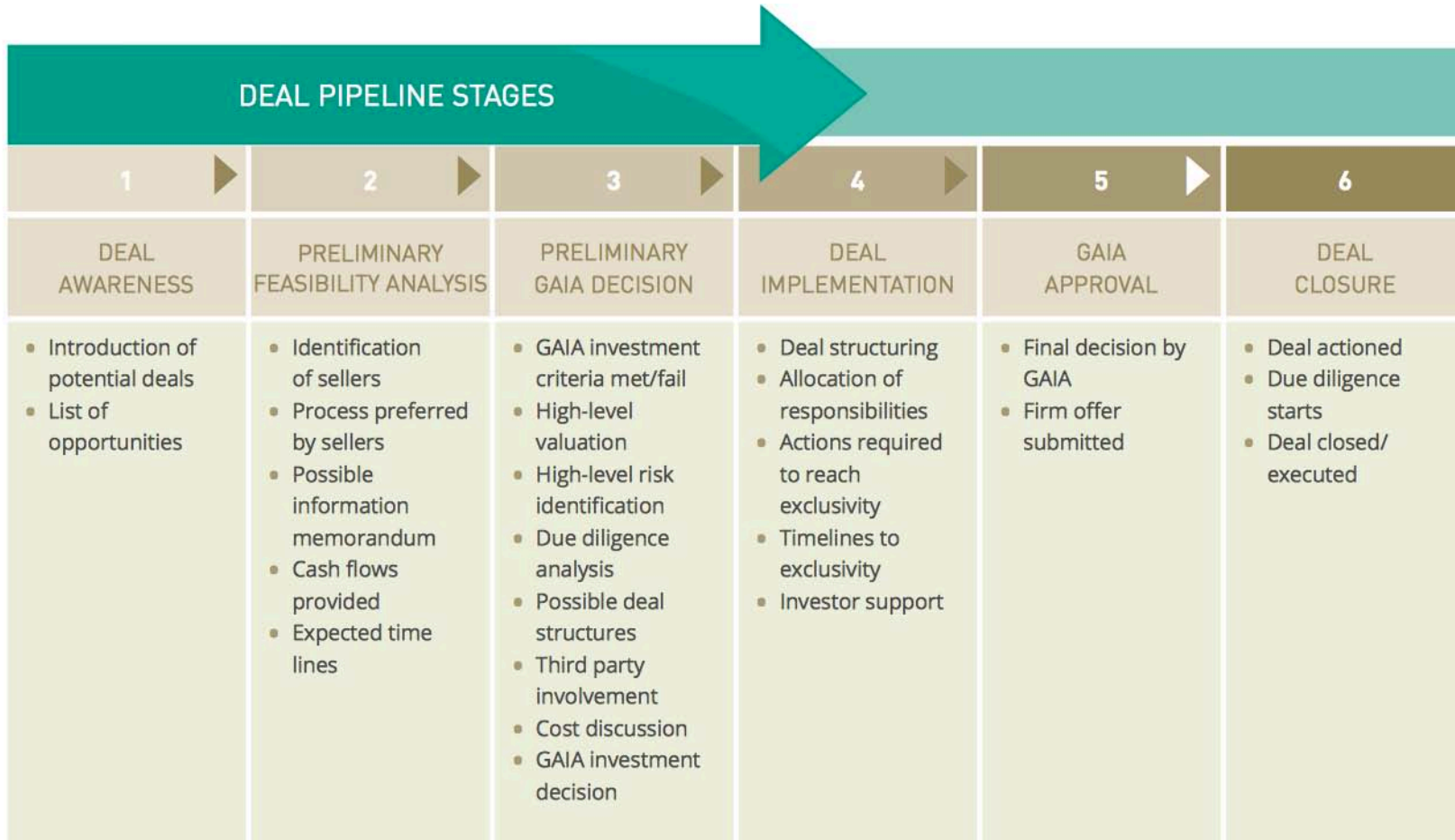
Leon De Wit	BCom, FIA (Actuary), OPM (Harvard)
Botha Schabort	Pr Eng Hons B Eng MBA
Clive Ferreira	B Eng BCom MBA
Mich Nieuwoudt	Pr Eng B Eng MBA
Prudence Lebina	BCom (Acc) CA. SA HDip Acc
Tamee Soudien-Witten	B Com. Hons CA. SA
Michael Manamela	M Eng MBA
Hendrik Snyman	PhD MCom MEng (Ind)
Itumeleng Leie	B Acc LLB
Ishmael Abrahams	BCom Hons PGD Tax

The nature of the businesses is both capital and skills intensive

ManCo overview

- ↗ Benefits of external ManCo
 - Cost effective access to specialist skills
- ↗ Built-in mechanisms to avoid conflicts of interests
 - Independent ListCo board makes ultimate investment decision
 - No investment recommendations made by common ManCo / ListCo Directors
- ↗ Alignment of interests between ManCo and ListCo
 - 5.4% directors' shareholding in ListCo
- ↗ Key terms of management agreement
 - Five year term
 - Management fee: 0.8% p.a. of Enterprise Value payable quarterly
 - Transaction fee: 1% of acquisition cost of investment
 - Termination with 12 months notice + termination fee equaling 5% of Enterprise Value

Stages of deal evaluation

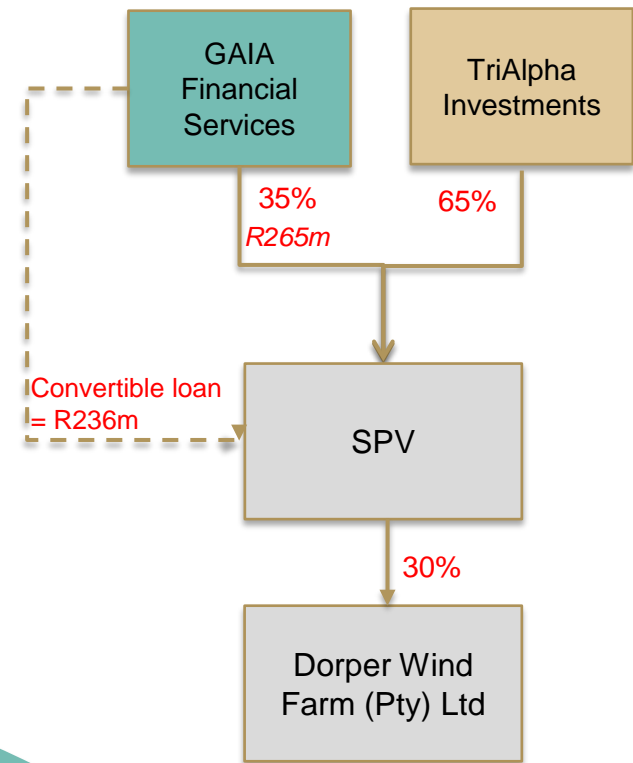




Asset review: Dorper Wind Farm

Transaction overview

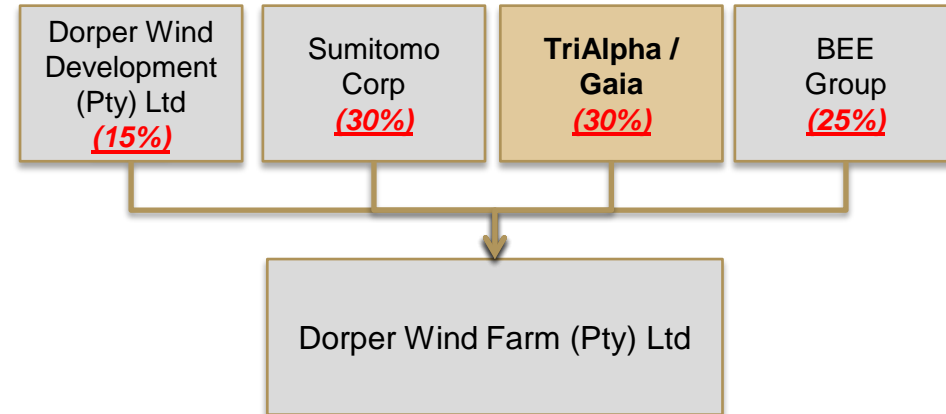
- ↗ Acquisition of TriAlpha's 30% stake in Dorper Wind Farm for R501 million
- ↗ 25.2% effective see-through economic interest
 - 34.9% equity R265 million
 - 49.3% convertible loan R236 million
 - 84.2% R501 million
- ↗ Convertible loan could trigger option to acquire three additional operational solar assets
- ↗ Three seats on the Dorper Board
- ↗ Expected return on investment of CPI + 6.8% before costs over the term of the contract
- ↗ R49 million residual capital for new investments and working capital purposes



First flow of funds from Dorper to GAIA received January 2017

Project overview

- Round 1 REIPPPP Project
- Wind energy
 - 40 Nordex 2.5MW Wind Turbines
 - Contracted Capacity of 97.53MW
 - 2014 Tariff of R1.415/kWh
 - 20 year PPA with Eskom
- Located near Molteno in the Eastern Cape
- **Fully operational since 2014**
- Nordex Wind (German) 10 year service, operation and maintenance agreement

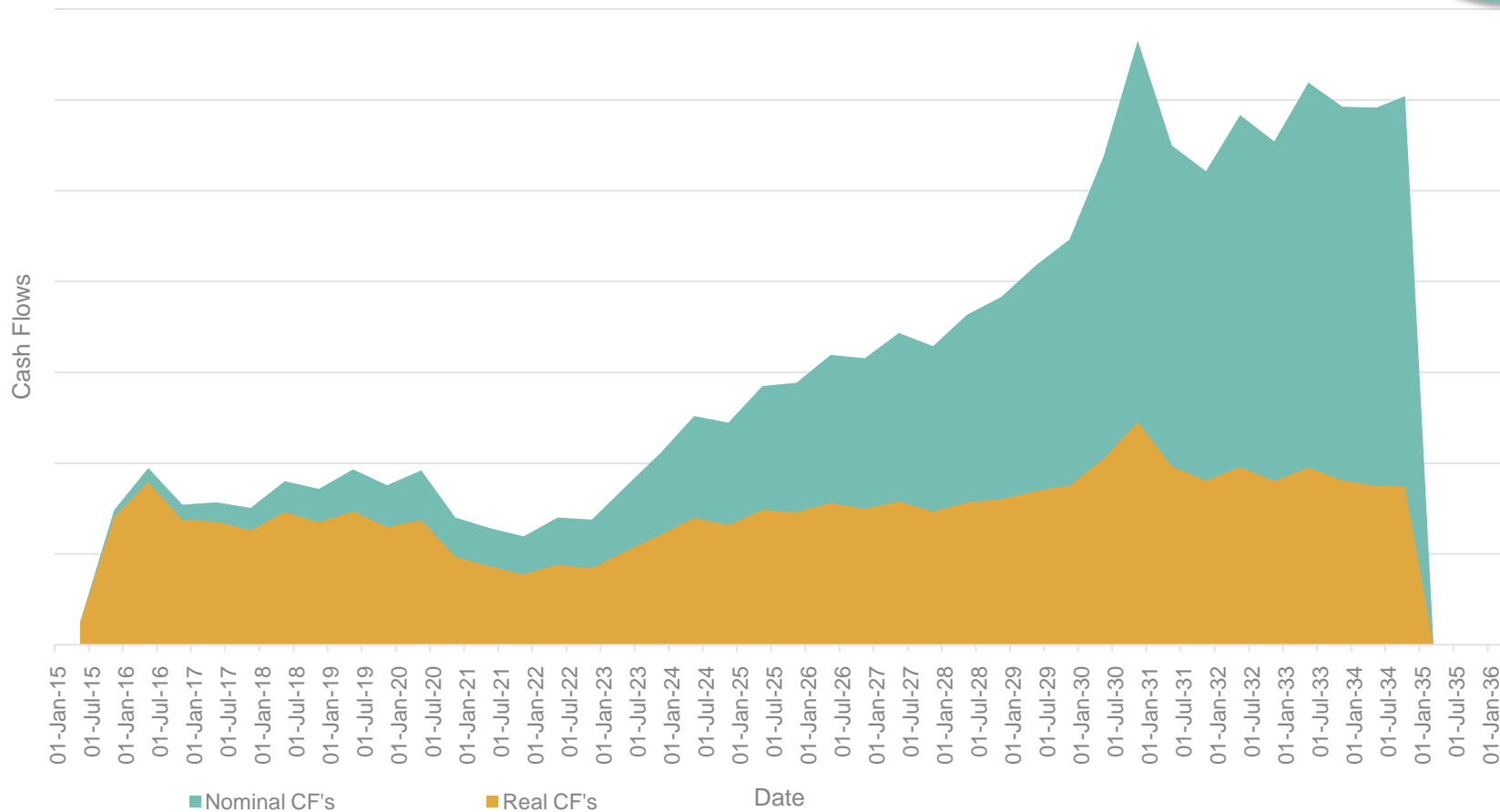


GAIA Infrastructure Partners managed the asset on behalf of TriAlpha

Valuation

Predictable inflation linked cash flows

Nominal vs Real Cash Flows at flat inflation





Financial review

Financial performance

Income statement

R	2017	2016
Interest income	33 039 564	9 992 043
Dividend income	15 562 635	-
Fair value adjustments	5 082 077	825 077
Total revenue	53 584 077	10 817 120
Total operating expenses	(8 798 514)	(5 236 221)
Operating profit before financing costs	44 886 563	5 580 899
Finance costs	(5 088)	(45 768)
Increase in net assets attributable to ordinary shareholders before taxation	44 881 475	5 535 131
Taxation	(8 706 137)	(1 476 603)
Increase in net assets attributable to ordinary shareholders	36 175 338	4 058 528
Per share information		
Basic earnings per share (cents)	65.59	21.54
Diluted earnings per share (cents)	65.59	21.54

- ↗ Adoption of IFRS 10
 - Fair value adjustments through income statement
- ↗ Dorper Wind Farm
 - Acquired 20 December 2016
 - Positive contribution for last 3 months of F2017
- ↗ Earnings per share up 205%

Financial performance

Balance sheet

R	2017	2016
ASSETS		
Financial asset at fair value through P&L	503 680 415	-
Financial assets	-	549 042 504
Current tax receivable	-	971 588
Cash and cash equivalents	84 755 945	2 347 179
Current assets	84 755 945	552 361 271
Total assets	588 436 360	552 361 271
Equity		
Share capital	545 851 762	545 851 762
Retained income	40 233 866	4 058 528
Equity and liabilities	586 085 628	549 910 290
LIABILITIES		
Non-current liabilities		
Deferred tax	567 854	146 030
Current liabilities	1 782 878	2 304 951
Total liabilities	2 350 732	2 450 981
Total equity and liabilities	588 436 360	552 361 271
Shares in issue	55 151 000	55 151 000
Tangible net asset value per share	10.63	9.97

↗ Acquisition of Dorper stake

↗ 6.7% improvement in NAV per share

Financial performance

Cash flow statement

R	2017	2016
Net cash from operating activities	32 550 766	4 167 765
Net cash from investing activities	50 444 966	(548 259 414)
Net cash from financing activities	(587 066)	546 438 828
Total cash movement for the period	82 408 766	2 347 179
Total cash at beginning of the period	2 347 179	-
Total cash at end of the period	84 755 945	2 347 179

Analysis of costs

R000s	F2017 Actual	F2016 Actual
Listing costs	-	8 310
Accounting fees	361	139
Audit fees	306	-
Circulars and publications	588	-
Director fees	1089	406
JSE Annual fees	210	215
Management fees	3 359	936
Other operating expenses	448	76
Professional fees	655	466
Rent	165	-
Salaries	945	-
Secretarial fees	319	107
Travel and accommodation	352	230
Asset acquisition cost	11 601	-
Total	20 398	10 885

- ↗ Overhead structure geared to support additional acquisitions
- ↗ Expenses : revenue ratio will decrease as additional assets come on stream

Valuation of assets

- ↗ Discounted cash flow valuation for Dorper
 - Objective to achieve fair value measurement that reflects market value
- ↗ Discount rate: 12.92%
- ↗ Inflation assumption based on long term consensus view
- ↗ Fair value estimate: R503 680 415
- ↗ Sensitivity analysis to discount rate:

Discount rate	1% decrease to 11.92%	1% increase to 13.92%
Fair value estimate	R520 642 673	R488 515 313
Change	↑ R16 962 258	↓ R15 165 102

- ↗ Valuation methodology
 - Discounted cashflow of expected distributions over term of offtake contract or concession
 - Objective measures of performance and reliability
 - Extensive due diligence and interrogation of engineering input assumptions
 - Terminal value assumed to be zero
 - No refinance upside priced in

Target dividend policy

- ↗ Dividend policy is to pay consistent, stable inflationary linked returns
- ↗ Requirement to retain funds for expansion or operating purposes
 - May impact payment of dividends
- ↗ Dividend policy achievable based on planned expansion of asset base

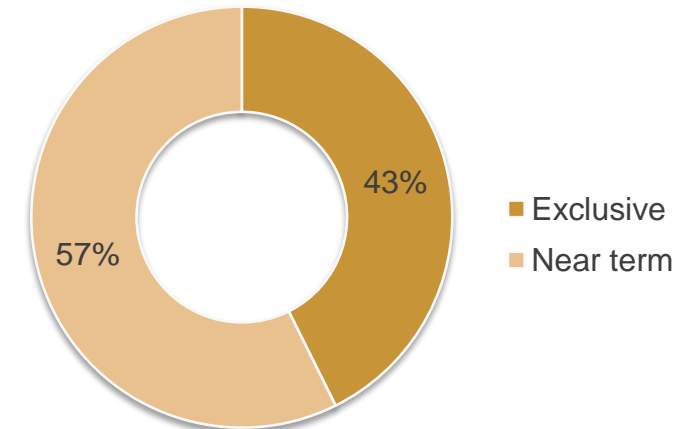
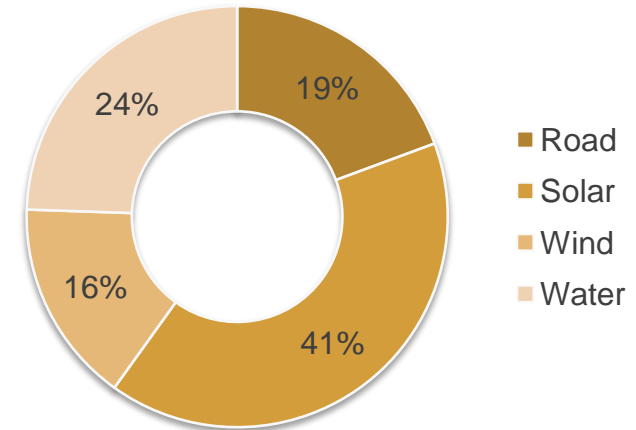
- ↗ Maiden dividend of 63.5 cents per share (F2017)
 - Dividend cover ratio of 1.03 times
 - 6% of tangible net asset value



Investment pipeline

Growth strategy: Investment pipeline

	Investment type	Technology	Size (Rm)
Exclusive	Equity	Road	250
	Equity	Solar	772
	Preference	Wind	232
		Total	1 254
Near term	Equity	Road	319
	Equity	Water	86
	Equity + Debt	Water	633
	Preference	Wind	228
	Preference	Solar	420
		Total	1 686
		Grand Total	2 940



Additional Opportunity:

- Option to acquire minority interest in 3 solar energy projects
- R510m purchase of Dorper stake comprised cash plus R235m convertible loan
- Triggered by convertible loan settlement at the option of GAIA
- Exercise date: Between 1 July 2017 and 31 December 2017

Conclusion

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Contact details

Contact details

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Thank you!

Your Investment Partner



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