

# Alternative Investments

## Infrastructure

- ▲ The Department of Energy (DOE) has been running a programme to procure renewable energy generation: the Renewable Energy Independent Power Producer Programme (REIPPP). In terms of the programme, the DOE aims to procure 3 725 MW of renewable capacity from IPPs before 2016, split between onshore wind (1 850 MW), solar PV (1 450 MW) and solar CSP (200 MW), with the balance going to other technologies.
- ▲ At the end of last year, 53 bids were submitted in the first round – of which 28 were awarded ‘preferred bidder’ status and represented potential capacity of 1 416 MW. This left 2 309 MW available for rounds two (submissions 5 March), three and beyond. The programme will be expanded in the future.
- ▲ The Infrastructure team partnered with other parties on 12 projects, of which 10 were awarded ‘preferred bidder’ status and accounted for roughly half of the MW’s awarded. The team is again participating in round two.
- ▲ The price of renewable energy generation is decreasing significantly, to a point where it makes sense beyond just the “feel good factor”. The assets, with strong CPI protection characteristics and stable projected cash flows, are good long-term savings assets.

## Development Impact Funds

**Schools and Education Investment Impact Fund of SA (Schools Fund):** Following the first deal being approved in December 2011, the second deal was approved in quarter one, 2012.

- ▲ Documentation has been submitted for the incorporation of the School and Education Grant Fund (the ‘Grant Fund’).
- ▲ The Grant Fund was created to compliment the Schools Fund by sourcing grant funding aimed at improving the of quality of education. This is done by involving organisations that provide whole-school and in-community development services.

These services include:

- the training and support of principals and school management teams,
- the organisation and administration of school operations,
- increasing the capacity of school governing bodies and education officials,
- in-service training and support for teachers, and
- facilitating access to programmes which address poverty-related inhibitors to learning, such as nutrition, health and safety programmes.

**Housing Impact Fund of SA (HIFSA):** The Birch Acres development project, one of the projects within the Mettle transaction, was completed in December 2011 and delivered a 24% internal rate of return (IRR).

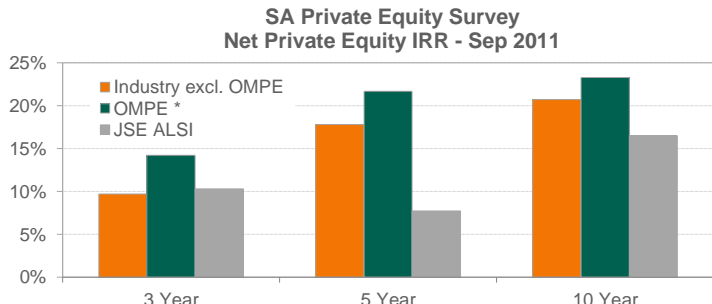
*“We have made a significant commitment to investing in renewable energy and have secured several successful bids in the first round tender run by Government for renewable energy.”*

**Jurie Swart | Infrastructure**



## Private Equity

- ▲ All three of the Old Mutual Private Equity (OMPE) funds of funds ended 2011 successfully, outperforming the FTSE/JSE All Share Index by between 3% and 29.6% for the year.
- ▲ During the last quarter of 2011, we successfully concluded the sale of Shanduka, an investment that delivered growth in excess of 40% a year since February 2006. Shanduka was an investment in OMPE Fund II, which is held by OMMMPEF2 and OMPESF.
- ▲ During February 2012, the disposal of Savcio was concluded, following sign-off of the deal by the competition tribunal. The Savcio sale was the last asset in OMPE Fund I, a fund that has delivered over four times money back to investors since its inception in 2004. All three of our fund of funds products have benefited from exposure to OMPE Fund I.
- ▲ The latest Riscura survey shows how the Old Mutual Private Equity funds have consistently outperformed their private equity peers and listed equity (see graph).



\* Private Equity returns are net of management and performance fees  
 \*\* Listed indices used in these computations are total return indices before fees.  
 Source: OMIGSA, SAVCA Riscura

## Performance Profile (to December 2011)

	Annualised Returns since inception	Inception Date
IDEAS Fund	16.1% (1)	January 1999
Old Mutual Private Equity Fund I	39.8% (2)	March 2004
Old Mutual Private Equity Fund II	9.5% (2)	October 2005
OM Multi-Manager Private Equity Fund 1 (OMMMPEF1)	30.3% (3)	May 2006
OM Multi-Manager Private Equity Fund 2 (OMMMPEF2)	-0.1% (3)	October 2007
OM Private Equity Secondary Fund (OMPESF)	16.1% (3)	October 2009

Source: OMIGSA  
 (1) Time-weighted return – annualised  
 (2) Internal rate of return – annualised  
 (3) Return on investment – annualised, and net of fees