



CrossBoundary Energy fully exits first fund at 15% net IRR, raises \$40M to continue to scale financed solar for businesses in Africa

- *CrossBoundary Energy is currently operating or delivering \$57M in assets, serving 20 customers across 8 countries in Africa, including more than 40MW of fully financed solar PV and 10 MWh of battery storage projects*
- *Transaction provides an exit for initial investors at 15% IRR and provides a powerful proof of concept for blended finance, returning a profit to the US Treasury on USAID's catalytic first-loss contribution*
- *\$40M of new funding enables the scaling of CrossBoundary Energy's commercial & industrial solar services to provide many more African businesses with access to cheaper, cleaner power*
- *Support from institutional investors and ongoing adoption by leading corporates highlights the viability and attractiveness of distributed generation*

17 November 2020. CrossBoundary Energy (CBE) today announced the exit of its first fund at a 15% net IRR to investors. ARCH Emerging Markets Partners' Africa Renewable Power Fund (ARCH ARPF) is providing \$40M in new equity funding to exit initial investors and support CrossBoundary Energy to continue to develop, construct and operate distributed commercial & industrial (C&I) solar projects that will provide businesses across Africa with access to cheaper, cleaner power.

This exit and new investment is a powerful endorsement for the role of distributed renewables in Africa and the potential of blended finance in unlocking new asset classes.

First, the substantial raise of new capital highlights the exciting potential of distributed solar to provide more reliable and affordable power to African businesses. Over the last five years, CBE has pioneered the creation of a C&I solar sector in Africa. CBE's solar-as-a-service model allows corporate customers to avoid the upfront capital expenditure and technical risk that can be a barrier to solar adoption. Instead, customers enter into long-term solar service agreements under which CBE (in partnership with local developers and solar contractors) finances, installs and operates solar assets to provide customers with cleaner and cheaper power. CBE signed the first distributed solar power purchase agreements with corporate customers in Kenya, Rwanda, Ghana, Madagascar, Uganda, Sierra Leone, Zambia and Nigeria, and has built a strong client base with both multinational companies, including Unilever, Diageo, Coca-Cola distributors, Rio Tinto, Heineken, AB InBev, Actis, and leading local companies including Kasapreko and Xflora Group. CBE is now operating or delivering \$57M in assets, serving 20 customers across 8 countries in Africa, including more than 40MW of fully financed solar PV and 10 MWh of battery storage projects.

Second, the exit of CrossBoundary Energy I (CBE1) is also a powerful demonstration of the potential of blended finance to unlock new and impactful asset classes. CBE1 was closed in November 2015 as Africa's first dedicated fund for C&I solar. It was also a prototype for a new blended finance approach to renewables in Africa. USAID's Power Africa initiative contributed \$1.3M in the form of a repayable grant to catalyse private investors into the fund. USAID's subordinated equity contribution attracted additional equity investors, effectively resulting in leverage of matching private capital of more than 6.0x. At the close of this transaction, this leverage increased to more than 30x and USAID's blended finance contribution of \$1.3M has now been repaid to the US Treasury with a return of 5%. CBE1 also benefited from grant support from OPIC (now the US International Development Finance Corporation) and the Shell Foundation, in partnership with the UK's Foreign, Commonwealth & Development Office, which allowed the fund to scale its operations.

Pieter Joubert, Chief Investment Officer, CrossBoundary Energy says, "We are incredibly grateful for the early stage backing we received from our partners and investors such as Blue Haven Initiative, Ceniarth, Slocum Investments, Treehouse Investments and others, who trusted in our vision to bring cheap, clean energy to businesses across the continent and continued to support and work with us to realise that vision. In terms of what comes next, partnering with an industry-leading investor like ARCH ARPF highlights the proven viability of captive commercial and industrial solar projects in Africa. We're very excited to work with ARCH ARPF to continue providing Africa's leading businesses with cheaper, cleaner, more reliable power at no upfront cost. This commitment by ARCH ARPF represents the next phase of a larger \$100M transaction which will allow us to take the C&I sector to scale across Africa, and in doing so, further reduce energy costs for our customers, create additional jobs within the solar sector, and significantly reduce carbon emissions."

William Barry, Managing Director, ARCH ARPF, says, "We believe that distributed renewables will be an important part of the energy future in Africa. The lower cost for solar and storage means that companies like CrossBoundary Energy can offer retail consumers reliable, cost-effective solutions to their electricity needs. At ARCH ARPF, we aim to partner with strong management teams and invest in scalable business models that offer compelling alternatives to their customers, including in the C&I space. CBE has been able to grow a portfolio of high-quality assets and their growth continues to rapidly accelerate. We are excited to support them to scale."

Mark Carrato, Coordinator of the U.S. Government-led Power Africa initiative, says, "Power Africa supports enterprise-led market innovations to address Africa's energy challenges. CrossBoundary Energy's model of distributed renewables to accelerate access to cheaper and cleaner power is an excellent example of this. In 2015, Power Africa made a repayable \$1.3 million first-loss grant contribution to catalyze the creation of the CrossBoundary Energy I Fund. While the grant initially unlocked six times that amount in matching private capital, it has now leveraged 30 times our contribution from private investors. Moreover, the initial \$1.3 million plus 5% interest has been returned to the U.S. Treasury. This success is a validation of Power Africa's emphasis on helping catalyze the private sector to provide life-changing access to electricity across sub-Saharan Africa."

Sam Parker, CEO of Shell Foundation, says “The mission of the Shell Foundation is to build investable businesses that enhance access to energy for low-income communities across Africa and Asia. CrossBoundary Energy is having a major impact through the provision of lower cost, cleaner and more reliable power to African enterprises. We are proud that our early stage support helped them reach commercial viability and scale.” **Ends**

About CrossBoundary Group

www.crossboundary.com/energy/

The CrossBoundary Group’s mission is to unlock capital to make a strong return and a lasting difference in underserved markets. It has over 100 professional staff and offices in Bangkok, Ghana, Kenya, Mali, Nigeria, Senegal, South Africa, Tunisia, UAE, UK and USA.

CrossBoundary Advisory provides a range of due diligence and transaction services. It has advised on over US\$750 million of closed transactions, across a range of sectors in underserved markets globally. **CrossBoundary Energy** was launched in 2015 and is Sub-Saharan Africa's leading investment platform for C&I solar. **CrossBoundary Energy Access** is the Group’s latest investment platform and provides blended project finance for mini grids in Africa.

About the ARCH Africa Renewable Power Fund

www.archpartners.com/africa-renewable-power

Founded in 2018 as a partnership between African Rainbow Capital Proprietary Limited and JCH & Partners LLP, ARCH Emerging Markets Partners Limited is an emerging markets investment advisory firm specialising in private equity opportunities with an initial focus on energy and logistics in developing economies. ARCH ARPF is a dedicated African renewable energy fund whose mission is to create long term value for its stakeholders while addressing the African market’s growing demand for bankable, de-risked electricity generation. ARCH ARPF’s team has (prior to launch of ARCH ARPF) collectively spent decades originating and managing private sector power investments across Africa, from early-stage development through operations. ARCH ARPF, whose investors include institutional investors and DFIs, has been partly funded by the European Union.

To arrange an interview or for other media enquiries, please contact:

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