



# Investor Days 2016



## MAKING MONEY FLOW – STRATEGIES TO INCREASE ENERGY INVESTMENTS IN THE EUROPEAN BUILDING SECTOR

FEBRUARY 22-23

REPRESENTATION OF THE STATE OF NORTH RHINE-WESTPHALIA TO THE EU

**PANEL 3 -INVESTMENT OPPORTUNITIES – EUROPEAN INVESTORS PRESENTING SHORT DESCRIPTIONS OF THE FUNDS AVAILABLE AND THE TYPE OF PROJECTS THEY ARE LOOKING FOR**

Moderation: Panama Bartholomy (ICP EU)

Lada Strelnikova (Deutsche Bank), James Vaccaro (Triodos Bank), Jessica Stromback (Joule Assets), Manuel Dueñas (European Investment Bank), Sebastian Carneiro (Director CFA, SUSI Partners), Karl Hunke (CutPower) and Alex Gilbert (Amber Infrastructure)

LONDON  
ENERGY  
EFFICIENCY  
FUND



AMBER  
INFRASTRUCTURE

AMBER  
GREEN  
Sustainable Capital

Alex Gilbert

Amber Infrastructure




**Investor Days 2016**

Brussels, Belgium

February 23, 2016

# Who are we? Sponsor and Fund Manager of Social and Environmental Infrastructure Assets

Amber has within its portfolio over 120 projects and ~£5bn of assets under management

	<p><b>Amber Infrastructure</b></p> <p>Utilising its own balance sheet for specific infrastructure, new energy and property investments</p>
<p>INTERNATIONAL PUBLIC PARTNERSHIPS</p>	<p><b>International Public Partnerships (INPP)</b></p> <p>A public FTSE-listed infrastructure company, launched in 2006, specialising in essential social infrastructure in developed countries</p>
	<p><b>The London Energy Efficiency Fund (LEEF)</b></p> <p>A specialist fund, launched in 2011, established by the Mayor of London and the European Investment Bank (EIB), with support from Royal Bank of Scotland (RBS), investing in energy efficiency and district heating in the capital's buildings</p>
	<p><b>The Scottish Partnership for Regeneration in Urban Centres (SPRUCE)</b></p> <p>A specialist fund, launched in 2011 by the Scottish Government and the EIB, with support from RBS, investing in Scottish regeneration</p>



**£215m of JESSICA capital and a focus on direct investment (risk capital) into communal and district heating schemes**

# What do we do? Two examples: 'LEEF' and 'Amber Heat & Power'

## London Energy Efficiency Fund (LEEF)

- A £112m fund; successfully deployed and now in its recycling period (until 2018)
- Focus on Energy Efficiency; Renewables; and Low Carbon Heat
- Typically offers fixed rate loan facilities – flexible and up to 10 years (may be tailored to projected energy savings)
- Drawdown profile to match the capital expenditure – 100% funding

## Output Targets:

- 20% energy or carbon saving kWh per annum from ECMs funded by LEEF (building retrofit only)
- Less than £5,000 / tonne of CO2 saved

## Procurement, Finance & Delivery

- No requirement to procure LEEF as a provider of finance
- Borrowers may wish to procure works from an ESCO using an EPC (guaranteed level of energy savings, e.g. the RE:FIT programme)

## Amber Heat & Power

- Focused on equity-financing energy infrastructure
- Likely to be DBFOM
- Heat and/or Power – including CHP, Waste to Energy, Purpose-Built Electricity Generation, Battery Storage
- Validated and incentivised by demographics, weak energy infrastructure and local / central government support
- Synergistic with Amber's PPP background and expertise

## Output Targets:

- No specific carbon targets
- Project IRR of 8-12%

## Procurement, Finance & Delivery

- May involve OJEU or other procurement routes, but not all schemes
- Developers keen to partner with, but outsource to, ESCo specialists
- Amber has access to European Funds (for instance, LEEF)

# What Is An Ideal Project?

## LEEF

- **Size** – £1m to £20m per project (ideally £3-10m)
- **Building Type** – Typically have high energy usage, e.g. Local Authorities, Higher Education, Health, Large Offices, Industrial Premises etc
- **Energy/Carbon Savings Amount** – no specific number (see 'Outputs')
- **Geographic Location** – located within 33 London Boroughs
- **Counter-Party Profile** – a public, private or JV entity, including ESCOs/ Developers, PFI Co
- **Technology** – wide array of eligible solutions

## Amber Heat & Power

- **Size** – N/A (£1m on framework to TTT)
- **Building Type** – Typically Mixed Use Real Estate Developer-led (wish to retain control, secure exit, outsource non-core business); also Waste Heat opportunities
- **Energy/Carbon Savings Amount** – no specific number: likely to be substantial versus comparative (non-DE) schemes
- **Geographic Location** – likely to be in London & South East (planning and demography)
- **Counter-Party Profile** – a public, private or JV entity, inc. ESCOs/ Developers, PFI Co
- **Technology** – CHP-led, but other technologies considered on a project-basis

# *Selected Case Studies?* EMDC and GPEL

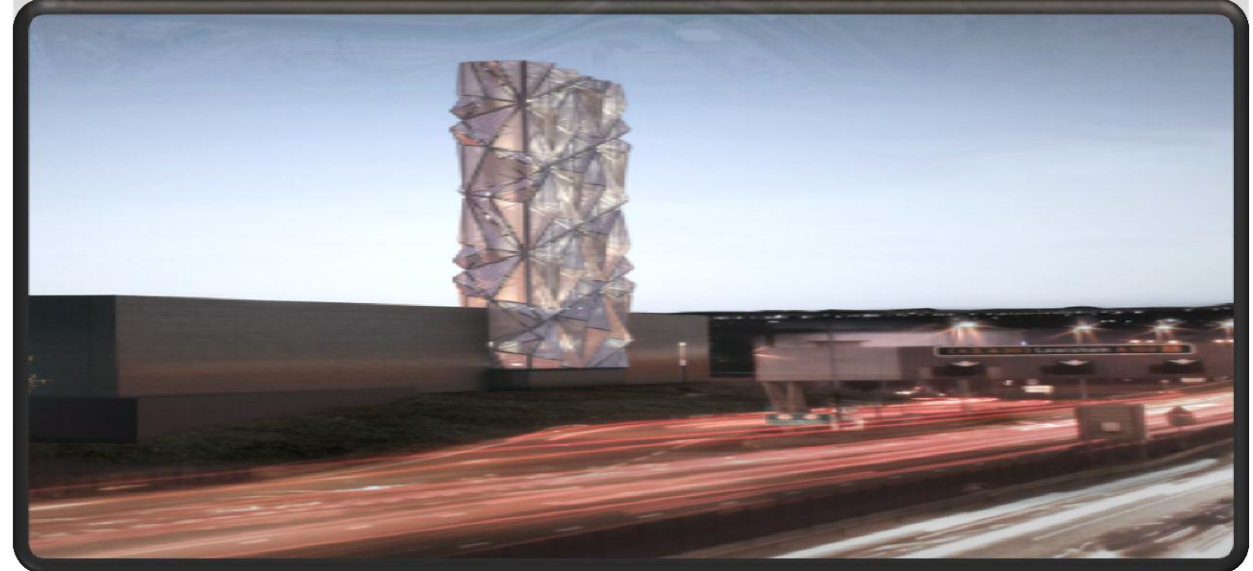
## **£6.1m – Marks & Spencer, East Midlands**

- ❖ Amber worked with M&S to install the UK's largest roof mounted solar panel array on its East Midlands Distribution Centre (EMDC)
- ❖ Amber worked closely with M&S and the landlord (a large real estate investor) to develop a technical and fully-funded solution to meet the needs of all parties
- ❖ The project, completed in early 2015, is a 24,272 PV panel installation and will lower M&S's carbon footprint by 48,000 tonnes over 20 years
- ❖ The will span the site's 900,000 sq ft roof and will generate over 5,000 MWh of electricity per year, enough to power 1,190 houses



## **£14.5m – Greenwich Peninsula ESCo**

- ❖ Loan to fund an energy centre and district heat network serving the Greenwich Peninsula regeneration development
- ❖ 15,000 residential units and 3,500,000 sqft of commercial space to be served by the CHP and heat network
- ❖ Significant leverage of private sector investment
- ❖ Substantial (20,000 tonnes p.a.) carbon savings over scheme's life LEEF's first private sector deal and its initial funding through 'Recycled Capital'



# Contact Info

For further background / general information:

[www.leef.co.uk](http://www.leef.co.uk),

[www.ambergreenspruce.co.uk](http://www.ambergreenspruce.co.uk)

[www.amberinfrastructure.com](http://www.amberinfrastructure.com)

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# CutPower®

Europe's greatest energy

## **Company Presentation**

Investors Day – 2<sup>nd</sup> edition

Brussels, Belgium

23.02.2016



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SAVINGS  
BOND 

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[cut-power.com](http://cut-power.com)

*BMW i Shuttle Service*



# CutPower®

Europe's greatest energy



# A world full of needs

## Investors:

Searching for secured and risk-free investments

Sustainable and long term investments of high demand

Active participation in climate protection desirable

# A world full of needs

## Regulation, certification & political will:

EU regulation

Domestic regulation

COP21

# A world full of needs

## Customers & targets

### Realty owners

- Appreciation of property portfolio
- Enhanced attractiveness, matching today's demand

### Companies & corporates

- Commercial benefits by cost savings, tax preferences & subsidies
- Increased productivity & efficiency

Green labelling

Pollution reduction; Sustainability improvement

Off-Balance-Sheet & IFRS 16 Lease confirm

Higher income potential

# A world full of needs

## Customers & targets ('new world')

### Sustainable Mobility

- Integrated living and fleet solutions with additional (e-) bikes & cars, etc.

### Charging infrastructure

- In search for a business model
- Prerequisite for e-mobility

Green labelling

Pollution reduction; Sustainability improvement

Off-Balance-Sheet & IFRS 16 Lease confirm

Higher income potential

# A world full of needs

## Partners – ESCOs

Building & general contractors

Industrials

Engineers

Consultants & auditors

Asset manager, billing companies

Software companies

LEDs,  
Smart  
Meter

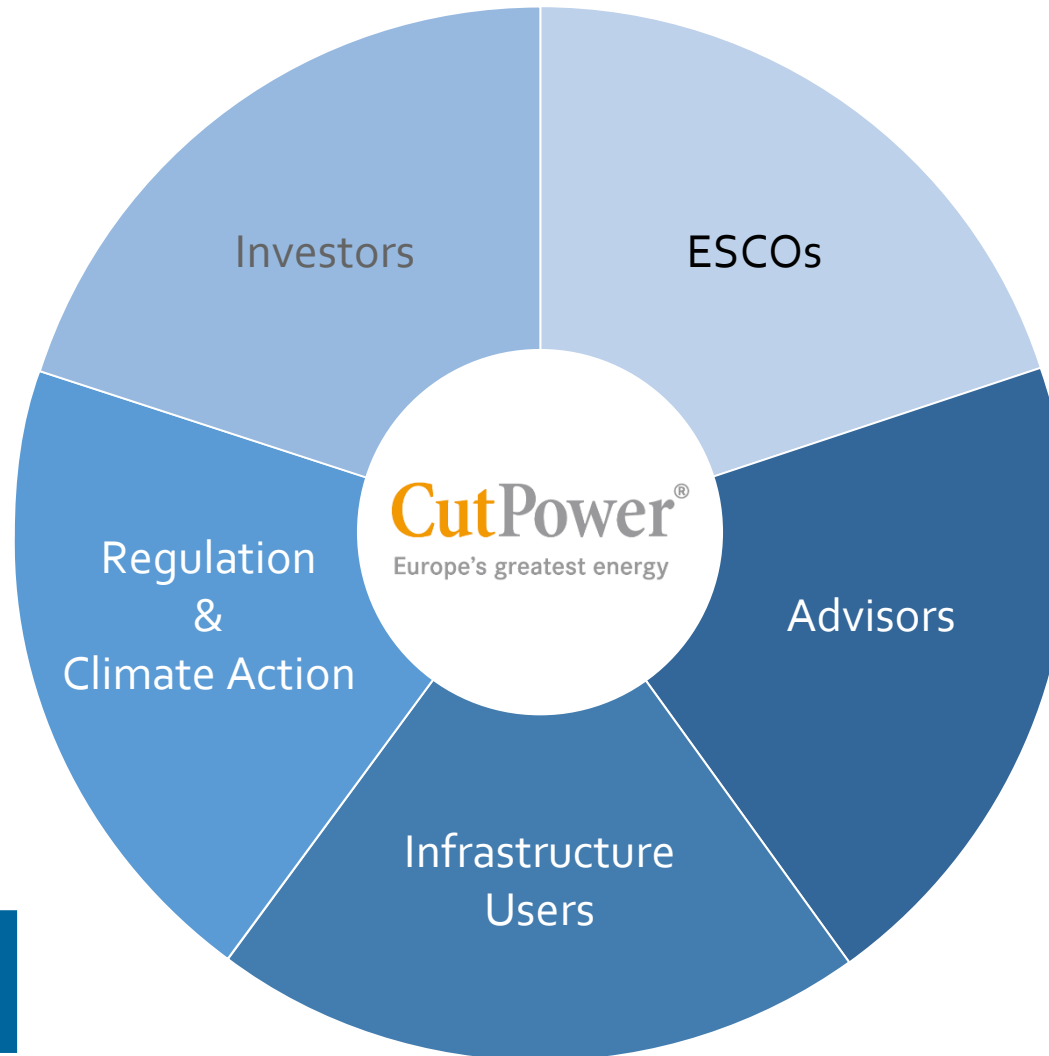
Services

Searching for  
business  
opportunities

Heating  
&  
Cooling  
Systems

Pumps

# Bringin' it all together



Off-Balance-Sheet

IFRS 16 Lease confirm



# CUT POWER AG

## Innovative infrastructure provider

### Structuring & arrangement of investments

- Off-Balance-Sheet solutions
- Fully flexible in size, risk, scope, project

### Energy Savings Bond

- 1st climate protection bond in Europe (2011)
- Set-up for institutional investr [SICAV/SIF]
- Bespoke solutions
- Fully flexible
- No fixed investment parameters



- Centrally coordinated project management
- Asset Management
- Full-Service operations
- Leading partners in industry

- Audits
- Energy Management Systems
- Green building certification
- Refinanced by realising cost reduction potentials

### Project development advisory & supervision

### Sustainability consulting (arrangements)

# Looking forward to our next joint project!

**CutPower**<sup>®</sup>  
Europe's greatest energy

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# Introduction to Sustainable Investments at Deutsche Asset Management

Investor Days Brussels  
February 2016

*Passion to Perform*

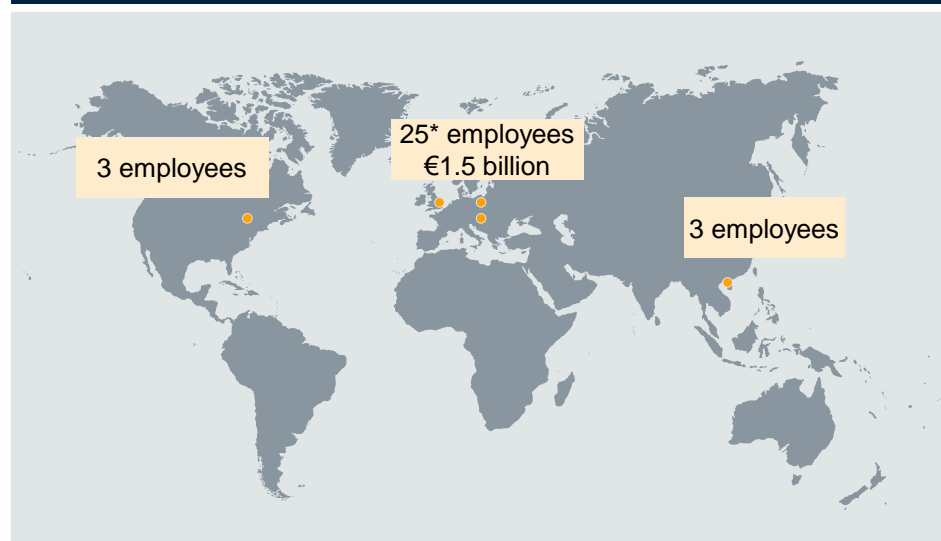


# Sustainable Investments Team within Deutsche Bank

We offer a platform to mobilize public and private capital for positive environmental, social and financial returns through entrepreneurial solutions



## Global footprint and Assets under Management



## At a glance

- ❑ Supported by the large Deutsche Bank Group, Sustainable Investments is excellently positioned to convert investment opportunities to ready-made marketable products. Today it has 31 employees in 5 cities worldwide and €1.5 billion AuM
- ❑ Sustainable Investments focuses primarily on private equity/private debt type strategies and complements the more liquid sustainability-related strategies offered through DeAWM's Active and Passive businesses
- ❑ Sustainable Investments is both investment manager for DeAWM owned funds and public-private (PP) funds established by core founding investors like KfW, EIB, EC, IFC or the UN's Green Climate Fund

## Existing funds open for new investors



- ❑ Africa Agriculture and Trade Investment Fund (AATIF)
- ❑ European Fund for Southeast Europe (EFSE)
- ❑ European Energy Efficiency Fund (EEEF)
- ❑ Green for Growth Fund (GGF)
- ❑ Micro Credit Fund for Middle East and North Africa (SANAD)

## Under development



- ❑ China Clean Energy and Environment Fund (CCEEF), currently in pre first close marketing
- ❑ Universal Green Energy Access Program (with UN GCF), target 2016
- ❑ China Health Care Strategy, target 2016
- ❑ Renewable Energy Project strategy, target 2016
- ❑ Global MicroFinance Debt Note structure, target 2016

\* includes 2 contractors

# European Energy Efficiency Fund (EEEF)

Advancing Sustainable Energy for Europe



## Key Data

### Fund Objective

- EEEF is a public-private partnership fund established in 2011 to reduce energy consumption and CO2 emissions to target the EU's 20/20/20 goals. Municipal, local and regional authorities, public and private entities acting on behalf of those authorities such as utilities, public transportation providers, social housing associations, energy service companies etc.
- EEEF makes direct investments in non-financial Institutions with projects in these areas and also provides funding for on-lending to financial institutions and intermediaries to enhance their participation in the EE and RE sectors financing.

### Type of Investments

- EEEF invests in energy efficiency improvement projects, smaller renewable energy production projects and energy efficiency in transport projects.
- Medium- to long-term senior loans, subordinated loans, syndicated loans and mezzanine debt instruments and equity (for project SPVs)

### Fund Financials:

- Total investor commitments: EUR 265 million (100% equity)
- Investment portfolio outstanding: EUR 116 million with a pipeline of future investments that exceeds the current headroom.
- Current portfolio -- direct Investments: 78.3%, financial institutions investments: 21.7%

## Target Investment Region



All member states of the EU

## Fund Structure

- Specialized Investment Fund, SICAV-SiF, in Luxembourg
- Internally managed AIF with AIFMD deminimis status
- Fund controlled by EU, EIB and CDP
- Equity investors are: EU, EIB, CDP and Deutsche Bank
- Fund manager is Deutsche AWM (Deutsche Bank AG)
- PPP fund with layered capital structure of different share classes

For more info: [www.eeef.lu](http://www.eeef.lu)

# eeef Portfolio

## Investments by country – project details



### eeef Portfolio

#### NETHERLANDS

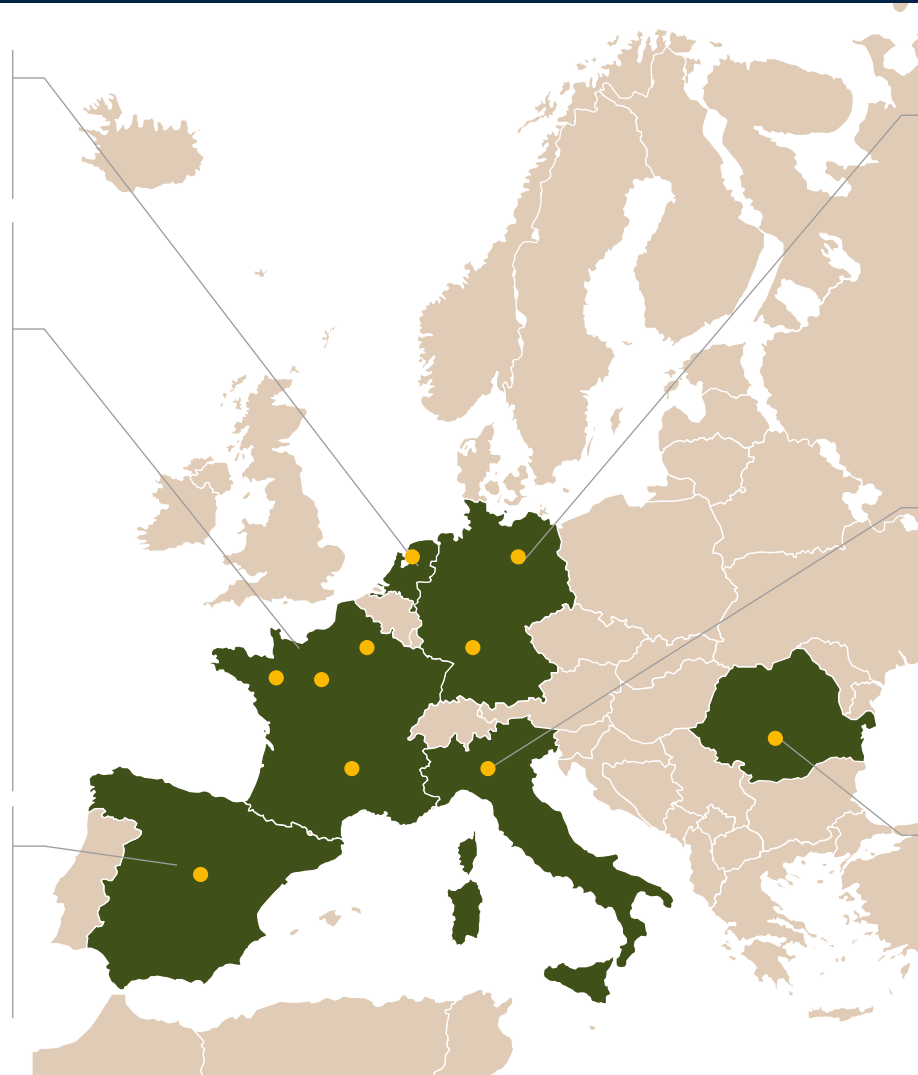
- €8.5m senior debt to **City of Venlo**  
(EE: public lighting)

#### FRANCE

- €5.1m junior funds to project vehicle to supply heat to **City of Orléans**  
(EE: CHP/biomass)
- €7.3m junior funds to project vehicle to supply heat to **City of Rennes**  
(EE: CHP/biomass)
- €30m senior funding to **Bolloré**  
(Clean Urban Transport: electric cars)
- €5m senior construction facility to project vehicle of **Région Rhône-Alpes**  
(EE: schools retrofit)

#### SPAIN

- €2.5m forfeiting loan to Universidad Politécnica de Madrid via Enertika (EE: building retrofit)



#### GERMANY

- €0.9m forfeiting loan to **Jewish Museum Berlin** via Johnson Controls' ESCO  
(EE: building retrofit)
- €0.6m forfeiting loan to **University of Applied Sciences Munich** via Johnson Controls' ESCO  
(EE: building retrofit + CHP)

#### ITALY

- €32m project and VAT bond facility to project entity upgrading **University Hospital S.Orsola Malpighi in Bologna**  
(EE: reduction on energy in entire fluid production and distribution system)

#### ROMANIA

- €25m subdebt to **Banca Transilvania**  
(Financial Intermediary investment: EE, RE, Clean Urban Transport)



### University Hospital S. Orsola Malpighi – Project overview

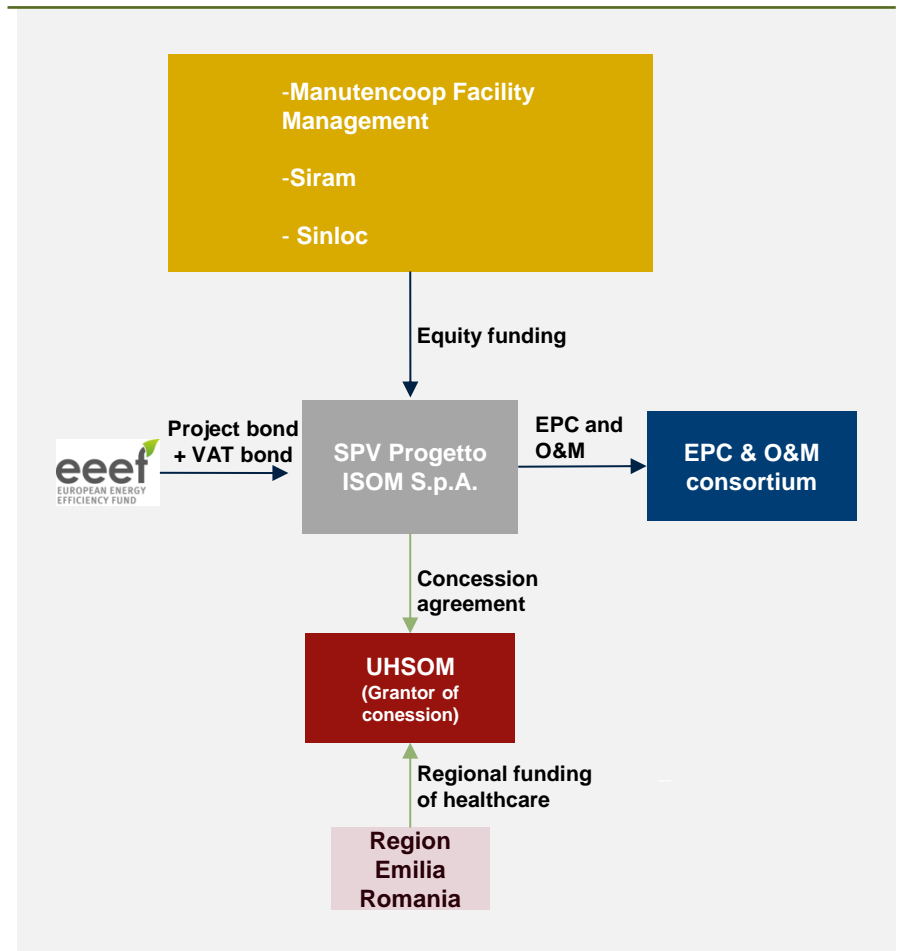
#### Project in brief

<b>Project</b>	- Progetto ISOM S.p.A (project SPV) University Hospital S. Orsola Malpighi (grantor of concession)
<b>Measures: energy efficiency CCHP</b>	- Upgrade of entire fluids' production and distribution system of the hospital  - Including a tri-generation plant for the combined production of cooling, heat and power (CCHP)
<b>Results</b>	- Reduction of CO2 emissions of 14.136 t p.a., approx. 31% compared to baseline

#### Investment characteristics

<b>Total project volume</b>	€ 41m (equity provided by Manutencoop Facility Management, Siram, Sinloc)
<b>EEEF funded volume</b>	€ 32m via a project bond structure
<b>Duration of financing</b>	20 years
<b>Highlights</b>	- Largest energy efficiency upgrade in Italy under a Public Private Partnership (PPP) framework  - Complex energy efficiency upgrade of the hospital - won the ' <b>CESEF Energy Efficiency Award 2015</b> ' in the Financial category

#### Project structure





# Contact details



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Financing Offering of Joule Assets  
Jessica Stromback,

February 23<sup>nd</sup>, 2016

- Based out of **New York** and **Brussels**
- **Financial Fund Manager** energy efficiency and demand response **projects**
- **Financial Facilitation tool SEAF**
- Chair of the SEDC



# Challenges for parties in ESCO and EE Finance

## **SME/ESCO**

- Banks have arbitrary ceiling on loans to service providers
  - Funds limit finance to a minimum of €1,000,000
  - Most projects are well under €500,000
- Finance is on the balance sheet – making the provider look like they are carrying high level of debt.

## **Financing party**

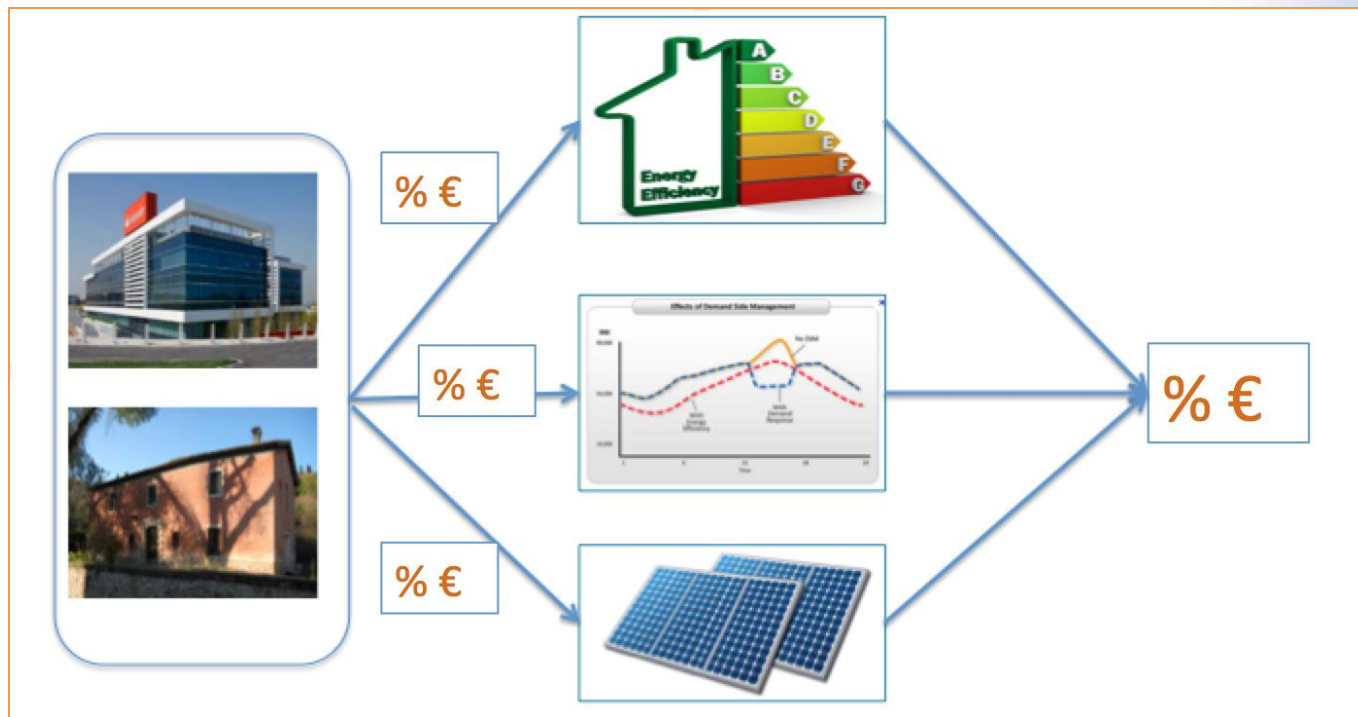
- Legal work costly
- Due diligence costs on SME/ESCO
- Energy modeling standards are highly specific and require an engineer
- Market value data is complex and highly market specific

*Joule looks to solve this issue through finance models and IT Tools*

- Project from €10,000 to €1,000,000
- Clear pipeline of projects within your company
- Measurement and Verification on savings throughout the project
- Project will (probably) be insured
- Willingness to comply with ICP standardised protocols
- Italy, Spain, UK primary countries of focus

# Preferred Model

- **Typical Site:** Private sector, commercial building, multiple homes, or small industry
- **Multiple revenue streams** in the form of energy savings, tax refunds, white certificates, Demand Response, Dynamic Pricing, renewables
- **Often a simple technology with good controls:** Lighting, heating, cooling...





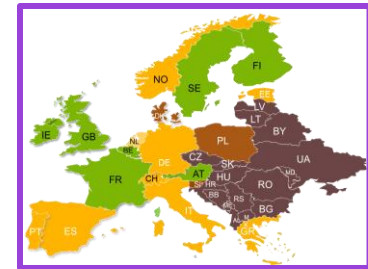
## Valuation



## Risk Assessment



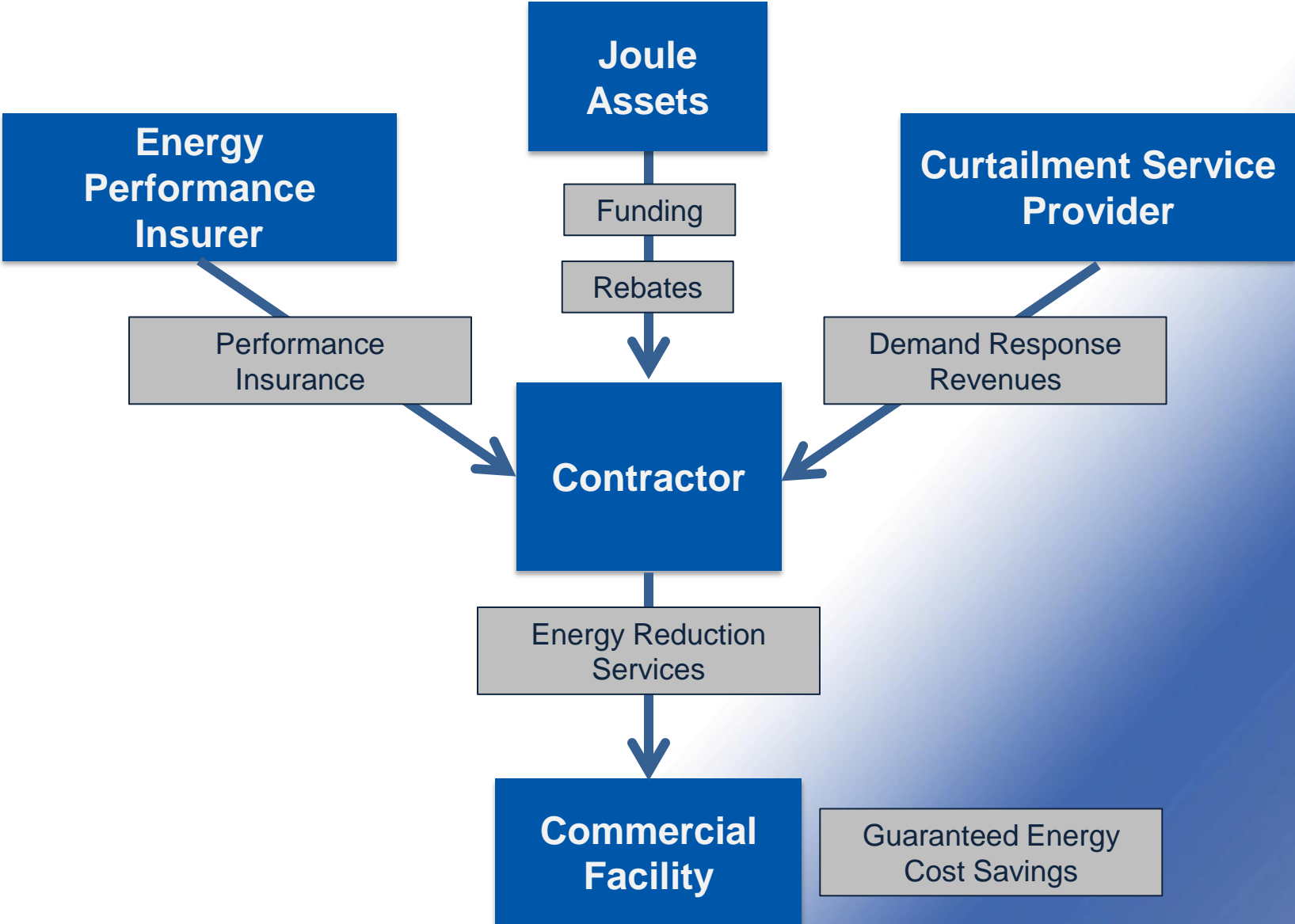
## Optimization



**To finance projects and support companies we need**

- The ability to perform due diligence
- Measurement and Verification
- Robust baseline and savings methodology

# Services to Contractor Partners







*Thank you*

**Jessica Stromback**

Chairman

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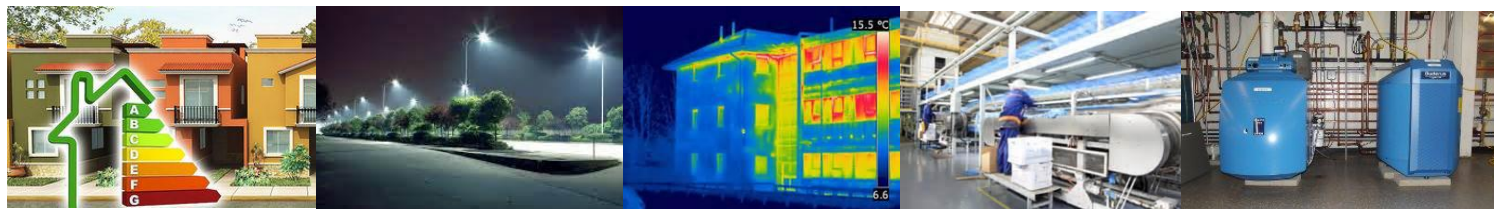
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## Investors Days 2016



# Financing Energy Efficiency

**Manuel Dueñas**  
Deputy Head of Division  
Climate Change and Environment

Brussels, Belgium, 23 February 2016

1. The European Investment Bank.
2. EIB financing of Energy Efficiency.
3. EIB Eligibility criteria for Energy Efficiency.
4. Private Finance for Energy Efficiency.
5. Contacts.

# 1. The European Investment Bank (EIB).



- EIB is the bank of the European Union (EU), owned by all EU member states.
- It is the largest multilateral lender and borrower in the world.
- It lent EUR 500bn in the period 2008-15 (EUR 78bn in 2015) mostly in EU (90%).
- It finances c. 450 investment projects every year, covering some 160 countries.
- Lending priorities are environment, infrastructure, innovation and SMEs.
- Headquartered in Luxembourg, with 33 local offices around the world.
- Some 2 900 staff, including not only finance related professionals but also engineers and economists.

## 2. EIB financing of Energy Efficiency.



- EIB is the world's largest provider of climate finance (EUR 19.6 bn in 2015).
- EE investments financing reached EUR 3.6bn in 2015.
- EIB EE lending focuses primary on EE in buildings, production processes, district heating/cooling, public lighting and CHPs.
- Financing EE is carried out directly (investments > EUR 75m) or indirectly for smaller investments through banks and/or funds.
- Direct lending primary concerns the financing of EE refurbishment of public buildings or social housing and large industrial co-generation projects (CHPs).
- Indirect financing through banks mainly addresses EE in SMEs and small municipal projects (e.g. street lighting, district heating).
- EIB invested EE funds tackle specific EE sectors or geographies.
- EIB develops new products for EE under DEEP Green.
- PF4EE is financial instrument with EC under DEEP Green.
- EIB also provides advisory services for EE (ELENA).



**PF4EE**



### 3. EIB Eligibility criteria for EE.



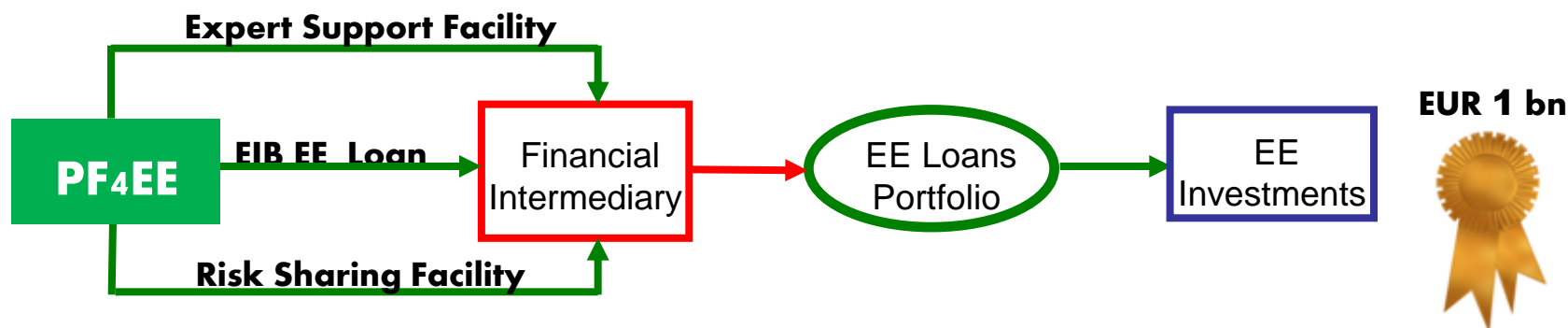
#### EIB Eligibility

- ✓ Technical conditions
- ✓ Economic conditions
- ✓ Performance
- ✓ Regulation

- Eligible investment/cost: Capital cost of investments in elements of permanent nature, tangible or intangible, necessary to achieve a reduction of energy consumed or produced with the same level of input and output, respectively.
- Eligible technology/sector: They shall relate to: (i) the EE improvement of an existing building, (ii) the construction of near-zero energy buildings, (iii) the energy improvement of production facilities, (iv) rehabilitation of existing district heating/cooling systems, (v) improvement of existing public lighting infrastructures, (vi) high efficiency co-generation.
- Economic viability: The monetary value of the energy savings (and avoided emissions) shall be equal or higher than the investment cost required to achieve them (all in NPV@5%).
- Verification: Performance shall be confirmed ex-post by energy audits/certifications.
- Regulation: EE investments shall comply with applicable EU Directives.

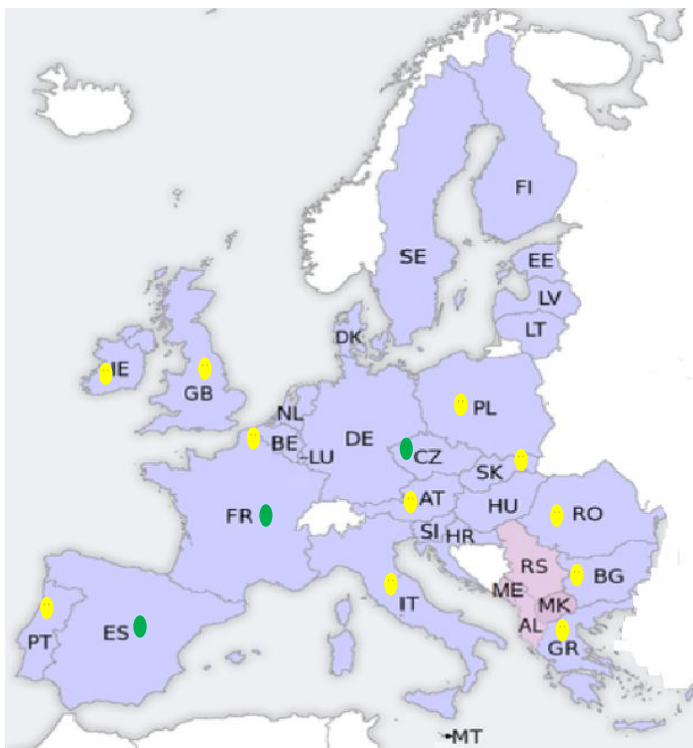
## 4. Private Finance for Energy Efficiency (I)

- PF4EE aims at increasing access to adequate and affordable commercial debt financing for promoters of small energy efficiency investments.



- EIB loans (EUR 50-100 m) to financial intermediaries to be on-lent for financing of energy efficiency investments (“EIB EE Loan”)
- Risk mitigation mechanism covering losses incurred (80% up to a maximum amount) in the portfolio of EE loans granted by the financial intermediary to on-lend the EIB EE Loan (“Risk Sharing Facility”).
- Consultancy services aiming at supporting the financial intermediaries to create the EE loans portfolios (“Expert Support Facility”).
- Overall objective is to finance EUR 1m EE investments at better financing conditions by 2020.

## 4. Private Finance for Energy Efficiency (II)



- Financial Intermediaries: Private sector financial institutions with proven capacity to reach EE promoters and sound financial standing. One intermediary per country.
- EE Investments: Of capital cost not higher than EUR 10m, fulfilling EIB eligibility criteria and in line with an EE national programme or priority.
- EE promoters: They could be of any type, including natural persons, home-owner associations, enterprises, public institutions/bodies and any other legal entities.
- EE Loans. Must be fully dedicated to the financing of an EE investment of a maximum amount EUR 5 million (EUR 1.2m for corporates non-SMEs) and with tenors between 3 and 20 years.
- Implementation: Three banks already participating (Komerční Banka (CZ), Santander (ES) and Credit Cooperatif (FR)) and 5-6 more expected by year-end.





# Contacts

Webpage: [www.eib.org/pf4ee](http://www.eib.org/pf4ee)

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## SUSI Energy Efficiency Fund

Investor Days 2016,  
Brussels, Belgium

Sebastian Carneiro, Director  
February 23, 2016

## SUSI Energy Efficiency Fund (SEEF) as financing partner

The SUSI Energy Efficiency Fund is the largest private sector energy efficiency fund in Europe. The fund is capable of investing approximately EUR 240 m of equity in energy efficiency projects across the Eurozone.



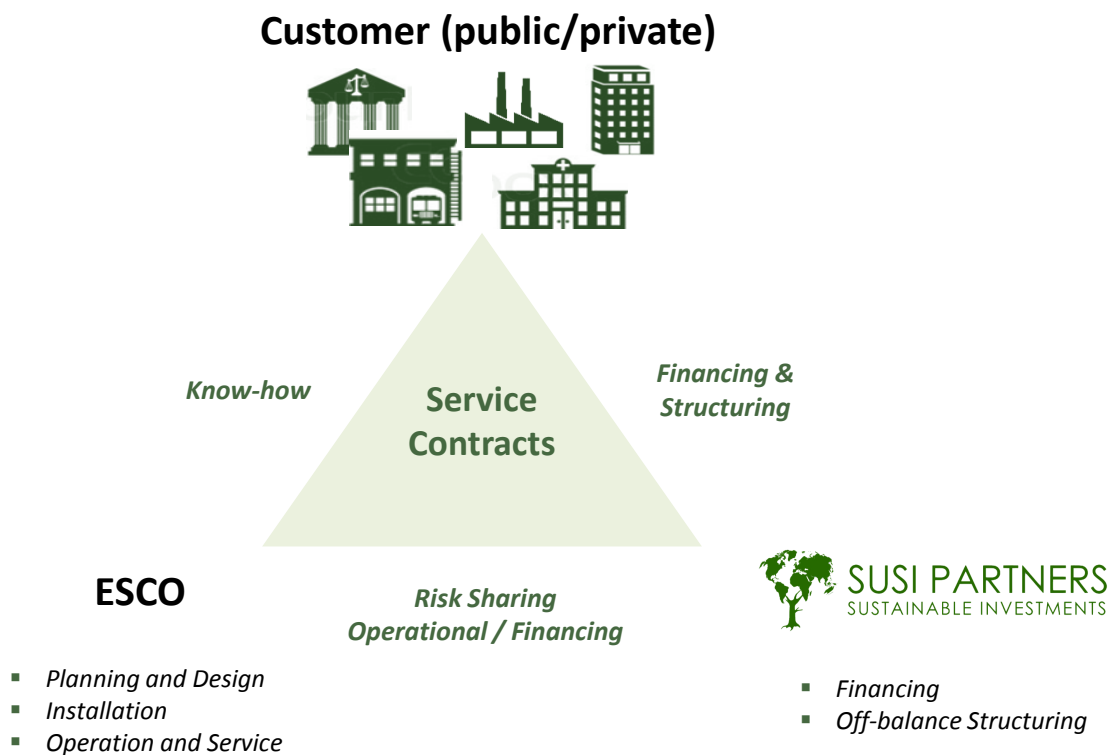
<b>Founders:</b> Dr. Tobias Reichmuth, Otto von Troschke		<b>Board of Directors:</b> Kai-Uwe Ricke (President), Björn Bajan, Prof. Dr. Uwe Krüger, Moritz Leuenberger (former President of Switzerland and Swiss Minister of Energy and Transport), Stephanie Schoss, Jürg Bucher, Florian Seubert					

Renewable Energy	Energy Efficiency	Energy Storage
SUSI Renewable Energy Fund I SUSI Renewable Energy Fund II	SUSI Energy Efficiency Fund Financing of energy efficiency measures	SUSI Energy Storage Fund (planned) Investing in storage capacity

The fund is financing projects, among others, in the following areas:

Buildings	Industry	Public Infrastructure
<ul style="list-style-type: none"> <li>■ Lighting (LED)</li> <li>■ HVAC</li> <li>■ Building management systems</li> </ul>	<ul style="list-style-type: none"> <li>■ Electric motors</li> <li>■ Pumps</li> <li>■ Waste heat recovery</li> <li>■ CHP</li> </ul>	<ul style="list-style-type: none"> <li>■ Street lighting (LED)</li> <li>■ Water treatment</li> <li>■ Hospitals</li> <li>■ Schools</li> </ul>

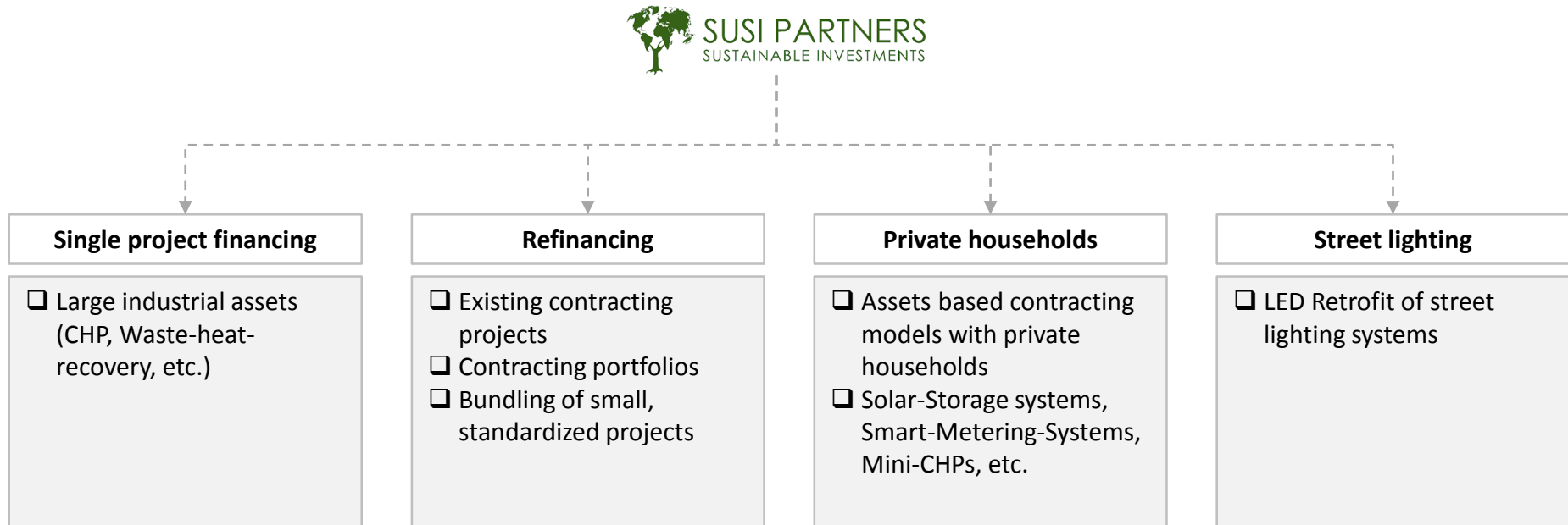
## Partnership and Flexible Structuring at the Heart of the SEEF Model



### Description

- ESCO identifies projects with customers e.g. commercial property, industrial complexes or public infrastructure
- ESCO plans, implements and services the project. ESCO enters a project contract with the customer and takes over the operational risk of the project
- SEEF finances 100% of the measures through a customised financing structure and takes over the credit risk of the customer
- Over the project lifetime the realised savings of the project are shared between the customer, ESCO and SEEF

## Established financing solutions



### **SUSI Energy Efficiency Fund offers:**

- Off-balance sheet financing under IFRS and local GAAP
- No equity requirement per se. Up to 100% financing incl. development, installation and margin
- Credit default risk is assumed by the SUSI Energy Efficiency Fund
- Substantial structuring know-how and tailor-made financing solutions
- Customers can be industrial companies, public sector entities or private households

## Selected transaction: refinancing of a large portfolio of light service contracts

### Key Facts

<b>Country</b>	▪ Italy
<b>Receivables Volume</b>	▪ EUR 33 million
<b>CO<sub>2</sub>-Savings</b>	▪ 17,700 Tons of CO <sub>2</sub> p.a.
<b>Contract Type</b>	▪ Energy Saving Contract



### Project Overview

<b>ESCO</b>	▪ Italian company with international presence in development, production and distribution of LED-Lighting.
<b>End Customer</b>	▪ A total of 300+ customers from an ESCO's contracting portfolio that meets the investment criteria of SUSI Energy Efficiency Fund. The portfolio consists of public and private end customers.
<b>Measures</b>	▪ Existing lighting is replaced by energy-saving equipment; enabling remote monitoring and smart maintenance.
<b>Financing Structure</b>	▪ "True Sale of Receivables" structure allows SUSI to purchase a portfolio of receivables that is off-balance sheet for the ESCO.
<b>Credit Enhancement</b>	<ul style="list-style-type: none"> <li>▪ SUSI assumes the credit risk of the portfolio, whereby initial losses are covered via a "First Loss Piece Mechanism"</li> <li>▪ The transaction was successfully structured as off-balance for the ESCO allowing a significant reduction of its net debt.</li> </ul>

Many thanks for your attention



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