



SUSI Energy Efficiency Fund

Unconventional Energy Efficiency Financing

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Executive Summary

- SUSI Partners AG is a **specialized investment firm** focused on **sustainable energy infrastructure**: renewable energy, energy efficiency and energy storage
- The SUSI Energy Efficiency Fund offers **solutions for financing energy efficiency projects**. It will **invest approx. € 240m in the next two years**, across the Eurozone countries
- Energy efficiency financing includes **retrofits** of buildings, manufacturing facilities and public infrastructure
- The main **advantages** of alternative financing solutions vis-à-vis traditional sources of financing are:
 - **100% of the investment volume**
 - **Off-balance sheet** financing structures
 - **Refinancing** of operational projects
- Typical legal structure: **True sale of receivables**
- Italy-specific deal set-up: Establishing a securitization vehicle to purchase the ESCO's receivables
- SUSI's transaction process is illustrated together with an example of a recent transaction in Italy

SUSI Partners AG addresses 3 pillars of sustainable energy infrastructure

SUSI Partners AG



Founders:

Dr. Tobias Reichmuth,
Otto von Troschke

Board of Directors:

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

SUSI Renewable Energy Fund I

EUR 235m invested in solar and wind parks in the Euro area; closed

SUSI Renewable Energy Fund II

Solar and wind parks in Europe (EUR 300-500m); targeting third closing Q4/2015

Energy Efficiency

SUSI Energy Efficiency Fund

Financing energy efficiency measures through a contracting model (EUR 241m); closed in investment phase

Energy Storage

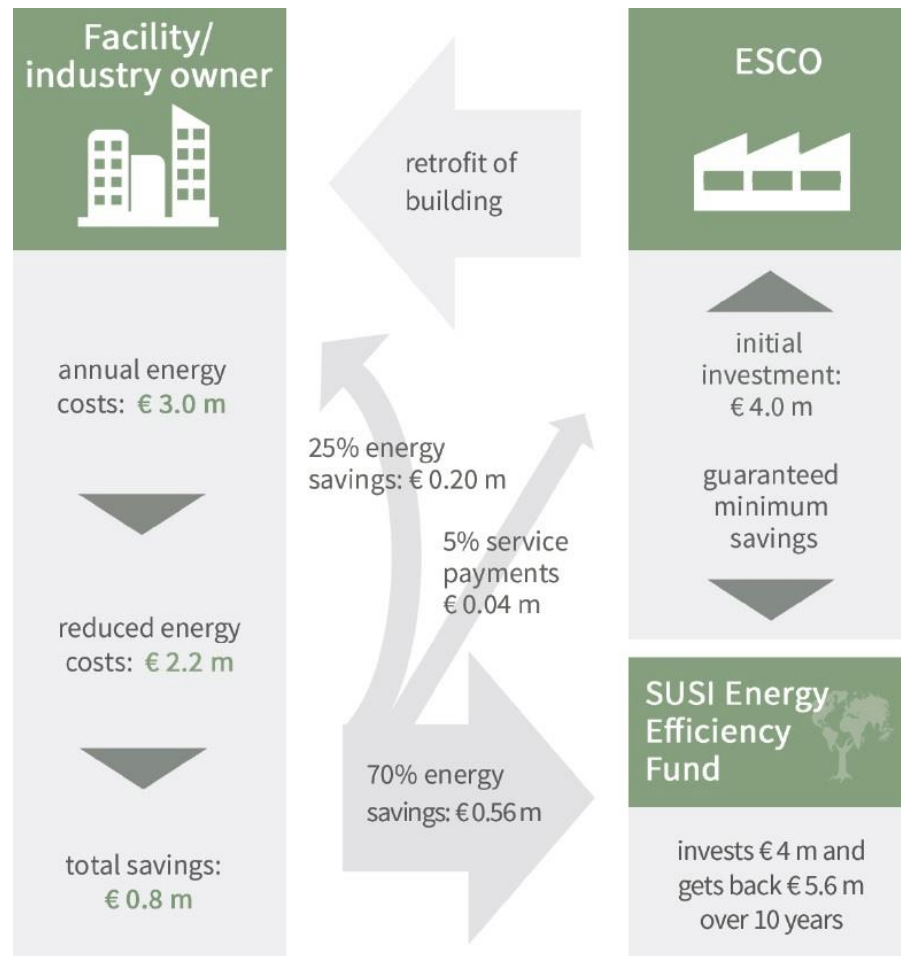
Energy Storage investments

Scheduled for Q1/2016

The largest independent energy efficiency fund in Europe

SUSI Energy Efficiency Fund offers financing solutions for EE projects

Energy efficiency project example



Explanation

- Together with an Energy Service Company (ESCO), the fund identifies projects that meet the investment requirements
- The ESCO assesses the energy savings potential achievable through retrofitting lighting, heating, cooling, building management systems, etc.
- Once the project is approved, the fund will conduct Due Diligence and assess the investment
- Depending on the contractual structure, the fund signs a contract with the owner/client receiving typically 50-90% of the energy savings over a 4-12 year period
- Technology risks are mitigated by the ESCO, which issues a minimum savings guarantee

SUSI finances energy efficiency projects larger than € 2m

Our primary financing criteria

Technology	Proven tangible and intangible EE retrofit solutions
Counterparty	Solid overall risk profile, both public sector and private companies
Financing term	5-11 years
Geographic focus	Eurozone countries
Financing quantum	EUR 2 to 24m per transaction
Efficiency gains	Positive environmental impact

Typical financeable retrofits



- Electric motors
- Pumps
- Heat recovery
- Cogeneration
- etc.

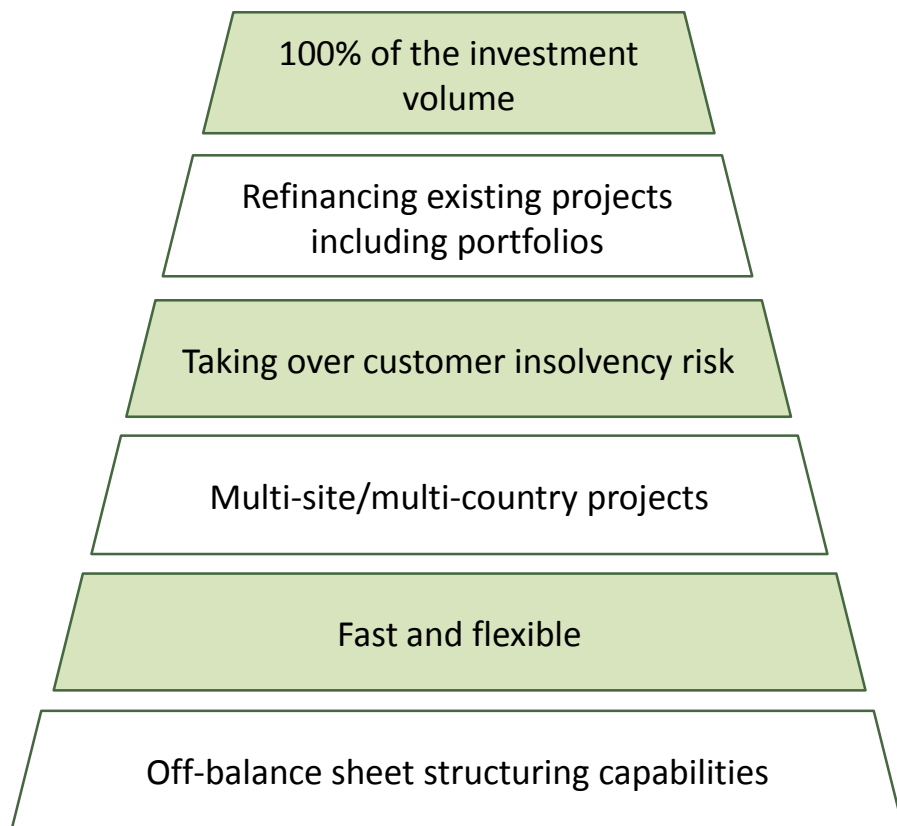


- Heating, ventilation and air conditioning
- Building management systems
- Lighting
- etc.



- Street lighting
- Hospitals
- Universities
- Public facilities
- etc.

SUSI's alternative financing has many advantages vis-à-vis bank financing



SUSI EE can finance 100% of the investment volume including development costs, CapEx and margin. No equity investment from customer or ESCO needed (WACC > SUSI EE financing costs)

SUSI EE can refinance projects that are on the ESCO's balance sheet. Existing projects can be bundled in a portfolio to include smaller projects

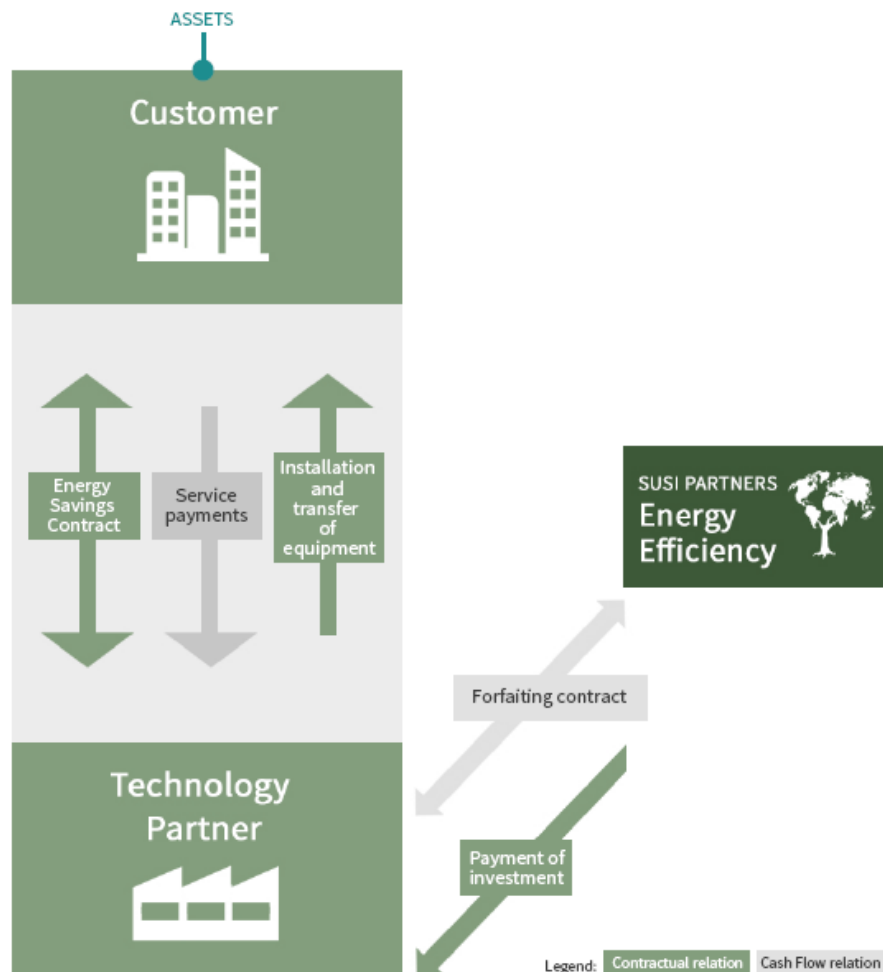
The ESCO can fully focus on the technical implementation of the project. No or very small provisions will have to be built, thus the income from the projects can be booked as profit from day one

SUSI EE can bundle several projects (in one or several countries) with the same customer in one financing agreement

Lean processes which allow for a fast offering process and quick responses to demands and needs from the ESCO or the customer

SUSI EE has substantial financial structuring expertise and aims to provide off-balance sheet structures to the ESCO and, if possible, the customer

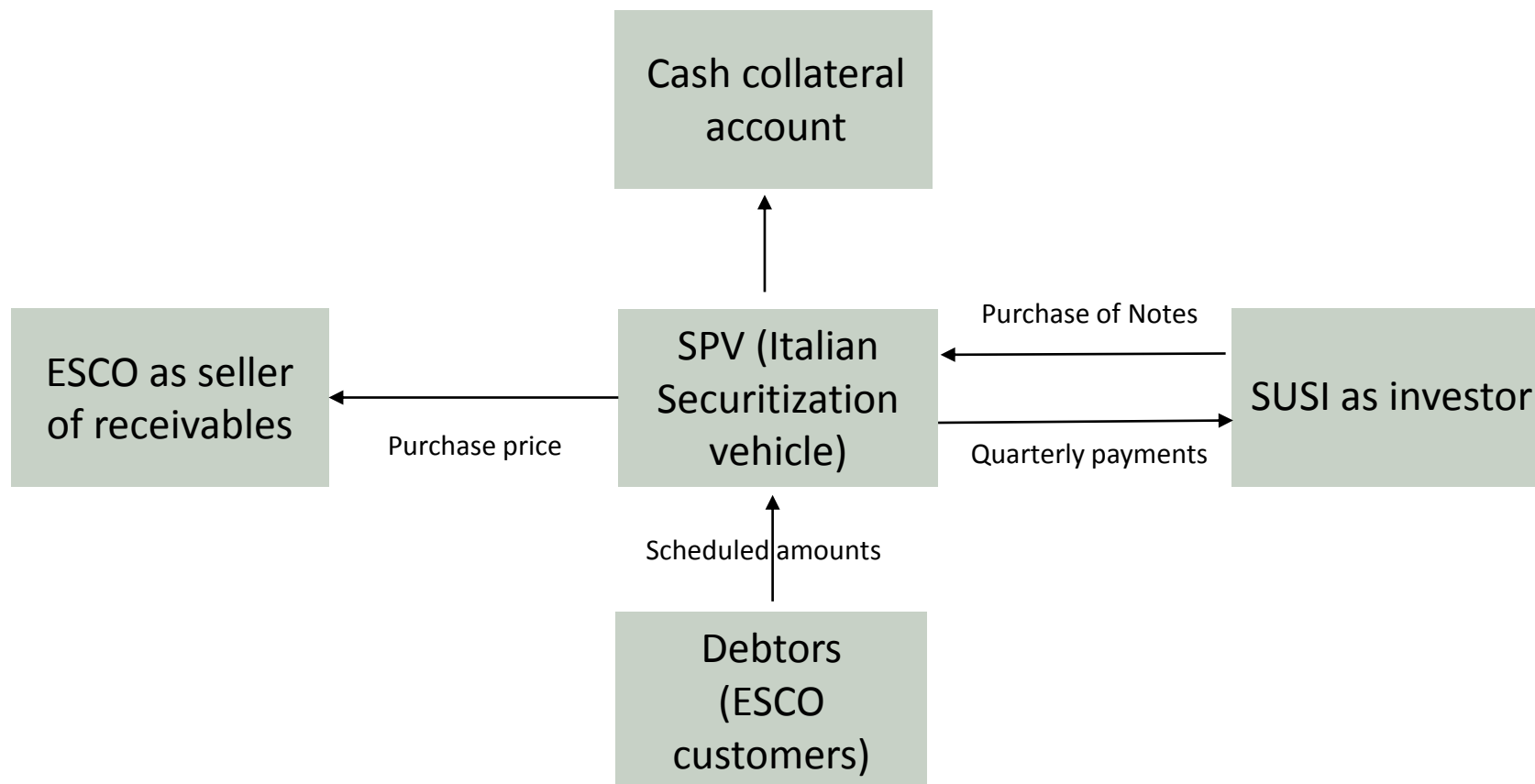
True sale of receivables is SUSI’s preferred financing structure in Italy



Overview

- Customer concludes energy savings contract with Technology Partner
- Technology Partner installs new equipment and ownership is transferred to Customer after satisfactory acceptance test
- SUSI SPV finances the entire project by buying parts of the receivables from the energy savings contract
- The transaction is a true sale of receivable with non-recourse, thereby removing the project specific receivable from the Technology Partner’s balance sheet
- Customer accepts the transfer of receivables (“forfeiting contract”)
- Technology Partner guarantees energy savings to Customer
- Customer pays financing payments directly to SUSI SPV or via Technology Partner and service payments to Technology Partner

Sale of receivables is implemented through a securitization framework



- Complying with prevailing Italian Securitization Law 130/1999, a special purpose vehicle (“SPV”) had to be set up for purchasing the ESCO’s receivables by issuing asset-backed securities/notes
- The notes can be structured to incorporate further projects without any additional difficulties; this will accelerate the implementation of similar projects in the future.

Receivables from EPCs can be transferred if identifiable and certain

Consideration

- Fixed payments: ✓
- Variable payments (with floor): ✓
- Variable payments (w/o floor): ✗

Construction phase

- Paid up front (high risk): ✗
- Paid in tranches along the construction phase (lower risk): ✓
- Paid at the end of the construction phase (low risk): ✓

Credit transfer

- ESCO contracts foresee a transfer of credits

Term

- Contract term is longer than five years

Delay payments

- Contract should include a delay interest rate equal to Euribor 6 months plus 8% according to legislative decree 192/2012

Penalty

- To be paid by the ESCO if it does not fulfil its contractual duties
- Has to be “reasonable”, i.e. it should not lead to a termination of the ESCO agreement for minor issues

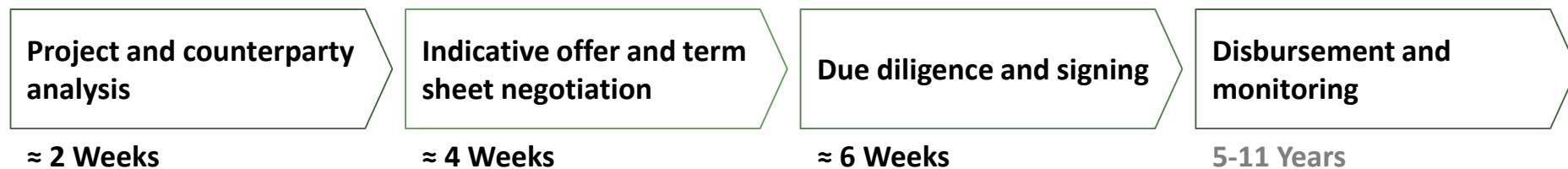
Withdrawal consideration

- If a customer withdraws from the ESCO contract, the customer has to pay the ESCO at least the outstanding nominal value of the future receivables

SUSI’s transaction process can be as short as two months









Counterpart

- | | | | |
|---|---|--|--|
| <ul style="list-style-type: none"> ▪ Project overview (size, payback, CO₂ savings) ▪ Audited financial statements ▪ Foreseen project structure and financials | <ul style="list-style-type: none"> ▪ Comments on term sheet ▪ Initial discussion of pricing/risk enhancement mechanisms | <ul style="list-style-type: none"> ▪ Customary financing DD and Q&A ▪ Negotiation of documentation | <ul style="list-style-type: none"> ▪ Fulfilment of CPs, if any ▪ Customary reporting standards |
|---|---|--|--|



- | | | | |
|---|---|--|---|
| <ul style="list-style-type: none"> ▪ Preliminary project analysis and rating ▪ Pricing indication | <ul style="list-style-type: none"> ▪ Initial structuring considerations ▪ Term sheet ▪ First Investment Committee | <ul style="list-style-type: none"> ▪ Legal and tax due diligence ▪ Risk analysis and structuring ▪ Documentation and signing ▪ Final Investment Committee | <ul style="list-style-type: none"> ▪ Release of funds ▪ Credit management and risk monitoring |
|---|---|--|---|

SUSI's track record shows mostly German projects...

Equipment	Country	Project Type	Sector	Implemented efficiency measures	Payback (years)	Volume (EUR Mio.)	Structure
	Germany 	Retrofit of glass plant of international manufacturer	Industry	Waste heat recovery system	7	2	Operating Leasing
	Germany 	Retrofit of glass plant of international manufacturer	Industry	Combined heat and power plant	7	3	Operating Leasing
	Monaco 	Retrofit of five public buildings	Public	Energy efficient heat pumps, lighting, optimization of building management system, HVAC	8	1	Sale of Receivables
	Germany 	Three school buildings in Baden-Württemberg	Public	Energy performance contract entailing various energy efficiency measures	9	2	Sale of Receivables

...with one big exception in Italy: a portfolio of EE lighting projects

Key Facts

Volume

EUR 32.9m

CO₂- Savings

17.700 tons p.a.

Contract Type

Energy Performance Contracts

Financing Term

12 years

Project Overview

ESCO

Leading company with international presence in the area of engineering, production and sales of LED lighting systems.

End Customer

A total of 300 customers out of a contracting portfolio of the ESCO which consists of clients of the private and the public sector.

Measures

Replacement of existing lighting installations by more efficient measures, as well as subsequent monitoring and maintenance services.

Structuring

By a “true sale of receivables” under IFRS, the portfolios’ receivables are transferred to the financier.

SUSI requires a few essential information to initially assess your project

#	Topic	Description
1	Parties	[Technology Partner, End Customer, and any other party involved.]
2	Counterpart	[Which of the Parties would be the counterpart (debtor) for the SEEF financing. Annual financial accounts from the last three years of the Counterpart.]
3	Structure	[Planned and existing financial, commercial and legal relationship between the parties. Nature and extent of guarantees provided by one party to another, etc.]
4	Technology & Services	[Overview of technology to be used, and the additional services, including O&M. Value of equipment and services, separately. Source of CO ₂ positive impact]
5	Financing Amount	[Total amount of investment, and sources of financing, including equity, debt, subsidies and the amount to be financed by SEEF.]
6	Potential Securities	[Overview and value of potential pledges, collaterals, guarantees and other forms of securities which can be offered to SEEF.]
7	Payback & Tenor	[Payback period of the investment, if applicable (typically for retrofits), and the tenor of the financing that SEEF should provide]
8	Accounting Treatment	[Preference for, or necessity of compliance with certain accounting principles (i.e. off-balance sheet)]
9	Status & Estimated Timeline	[Current status of the project, including status of licenses, permits, internal and external consent required, if applicable, and foreseen deadlines, if any, particularly for financing and for construction.]

SUSI's investment team with substantial financing and industry experience



Structuring

Underwriting

Principal Investment

Advisory

Energy & Energy Services



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