Passion to Perform

Deutsche Asset & Wealth Management

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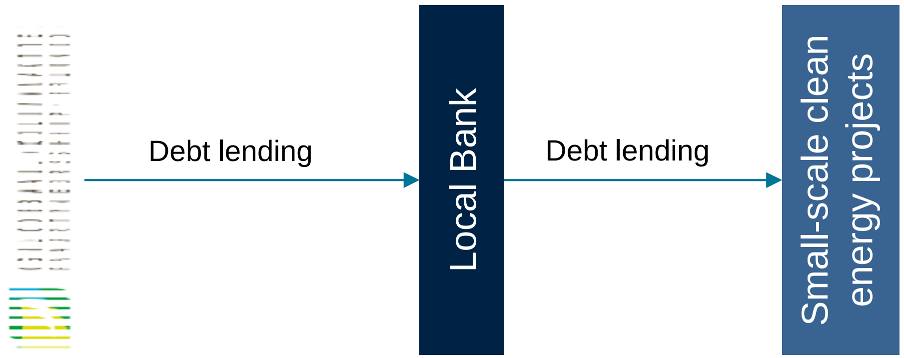
An inclusive and efficient model case – the Global Climate Partnership Fund

Key Facts

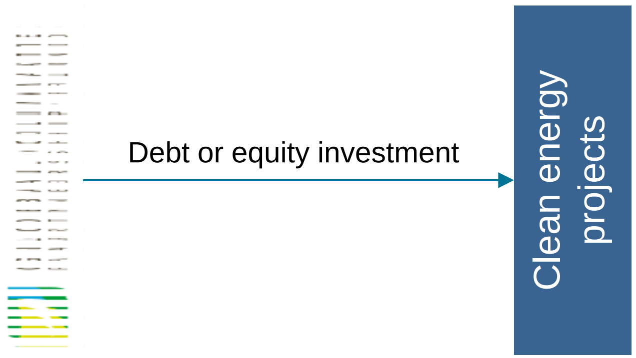
- The Global Climate Partnership Fund (GCPF) was initiated by the German government and KfW
- It aims to contribute to the reduction of greenhouse gas emissions in emerging markets globally
- The Fund can provide financing to local financial institutions or directly to sustainable energy projects

Investment profiles

I. Lending to banks



II. Lending to sustainable energy projects

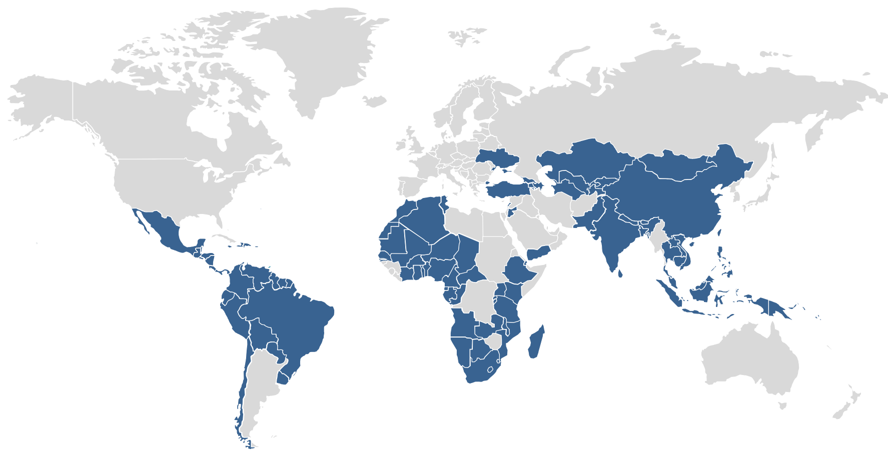


Key features of GCPF – Investment objectives

Key Facts

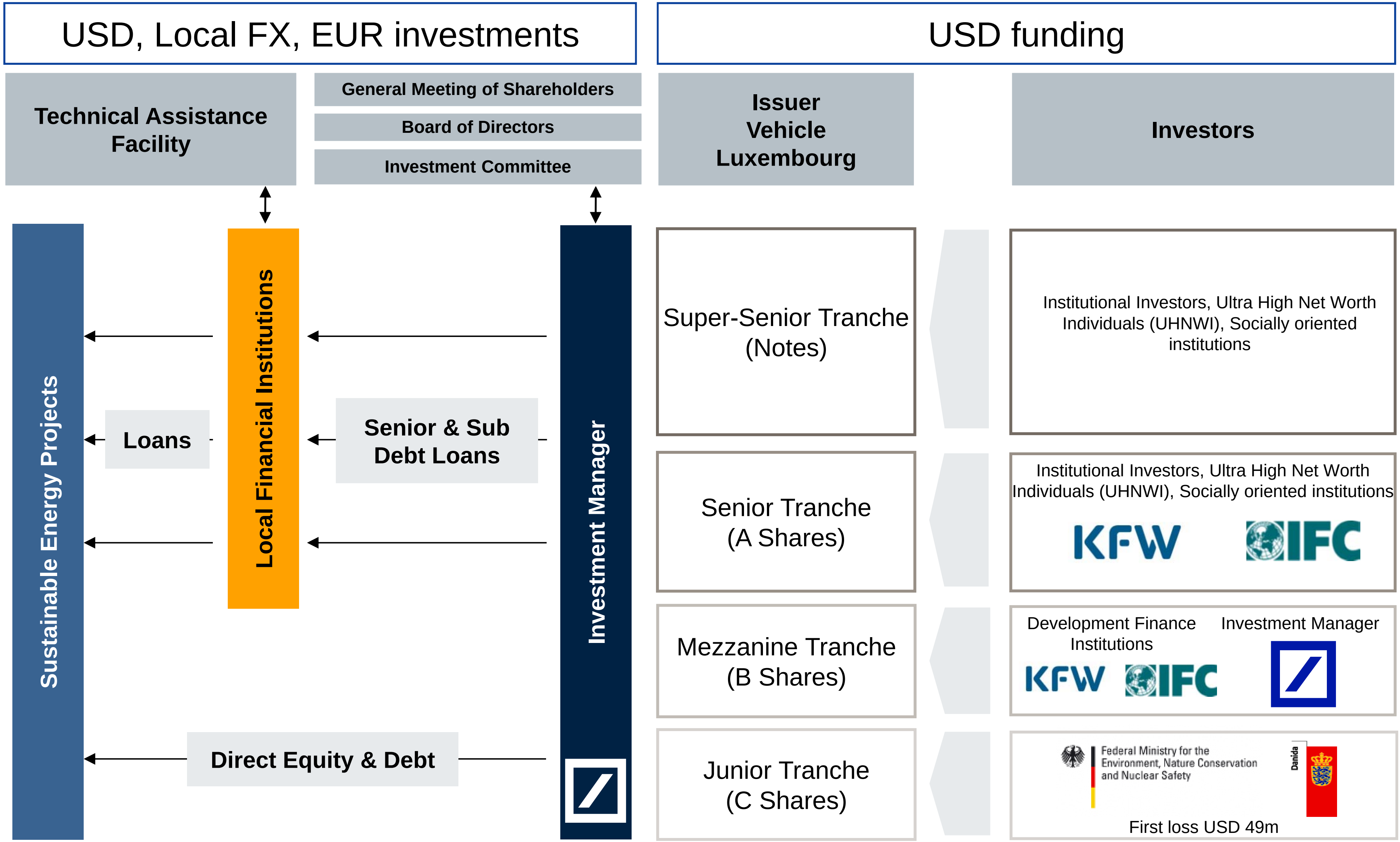
- The Fund targets to achieve an attractive risk-return profile through a diversified portfolio
  - Geographic diversification
  - Mix of direct project exposure and funding of local banks
- When lending to local banks GCPF can also have a direct impact on economic growth
  - Realize small-scale projects which are difficult to finance for non-local investors
  - Support small and medium sized enterprises as engines of economic growth

Potential Target Countries



Global Climate Partnership Fund

An evergreen fund for sustainable energy

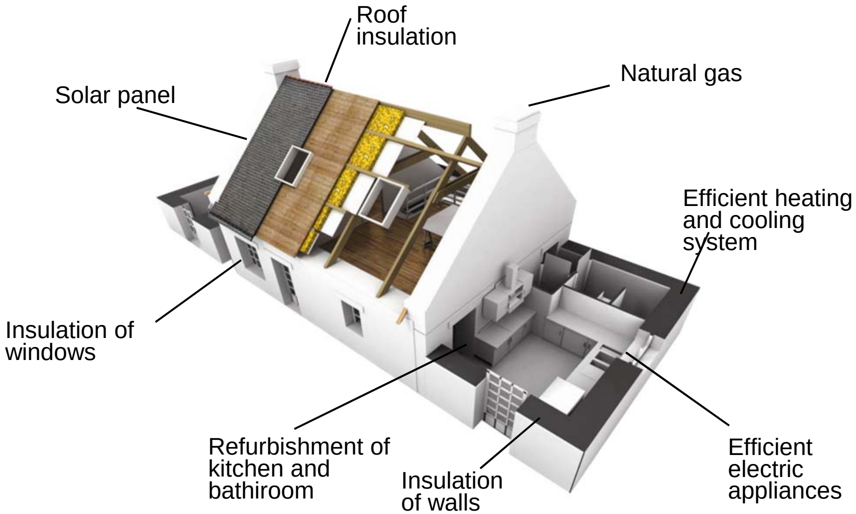


Key features of GCPF – Portfolio overview

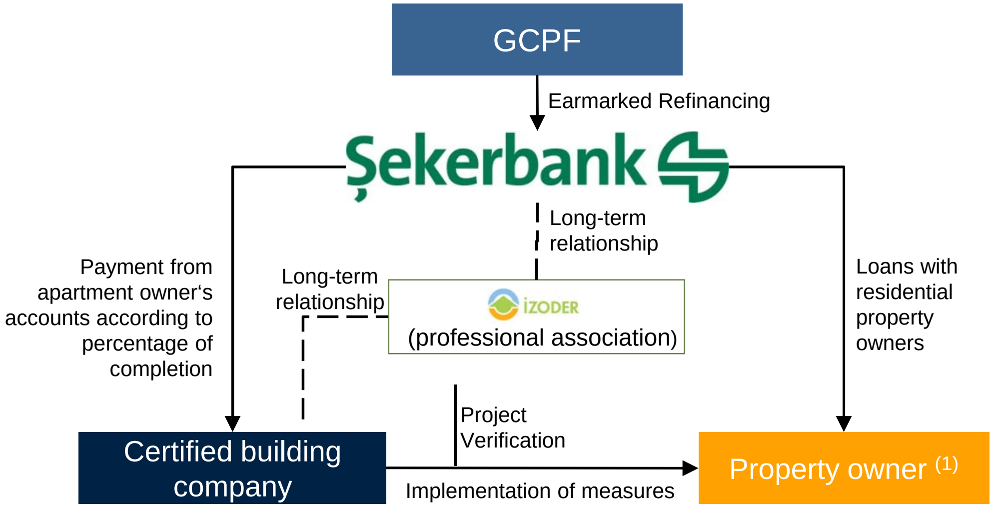
Case Study Sekerbank

Project description

- Sekerbank offers its customers a range of loan schemes in the field of sustainable energy
- About half of the loans finance the insulation of residential property
- Sekerbank benefits from a commercially priced loan with a volume of USD 25m to refinance these programmes since April 2011



Financing Structure for an apartment building



Profitability Assessment

Example for the insulation of an average 120m^2-apartment

Investment volume
- TRY 2.500 (~ EUR 1.100)

Monthly energy bill *before* insulation
- TRY 250 (~ EUR 110)

Monthly energy bill *after* insulation
- TRY 125 (~ EUR 55) ⇨ *Savings of approx. 50%*

Monthly redemption payment
- TRY 68 (~ EUR 30) for a loan maturity of 48 months

Monthly savings for customer after loan repayment
- TRY 57 (~ EUR 25)

(1) The property owners are represented by the property manager, who is not personally liable.

Source: Sekerbank TAS

Case Study
Photovoltaic Plant in South Africa

Key Data

- GCPF has financed a 1 MW PV installation which represents the Fund's first Direct Investment into renewable energy
- The PV installation is expected to supply green energy to a local chrome mine
- The mine is owned and operated by Cronimet, a Germany-based worldwide supplier of raw materials for the production of stainless steel

Key Figures

Total project volume (USD m)	3.3
Total project debt (USD m)	2.8
Project size	1 MW
Expected energy production (kWh/p.a.)	1,840,000
Avoided CO_2 emissions (t/ p.a.)[1]	1.703
Electricity production costs (USD/kWh)[2]	0.13

Project Highlights

- The project is a captive photovoltaic power plant replacing diesel-fueled generators for the operation of Cronimet's chrome mine
- This does not rely on any financial support by the public sector in form of feed-in tariffs or subsidies. Its rationale is based on the rising price for energy and the need for a reliable and independent energy supply.
- Energy production will be monitored and reported by GCPF over the lifetime of the investment.

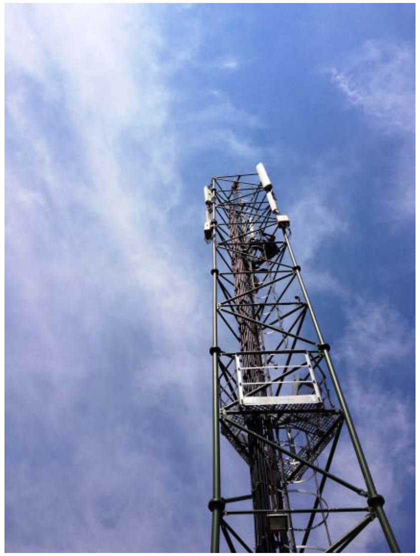
1) Baseline: International Energy Agency , 2011: carbon intensity of electricity sector in South Africa: 925g CO2/kWh
2) Calculations by Fund

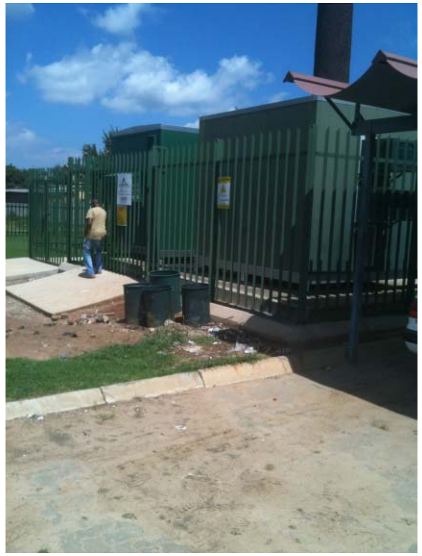
Case Study
ESCO for Telecommunication Sector in South Africa

Project Background

– The business initiative is driven by the observation that the energy consumption of base transmission stations operated by local mobile operators could be reduced by as much as 40% - 60%.

– As telecommunication operators are faced with unreliable power supply and volatile electricity prices successful energy management is of pivotal importance.





Key Figures

GCPF investment amount (USD m)	1.0
Avoided CO2 emissions (t/p.a.)	5,526t*
Number of BTS stations to be re-fitted in 2014	400 BTSs

Project Highlights

– Hidoplex Ltd., a South Africa based ESCO, together with its partnering institution GreenX Ltd., has developed technical solutions for base transceiver stations (BTS) that meet the high standards required by local operators.

– GCPF is financing Hidoplex Ltd. which is in the process to build up an energy management business applying theses technical solutions with a goal to implement a long-term operational model for telecommunication operators.

* Based on a conversion factor of 0.83kg CO2 emission for 1 kWh, assuming a 42% energy reduction per BTS consuming on average 4.5kWH before re-fit and 400 BTS being covered by 2014.

Points for Discussion

Subject 1 – Risk:

- The efficient use of first loss (leverage, risk mitigation)
- The (not so good) credit quality of utilities and other offtakers

Subject 2 – Assets:

- Renewables vs. Energy Efficiency vs. Adaptation, Direct vs Indirect, etc.
- Rule of DFIs (additionality and crowding out): Local Currency Funding, Risk Appetite, Financing Rates, Leverage Discussion for Grants (see page 15 of AfDB PPT by Mafalda Duarte)

Subject 3 – Governance:

- The slow-down factor of (local) Energy Monopolies
- Potential conflicts with debt-ceilings imposed by international/multilateral funders
- Local FITs vs. Grants and Donor Insurance Schemes vs. Direct PPAs … Reduction of Energy Subsidies, Introduction of a Carbon Price

Subject 4 - Fund Raising:

- Layered Funds vs. Green Bonds vs. Project Bonds vs. Direct Investments

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