INVESTMENT FUND DESIGNER
UN ECE SED
Financing Energy Efficiency Investments for Climate Change Mitigation

RFPS-117
Paragraph 21:
“We recognize the need for further integrating policies on climate change, the environment, sustainable development and energy in the region. We call for further efforts to improve energy efficiency in order to meet environmental and sustainable energy objectives. We welcome the project on Financing Energy Efficiency Investments for Climate Change Mitigation and we will consider participating as public-sector investors in the energy efficiency investment fund, which is being created through the Energy Efficiency 21 Project. For increasing energy efficiency, we, the Ministers and Heads of delegation of Parties to the Kyoto Protocol, also recognize the importance of using flexibility mechanisms of the Kyoto Protocol.”
Main Points

- Conning has a successful long standing interest in building, managing and placing climate mitigation fund products as part of our asset management activity.

- Conning has recently undertaken the fund designer role for the UNECE with the intention of designing a renewable energy and energy efficiency investment fund to stimulate investment in twelve named countries.

- We would like to extend an invitation and to make an appeal.
Swiss Re is the world’s largest and most diversified global reinsurer.

- A primary objective of Asset Management is to provide enhanced value for Swiss Re’s core client base.
- Swiss Re is rated *AA- by Standard & Poor’s and **Aa2 by Moody’s (Confirmed on 06.11.08)

* A+ as of 18 February 2009
** Aa3 as of 6 February 2009
<table>
<thead>
<tr>
<th><strong>Target Projects</strong></th>
<th>Clean energy projects in EU 27 including wind energy, solar energy, hydro-electric, biomass, cogeneration, combined-cycle, fuel switching, geothermal, clean coal, waste-to-energy, district heating and electric, waste fuel, combined heat &amp; power (CHP), efficiency retrofit and related projects and companies</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fund Size</strong></td>
<td>EUR354 million</td>
</tr>
<tr>
<td><strong>Investment Period</strong></td>
<td>Four years from Final Closing (Dec 2006)</td>
</tr>
<tr>
<td><strong>Term</strong></td>
<td>Ten years, with two one-year renewal options</td>
</tr>
<tr>
<td><strong>Investment Manager</strong></td>
<td>Trust Company of the West</td>
</tr>
<tr>
<td><strong>Investors</strong></td>
<td>Swiss Re EUR20 million; TCW EUR5 million; public pension schemes, commercial fund investors, foundations and international financial institutions</td>
</tr>
<tr>
<td><strong>Management Fee</strong></td>
<td>2% of committed capital during investment period and afterwards 2% on par value of investments</td>
</tr>
<tr>
<td><strong>Preferred Return</strong></td>
<td>7%</td>
</tr>
<tr>
<td><strong>Performance Fee</strong></td>
<td>20% to the Investment Manager and 80% to the Investors after the Preferred Return</td>
</tr>
</tbody>
</table>
## Post 2012 Carbon Credit Fund

<table>
<thead>
<tr>
<th>Target Projects</th>
<th>Projects generating a recognised carbon credit stream Post-2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund Size</td>
<td>EUR125 million</td>
</tr>
<tr>
<td>Investment Period</td>
<td>Two years from First Closing (Feb 2008)</td>
</tr>
<tr>
<td>Term</td>
<td>December 2012</td>
</tr>
<tr>
<td>Investment Manager</td>
<td>First Climate</td>
</tr>
<tr>
<td>Investors</td>
<td>European Investment Bank with Caisse des dépôts et consignations, Instituto de Crédito Oficial, KfW and Nordic Investment Bank</td>
</tr>
<tr>
<td>Management Fee</td>
<td>2% of committed capital during investment period and 2% on par value of outstanding investments following the investment period</td>
</tr>
<tr>
<td>Preferred Return</td>
<td>7% (with a catch-up in certain circumstances)</td>
</tr>
<tr>
<td>Performance Fee</td>
<td>20% to the Investment Manager and 80% to the Investors after the Preferred Return</td>
</tr>
</tbody>
</table>
**Fund Structure**

**Pipeline Development**

**Financing Facility**

- **ALB**: NC, NC
- **BLR**: NC
- **BIH**: NC, NC
- **BGR**: NC
- **HRV**: NC
- **KAZ**: NC
- **MDA**: NC
- **ROM**: NC
- **RUS**: NC
- **SCG**: NC
- **MKD**: NC
- **UKR**: NC

- **Project Doc**
- **IG**
- **Development Finance**
- **Senior Lenders**
- **Mezzanine Funds**

- **Consultants**
  - **Technical**
  - **Finance**

- **Investment Decisions**

**Project Doc = Project Document**

**IG = Investment Guidelines**

- **NC = UNECE National Coordinator**
- **NB = National Bank/Ministry of Finance/Ministry of Energy**
- **CB = Commercial Bank**
When will the fund be launched?

- Investor Risk / Reward
- Appetite

OK

- Investor Commitments
- Project Pipeline
- Investment Manager

OK

Project Needs
An Umbrella of possible Mezzanine Sub-Allocations

- Mezzanine Fund
  - Power Allocation
  - "Country" Allocation
  - Energy Efficiency Allocation
Three Needs:

- For the first time we see a nexus of three compelling needs which overlap and reinforce, namely the demand for power, the need for climate change mitigation and energy security.

- Participation: We invite you to join with us in this design process whether as potential investor, interested party or recipient country project developer as this process is open and your participation will be key to its process.

- Legislation: We appeal to you to influence legislation in order to allow commercial financing to take place at market rates by using mechanisms like long term off-take contracts, subsidised research and development, preferential rates for alternative energy and improved contract certainty.
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