Financial instruments 2007-2013
Financial instruments 2014-2020
Alternative investment funds anywhere in the EU
Investment advisory services
<table>
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<th>Area</th>
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<td>• Mezzanine finance for D4/R7 PPP, direct - signed</td>
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<td>• Loan to State Railways for diagnostic vehicles, direct - signed</td>
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<td></td>
<td></td>
<td>• Alternative fuels - revision of the OP</td>
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<td>• PRSL for banks for EE in residential buildings - preparing to sign + 2 PPs</td>
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<td>• Guarantee or Equity instrument for EE in public buildings and SMEs</td>
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<td>• Equity instrument for fund managers - signed</td>
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<td>• PRSL for banks - signed</td>
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<td>• FLPG for banks - signed</td>
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<td></td>
<td></td>
<td>• Seed capital instrument for fund managers - PP completed</td>
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<td>• Venture capital instrument, direct - signed: GA Drilling, Boataround, GreenWay</td>
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<td>• Loan instrument for banks and Equity instrument for fund managers - preparing</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Equity investment for social housing poss., direct - preparing</td>
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</tbody>
</table>
EPCs: regulatory and market developments

• Regulatory environment prerequisites - check (sort of)

  ✓ Eurostat & EIB guide on EPCs - May 2018

  ✓ Government Concept for development of EPCs - July 2018

  ✓ Legislative amendments with respect to EPCs - December 2018

  ✓ Eurostat rubberstamp on EPC template contract - March 2019
New EPC environment - what’s not to like

Great interest in EPCs but slow market adjustment to the new regulatory environment

• Contract duration

• EPC payments - fluctuation

• Loss of forfaiting as a main source of financing - due to increased risk for banks

• Promoters: no ESIF grant, find money for EPC audit, procure an ESCO, sign a 15 year contract (maybe)
Financial Instrument for EPCs

Starting point situation

• Bank loans for ESCOs are not the answer (ESCO leverage limits)

• Forfaiting riskier & banks are very hesitant

• Guarantee instrument to support bank forfaiting - interest but eligibility issue

• Banks: administrative burden with FIs may outweigh the benefits
Equity instrument to support EPCs

• SIH procures 2-3 fund managers
• FMIs establish equity funds with co-investment from SIH and their own resources
• FMIs invest equity into SPVs
• ESCO as a co-investor in each FM’s investment, at the level of an SPV
• Bank loans to an SPVs
• SPV subcontracts its ESCO investor to provide EPCs
Equity instrument to support EPCs

Main benefits

• Assets and liabilities on the balance sheet of a SPV, not ESCO

• No necessity for ESCO to sell EPC receivables in order to deliver new projects

• Private co-financing
  ➢ Equity from the FM at the level of the fund
  ➢ Equity from the ESCO at the level of an SPV
  ➢ Loan from banks at the level of an SPV
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