



Blue Sky Energy Efficiency

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Delivering fully financed infrastructure upgrades to cut your energy costs



Creation of Non-Bank Channels to Flow Equity Capital to Energy Efficiency Projects in Emerging Markets

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Decarbonizing developing Asia: Shifting away from today's baseline



Developing Asia needs to harness its clean energy development potential:

- EE: 57 EJ by 2020
- RE: 47 EJ by 2035

But this would mean that the investment requirement would balloon accordingly:

- **EE: \$4.5 T by 2035**
- **RE: \$2.4 T by 2035**

Derived by A. Ablaza from data of IEA WEO 2012, McKinsey & Co.



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Chasing tomorrow needs innovative approaches



It isn't just about the technology. It is just as much about...

- **Suitable Financing Structures**
Traditional providers of capital struggle with the nature of the opportunities we focus on
- **Credit, Risk and Conflict Management**
Most industry players focus on selling equipment and software
- **Process Efficiency**
Sales strategies are typically bottom up, and can often conflict with long term investment goals



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What ESCOs see

Unique low risk energy management opportunity with attractive returns

- Understand the technology and related risks
- Typically earn additional revenues – like engineering, equipment, software, services, etc. – on top of financing income, creating higher project margins/returns that financial investors cannot access
- Do not always assess credit risk in the same ways financial investors do
- May not hold projects to the same legal standards that financial investors require





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What traditional equity and debt providers see

High risk, modest return

- General lack of precedence and experience
- Difficulty of securing relevant collateral and creditworthy performance warranties to offset perceived technical and operational risk
- Challenges with establishing a baseline for measurement and verification
- Reluctance to engage around development and construction risk
- Typically smaller project size compared to alternative non-ESCO opportunities
- High transaction costs
- Lack of standard documentation



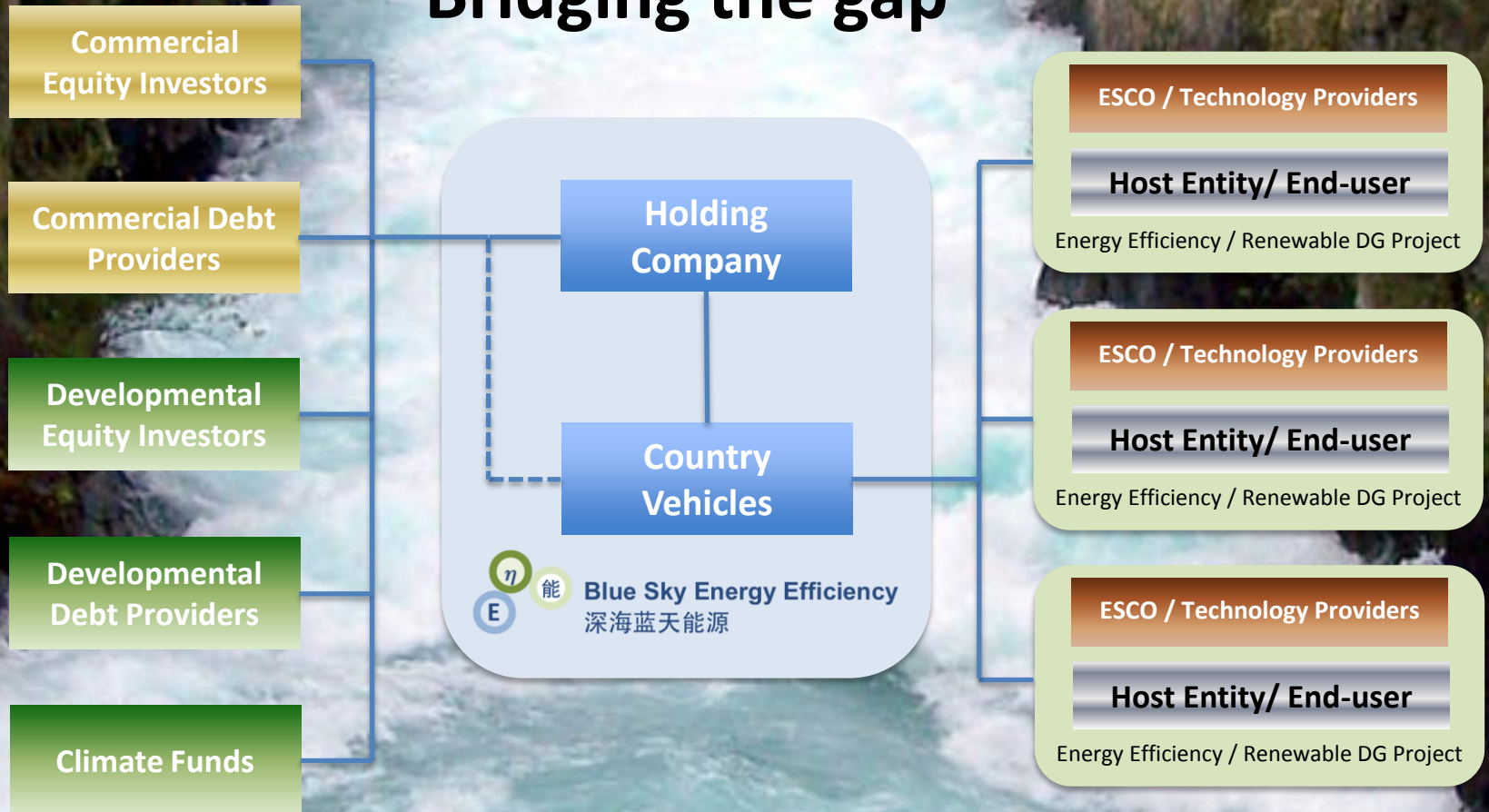


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Bridging the gap





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Bridging the gap: a new non-bank vehicle

A specialist financing and development entity that is dedicated to structuring and funding commercial infrastructure projects to improve energy and environmental management

- To serve a client mix that includes local and multinational corporations, governments and government-related entities across a mix of applications including telecom, industrial, hospitality, healthcare, transportation, etc.
- For **Energy Solutions**, to fully finance off-balance sheet infrastructure upgrades – across a range of technologies and solutions – to cut both energy consumption and energy costs
- For **Environmental Solutions**, to invest in greenfield and brownfield commercial projects that apply advanced technology-driven solutions to address environmental issues – including waste and water management
- To forge complementary business development alliances with a select group of highly experienced and well proven technical solution providers
- To develop long-term commitments to projects, and seek to build long term win-win partnerships with business partners and clients



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How is this vehicle different?

A dedicated sector-focused hybrid approach for Asian credit

- Focus exclusively on Energy Management and Environmental opportunities with appropriate industry understanding
- Get involved at the Development and Construction Stage not only deploy capital but also to guide and tailor the process to meet investors' needs
- Proprietary process to redesign the funding process to optimize project returns for investors, while retaining significant contract structuring flexibility to meet end client needs
- To strictly manage transaction costs by using standardized documentation
- To develop win-win partnerships with key technical partners to reduce other transaction costs



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Needed: Developmental support from governments, MDBs, climate funds

Policy Interventions

- Eliminate all cross-border investment restrictions and related withholding taxes
- Implement supportive tax framework for the industry – e.g. accelerated depreciation, VAT rebates, etc.
- Set more aggressive regulation shifting markets from voluntary to mandatory EE implementation across sectors
- Enable procurement of energy services and performance contracting, especially in the public sector
- Removal of all forms of energy subsidies

Catalytic Co-investments

- Provide guarantee facilities to support SME end-users and smaller ESCOs
- Provide long-term debt facilities for portfolios of EE projects
- Design, finance and implement large-scale lighting and appliance replacement programs for the less reachable sectors – households, micro-enterprises, off-grid communities



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Taking a Project from Development to Operation

Development

- Identifying the opportunity in collaboration with Technical Partners
- Reviewing the business prospects and credit risks
- Financial modeling and returns analysis
- Deal Structuring and Risk Management
- Legal and regulatory work to secure the contract and all relevant permits and approvals

Construction

- EPC contract
- Risk Management through EPC and other Supplier warranties
- Project and Financial Management
- Securing and Coordinating with Construction Financing Partners

Operation

- O&M contract
- Risk Management through O&M and other Supplier warranties
- Managing project receivables, cash and financial reporting
- Securing and Coordinating with Refinancing Parties for both debt and equity

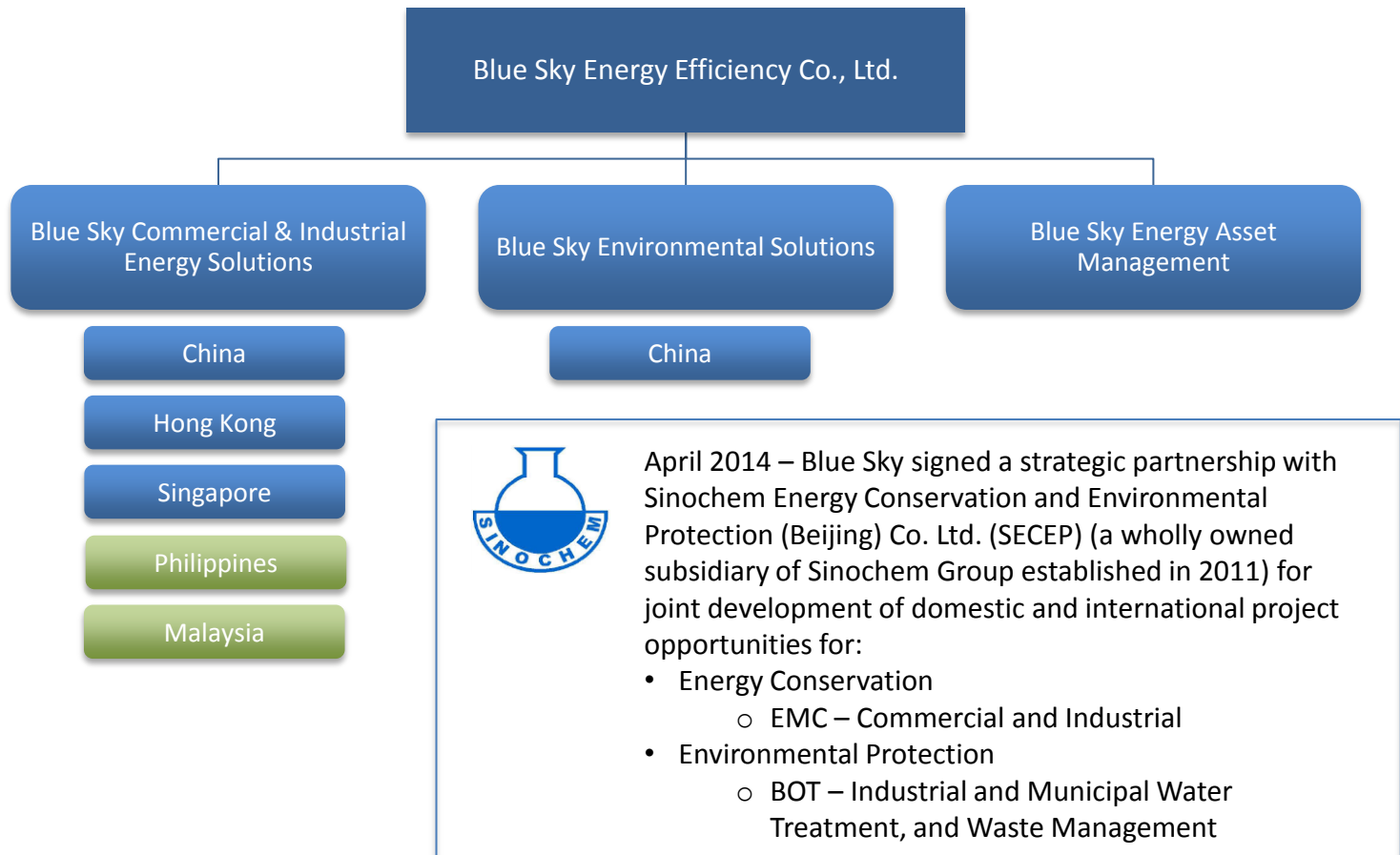


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Building a platform for regional reach and model replication





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Bundled Energy Solutions for the Commercial & Industrial Sector

Energy Efficiency

Energy efficiency solutions help reduce energy consumption, without compromising operating conditions

- HVAC/GSHP
- Lighting
- Other Industrial Solutions

Distributed Generation (DG)

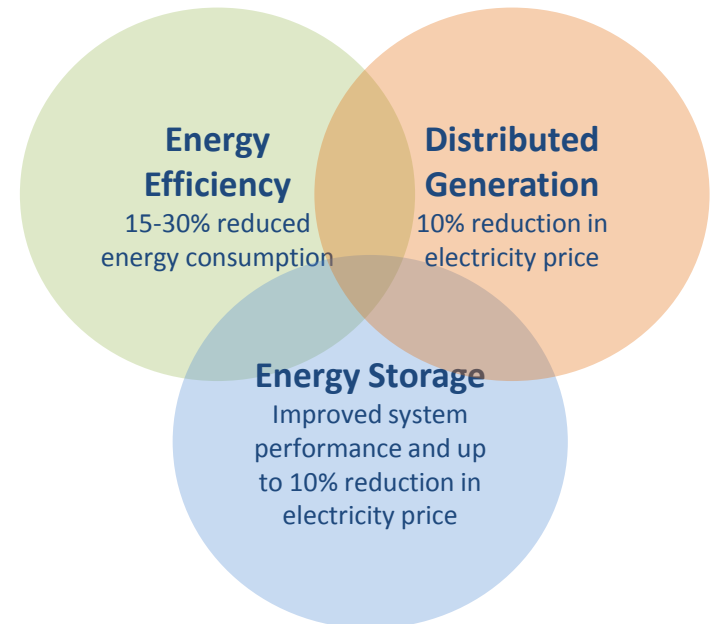
Distributed Generation helps to reduce the cost of electricity

- Solar PV

Energy Storage

Energy Storage helps optimize the performance of Distributed Generation systems, while taking advantage of the difference in “time of day” electricity tariffs

- Advanced high performance battery solutions





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Thank You

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