

D.T2.3.1 Investor Mapping and Engagement Plan

Executive Summary

- Purpose is to provide 5GDHC projects with a process for identifying and engaging suitable investors
- Materials intended to be reviewed in conjunction with and make reference to
 - Investment Opportunities Report (D.T2.1.2)
 - Financial Model (D.T2.1.3)
 - Business Plan (D.T2.1.4)
 - Teaser (D.T2.3.3)
- Structure:
 - Identifying Risk/Reward of 5GDHC projects
 - Mapping appropriate investor based on risk/reward profile
 - Investor Engagement Preparation

Investor Mapping & Engagement Process

Step 1: Project risk/reward

1A: Project Returns (Reward)

- Use Financial Model (D.T2.1.3) to calculate financial KPIs (IRR, MOIC, Payback, etc.)
 - IRR over asset life particularly helpful to standardize returns

1B: Project Risks

- Asses project risks – i.e. the more moving variables/unknowns the higher the risk
 - Use risk assessment table (slide 4) as a guide

Step 2: Map Investors

2A: Identify Investors Type

- Understand what type of investors are suitable based on risk/reward profile
 - Investor Mapping Matrix (slide 5) can be used as a guide

2B: Create list of Preferred Investor

- Create list of potential investors within each type and in terms of fit

Repeat Step 3 for each investor type identified depending on process

Step 3: Prep for Engagement

3A: Project Management

- Identify/plan structure for respective investor type – understand what they require
- Engage advisors (legal, tax/financial, technical) *only if necessary

3B: Materials

- Prepare key necessary materials ahead of engaging investor
 - Examples: Teaser, Financial Model, Business Plan, customer contracts, etc...

Engage Investors

Project Risk Assessment Table

Investor matrix below can be used as a guide to determine most appropriate investors to approach based on risk/reward



Technology	Unproven Tech	Concept Proven Not Commercialised	Proven & Commercialised limited operational history	Proven Tech Long operational History
Development	Early Stage Site identified / Prefeasibility works	Mid Stage Planning submit negotiate contracts	Late Stage Planning Approved Key Contracts in place	Operational Network Growth funding
Construction	Limited Cost Visibility Project Management (PM) Planned	High Cost Visibility HoTs with EPC / PM Detailed Plan / Insurance	Project Cost Fully Contracted	Operational Network Growth funding
Revenue	Limited Rev. visibility Anchor Customers Identified	High Rev. Visibility HoTs with Customers	Anchor Customers Contracted	All Customers Contracted
Operating Expense	Operating Strategy	Operating Strategy/ HoTs O&M Contracts	Operating Strategy/ Signed O&M Contracts	Operational Value-add O&M Strategy
Regulation	Emerging Markets Limited Rule of Law No Gov. Support	Emerging Market / Supportive Policy	OECD Countries / No supportive Policy	OECD Counties / Supportive Policy

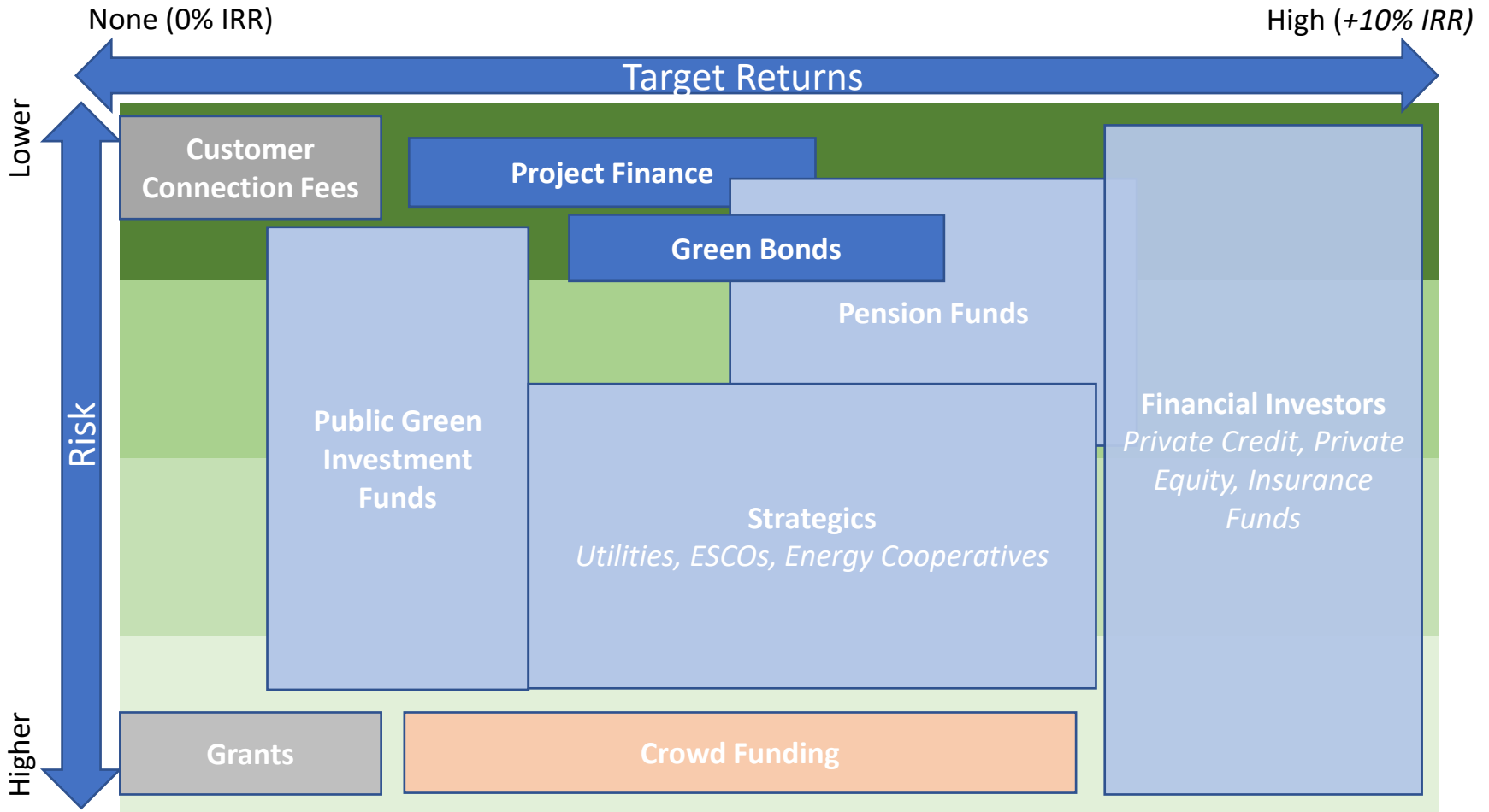
* For illustrative purposes only

Investor Mapping Matrix

Legend

- No cost
- Debt
- Debt or Equity
- No cost, Debt or Equity

Investor matrix below can be used as a guide to determine most appropriate investor types to approach based on risk/reward



* For illustrative purposes only

Investor Profiles

- Following slides (from D.T2.1.2) covers potential investor types to provide context to the investment mapping matrix (slide 3)
- List is non-exhaustive but aims to:
 - Provide starting point for potential investors to engage
 - Understand their risk profile and return requirements
 - Typical size of investment required
 - Asses the benefits and drawbacks of working with such funders

Debt Investors

Type	Project Finance	Green Bonds
Risk Appetite	Very Low	Moderate
Investment size	€10m - €100m+ (multiple lenders possible)	>€15m
Returns target	2-4%	3m EURIBOR + (350-900 pbs)
Suitable For	Projects with long-term contracted cash flows (5-10y+)	Those looking to leverage operational projects to fund expansion, construction or acquisition of new projects
Benefits	Low cost, long-term, minimal control over projects	Easier process and more forgivable covenants to PF. Can be used in conjunction with PF. Preferred option to lesser-known technologies.
Drawbacks	Significant due diligence and documentation, security over project equity	Expensive relative to PF. Admin intensive (quarterly reports to investors), requires secured cash flows from operational assets
Typical providers	Barclays, RBS, Nord/LB, BNG, [French PF bank] Natixis	DNB, NatWest, JPM, Etc..

Institutional Investors

Type	Private Equity - Infrastructure Funds	Insurance Funds
Risk Appetite	Medium	Low
Investment size	€5m - €200m	€50m - €500m
Returns target	8-15%	4-8%
Suitable For	Projects/companies that have demonstrated feasibility, but need support and funding to grow	Operational projects generating stable, diversified cash flow over long periods of time
Benefits	Investors are able to take development and construction risk. Access to business and finance expertise and network of investor. Highly active management	Institutional investors are typically passive – limited oversight of project development and construction.
Drawbacks	Investor takes equity ownership in the project	Only available for very large transactions. May require working with a more actively involved investment manager to access these pools of capital
Typical providers	Infranode, Antin, Arjun, MEAG	APG, BBC, FRR

Strategic Investors

Type	Utilities	ESCO
Risk Appetite	Dependant on strategy	Variable – can be funded by consumers, financial investors or utilities
Investment size	€1m - €100m	€0 - €20m
Returns target	3-10%	Varied 5-15%
Suitable For	A range of projects. Can be smaller development opportunities or very large acquisitions of operational projects	More complex projects including wider energy services (development phase, insulation, city planning etc.) requiring consolidation
Benefits	Typically have access to large network of construction and operational teams, can help to bring small projects to large scale. Can continue to invest to provide follow-on funding	“Full package” role taken in developing and evaluating the project, engineering and construction, financing and customer service. Take a portion of project risk – covering shortfall in returns if projects don’t achieve plan
Drawbacks	Potential limitations in scope of investment – may be able to invest only in the network assets	Typically take a contractual share in the upside along with shareholders. Look for significant control of strategy and operation of the project
Typical providers	Vattenfall, SSE, Enxsis	Either large utilities as previously shown, or project-specific organisations

End Users

Type	Energy Cooperatives	Crowd Funding	Customer Connections
Risk Appetite	Variable	Variable – funded by the general public	NA
Investment size	€0 - €5m	€0 - €5m	€0 - €'00k per customer
Returns target	NA	0%-30%	NA
Suitable For	Small projects within organised communities which can provide a material long-term saving for consumers	Well publicised projects looking to raise modest amounts of seed funding	Projects with customers required new energy supply (replacing legacy sources or new build)
Benefits	Minimal control imposed by community shareholders over strategy and operations. Encourages local consumers to participate in network	Limited to no control imposed by additional shareholders, in some circumstances no equity required	Upfront contribution from customers used to directly reduce construction and connection costs for the project. No long-term financial liabilities for the project.
Drawbacks	Portion of value captured directly by customers through reduced energy pricing. High resource demand in organising and structuring cooperatives	Large administrative burden, limited capital, potential reputational damage (considered last-resort option)	Connection charge typically considered by customer in combination with ongoing costs – higher upfront charge likely to require discount to energy prices
Typical providers	Energy4All, Enercoop, Greenpeace Energy	One planet Crowd, Citizenenergy	Connected customers