eeef
EUROPEAN ENERGY
EFFICIENCY FUND

European Energy Efficiency Fund

Annual Report 2014

Contents

Welcome

Dear Reader,

Welcome to another year of the the European Energy Efficiency Fund's (eeef) activities which we would like to review with you in this report.

The European Union (EU) has set ambitious climate and energy goals. This includes the goal of achieving a 27% increase in energy efficiency by 2030, which will be reviewed in 2020 with an ultimate goal of 30% in mind. This report provides examples on how EU measures can contribute to this goal. It shows us that having a dedicated energy efficiency financial instrument can be seen to work. Indeed, the European Energy Efficiency Fund (eeef or the Fund) has achieved some solid results: since 2011, the € 115.0 m provided by eeef to projects across the EU has saved almost 100,000 tonnes of CO_2e equivalent emissions (tCO_2e). It has had a transformative effect, for example, by supporting the renovation of public buildings in order to both reduce their energy consumption beyond minimum standards and to produce energy from renewable sources.

Energy efficiency should be at the heart of all our energy policies. Therefore, when the EU launched its Energy Union Framework Strategy in February 2015, not only was energy efficiency one of the five key dimensions, it was also embedded in every other dimension – from the internal market, to research, to innovation and competitiveness, and to energy security.

Yet beyond this, eeef shows us that financial instruments which improve access to financing and incentivise private sustainable energy investment can help us achieve our goals.

I am confident that eeef will continue to lead by example in the next twelve months and help us to be as ambitious as we need to be.

Mechthild Wörsdörfer
Chairwoman of the Supervisory Board

Letter from the Chairman

Dear Reader,

I am pleased to present to you the 2014 Annual Report of the European Energy Efficiency Fund ("eeef").

As you will see from the report, eeef completed a successful 2014 with increased profitability, further project investments on the ground, additional commitments from the technical assistance facility and integrating new regulatory requirements.

Established in July 2011, eeef is an innovative public-private partnership dedicated to mitigating climate change through financing energy efficiency measures and renewable energy projects. The fund operates under the "Advancing Sustainable Energy for Europe" agenda, which invests in climate change projects for municipal, local and regional authorities as well as public and private entities which act on behalf of those authorities. eeef operates in all 28 Member States of the European Union.

eeef was capitalised with an initial volume of € 265.0m by the European Commission, the European Investment Bank, Cassa Depositi Prestiti and Deutsche Bank. The fund also manages a € 20.0m technical assistance facility provided by the European Commission ("EC TA Facility"). The application phase for the EC TA Facility ended on 31 March 2014. The fund expects to replenish the EC TA facility with donor contributions.

The fund entered into profitability in 2013; just two years after start of operation. With a total income of € 3.7m and total operating expenses of € 1.9m, eeef generated an operating profit of € 1.8m in 2014; an increase of around 200% compared to 2013. In 2014, the fund met its target dividend obligations to investors and in addition, allocated funding to eeef's TA Facility. As per 31 December 2014, the eeef portfolio (financial closing achieved) consisted of nine different projects with a volume of € 115.0m and overall fund commitments of € 185.0m.

To date, over € 14.0m in funds have been committed by the EC TA Facility to public authorities in order to assist in the financing of their project development activities. eeef has provided TA support to 16 different public authorities in eight different EU Member States, all of which represent potentially attractive future investment opportunities for the fund. The EC TA Facility has created significant investment opportunities that could reach € 450.0m, which are expected to be realised in the upcoming years by eeef and other investors. This will help to stimulate both the local markets by creating jobs and to achieve the ambitious climate targets of the EU.

In 2014, eeef completed the due diligence process for several further potential investments for a total amount of € 74.0m. The number of funding application requests in 2014 remained strong with 250 requests received, whereas the fund received 950 requests between 2011 and 2013. Most of these were submitted to the fund at a relatively early stage of project development.

Following the adoption of the Luxembourg Alternative Investment Fund Managers Law of 12 July 2013, eeef filed for "de minimis" exemption provided under article 3 (2) of the Law of 12 July 2013. The fund has therefore chosen to be registered with the Commission de Surveillance du Secteur Financier ("CSSF"), as an internally managed Alternative Investment Fund ("AIF") in accordance with article 3 (3) of the Law of 12 July 2013. Looking ahead, the challenges of the fund can be found in the nature of its project-related business, which is occasionally characterised by long decision making times in public procurement processes, as well as political changes in governing bodies which delay the project realisation or even put it at risk. eeef will continue to pursue its varied project sourcing approach, while focussing on its relationships within the European public sector, through the Investment Manager's extensive European network. Additionally, it will further mobilise private sector partnerships, including with energy service companies ("ESCOs") that can provide services to European public authorities.

eeef's current project pipeline has a positive outlook with promising new projects in Croatia, the United Kingdom, Austria, Spain and Denmark. These pipeline projects include technologies such as public lighting and clean urban transport in the energy efficiency sector, as well as Combined Heat and Power ("CHP") and district heating/cooling networks. In addition to the pipeline investments for 2014, projects from the EC TA Facility are expected to complete their development stage and enter into the funding stage, with the first funding requests expected from Spain and Denmark. In line with the increasing deal flow in 2015 and beyond, eeef has started its fundraising activities this year ensuring consistent growth of the fund. Both private and public investors have signalled interest and firm commitments are expected by year end. The rising demand from clients seeking to invest in responsible investments, generating measurable environmental and social benefits while at the same time achieving appropriate financial return, has created a particular attractive momentum for the eeef business model.

eeef can now be considered a successfully established brand. Its highly specialised approach provides investors with the opportunity to tap into a nascent European market based on a unique risk return profile. The fund has therefore established itself firmly as a reliable and expert partner for energy efficiency and small-scale renewable energy projects in the European Union. I am confident that on the basis of this year's performance, eeef is well positioned to substantially grow in the coming years. Lastly, I would like to thank the clients and investors for their trust in the fund, the service providers – especially the Investment Advisor – and the entire Board for their excellent work in 2014.

Best Wishes,

Peter Coveliers
Chairman of the Management Board

Letter from the Investment Manager

Dear Reader,

Energy efficiency and renewable energy are gaining more and more attention in the political agendas of public authorities.

By implementing green investment programmes, public authorities demonstrate that they can reduce costs, stimulate their local economies by creating jobs, and lead by example with good practices in energy management. This development goes hand in hand with the 2030 Framework for Climate and Energy Policies of the European Union, which aims to make the European economy and energy system more competitive, secure and sustainable. Further media attention has been gained to the benefit of green investments due to the upcoming "Paris 2015", the 21st Session of the Conference of the Parties to the United Nations Framework Convention on Climate Change (COP21/CMP11), which is scheduled in 2015. The results of the climate negotiations, which will hopefully lead to a new international climate agreement to keep global warming below 2°C, is eagerly awaited by all market participants.

These framework developments are expected to translate into both constant and increasing demand for eeef funding on the part of the public authorities, as well as private companies such as energy service companies (ESCOs) which act on behalf of the public authorities. As challenging factors, the scope of eeef's activities can be limited by the current low interest environment and projects which may not match the investment criteria of the Fund, such as small investment volumes in some countries.

2014 has been a good year for eeef. As the Investment Manager of the Fund, we are proud to have been actively involved in shaping the Fund's sustainable route to combat climate change. By achieving financial closing, especially for the funding of two unique projects which also received technical assistance grants from the EC TA Facility, eeef further demonstrated its commitment towards the public sector. With the city of Venlo transaction, a major public lighting project with an important energy-saving potential was realised, allowing eeef to enter an additional Member State, the Netherlands, and to further diversify its portfolio. The Rhône Alpes transaction is a great showcase for an ESCO project. Initiated by the region, the investment programme is bundling the projects of a number of public authorities (partly smaller project sizes) associated with the region into a larger project, carried out by the public ESCO, the Société Publique Locale d'Efficacité Energétique (SPL), as the lead contractor.

Under the EC TA Facility, the Investment Manager – also assuming the role of the Technical Assistance Manager – worked closely with ten public authorities in 2014, of which seven were ready to enter the project development phase and to initiate investment programmes in several European countries.

The deadline for funding applications from the EC TA Facility expired in March 2014. At present, the Facility is supporting 16 public authorities across Europe. Subsequent to this, the Investment Manager has received several further technical assistance requests from public authorities, indicating a further need for technical assistance funds. Encouraged by the successful results achieved – such as the noteworthy total leverage factor of 32 created via the EC TA Facility (with € 14.0 m in technical assistance funds potentially leading to a € 450.0 m investment volume), and its solid experience in bringing forward valuable project ideas in the public sector, the Investment Manager strongly supports the allocation of new technical assistance funds to eeef.

With its well-established track record, eeef is perceived as being a recognised player in the European market, and a welcome participant in shaping the way forward in relation to future developments. The Investment Manager has been invited to major expert conferences and promotional events for energy efficiency in 2014, which further increased the visibility of the Fund.

Going forward, eeef will continue to support public authorities to realise their projects and will be seeking a further regional split and diversification in the portfolio, also with regard to the underlying technologies. In line with the growth strategy of the Fund and in terms of the existing commitments as well as promising project pipeline, fundraising will be an important topic for 2015. eeef envisages raising private sector capital to leverage the development of financial institutions' seed capital, thereby increasing the total financing available to cover public investment needs in the energy efficiency and small-scale renewable energy sectors.

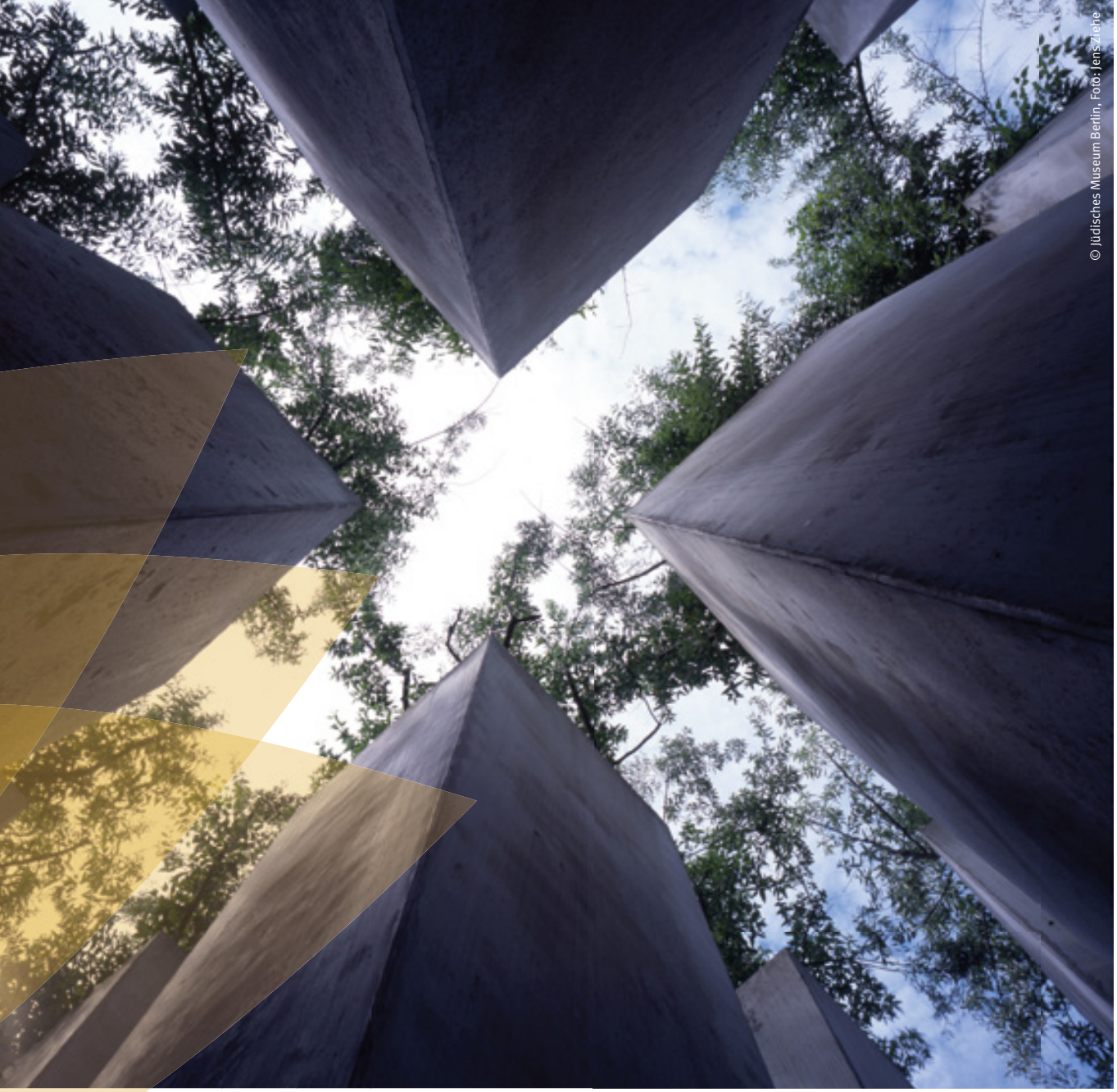
Once again, we are looking forward to another inspiring year and we hope you enjoy reading this report.

Lada Strelnikova-Hübner Matthias Benz Pablo Cavia Zarpana Signor
Deutsche Bank AG, Environmental & Social Capital

The European Energy Efficiency Fund at a glance

Mission

The eeef's mission is to contribute, in the form of a public private partnership (PPP) with a layered risk/return structure, to enhancing energy efficiency and fostering renewable energy within the European Union, primarily through the provision of dedicated financing to municipal, local, regional or national authorities or public or private entities acting on their behalf. Financing is generally provided directly or through partnerships with financial institutions.



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eeef's Objectives

eeef aims to support the 20/20/20 goals of the European Union to promote a sustainable energy market and foster climate protection by:

- Contributing to the mitigation of climate change
- Achieving the economic sustainability of the Fund
- Attracting private and public capital for climate financing

The Fund's Setup

Geographic Scope

eeef targets investments in the Member States of the European Union, currently: Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden and the United Kingdom.

Operational Structure

The Fund's shareholders are represented by the Management Board, which oversees eeef's activities and is responsible for strategic decisions. The Management Board is the legal representative of the Fund, with the exclusive power to administer and manage the Fund.

The Management Board appoints the Investment Committee, which reviews the investment decisions proposed by the Investment Manager and provides recommendations to the Management Board. It has an advisory role for investments, divestments and other management decisions.

The Investment Manager conducts the Fund's business on behalf of the Management Board. The Investment Manager also manages the EC TA Facility as well as eeef's own TA Facility.

The Supervisory Board controls the management of the Fund and provides strategic advice to the Management Board regarding the overall development of eeef's activities.

eeef's Business Proposal

How to qualify for eeef funding

The final beneficiaries of eeef are municipal, local, regional authorities or public and private entities acting on behalf of those authorities such as utilities, public transportation providers, social housing associations, energy service companies (ESCOs) etc. Funding can be provided in Euro, and in certain cases also in local currencies.

The general eligibility criteria are:

- Municipal link
- Commitment of the municipality to mitigate climate change (e. g. via Covenant of Mayors Initiative)
- Primary energy savings and CO_2e emission savings of at least 20%
- Investment tickets for eeef should preferably be between € 5.0 m to € 25.0 m
- Alignment with relevant EU legislation
- Use of proven technologies and each technology may have its own specific eligibility criteria

Investment Process

INITIAL SCREENING

- Initial screening of project in line with eeef's eligibility criteria for investments
- Portfolio fit assessment

DECISION TO START DETAILED DUE DILIGENCE (DD)

- If the initial screening is positive, detailed DD to be initiated
- Further project details required (financial model, comprehensive project description / investment memo, technical details etc.)

DEUTSCHE BANK (DB) DUE DILIGENCE

DB conducts financial, technical and legal review:

- Financial evaluation
- Technical and legal evaluation
- Environmental evaluation (validation of required CO_2e savings for potential projects)

PRESENTATION TO THE GOVERNING BODIES

DB prepares an investment proposal based on the due diligence for presentation to eeef's Investment Committee and Management Board

INVESTMENT COMMITTEE / MANAGEMENT BOARD APPROVAL

PREPARATION OF FINANCIAL CLOSING

- Negotiation of legal documentation
- Financial closing
- Disbursement of funds

6 months

Development of eeef since its inception

2011

July

- eeef was created and capitalized by the initiators EC and EIB and the founding investors CdP and DB

2012

January

- Operational and procedural set up of the Fund finalized

March

- Jewish Museum Berlin joins eeef as its first partner institution via the ESCO of Johnson Controls

November

- Financing of building retrofit project at the University of Applied Sciences Munich

December

- City of Santander cooperates with eeef on technical assistance

2013

December

- eeef achieves financial closing for second equity investment, City of Rennes' CHP plant, and the Bolloré transaction (green transportation initiative for the Cities of Paris, Lyon and Bordeaux)
- Cities of Marbella, Terrassa and Elche cooperate with eeef on technical assistance

November

- Municipality of Ringkoebing-Skjern sigs a technical assistance agreement
- Ore Valley Housing Association and the Region of Rhone Alpes benefits from the EC TA Facilty

September

- eeef enters into green on-lending facility with Banca Transilvania in Romania

June

- eeef's reaches financial closing for first equity investment, City of Orléans' CHP plant in France
- La Palma cooperates with eeef on technical assistance

May

- Financing of energy efficiency upgrade of the University Hospital S. Orsola Malpighi in Italy
- City of Córdoba benefits from the EC TA Facility

2014

April

- Financing of street lighting upgrades for the City of Venlo
- eeef reaches financial closing for a senior financing facility for the Société Publique Locale d'Efficacité Energétique (SPL) in the Rhône-Alpes region

June

- University Hospital of Liège and the University of Liège sign technical assistance agreements

July

- Limerick and Clare Education and Training Board benefit from the EC TA Facility

August

- GRE-Liège cooperates with eeef on technical assistance

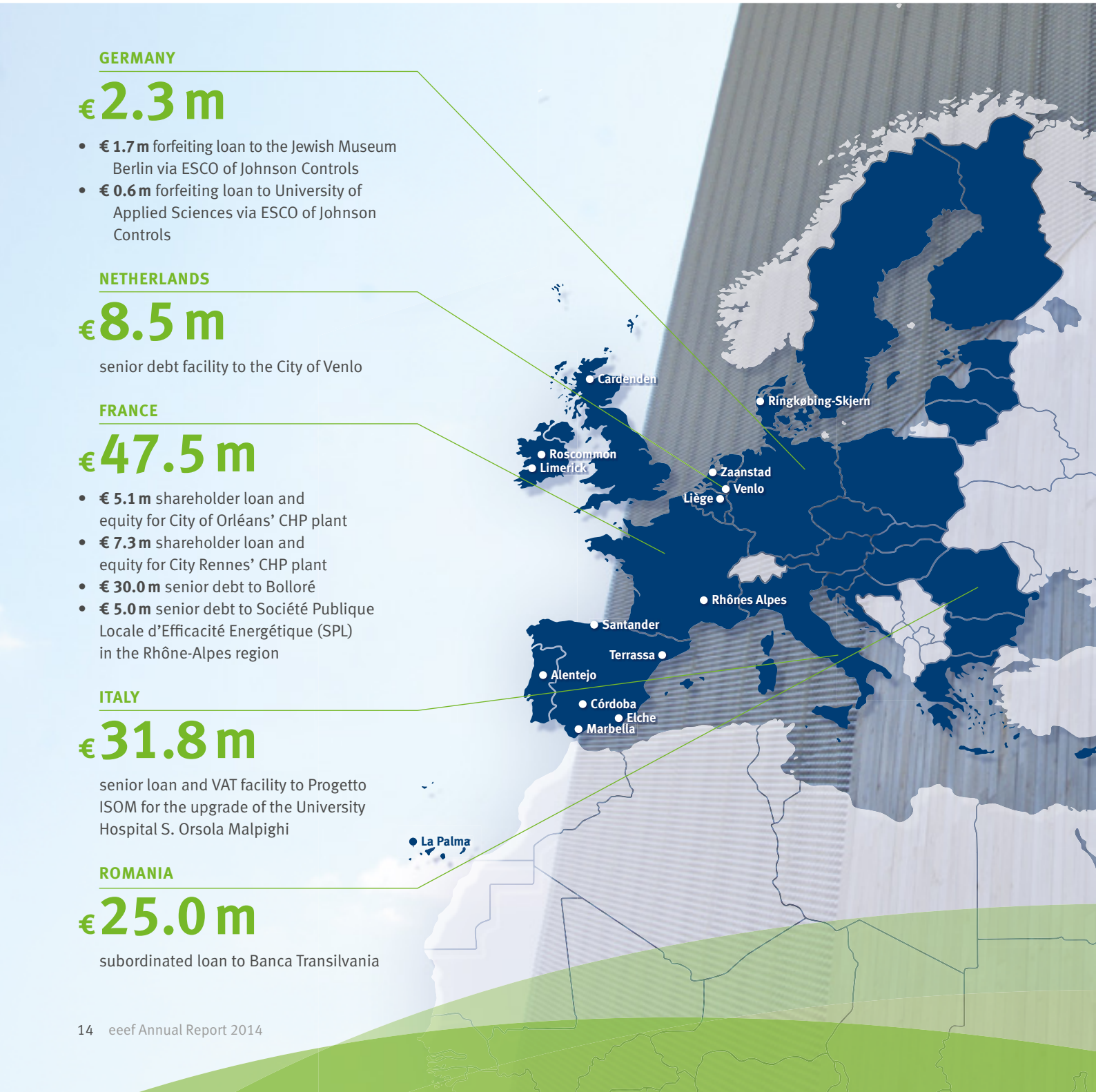
September

- Alentejo Central signs a technical assistance agreement

December

- Municipality of Zaanstad and Roscommon County Council benefit from the EC TA Facility

2014 Activities Report: Investments



GERMANY

€ 2.3 m

- **€ 1.7 m** forfeiting loan to the Jewish Museum Berlin via ESCO of Johnson Controls
- **€ 0.6 m** forfeiting loan to University of Applied Sciences via ESCO of Johnson Controls

NETHERLANDS

€ 8.5 m

senior debt facility to the City of Venlo

FRANCE

€ 47.5 m

- **€ 5.1 m** shareholder loan and equity for City of Orléans' CHP plant
- **€ 7.3 m** shareholder loan and equity for City Rennes' CHP plant
- **€ 30.0 m** senior debt to Bolloré
- **€ 5.0 m** senior debt to Société Publique Locale d'Efficacité Energétique (SPL) in the Rhône-Alpes region

ITALY

€ 31.8 m

senior loan and VAT facility to Progetto ISOM for the upgrade of the University Hospital S. Orsola Malpighi

ROMANIA

€ 25.0 m

subordinated loan to Banca Transilvania

Since its inception, eeef has committed a total of € 185.0 m to 12 partner institutions, for which a financial closing of € 115.0 m has already been achieved. A further € 14.0 m in grant funding has been allocated to 16 technical assistance projects via the EC TA Facility, which will lead to attractive investment opportunities for eeef.

- **Project development activities have been carried out in the following locations:**

  Santander (Spain), Córdoba (Spain), Rhônes-Alpes (France), La Palma (Spain), Ringkoebing-Skjern (Denmark), Cardenden (Scotland), Marbella (Spain), Terrassa (Spain), Elche (Spain), Venlo (Netherlands), Liège (Belgium), Limerick (Ireland), Alentejo (Portugal), Zaanstad (Netherlands), Roscommon (Ireland)

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Jewish Museum Berlin Foundation

Project Profile

The Jewish Museum Berlin and the Energy Service Company (ESCO) of Johnson Controls entered into an Energy Performance Contract (EPC) for the buildings of the museum with a total EPC volume of € 3.1 m. eeef's initial investment totalled € 1.7 m – construction work ongoing.

The Jewish Museum Berlin and the ESCO have agreed to a revised approach in 2015, which will reduce the overall scope of the project and as a consequence also eeef's investment size.

The museum owns two buildings in Berlin which are used both for various cultural events. Since opening in September 2001, several million people have visited the Jewish Museum Berlin, making it one of Berlin's most visited museums. Offering guided tours, temporary exhibitions, and a diverse calendar of events, the museum is a lively centre for Jewish history and culture.

The project includes a number of energy efficiency measures, comprising of the optimization of the heating, ventilation & air conditioning, and an efficient energy management system. The project is currently under construction and will achieve an annual reduction of 1,812 (t) of CO_2e emissions or 26.1% (compared to the baseline). The revised project also expects to achieve 3,860 MWh of primary energy savings annually. The ESCO will support the Jewish Museum Berlin to achieve energy savings and carry out the maintenance and building operation services for a 10 year contract period.

Key figures	
Country	Germany
Sector	Energy efficiency – building retrofit
Type of investment	Forfaiting loan
Total project size (€ m)	3.1
eeef investment size (€ m)	1.7
Financial Close	20 March 2012
Estimated (t) CO_2e emission savings (p. a.)	1,812

Project Highlights

The JMB transaction is an innovative Public Private Partnership (PPP) building sustainable communities for a better environment and facilitating small and medium sized investments in the energy efficiency sector.

It was the winner of the European Energy Service Initiative's Award for the best European energy efficiency service project in 2011, conferred by the European Energy Service Initiative 2020.

University of Applied Sciences Munich

Project Profile

The University of Applied Sciences Munich and the Energy Service Company (ESCO) of Johnson Controls entered into an energy performance contract (EPC) for both of the buildings on the university's campus in Munich-Pasing with a total EPC volume of € 1.1 m. The university was founded in 1971 and is the largest university of applied sciences in Bavaria, with approximately 17,800 students, 500 professors, 750 lecturers and 660 non-academic staff.

The ESCO and the university agreed to energy efficiency measures comprising the optimization of the heating, lighting, metering, building management and pumping as well as the installation of a 49.5 kW combined heat and power (CHP) plant.

The project was implemented in 2013, and in 2014 it achieved an annual reduction of 48 (t) of CO_2e emissions and 1,396 MWh of primary energy savings.

The cumulative savings of the projects to the end of 2014 are 59 (t) of CO_2e emissions and 3,137 MWh of primary energy savings.

The ESCO has guaranteed the university the energy savings per annum and is completing maintenance and building operation services for a 10 year contract period.

Key figures	
Country	Germany
Sector	Energy efficiency – building retrofit
Type of investment	Forfaiting loan
Total project size (€ m)	1.1
eeef investment size (€ m)	0.6
Financial Close	31 November 2012
Maturity	10 years
Observed (t) CO_2e emission savings (p. a.)	48

Project Highlights

This constitutes an innovative forfeiting structure for financing energy efficiency measures in a further public building with a focus on low carbon solutions which will improve the learning environment for the students as well as staff. Although it is a smaller project, it demonstrates the concept of combating climate change through a smarter use of energy which also benefits the public budget. It even includes a small component of decentralized energy production for the university's own use.

This project can serve as a role model for further energy efficiency investments in educational facilities such as universities, schools and kindergartens.

University Hospital S. Orsola Malpighi

Project profile

The project entity Progetto ISOM signed a concession agreement with the University Hospital S. Orsola Malpighi. The concessionaire, the university hospital, is one of the biggest Italian hospitals, with approximately 5,300 employees and 1,700 beds.

Initiatives are planned in order to improve the energy efficiency of the entire fluids production and distribution system and reduce energy consumption. Such measures include the adoption of energy efficient equipment such as centrifugal chillers and absorbers, the reconstruction of the heat distribution networks, the renovation of heat exchange substations and the inclusion of a tri-generation plant for the combined production of cooling, heat and power (CCHP), based on the energy consumption of the hospital facility which is fuelled by methane gas.

The new technological centre for highly efficient energy production and distribution will achieve a reduction in CO_2e emissions of approx. 31% compared to the baseline.

The project is currently under construction and is expected to be in operation by the beginning of 2016.

Key figures	
Country	Italy
Sector	Energy efficiency – upgrade of entire energy system
Type of investment	Senior funds
Total project size (€ m)	41.0
eeef investment size (€ m)	31.8
Financial Close	08 May 2013
Maturity	20 years
Estimated (t) CO_2e emission savings (p.a.)	14,136

Project Highlights

This upgrade of the entire energy system of the university hospital has been the biggest energy efficiency upgrade in Italy to be completed as part of a public-private partnership (PPP).

For the local public healthcare it is a significant step forward, as the university hospital is one of the biggest hospitals, making it a role model for other hospitals in Italy. It is a major project which demonstrates the positive impact of energy efficiency measures in public buildings which have to be run 24/7, thus improving the underlying conditions for providing healthcare services to citizens of the Region Emilia-Romagna.

City of Orléans

Project profile

The CHP plant has an installed capacity of 7.5 MW in electricity and 17 MW in thermal heat. The plant supplies heat to the City of Orléans and sells electricity via a Power Purchase Agreement (PPA) to Electricité de France (EDF) at a fixed tariff set over 20 years. This project was the first equity investment by eeef (the majority owner of the plant with 84.4%). Dalkia France is co-investing along with eeef and holds the remaining 15.6%.

The plant is fired by wood biomass (90,000 tons per annum) which is sustainable sourced from nearby woodlands which are located less than 100km from the plant. The CHP plant commenced operation in March 2014. During 2014 the plant operated at a rate equivalent to an annual reduction of 23,360 (t) of CO_2e emissions and 2,396 MWh of primary energy savings compared to the baseline.

Key figures	
Country	France
Sector	Energy Efficiency
Type of investment	Junior funds
Total project size (€ m)	36.0
eeef investment size (€ m)	5.1
Financial Close	10 June 2013
Maturity	Perpetual
Cumulative CO_2 emission savings (tonnes p. a.)	29,201

The biomass required is locally sourced within a 100 km radius from the plant.

Project Highlights

The project enables a decentralised energy supply for the City of Orléans using an existing district heating network. The plant allows 15,000 households in the City to achieve annual savings of around € 200 with the new energy source and increases the environmental sustainability.

Banca Transilvania

Project Profile

eeef provided a refinancing facility to Banca Transilvania (BT), one of the leading banks in Romania, for a green on-lending programme to support energy efficiency and renewable energy investments of the public sector in Romania.

It is the first cooperation by eeef with a financial institution and also its first investment in Eastern Europe. eeef is supporting BT in sourcing and evaluating underlying projects where needed. BT is ensuring that the financed projects comply with eeef's requirements with respect to a CO_2e emission/primary energy consumption reduction of at least 20%. Furthermore, eeef can jointly finance projects with BT if larger financing amounts are required.

BT has completed the financing of three projects that are covered in detail within the Project Highlights Section. The cumulative savings of the projects implemented up to the end of 2014 are 19,420 (t) in CO_2e emissions and 64,317 MWh in primary energy savings.

Key figures	
Country	Romania
Sector	Energy Efficiency/ Renewable Energy
Type of investment	Subordinated debt
Total project size (€ m)	25.0
eeef investment size (€ m)	25.0
Financial Close	27 September 2013
Maturity	10 years
Observed (t) CO_2e emission savings (p.a.)	15,456

Project Highlights

In BT, eeef has gained a strong local partner with credentials in financing several energy efficiency projects, and one which has a strong footprint in financing small and medium sized enterprises (SMEs).

BT is the 3rd largest Romanian bank by assets. This co-operation will help to strengthen the Romanian banking sector by providing finance to energy efficiency and smaller-scale renewable energy projects, primarily through the provision of finance to public and private building owners, homeowner/condominium associations and municipalities, public sector entities and private sector companies acting on behalf of the public sector.

Banca Transilvania – sub-loans until the end of 2014 under the eeef subordinated debt facility
Banca Transivania's initial projects concern public transportation and building retrofitting, on-lending € 14.9 m from the eeef facility.

1 FLEET RENEWAL OF A PUBLIC TRANSPORTATION COMPANY IN A SMALL ROMANIAN COMMUNITY

Background

Founded in 2002, Giroceana srl holds the concession for the public transportation in Giroc, a village less than 10 km from Timisoara; the village has around 2,500 inhabitants, many of whom are students who work and study in Timisoara.

Project description

Public transport in Giroc is highly inefficient and polluting; the company operates six Ikarus buses which are over 20 years old, consume 35l/100 km, and travel 150 – 200 km/day. The company intended to replace two of its old buses with new ones (Diesel Euro5, Golden Dragon XML6125CL) consuming 25l/100 km, almost 30% less than the old buses.

Increasing profitability of the company will lead to fewer subsidies from the local budget.

Key figures	
Disbursement date	09/09/2013
Sub-loan size	€ 249,605
Annual CO_2 Saving	48 (t) CO_2e
Annual primary energy savings	198 MWh

2 FLEET MODERNIZATION FOR THE PUBLIC TRANSPORTATION COMPANY IN ONE OF ROMANIA'S LARGEST CITIES

Background

Cluj Napoca is the second-largest city in Romania, with a population of over 300,000; the public transport is provided by Ratuc, a company held by the City Council of Cluj. Ratuc owns a fleet of over 50 trolley-buses, most of them over 20 years old.

Project description

The company intends to renew its trolley-bus fleet; the project financed by Banca Transilvania consists of replacing five old trolley-buses with new Astra trolley-buses. The average electricity consumption of the new trolley-buses is almost 50% lower than the 3.4 KWh/km average electric consumption of the existing trolley-buses.

The investment is supported by the City Council of Cluj. The project has an economic rationale – increasing the profitability of the company will lead to fewer subsidies from the local budget – but it also has an important advantage in terms of mitigating climate change. The CO_2e emissions savings will be more than 40%.

Key figures	
Disbursement date	29/11/2013
Sub-loan size	€ 2,068,965
Annual CO_2 Saving	303 (t) CO_2e
Annual primary energy savings	1,441 MWh

3 RETROFIT OF RESIDENTIAL PROPERTY IN BUCHAREST, DISTRICT 6

Background

Constructii Erbasu is one of the main Romanian construction companies, founded in 1991, with expertise in the construction of residential as well as industrial buildings. The company also has a good track-record in the municipal sector, with the reconstruction of roads and the renovation of sewer networks.

Project description

Constructii Erbasu is the leader of the association of construction companies that won the tender organised by Bucharest district 6 town hall for the renovation of 273 blocks of flats. Most of the blocks of flats in Romania were built between 1950 and 1990 and need insulation and the replacement of doors and windows. The thermal rehabilitation includes solutions for the exterior walls, the exterior joints and balconies, as well as for the floor above the basement and the terrace. Banca Transilvania financed the project by providing a non-recourse factoring limit of € 16.0 m (€ 12.6 m under the eeef facility). Bucharest town hall, district 6, one of the biggest Romanian town halls with a good financial standing, is the assigned debtor. 50% of the investment is being financed by the national budget, 50% by the local budget.

Banca Taransilvania is continuing to support Constructii Erbasu and the consortium of companies completing building retrofit related works for the Bucharest town hall and is planning to get involved in the third stage of the project. The third stage consists of the retrofitting of 25 buildings which are also situated in Bucharest's district 6.

Key figures	
Disbursement date	13/09/2013
Sub-loan size	€ 12,635,801
Annual CO_2 Saving	15,105 (t) CO_2e
Annual primary energy savings	62,220 MWh

City of Rennes

Project Profile

Following a bid for tenders launched by the French Commission de Régulation de l'Energie (CRE3) for the production of green energy produced by a biomass cogeneration plant, Rennes Biomasse energie SAS was authorized to build and operate a combined heat and power facility with an electrical output of 10.4 MW and a thermal output of 22 MW for the next twenty years.

As its second equity investment eeef has purchased 85% of the shares in Rennes Biomasse Energie while Dalkia France owns the remaining 15%. Dalkia France is also permitted to technically operate the plant.

Based on estimated data available up to the end of 2014 the plant has saved 32,913 (t) CO_2e compared to the baseline.

Key figures	
Country	France
Sector	Energy Efficiency / CHP plant
Type of investment	Junior funds
Total project size (€ m)	47.6
eeef investment size (€ m)	7.3
Financial Close	16 December 2013
Maturity	10 years
Cumulative CO_2e emission savings (tonnes p. a.)	32,913

Project highlights

The project enables a decentralized energy supply for the city of Rennes using an existing district network. The plant will allow 21,000 households in the City to both achieve savings with the new energy source and increase their environmental sustainability.

The supply of biomass can be ensured within a 100 km radius, which is beneficial.

Bolloré

Project Profile

The French company Bolloré, which provides car-sharing services for electric cars via Autolib' in Paris, Bluely in Lyon and Bluecub in Bordeaux, signed a bond agreement worth € 30.0 m with eeef in 2013. The bond has a maturity of 5 years and was issued by Bolloré and purchased by eeef.

eeef's investment will be used to finance electric cars and the required infrastructure (i. e. charging stations, rental places etc.) used in Bolloré's European electric car rental concessions, which the company won via public tenders.

This transaction forms part of an urban transportation initiative for the cities of Paris, Lyon and Bordeaux.

Key figures	
Country	France
Sector	Public urban transportation
Type of investment	Senior debt
Total project size (€ m)	150.0
eeef investment size (€ m)	30.0
Financial Close	23 December 2013
Maturity	5 years
Estimated (t) CO_2e emission savings (p.a.)	Min. 20%

Project Highlights

Starting in Paris, the city was provided with environmentally friendly electric cars with the support of the city council. After the trail period and an established track record, Lyon and Bordeaux were the next cities that Bolloré targeted for the initiative. The funding from eeef's bond has mainly been used in these regions.

The city of Paris, Lyon and Bordeaux are paving the way for other cities to follow their example of an environmentally friendly car sharing scheme to combat climate change and contribute to the use of innovative forms of alternative technology.

Société Publique Locale d'Effcacité Energétique

Project Profile

The Société Publique Locale d'Efficacité Energétique (SPL) signed a mid-term loan agreement for € 5.0 m to finance the refurbishment of public buildings during their construction phase and to pave the way for raising further long term financing. The SPL was initiated by the region Rhône-Alpes as a private special purpose company under the French Commercial Code, but operating with public capital. It is associated with a number of public authorities in the region and is dedicated to implementing the energy efficient refurbishment projects of public buildings (high schools, schools and gymnasiums), including renewable energy production.

Now SPL is in the implementation phase of retrofitting eight schools, five in the region of Rhône Alpes and three in the city of Bourg-en-Bresse in cooperation with local authorities. The full implementation is expected to be completed in Q1 2016.

Two additional projects are currently undergoing the public consultation process before they can be added to the projects under implementation. The total project value is expected to be more than € 22.0 m. The annual CO_2e savings are expected to be 905 t, with primary energy savings of 3,727 MWh.

Key figures	
Country	France
Sector	Energy Efficiency / retrofit
Type of investment	Senior debt
Total project size (€ m)	25
eeef investment size (€ m)	5
Financial Close	3 April 2014
Maturity	5 years
Estimated (t) CO_2e emission savings (p. a.)	905

Project Highlights

The SPL is expected to lead a new and ambitious thermal renovation initiative – an area commonly seen to attract few investments. By setting the example of upgrading the public buildings, while going beyond standard thermal regulations, the region aims to achieve its 2050 objectives for energy consumption and greenhouse gas reduction.

City of Venlo

Project Profile

The city of Venlo is financing its street lighting upgrade in order to equip around 16,000 lighting points with LED lights, which represent approx. 73% of the total lighting points of the city.

The city of Venlo has 100,000 inhabitants and is among the first cities in the Netherlands to have initiated climate and energy programmes, starting in 2004. The city's existing public lighting is the biggest consumer of electricity on its electricity bill. The city therefore prioritized upgrading its street lighting in order to reduce both its energy consumption and CO_2e emissions, as well as to save costs for the public budget.

The project is a further proof of the city's commitment to environmental sustainability, including its support for the principle of "cradle-to-cradle" as one of the first cities in the world.

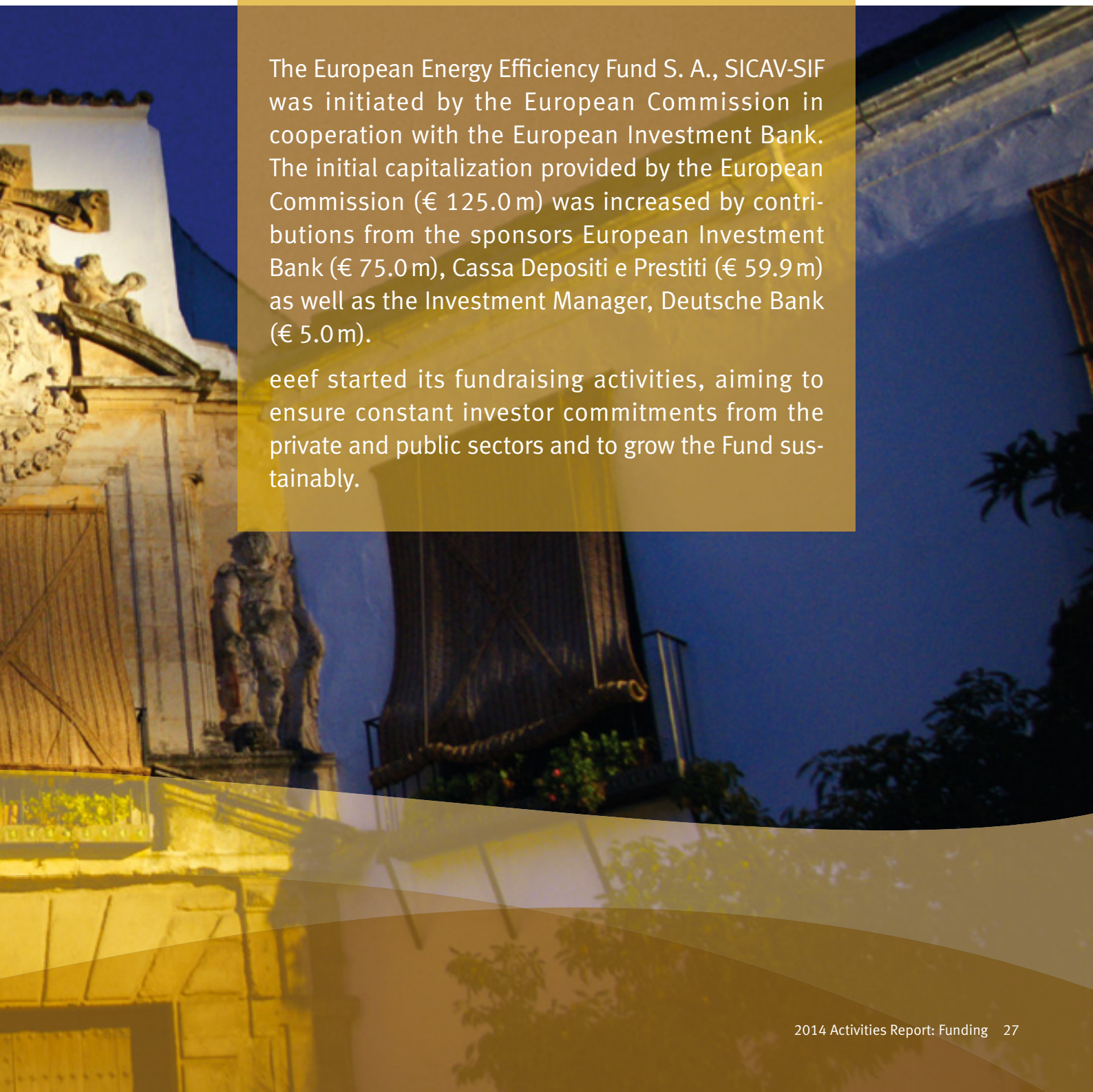
Key figures	
Country	The Netherlands
Sector	Energy Efficiency / Street lighting
Type of investment	Senior debt
Total project size (€ m)	9.1
eeef investment size (€ m)	8.5
Maturity	15 years
Estimated (t) CO_2e emission savings (p.a.)	427

Project Highlights

The Venlo transaction is the Fund's first direct lending structure to a municipality, and demonstrates the wide variety of financial products eeef can offer.

This street lighting project is linked to the preparation works resulting from technical assistance, as financed by the EC TA Facility. This enabled the city to tender and select the equipment manufacturer for the provision of the LED equipment.

2014 Activities Report: Funding

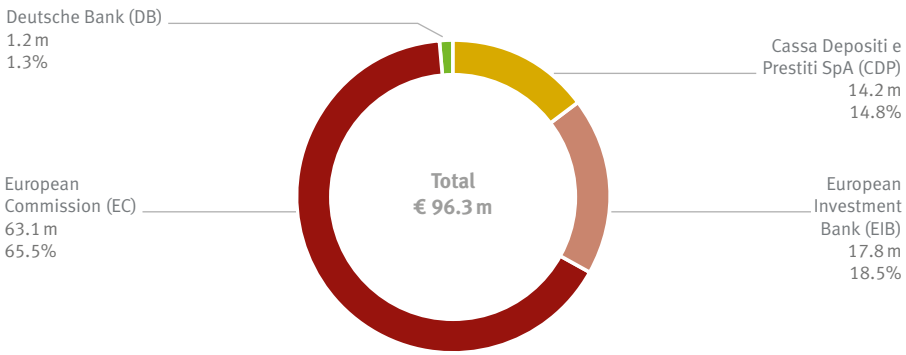


The European Energy Efficiency Fund S. A., SICAV-SIF was initiated by the European Commission in cooperation with the European Investment Bank. The initial capitalization provided by the European Commission (€ 125.0 m) was increased by contributions from the sponsors European Investment Bank (€ 75.0 m), Cassa Depositi e Prestiti (€ 59.9 m) as well as the Investment Manager, Deutsche Bank (€ 5.0 m).

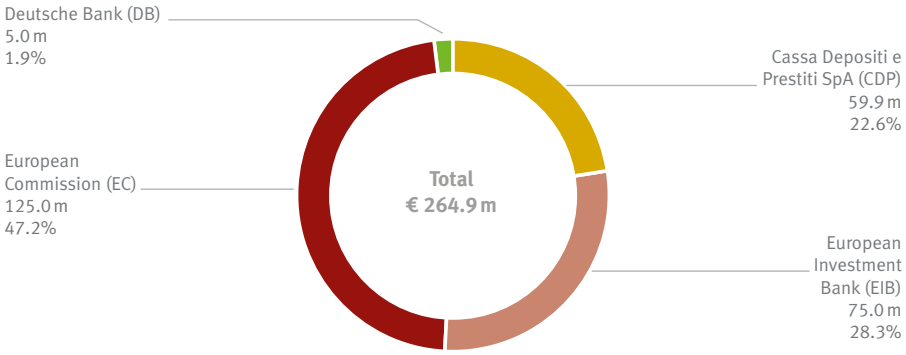
eeef started its fundraising activities, aiming to ensure constant investor commitments from the private and public sectors and to grow the Fund sustainably.

Funding Situation

Shareholder structure based on called amounts



Current split of investments committed to eeef



CURRENT SPLIT OF SHARECLASSES ACCORDING TO TO CALLED AMOUNTS AND REMAINING COMMITMENTS

	Total commitment in €	Drawn in €	Undrawn in €
Notes	–	–	–
A-Shares	116,900,000.00	27,666,772.63	89,233,227.37
B-Shares	23,000,000.00	5,577,243.35	17,422,756.65
C-Shares	125,000,000.00	63,098,658.00	61,901,342.00
Total	**264,900,000.00**	**96,342,673.98**	**168,557,326.02**

eeef funds itself across three different share classes: Class C-Shares which represent the fund's first loss piece, Class B-Shares which rank senior to the Class C-Shares, and Class A-Shares which rank senior to the other two share classes but junior to all of the other creditors of the Fund.

All these share classes bear voting rights. While Class C-Shares are essentially designed to correspond to the expectations of governments, the other two share classes are of a more commercial nature and are currently held by development banks and the Investment Manager Deutsche Bank.

The Fund can issue notes which are designed for private investors. Private investors are senior to all share investors and bear no voting rights.

Report on the European Commission Technical Assistance Facility

The Fund has been benefiting from the European Commission technical assistance facility (EC TA Facility) which supports the mission and strategic direction of the Fund, which is primarily to assist public partner institutions in their project development activities in preparing valuable investments. The application phase for securing grants under the EC TA Facility ended on 31 March 2014. In total, over € 14.0 m in EC TA Facility funds has been allocated to support the project development work of 16 public beneficiaries in eight different countries.

European Commission Technical Assistance Facility

Purpose

To raise the awareness of municipalities for lowering or even neutralizing their carbon footprint, the European Commission provided eeef with a technical assistance facility (EC TA Facility). This facility aims to accelerate investments in the fields of energy efficiency, small-scale renewable energy and clean urban transport.

The EC TA Facility supports its beneficiaries, which can only be public entities, in developing their green project ideas further by providing grants for up to 90% of the total development costs, subject to subsequent partial financing by eeef.

The technical assistance grants aim to facilitate the implementation of projects by supporting the preparation of feasibility studies, business plans and tendering processes, etc.

Activities

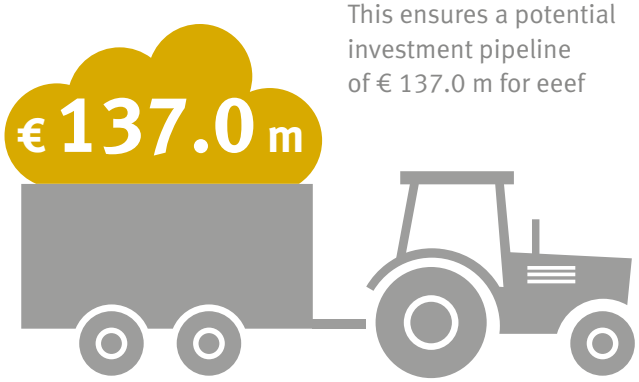
By 31 December 2014 the fund had provided technical assistance funds to 16 public authorities for their project development activities to the total sum of € 14.2 m.

Please see below for the technical assistance projects:

1. Ore Valley Housing Association (Scotland) – decentralised district heating powered by biomass
2. City of Santander (Spain) – public lighting, building retrofit
3. City of Córdoba (Spain) – public lighting, building retrofit
4. Rhône-Alpes (France) – building retrofit
5. Cabildo of La Palma (Spain) – public lighting, building retrofit, clean urban transport
6. Ringkøbing-Skjern (Denmark) – decentralised district heating powered by biomass
7. City of Marbella (Spain) – public lighting, building retrofit, photovoltaic

€14.2 m technical assistance provided to public entities

Total project volume of € 448.7 m created by the European Commission technical assistance funds by 31 December 2014



This ensures a potential investment pipeline of € 137.0 m for eeef

8. City of Terrassa (Spain) – public lighting, building retrofit, clean urban transport, renewable energy
9. City of Elche (Spain) – public lighting, building retrofit, clean urban transport, renewable energy
10. City of Venlo (Netherlands) – public lighting
11. University of Liège (Belgium) – buildings upgrade
12. Limerick and Clare Education and Training Board (Ireland) – buildings upgrade, renewable energy, micro wind
13. Groupement de Redéloiement Economique de la province de Liège (Belgium) – buildings upgrade
14. Alentejo (Portugal) – public lighting, building retrofit, clean urban transport, renewable energy, biomass
15. Zaanstad (Netherlands) – open and smart energy network
16. Roscommon (Ireland) – biomass district heating

Outlook

eeef successfully provided funds for the project development works of public authorities under the European Commission Technical Assistance Facility (EC TA Facility) until 31 March 2014. These investment programmes represent attractive investment opportunities for the Fund in the upcoming years. The Fund is currently discussing the option of replenishing the EC TA facility with further donor contributions, potentially starting in early 2016.

Going forward, the Fund's sustainable structure also allows for creating eeef's own technical assistance facility (eeef TA Facility) depending on the income situation of the Fund. In 2014, the Management Board decided to allocate initial funding to eeef's own TA Facility to kick-start the facility. It is envisaged for this to be grown on a gradual basis over the years to come.

Overview of technical assistance beneficiaries

CITY OF SANTANDER (SPAIN)	
Location	Region of Cantabria, Spain
Total investment volume	€ 9.1m
TA amount by eeef	€ 452,560
Closing date	19.06.2013

Project description

Upgrading the municipality's outdoor lighting network and public buildings

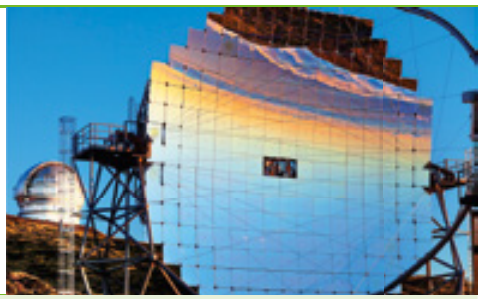
Project development services financed by eeef

- Comprehensive inventory of the street lighting infrastructure
- Energy audit for municipal buildings
- Define the masterplan for the lighting strategy
- Prepare and evaluate ESCO tender, procuring the legal advice to prepare the contract with the ESCO
- Measure and verify savings by establishing a protocol to be applied for monitoring the energy management

Expected results

Energy savings: 8,795 MWh
GHG emissions reduction: 2,465,406 kg CO_2e/year

CABILDO OF LA PALMA (SPAIN)	
Location	Canary Islands, Spain
Total investment volume	€ 30.1m
TA amount by eeef	€ 871,941
Closing date	15.01.2013



Project description

Upgrading of public lighting to LED technology; further refurbishment of lighting installations in public buildings and upgrading of cooling systems; installation of rooftop PV; partial replacement of highly polluting public vehicles

Project development services financed by eeef

- Technical analysis of the energy facilities used in buildings (measurement of energy parameters, estimation of baseline consumption, proposition of savings measures)
- Inventory of outdoor public lighting
- Preparation of a tender process for the ESCO selection and outlining the contractual basis
- Elaborate the Sustainable Urban Mobility Plan & provide a study to implement charging points for electric cars
- Measurement and Verification (M&V) will be established in accordance with International Performance Measurement and Verification Protocol (IPMVP)

Expected results

Energy savings: 6,353 MWh
GHG emissions reduction: 3,297,739 kg CO_2e/year

CITY OF CÓRDOBA (SPAIN)

Location	Region of Andalucía, Spain
Total investment volume	€ 18.0m
TA amount by eeef	€ 754,240
Closing date	10.05.2013

Project description

Upgrading the municipality's outdoor lighting network and public buildings

Project development services financed by eeef

- Define the upgrading requirements (derived from quantified savings measures in street lighting and public buildings sector)
- Support in preparing, conducting and evaluating the tenders
- Measure and verify the savings by establishing a protocol to be applied for monitoring the energy management

Expected results

Energy savings: 25,569 MWh
GHG emissions reduction: 6,823,690 kg CO_2e/year

CITY OF TERRASSA (SPAIN)

Location	Region of Catalonia, Spain
Total investment volume	€ 18.5m
TA amount by eeef	€ 623,467
Closing date	06.12.2013

Project description

Upgrading the street lighting; public building renovation; small scale renewable energy installations and electric vehicle charging stations for public transportation

Project development services financed by eeef

- Tender to contract a consulting company to conduct a feasibility analysis in the street lighting and municipal buildings, renewable energy installations and mobility
- Completion of investment grade energy audits in order to define the minimum measures to be carried out by the ESCO
- Procurement of legal advice in order to establish the contract with ESCO
- M&V plan will be outlined in accordance with IPMVP

Expected results

Energy savings: 20,886 MWh
GHG emissions reduction: 8,801,544 kg CO_2e/year

Overview of technical assistance beneficiaries

(continued)

CITY OF MARBELLA (SPAIN)	
Location	Region of Andalucía, Spain
Total investment volume	€ 12.5m
TA amount by eeef	€ 456,662
Closing date	18.12.2013

Project description

Installation of rooftop PV; retrofitting of public lighting and traffic lighting systems; municipal building refurbishment; installation of communication network, controls and monitor systems

Project development services financed by eeef

- Launch energy efficiency programme with the city authority in order to achieve CO_2e reductions
- Promote public private partnership to boost the required investments in order to make the energy efficiency improvements
- Investment programme is centred on a street lighting upgrade, efficiency upgrades in all public schools, the intelligent management of the energy used and renewable energy installations

Expected results

Energy savings: 11,271 MWh
GHG emissions reduction: 4,962,417 kg CO_2e/year

CITY OF ELCHE (SPAIN)	
Location	Region of Valencia, Spain
Total investment volume	€ 20.2m
TA amount by eeef	€ 782,367
Closing date	20.12.2013

Project description

Installation of rooftop PV; vehicle replacement; retrofitting of the street lighting infrastructure; municipal buildings refurbishment; establishment of the savings verification mechanism

Project development services financed by eeef

- Support energy efficiency projects and renewable energy installations as well as upgrades in the area of transportation
- Replace currently used diesel boilers and implement the use of agricultural waste
- City plans to install PV systems to produce electricity for own use
- Renew street lighting infrastructure
- Replace 100% of police vehicles with hybrid vehicles, if feasibility study shows positive outcome

Expected results

Energy savings: 19,521 MWh
GHG emissions reduction: 9,905,954 kg CO_2e/year

COMUNIDADE INTERMUNICIPAL DO ALENTEJO CENTRAL (CIMAC) (PORTUGAL)	
Location	Alentejo, Portugal
Total investment volume	€ 12.0 m
TA amount by eeef	€ 540,000
Closing date	02.03.2014

Project description

Buildings retrofit; upgrading of street lighting; public vehicle replacements and implementation of micro renewable energy plants

Project development services financed by eeef

- Technical development in project development phase (completion of initial studies, energy audits etc.)
- Legal advice to define the public procurement process
- Definition of a measurement and verification system to measure the achieved savings

Expected results

Energy savings: 30,718 MWh
GHG emissions reduction: 5,316,272 kg CO_2e/year

REGION RHÔNE-ALPES (FRANCE)	
Location	Region of Rhône-Alpes, France
Total investment volume	€ 25.0m
TA amount by eeef	€ 1,125,000
Closing date	04.11.2013

Project description

Establishing a public ESCO Société Publique Locale d'Efficacité Enérgetique (SPL) to promote energy efficiency investments – primarily for the renovation of public school buildings

Project development services financed by eeef

- Support the legal set-up of the ESCO SPL, financial and business planning and SPL's accounting and administrative requirements of the set up (especially to cover personnel costs)
- Conduct technical feasibility studies to prepare total potential investments of € 50.0m, outline technical specifications, manage the tender process and prepare contractual documentation with the companies to realise the renovations and maintenance work.

Expected results

Energy savings: 4,087 MWh

Overview of technical assistance beneficiaries

(continued)

GROUPEMENT DE REDÉPLOIMENT ECONOMIQUE (GRE) OF LIÈGE (BELGIUM)	
Location	Liège, Belgium
Total investment volume	€ 43.5 m
TA amount by eeef	€ 2.000.000
Closing date	14.08.2014

Project description

Retrofit projects using EPC models for a minimum of 90 public buildings as well as upgrade of street lighting

Project development services financed by eeef

- Development of a customised project structure, preparation of the business plan, operational and contractual schemes
- Completion of energy audits to select buildings for the retrofit program
- Preparation of tender documents, review of offers
- Acting as the facilitator – preparation of draft project documents, supporting selected technical solutions, analysis of offers and negotiations

Expected results

Energy savings: 28,208 MWh
GHG emissions reduction: 6,030,000 kg CO_2e/year

UNIVERSITY OF LIÈGE (BELGIUM)	
Location	Liège, Belgium
Total investment volume	€ 30.0 m
TA amount by eeef	€ 1,500,000
Closing date	18.06.2014

Project description

Retrofitting of 15 buildings on the university campus as a pilot project; remaining 85 buildings to follow in the next step

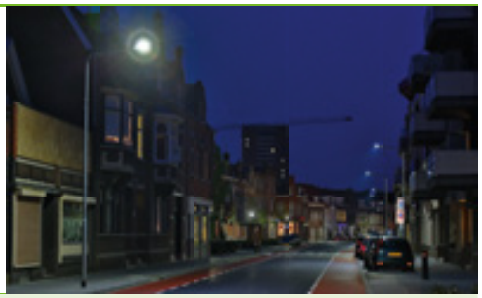
Project development services financed by eeef

- Establish an energy audit to identify actions leading to potential energy savings with heat consumption and CO_2e emissions
- Complete energy audits for selected buildings
- Expert legal and financial assistance to organise the works
- Configure the technical requirements and technical specifications that will be included in the public procurement and identified during the energy audit

Expected results

Energy savings: 33,556 MWh
GHG emissions reduction: 3,201,000 kg CO_2e/year

CITY OF VENLO (NETHERLANDS)



Location	Venlo, The Netherlands
Total investment volume	€ 9.1 m
TA amount by eeef	€ 425,000
Closing date	06.01.2014

Project description

Retrofitting of the public lighting (approximately 16,000 lighting points) and traffic light systems

Project development services financed by eeef

- Support the additional efforts of the city authority's employees to implement street lighting upgrade
- Coordinate the tender process for the selection of the equipment manufacturer and installation works with the ESCO

Expected results

Energy savings: 4,000 MWh
GHG emissions reduction: 428,000 kg CO_2e/year

MUNICIPALITY OF ZAANSTAD (THE NETHERLANDS)

Location	Amsterdam Metropolitan Region, The Netherlands
Total investment volume	€ 10.0 m
TA amount by eeef	€ 463,860
Closing date	09.01.2015

Project description

Extension of the existing district heating system, including a biomass fired combined heat and power plant (CHP)

Project development services financed by eeef

- Development of an open and smart energy and heat network
- Elaboration of the feasibility and the tender preparation of the project
- Inventory of the demand and supply side, the principle design works, economic analysis of the business plan, preparation of draft contracts and tendering procedures, as well as the dissemination of knowledge with the Amsterdam Economic Board

Expected results

GHG emissions reduction: 4,500,000 kg CO_2e/year

Overview of technical assistance beneficiaries

(continued)

ORE VALLEY HOUSING ASSOCIATION (UK)

Location	Cardenen, UK
Total investment volume	€ 35.0 m
TA amount by eeef	€ 1,728,150
Closing date	20.11.2013

Project description

Installation of a CHP plant to provide district heating

Project development services financed by eeef

- Overall project management, management of a Design, Build, Operate (DBO) partner interface and project plan implementation
- Conclusion of contracts with DBO partner, advice on financial contracts
- Conclusion of land purchase, way-leave acquisition and planning application process
- Preparation of further modelling work, ongoing assessment of capital financial options, recruitment of suitable financial partners
- Due diligence work for capital financiers' project assessment activity
- Ongoing CDM support to the project
- Project development work, detailed stage D&E design work
- Project development costs, implementation and project plan work

Expected results

Energy savings: 89,730 MWh
GHG emissions reduction: 17,663,000 Kg CO_2e/year

MUNICIPALITY OF RINGKØBING-SKJERN (DENMARK)

Location	Midtjylland, Denmark
Total investment volume	€ 173.3 m
TA amount by eeef	€ 1,917,500
Closing date	25.11.2013

Project description

Construction of three new biogas plants which are to be connected with two existing plants in a biogas grid, using animal manure to produce biogas

Project development services financed by eeef

- Approval of actions and implementation within the framework of the municipal legislation, contracts, tenders, etc.
- Tenders of biogas plants, gas grid and other services
- Data collection, financial prospect preparation, approval of accounting data, business model (for the sale of gas, biomass purchase platform, analysis and evaluations)
- Technical analysis of the biogas plants, grid, grid components
- Environmental, technical, municipal energy planning, visualization, infrastructure, transport etc.

Expected results

Energy savings: 89,730,000 kWh
GHG emissions reduction: 17,663 t eq CO_2/year

LIMERICK AND CLARE EDUCATION AND TRAINING BOARD (IRELAND)

Location	Limerick, Ireland
Total investment volume	€ 16.4 m
TA amount by eeef	€ 335.835
Closing date	02.07.2014

Project description

Public building renovation, installation of renewable energy components (biomass and heat pump systems as well as micro wind generators)

Project development services financed by eeef

- Support for the management and provision of project development and technical services
- Design/carrying out of technical review of current energy performance
- Completion of energy audits
- Strategic development and energy management action plan
- Development of tender specifications and public procurement
- Selection of preferred suppliers and preparation for financing application

Expected results

Energy savings: 5,323 MWh
GHG emissions reduction: 2,850,000 kg CO_2e/year

ROSCOMMON COUNTY COUNCIL (IRELAND)

Location	Roscommon, Ireland
Total investment volume	€ 6.6 m
TA amount by eeef	€ 184,275
Closing date	23.12.2014

Project description

Development of a town-wide biomass fired district heating scheme

Project development services financed by eeef

- Development of the project, in particular the legal and contractual structures required
- Completion of the procurement process
- Design and scope of the district-heating network
- Confirming the biomass fuel supply
- Developing a pre-tender cost plan
- Stakeholder and customer base development
- Development of ESCO tender documents/framework
- Procurement of the Biomass ESCO via tender documents

Expected results

GHG emissions reduction: 333,000 CO_2e/year

Report on the Energy and Greenhouse Gas Emission Savings

eeef projects aim to achieve at least 20% primary energy savings on an annual basis (higher for building sector) and 20% reduction of CO_2e equivalents for transport and renewable energy projects.

The quality of the methodology used to calculate the expected savings of projects is crucial. This allows eeef to ensure its projects satisfy international standards according to CO_2e and primary energy saving reporting.

Due to the wide variety of technologies included within eeef's portfolio, the Investment Manager hasdeveloped a standardized approach to calculating the project energy, the primary energy and carbon savings for eeef's most common project technologies.

Energy and Greenhouse Gas Emission Savings 2014

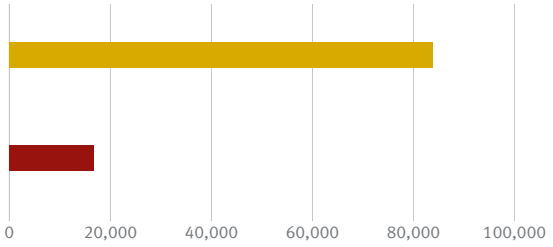
CO_2e and primary energy savings were reported for a total of five projects by the end of 2014. As shown below, these projects achieved total accumulated savings of 83,858 (t CO_2e) and 65,295 MWh of primary energy savings up to the end of 2014.

PROJECT NAME	REPORTING UP TO THE END OF Q4 2014			
	CUMULATIVE CARBON SAVINGS (tCO_2e)	CARBON SAVINGS (%)	CUMULATIVE PRIMARY ENERGY SAVINGS (MWh)	PRIMARY ENERGY SAVINGS (%)
Jewish Museum Berlin Foundation	2,265	55%	11,580	55%
University of Applied Sciences Munich	59	5%	3,137	24%
City of Orléans	29,201	59%	4,788	1%
Banca Transilvania	19,420	47%	64,317	47%
City of Rennes*	32,913	44%	–18,527	–6%
Totals	83,858		65,295	

* Both Rennes and Orleans CHP biomass plants are now in full operation. The CHP biomass plants are operating alongside fossil fuel boilers to achieve significant carbon savings whilst still producing the required heat output. The biomass CHPs are replacing previous fossil fuel driven CHPs, which have high operating efficiencies. As these project are switching part of the overall sites generation capacity from fossil fuel to renewable fuel, it is not anticipated to have primary energy savings, as heat generation should remain stable before and after the CHP biomass plants are installed. It is understood that primary energy savings of these projects can improve over time as the biomass plants efficiencies reach their optimum.

CO_2e/Primary Energy Savings**

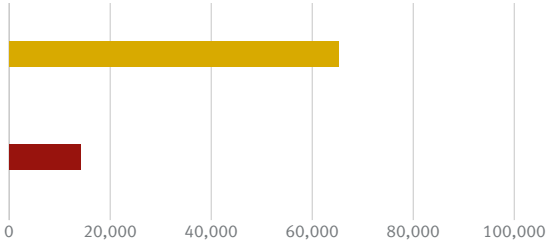
CO_2e savings



- Cumulative CO_2e Savings [tCO_2e]
- Quarterly CO_2e Savings [tCO_2e]

Quarterly 16,752 CO_2e (t) savings
To date 83,858 CO_2e (t) savings

Primary Energy Savings (PES)



- Cumulative Primary Energy Savings [MWh]
- Quarterly Primary Energy Savings [MWh]

Quarterly 14,172 PES (MWh)
To date 65,295 PES (MWh)

** This is a combination of estimated and real data for the current project portfolio.

Several projects were under completion during 2014. Going forward, these projects will start to report CO_2e and primary energy savings from the first quarter of 2015. A total of 11 projects are expected to report CO_2e and primary energy savings in 2015 (Banca Transilvania will report on three underlying projects).

Financial Statements

With a total income of € 3.7 m[1] and total expenses of € 1.9 m, eeef generated an operating profit of € 1.8 m in 2014. This is an increase of 200% compared to 2013, demonstrating the Fund's ability to achieve an attractive and sustainable performance. eeef paid agreed target dividends to its A and B shareholders. The NAV deficiency of C Shares was fully recovered. Due to the good profit situation of eeef, additional cash was available, which will be allocated to the eeef TA Facility.

[1] Data has been adjusted to exclude changes in fair value of investments in subsidiaries as well as unrealised profit/loss on derivative instruments. For full details please refer to the Income Statement

Balance Sheet

STATEMENT OF FINANCIAL POSITION
(EXPRESSED IN €)

	Notes	31 December 14	31 December 13	Diff
ASSETS				
Loans and receivables	5	87,258,860	38,939,490	48,319,370
Investments in subsidiaries	4	5,209,747	2,774,630	2,435,117
Interest receivable		607,449	56,512	550,937
Prepaid expenses and other receivables		42,764	71,032	(28,268)
Cash and cash equivalents	7	7,147,517	2,860,294	4,287,223
Total Assets		**100,266,337**	**44,701,958**	**55,564,379**
LIABILITIES				
Derivative financial instruments	6	1,248,708	–	1,248,708
Payable on EEEF technical assistance facility	9.3	91,177	–	91,177
Accounts payable and accrued expenses		888,325	8,473,851	(7,585,526)
Distribution to holders of redeemable ordinary shares	16.1	509,041	114,036	395,005
Net assets attributable to holders of redeemable ordinary A Shares	10	27,666,770	10,414,730	17,252,040
Net assets attributable to holders of redeemable ordinary B Shares	10	5,577,245	2,185,265	3,391,980
Net assets attributable to holders of redeemable ordinary C Shares	10	64,285,071	23,514,076	40,770,995
Total Liabilities		**100,266,337**	**44,701,958**	**55,564,379**

Income Statement

STATEMENT OF COMPREHENSIVE INCOME
(EXPRESSED IN €)

	Notes	For the year ending 31 December 2014	For the year ending 31 December 2013
INCOME			
Interest income		3,517,479	657,663
Commission and fees income	8	193,809	645,156
Change in fair value of investments in subsidiaries	4	2,435,117	–
Other income		–	132,781
Total income		**6,146,405**	**1,435,600**
EXPENSES			
Direct operating expenses	9.1	(1,628,479)	(857,925)
Change in unrealised loss on derivative instruments		(1,248,708)	–
Performance fees	9.2	(154,342)	–
EEEF Technical assistance facility fees	9.3	(91,177)	–
Interest expenses		(82,500)	–
Other expenses		(20)	–
Total operating expenses		**(3,205,226)**	**(857,925)**
Generated profit		**2,941,179**	**577,675**
Distribution to holders of redeemable ordinary A Shares and B Shares	16.1	(509,041)	(114,036)
Attributable to holders of redeemable ordinary C Shares	16.2	(2,432,138)	(463,639)
Total comprehensive income for the year		**–**	**–**

Statement of Changes in Net Assets

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE ORDINARY SHARES
(EXPRESSED IN €)

	Net assets attributable to shareholders
As at 31 December 2012	1,650,432
Issue of redeemable shares	34,000,000
Redemption of redeemable shares	–
Increase in net assets attributable to shareholders from transactions in shares	34,000,000
Increase in net assets from operations attributable to holders of redeemable ordinary C Shares	463,639
As at 31 December 2013	36,114,071
Issue of redeemable shares	58,982,877
Redemption of redeemable shares	–
Increase in net assets attributable to shareholders from transactions in shares	58,982,877
Increase in net assets from operations attributable to holders of redeemable ordinary C Shares	2,432,138
As at 31 December 2014	97,529,086

Growth of Fund's Assets in 2014

€ 55.5 m

SUPPLEMENTARY INFORMATION

	31 December 2014	31 December 2013	31 December 2012
NUMBER OF SHARES OUTSTANDING			
Class A Shares – Tranche 1	276.6677	104.1473	4.7000
Class B Shares – Tranche 1	111.5449	43.7053	4.6000
Class C Shares – Tranche 1	1,029,853.9117	391,695.4687	10,677.7312
NET ASSET VALUE PER SHARE CLASS (EUR)			
Class A Shares – Tranche 1	27,666,770	10,414,730	470,000
Class B Shares – Tranche 1	5,577,245	2,185,265	230,000
Class C Shares – Tranche 1	64,285,071	23,514,076	950,432
NET ASSET VALUE PER SHARE (EUR)			
Class A Shares – Tranche 1	100,000.00	100,000.00	100,000.00
Class B Shares – Tranche 1	50,000.00	50,000.00	50,000.00
Class C Shares – Tranche 1	62.42	60.03	89.01

Cash Flow Statement

STATEMENT OF CASH FLOWS
(EXPRESSED IN €)

	For the year ending 31 December 2014	For the year ending 31 December 2013
Operating profit after distributions to holders of redeemable ordinary A Shares and B Shares	**2,432,138**	**463,639**
NET CHANGES IN OPERATING ASSETS AND LIABILITIES		
(Increase) in fair value of investments in subsidiaries	(2,435,117)	(2,774,630)
(Increase)/decrease in prepaid expenses and other receivable	28,268	(57,619)
(Decrease)/Increase in accounts payable and accrued expenses	(7,585,526)	8,016,210
Increase in unrealised loss on derivative financial instruments	1,248,708	–
Increase in contribution to the technical assistance facility	91,177	–
Increase in interest receivables	(550,937)	(56,512)
Distributions paid to holders of redeemable ordinary shares	395,005	114,036
Net cash flow (used in)/from operating activities	**(6,376,284)**	**5,705,124**
CASH FLOWS USED IN INVESTING ACTIVITIES		
Increase in loans and receivables financial assets	(48,319,370)	(38,372,836)
Net cash flow used in investing activities	**(48,319,370)**	**(38,372,836)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Issue of redeemable ordinary shares	58,982,877	34,000,000
Net cash flow from financing activities	**58,982,877**	**34,000,000**
Net increase/(decrease) in cash and cash equivalents	4,287,223	1,332,288
Cash and cash equivalents at beginning of the year	**2,860,294**	**1,528,006**
Cash and cash equivalents at end of the year	**7,147,517**	**2,860,294**

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