

# **IMPACT INVESTMENT**

CLIMATE POLICY PROJECT

»PEOPLESHOME«

## **ENERGY INVESTMENT**

### **HONDURAS**



**50 MEGAWATT RENEWABLE GRID POWER**

# ULRICH KRETZSCHMAR



*The issue of environment has never been more important than today.*

*PEOPLESHOME Impact Investments link the renewable energy generation with the enhancement of infrastructure in emerging markets.*



*Ulrich Kretzschmar, 2017*

Ulrich Kretzschmar, Founder  
PEOPLESHOME & ASSOCIATES  
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# THE BUSINESS

Honduras has a large scale of Solar yields with a moderate location characteristics and perform secure energy generation.

The investment scheme is based on the provision of international equity (16.2%).

The Industrial and Commercial Bank of China could provide a loan of up to 1,214 million HNL for 50 Megawatt in total.

Assuming this loan financing the equity/loan ratio would be at 1 : 5.3

The project has a stable cash flow which is guaranteed by the national government (FiT/PPA calculation is at 2.11 HNL/KWh) and has a strong value of saleability and is projected for 20 years (Dividends Guarantee 18%).

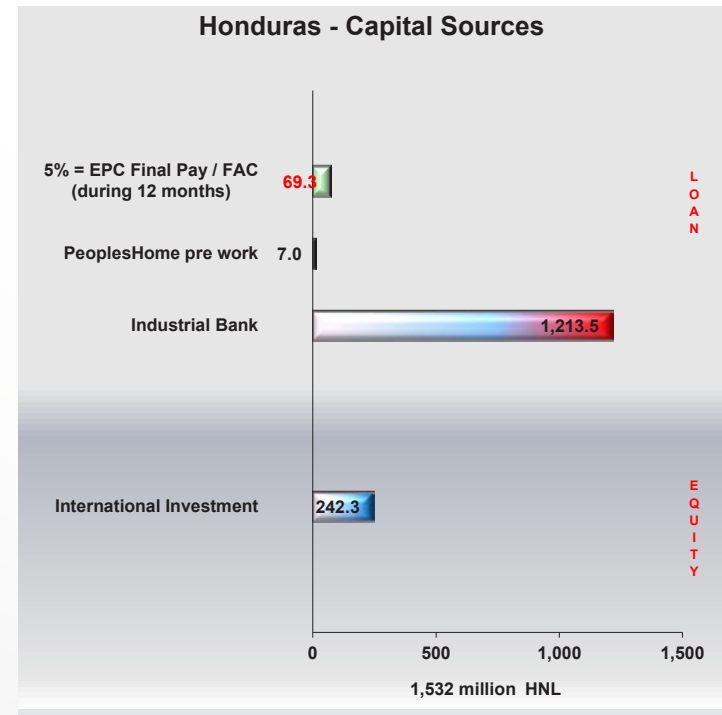
Programmatic carbon income is no part of the financial projections. It is estimated up to 3.5% of the investment cost throughout the entire operating period.



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## Honduras - Capital Sources



Project Driver  
NAZURA & PARTNER

Lead Investor  
Family Office

Country Investor  
National Institution or Entity

Prime Contractor  
World Technology Leader

Project Initiator  
PEOPLESHOME & Associates

Operator  
National Company

Power Purchaser  
National Electricity Provider

Rent to Land Owner  
Local Municipality

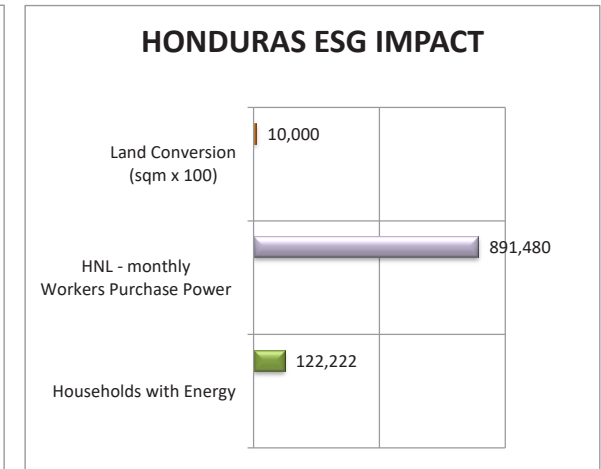
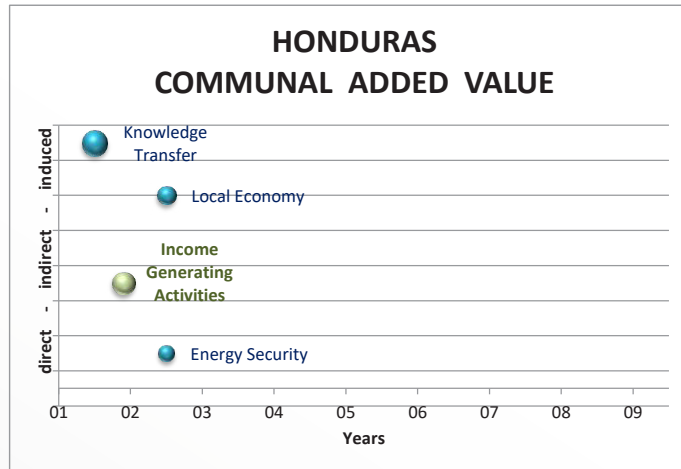
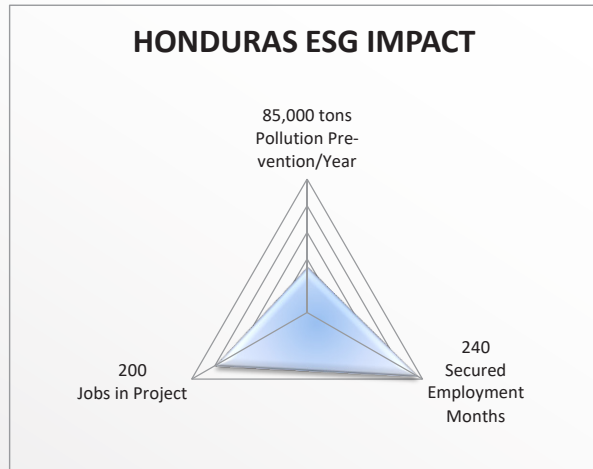
*Knowledge Transfer*  
International University Collaboration

# let the Sun/Wind work with you

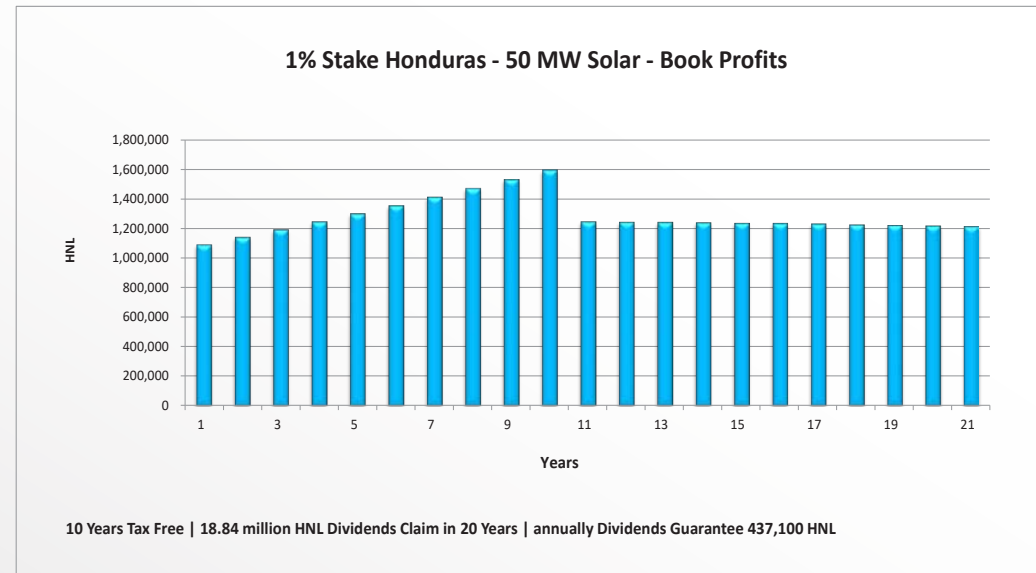


# ESG IMPACT & DIVIDENDS

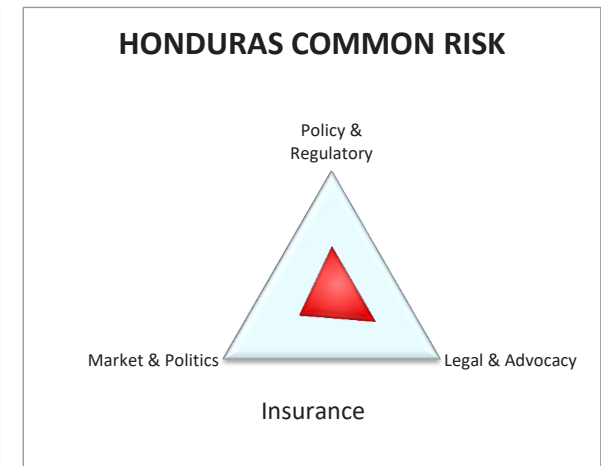
## ENVIRONMENT - SOCIAL - GOVERNANCE



Honduras Invest	<b>1,525,111,091 HNL</b>
PeoplesHome (pre-work)	7,038,000 HNL ✓
External Capital	1,213,531,879 HNL ✓
Private Equity	242,260,938 HNL ✓
Final Pay out of Revenues	69,318,274 HNL ✓
ROI (20 years)	8.0 %
Net Present Value	1,063,160,716 HNL
Profitability Index	4.4
Price per installed Kilowatt	27,727 HNL
Operating & Maintenance 1% / year	11,069,567 HNL
IRR (20 years)	11.18 %
DSCR	1.29



# CRC RISKS & INVESTORS RELATION



**ROE**  
**49.1%**

**NPV**  
**1,063M HNL**

**IRR**  
**11.2%**

# FINANCIAL PROJECTION

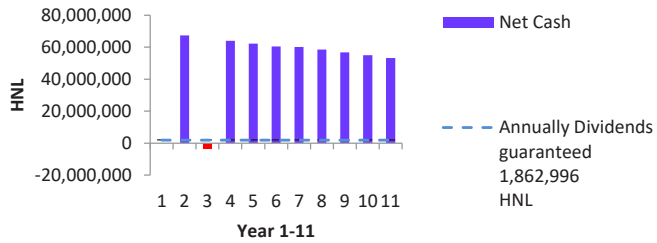
## SUMMARY

Honduras Solar Power Park Total Power 50 MW  
S--27727:4690

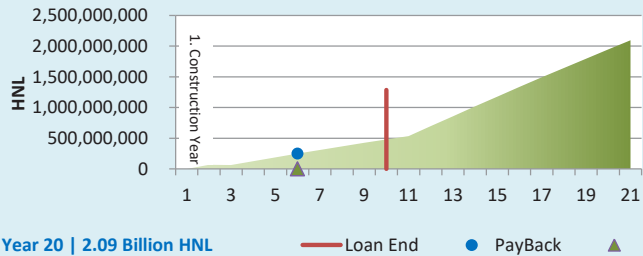
I	Volumes	HNL	1 USD = 23.46 HNL	08.17
	Houses (re-investment proposal)	0		F 0
	Renewable Energy	50 MW Solar Power		
	Served Households	122,222 (à 75 Kwh/m) (110 GWh/Year - Gain 2,200)		
	Village Land	0 ha	23.46 HNL/sqm	
	Land Surface - Solar Power Park	100 ha	0.00 HNL/sqm	
II	Use of Capital	1,525,111,091 HNL		
	Technology & Production Machinery	1,386,365,486 HNL	Price per KW   Std. - Premium - IDC 27727   29800   30502	
	Land	0 HNL		
	* Construction Material Houses	0 HNL		
	* Labour Cost	0 HNL		
	Infrastructure + Labour Cost	0 HNL		
	Management + Fees & IDC	138,745,604 HNL		
	Qualification Budget	0 HNL		
	Social Village Package	0 HNL		
III	Capital Part 2017	1,462,830,816 HNL	16.2% Projected Equity 10%	
	PeoplesHome pre-costs	7,038,000 HNL	shares 15.0%	actual 0.5%
	National Loans	0 HNL		0.0%
	International Loans (IR ~4.5%)	1,213,531,879 HNL		85.7%
	National Grants	0 HNL		0.0%
	International Grants	0 HNL		0.0%
	National Investments	0 HNL	20.0%	0.0%
	International Investments	242,260,938 HNL	65.0%	16.2%
	Co-/Interims Investment	0 HNL		0.0%
			100.0%	102.3%
IV	Social Impact			
	Jobs	200		
	Purchase Power	891,480 HNL per Month		
V	Common Numbers			
	Houses per Year (construction)	0		
	House Sale Price	0 HNL		
	Tax to pay per Year	127,782,794 HNL	Average (25% tax rate) (10 Years no)	
	Project Locations	1		
	Total Projected Carbon Credits	19,994,489 HNL	extra Income (not in the Finance Scheme)	
	Power Purchase Agreement	2.11 HNL	per Kwh (break even 1.82/ 1.65 HNL)	
	- Honduras			
	Yearly FIT Progression	0.00 %		
	Electricity Market Price KWh	1.41 HNL	2017	
	Electricity Price Inflation	12.00 %	per Year	
	Honduras Surplus	6,438,797,747 HNL	(20 Years)	
	- Net Income Operator	11,069,567 HNL	per Year	
VI	R-O-E + Pre Costs			
	Feasibility Study	6,451,500 HNL		
	Working Capital	8,093,700 HNL	2,010,663,634 HNL Stuttgarter Model	
	R-O-E (NPM 50.8%), ROI 8%	49.1 %	1,063,160,716 HNL NPV	C 4.7

# FINANCIAL PROJECTION

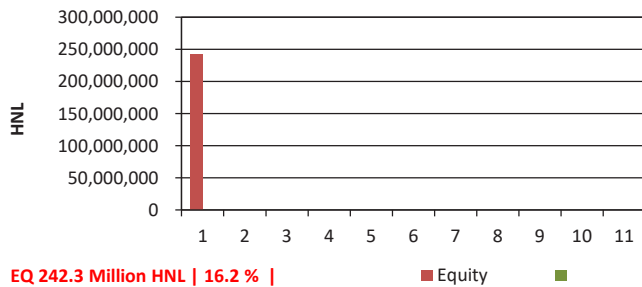
## Honduras 50 MW - Solar Cash & Dividends



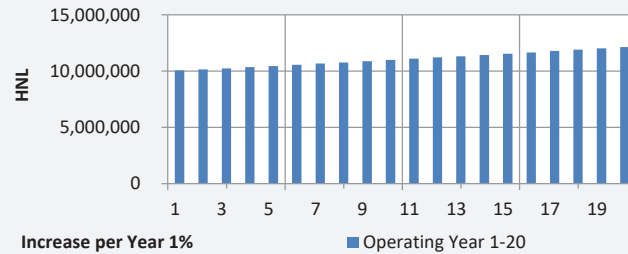
## SPV | Honduras Ending Cash (cumulated)



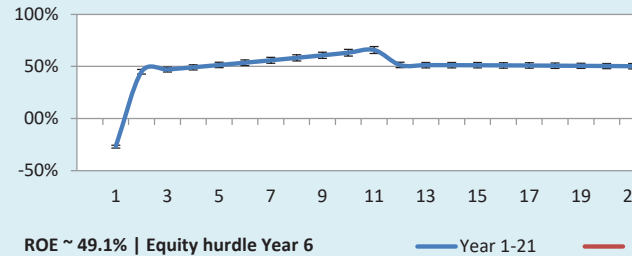
## Private Equity



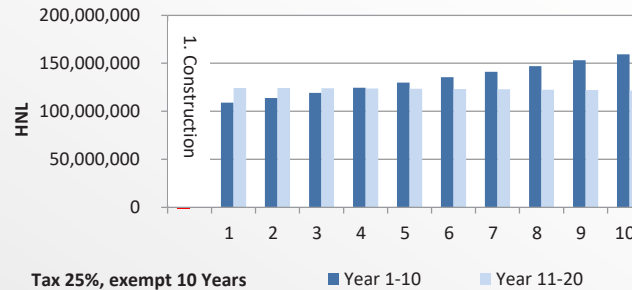
## Operating (O&M) Honduras Turnover 221 Million HNL



## Return on Equity (ROE) SPV | Honduras



## SPV Honduras Net Income



### KEY NUMBERS - 2.8.2017 | 14:26

50 MW Solar 2,200 Investment	1,525,111,091 HNL
Equity	242,260,938 HNL
Loan	1,220,569,879 HNL
Supplier Final Payment	69,318,274 HNL
Sub-payment	0 HNL
Global Interest Rate	4.5 %
Grants	0 HNL
R-O-E 20 years after tax	49.1 %
R-O-I 20 years after tax	8.0 %
NPV 20 years before tax (IR 4%)	1,063,160,716 HNL
Company Value (Stuttgarter Model)	2,010,663,634 HNL
Guaranteed Pay-out Dividends	18.04 %
Pay Back Period	6 Years
PPA /KWh	2.11 HNL
FiT/PPA Rise Anually	0.00 %
1% Profit Ø per Year	1,190,504 HNL
1 \$-cent Income PPA/FiT (20 Years)	481,798,020 HNL
Off-taker Power Break Even	Year 5   2022
Tax Exemption	10 Years
Country Surplus in 20 Years	6,438,797,747 HNL
Nat-Capital : Int'l.-Capital Quote	0 : 1
Equity : Loan Quote	1 : 5.3



# FINANCIAL PROJECTION

## FINANCIAL ANALYSIS MODEL

ANALYST'S NAME Dr. Glenn L. Stevens - <http://staging-cms.fandm.edu/glenn-stevens>  
 NAME OF COMPANY Honduras Solar Power Park Total Power 50 MW

FIRST CALENDAR YEAR OF DATA 2017

HNL

NUMBER OF YEARS OF DATA 5

Equity 242,260,938

### State Power Company

#### INCOME STATEMENT

	Start Year	Year 1	Year 2	Year 3	Year 4
Sales Revenue	0	232,254,000	230,628,222	229,002,444	227,376,666
Less: Cost of Goods Sold	0	0	0	0	0
Gross Profits	0	232,254,000	230,628,222	229,002,444	227,376,666
Less: Operating Expenses:					
Operating Expense	0	10,054,674	10,155,201	10,256,735	10,359,303
General / Admin. Exp.	0	0	0	0	0
Lease Expense	0	0	0	0	0
Depreciation Expense	29,940,558	58,683,493	56,336,153	54,082,707	51,919,399
Total Operating Expenses	29,940,558	68,738,167	66,491,354	64,339,442	62,278,701
Operating Profits	(29,940,558)	163,515,833	164,136,868	164,663,002	165,097,965
Less: Interest Expense	35,121,215	54,608,935	50,164,924	45,520,933	40,667,962
Net Profits Before Taxes	(65,061,773)	108,906,898	113,971,945	119,142,069	124,430,003
Less: Taxes	0	0	0	0	0
Net Profit After Taxes	(65,061,773)	108,906,898	113,971,945	119,142,069	124,430,003
Less: Pref. Stock Divds.	0	0	0	0	0
Earnings available for Common Stockholders		108,906,898	113,971,945	119,142,069	124,430,003

#### BALANCE SHEET

##### Current Assets:

Cash	0	67,426,997	63,809,415	127,782,794	190,027,829
Marketable Securities	0	0	0	0	0
Accounts Receivable	0	0	0	0	0
Inventories	0	0	0	0	0
Total Current Assets	0	67,426,997	63,809,415	127,782,794	190,027,829
Gross Fixed Assets (at cost):					
Land & Buildings	0	0	0	0	0
Machinery and Equipment	1,467,087,318	1,408,403,825	1,352,067,672	1,297,984,965	1,246,065,567
Furniture & Fixtures	0	0	0	0	0
Vehicles	0	0	0	0	0
Other (Inc. Fin. Leases)	0	0	0	0	0
Total Gross Fixed Assets	1,467,087,318	1,408,403,825	1,352,067,672	1,297,984,965	1,246,065,567
Less: Accumulated Depreciation	0	0	0	0	0
Net Fixed Assets	1,467,087,318	1,408,403,825	1,352,067,672	1,297,984,965	1,246,065,567
Other Assets	0	0	0	0	0
Total Assets	1,467,087,318	1,475,830,822	1,415,877,087	1,425,767,760	1,436,093,395

##### Current Liabilities:

Accounts Payable	0	0	0	0	0
Notes Payable	0	0	0	0	0
Accruals	0	0	0	0	0
Taxes Payable	0	0	0	0	0
Other Current Liabilities	0	0	0	0	0
Total Current Liabilities	0	0	0	0	0
L / T Debt (Inc. Financial Leases)	1,289,888,153	1,189,724,759	1,015,799,079	906,547,683	792,443,315
Total Liabilities	1,289,888,153	1,189,724,759	1,015,799,079	906,547,683	792,443,315
Preferred Stock	0	0	0	0	0
Common Stock !!	177,199,165	286,106,063	400,078,008	519,220,077	643,650,080
Paid-In Capital In Excess of Par	0	0	0	0	0
Retained Earnings	0	0	0	0	0
Total Stockholders' Equity	177,199,165	286,106,063	400,078,008	519,220,077	643,650,080
Total Liab. & Stockholders' Equity	1,467,087,318	1,475,830,822	1,415,877,087	1,425,767,760	1,436,093,395

# FINANCIAL PROJECTION

50 MW Honduras	Start Year	Year 1	Year 2	Year 3	Year 4
Number of Common Shares	100	100	100	100	100
End-of-Year Stock Price					
<b>RATIO ANALYSIS</b>					
Current Ratio	no curr. Liabi.	no curr. Liabi.	no curr. Liabi.	no curr. Liabi.	no curr. Liabi.
Quick Ratio	no curr. Liabi.	no curr. Liabi.	no curr. Liabi.	no curr. Liabi.	no curr. Liabi.
Inventory Turnover	no Inventories	no Inventories	no Inventories	no Inventories	no Inventories
Average Collection Period		0.00	0.00	0.00	0.00
Fixed Asset Turnover	0.00	0.16	0.17	0.18	0.18
Total Asset Turnover	0.00	0.16	0.16	0.16	0.16
Debt Ratio	0.88	0.81	0.72	0.64	0.55
Debt-to-Equity	7.28	4.16	2.54	1.75	1.23
Times Interest Earned		2.99	3.27	3.62	4.06
Gross Profit Margin		100.00%	100.00%	100.00%	100.00%
Operating Profit Margin		70.40%	71.17%	71.90%	72.61%
Net Profit Margin		46.89%	49.42%	52.03%	54.72%
Return on Total Assets (ROA)		7.38%	8.05%	8.36%	8.66%
Return on Equity (ROE)		44.95%	47.05%	49.18%	51.36%
Earnings Per Share (first 10 years tax exemption)		1,089,069	1,139,719	1,191,421	1,244,300
IPH Honduras - 20%		21,781,380	22,794,389	23,828,414	24,886,001
Price/Earnings Ratio					
<b>DUPONT ANALYSIS</b>					
Net Profit AT/Sales		46.89%	49.42%	52.03%	54.72%
Sales/Total Assets	0.00%	15.74%	16.29%	16.06%	15.83%
ROA		7.38%	8.05%	8.36%	8.66%
Net Profit AT/Total Assets	0.00%	7.38%	8.05%	8.36%	8.66%
Total Assets/Stockholders' Equity	827.93%	515.83%	353.90%	274.60%	223.12%
ROE	0.00%	38.07%	28.49%	22.95%	19.33%

## STATEMENT OF CASH FLOWS

<b>CASH FLOW FROM OPERATING ACTIVITIES</b>					
Net Profit after Taxes		108,906,898	113,971,945	119,142,069	124,430,003
Depreciation		58,683,493	56,336,153	54,082,707	51,919,399
Decrease in Accts. Receiv.		0	0	0	0
Decrease in Inventories		0	0	0	0
Decrease in Other Assets		0	0	0	0
Increase in Accounts Pay.		0	0	0	0
Increase in Accruals		0	0	0	0
Increase in Taxes Payable		0	0	0	0
Increase in Other Cur. Lia.		0	0	0	0
<b>Cash Flow from Oper. Act.</b>		<b>167,590,391</b>	<b>170,308,098</b>	<b>173,224,776</b>	<b>176,349,402</b>
<b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>					
Increase in Gross Fixed Assets		58,683,493	56,336,153	54,082,707	51,919,399
<b>Cash Flow from Investments</b>		<b>58,683,493</b>	<b>56,336,153</b>	<b>54,082,707</b>	<b>51,919,399</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>					
Increase in Notes Payable		0	0	0	0
Increase in Long-Term Debt		(100,163,394)	(173,925,680)	(109,251,396)	(114,104,367)
Changes in Stockholders' Equity		108,906,898	113,971,945	119,142,069	124,430,003
Preferred Dividends Paid		0	0	0	0
<b>Common Dividends Paid</b>					
<b>Cash Flow from Financing Activities</b>		<b>8,743,504</b>	<b>(59,953,735)</b>	<b>9,890,673</b>	<b>10,325,636</b>
<b>Net Incr. in Cash / Mark. Securities</b>		<b>235,017,388</b>	<b>166,690,516</b>	<b>237,198,156</b>	<b>238,594,436</b>