

# **IMPACT INVESTMENT**

CLIMATE POLICY PROJECT

»PEOPLESHOME«

## **ENERGY INVESTMENT**

### **PHILIPPINES**



**100 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  
Initiating of Impact Investments

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# THE BUSINESS

Philippines 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 (15.9%).

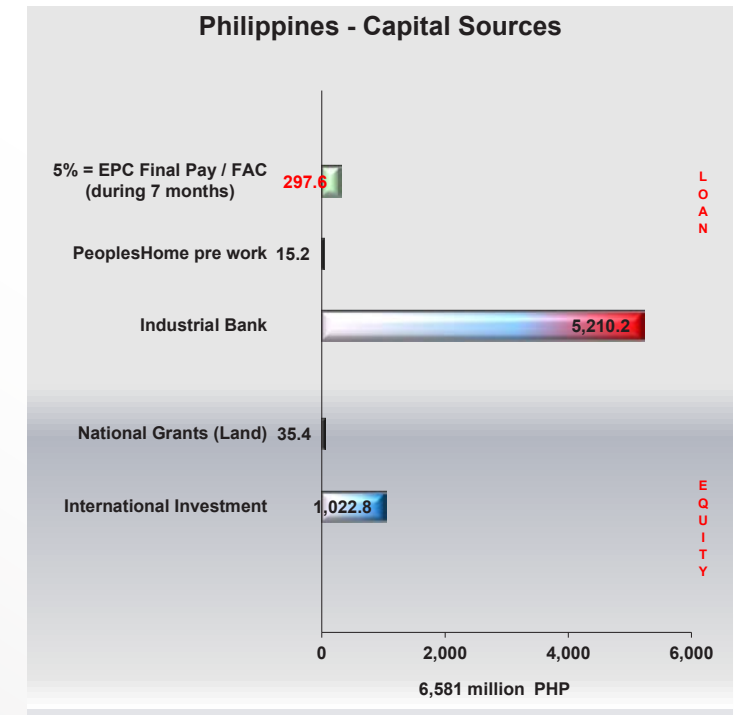
The Industrial and Commercial Bank of China could provide a loan of up to 5,210 million PHP for 100 Megawatt in total.

Assuming this loan financing the equity/loan ratio would be at 1 : 5.4  
 The project has a stable cash flow which is guaranteed by the national government (FiT/PPA calculation is at 5.9 PHP/KWh) and has a strong value of saleability and is projected for 20 years (Dividends Guarantee 25.3%).

Programmatic carbon income is no part of the financial projections. It is estimated up to 2.8% of the investment cost throughout the entire operating period.



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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

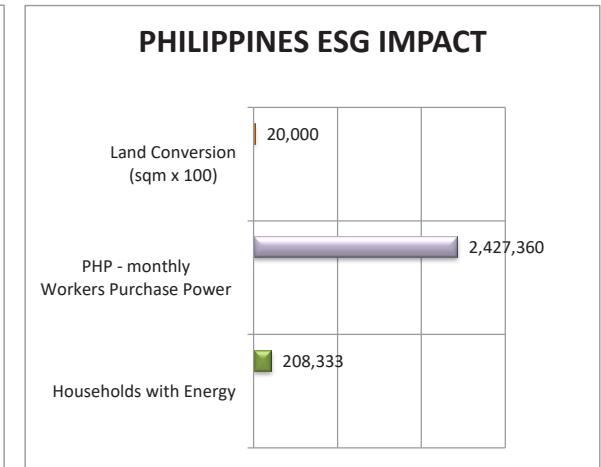
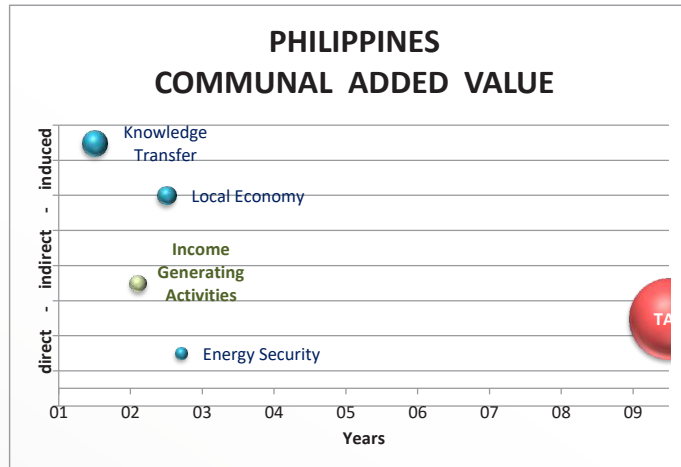
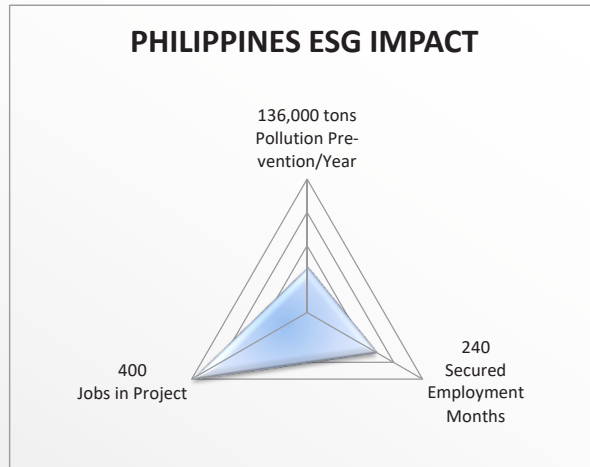
*Knowledge Transfer*  
International University Collaboration

# let the Sun/Wind work with you

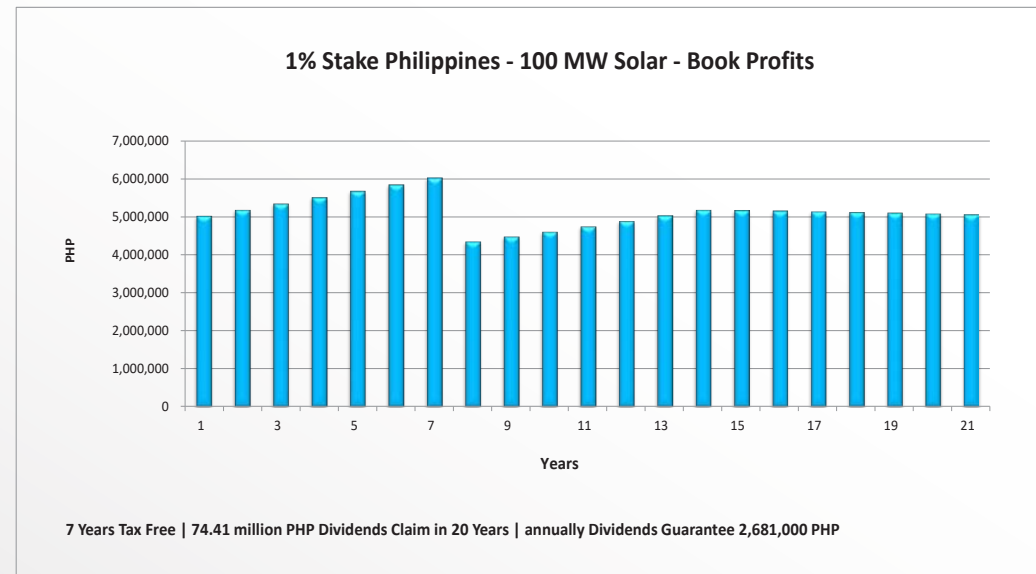


# ESG IMPACT & DIVIDENDS

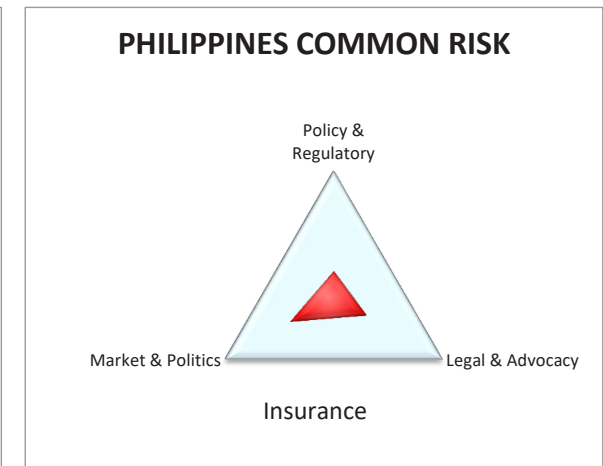
## ENVIRONMENT - SOCIAL - GOVERNANCE



Philippines Invest	<b>6,566,026,497 PHP</b>
PeoplesHome (pre-work)	15,171,000 PHP ✓
External Capital	5,210,168,914 PHP ✓
Private Equity + Grants	1,058,215,478 PHP ✓
Final Pay out of Revenues	297,642,105 PHP ✓
ROI (20 years)	7.4 %
Net Present Value	4,762,447,555 PHP
Profitability Index	4.5
Price per installed Kilowatt	59,528 PHP
Operating & Maintenance 1% / year	47,723,046 PHP
IRR (20 years)	11.39 %
DSCR	1.78



# CRC RISKS & INVESTORS RELATION



**ROE**

**45.0%**

**NPV**

**4,762M PHP**

**IRR**

**11.4%**

# FINANCIAL PROJECTION

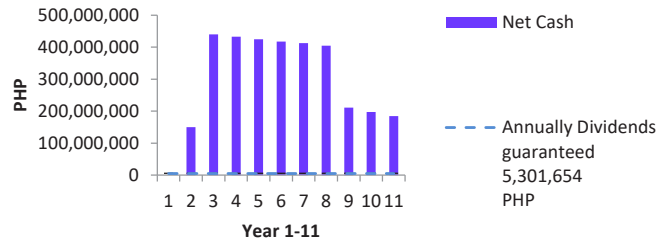
## SUMMARY

Philippines Solar Power Park Total Power 100 MW  
S--59528:10110

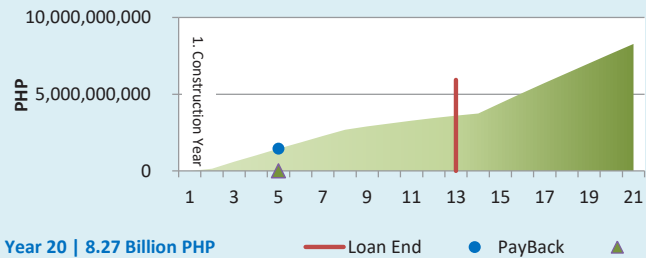
I	Volumes	PHP	1 USD = 50.57 PHP	08.17
	Houses (re-investment proposal)	0		F 0
	Renewable Energy	100 MW Solar Power		
	Served Households	208,333 (à 70 Kwh/m) (175 GWh/Year - Gain 1,750)		
	Village Land	0 ha 50.57 PHP/sqm		
	Land Surface - Solar Power Park	200 ha 17.70 PHP/sqm		
II	Use of Capital	6,566,026,497 PHP		
	Technology & Production Machinery	5,952,842,100 PHP	Price per KW   Std. - Premium - IDC	
	Land	35,399,000 PHP	59528   63804   65306	
	* Construction Material Houses	0 PHP		
	* Labour Cost	0 PHP		
	Infrastructure + Labour Cost	0 PHP		
	Management + Fees & IDC	577,785,397 PHP		
	Qualification Budget	0 PHP		
	Social Village Package	0 PHP		
III	Capital Part 2017	6,283,555,392 PHP	16.5% Projected Equity 10% incl. 0.6% Grants	
	PeoplesHome pre-costs	15,171,000 PHP	shares	actual
	National Loans	0 PHP	15.0%	5 Years 0.2%
	International Loans (IR ~4.5%)	5,210,168,914 PHP		14 Years 85.6%
	National Grants (Land)	35,399,000 PHP		0.6%
	International Grants	0 PHP		0.0%
	National Investments	0 PHP	20.0%	0.0%
	International Investments	1,022,816,478 PHP	65.0%	15.9%
	Co-/Interims Investment	0 PHP		0.0%
			100.0%	102.3%
IV	Social Impact			
	Jobs	400		
	Purchase Power	2,427,360 PHP	per Month	
V	Common Numbers			
	Houses per Year (construction)	500	Project Period 1 years	
	House Sale Price	0 PHP		
	Tax to pay per Year	1,023,479,870 PHP	Average (30% tax rate) (7 Years no)	
	Project Locations	1		
	Total Projected Carbon Credits	68,567,863 PHP	extra Income (not in the Finance Scheme)	
	Power Purchase Agreement	5.90 PHP	per Kwh (break even 5.04/ 3.7 PHP)	
	- Philippines			
	Yearly FIT Progression	0.00 %		
	Electricity Market Price KWh	6.07 PHP	2017	
	Electricity Price Inflation	4.00 %	per Year	
	Philippines Surplus	13,659,177,485 PHP	(20 Years)	
	- Net Income Operator	47,723,046 PHP	per Year	
VI	R-O-E + Pre Costs			
	Feasibility Study	13,906,750 PHP		
	Working Capital	17,446,650 PHP	8,458,742,923 PHP Stuttgarter Model	
	R-O-E (NPM 51.6%), ROI 7.4%	45.0 %	4,762,447,555 PHP NPV	C 2.5

# FINANCIAL PROJECTION

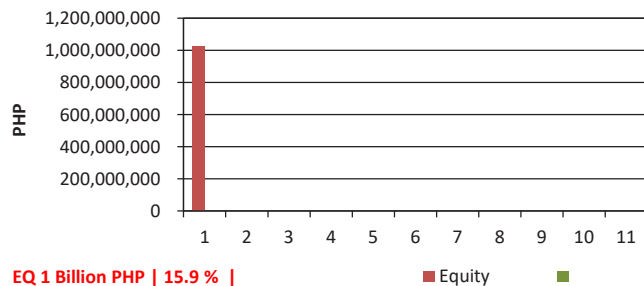
## Philippines 100 MW - Solar Cash & Dividends



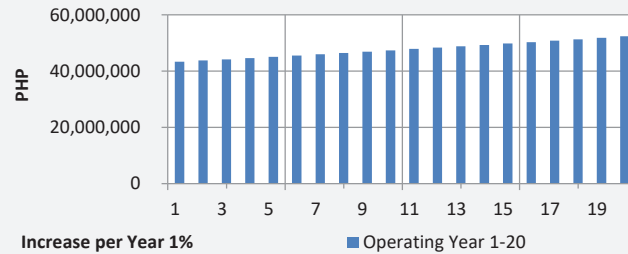
## SPV | Philippines Ending Cash



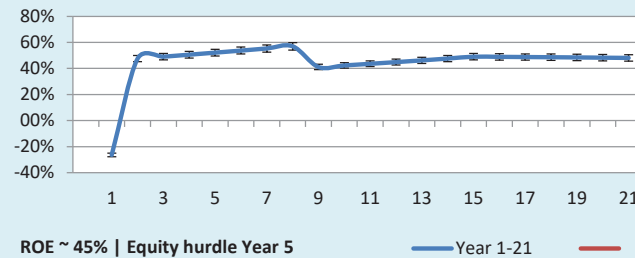
## Private Equity



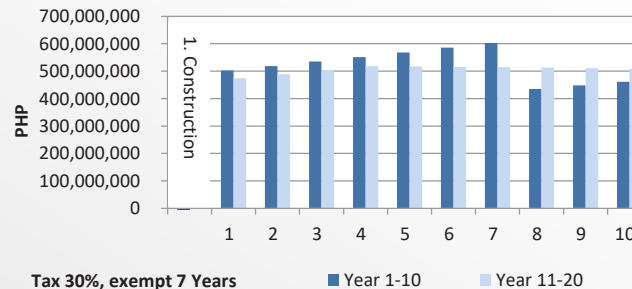
## Operating (O&M) Philippines Turnover 954 Million PHP



## Return on Equity (ROE) SPV | Philippines



## SPV Philippines Net Income



### KEY NUMBERS - 2.8.2017|14:2

100 MW Solar	1,750
Investment	6,566,026,497 PHP
Equity	1,022,816,478 PHP
Loan	5,225,339,914 PHP
Supplier Final Payment	297,642,105 PHP
Sub-payment	0 PHP
Global Interest Rate	4.5 %
Grants	35,399,000 PHP
R-O-E 20 years after tax	45.0 %
R-O-I 20 years after tax	7.4 %
NPV 20 years before tax (IR 4%)	4,762,447,555 PHP
Company Value (Stuttgar Model)	8,458,742,923 PHP
Guaranteed Pay-out Dividends	25.34 %
Pay Back Period	5 Years
PPA /KWh	5.90 PHP
FiT/PPA Rise Anually	0.00 %
1% Profit Ø per Year	4,759,565 PHP
1 \$-cent Income PPA/FiT (20 Years)	1,652,248,325 PHP
Off-taker Power Break Even	Year 1   2018
Tax Exemption	7 Years
Country Surplus in 20 Years	13,659,177,485 PHP
Nat-Capital : Int'l.-Capital Quote	1 : 177
Equity : Loan Quote	1 : 5.4



# FINANCIAL PROJECTION

## FINANCIAL ANALYSIS MODEL

ANALYST'S NAME Dr. Glenn L. Stevens - <http://staging-cms.fandm.edu/glenn-stevens>  
 NAME OF COMPANY Philippines Solar Power Park Total Power 100 MW

FIRST CALENDAR YEAR OF DATA 2017

**PHP**

NUMBER OF YEARS OF DATA 5

Equity 1,058,215,478

### N G C P

#### INCOME STATEMENT

	Start Year	Year 1	Year 2	Year 3	Year 4
Sales Revenue	0	1,032,500,000	1,025,272,500	1,018,045,000	1,010,817,500
Less: Cost of Goods Sold	0	0	0	0	0
Gross Profits	0	1,032,500,000	1,025,272,500	1,018,045,000	1,010,817,500
Less: Operating Expenses:					
Operating Expense	0	43,347,390	43,780,826	44,218,610	44,660,794
General / Admin. Exp.	0	0	0	0	0
Lease Expense	0	0	0	0	0
Depreciation Expense	128,618,887	252,093,019	242,009,298	232,328,927	223,035,769
Total Operating Expenses	128,618,887	295,440,410	285,790,124	276,547,537	267,696,564
Operating Profits	(128,618,887)	737,059,590	739,482,376	741,497,463	743,120,936
Less: Interest Expense	150,253,129	234,457,601	220,794,502	206,516,563	191,596,117
Net Profits Before Taxes	(278,872,016)	502,601,989	518,687,874	534,980,900	551,524,820
Less: Taxes	0	0	0	0	0
Net Profit After Taxes	(278,872,016)	502,601,989	518,687,874	534,980,900	551,524,820
Less: Pref. Stock Divds.	0	0	0	0	0
Earnings available for Common Stockholders		502,601,989	518,687,874	534,980,900	551,524,820

#### BALANCE SHEET

##### Current Assets:

Cash	0	150,394,272	590,769,713	1,023,479,870	1,448,520,343
Marketable Securities	0	0	0	0	0
Accounts Receivable	0	0	0	0	0
Inventories	0	0	0	0	0
Total Current Assets	0	150,394,272	590,769,713	1,023,479,870	1,448,520,343
Gross Fixed Assets (at cost):					
Land & Buildings	0	0	0	0	0
Machinery and Equipment	6,302,325,481	6,050,232,461	5,808,223,163	5,575,894,236	5,352,858,467
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	6,302,325,481	6,050,232,461	5,808,223,163	5,575,894,236	5,352,858,467
Less: Accumulated Depreciation	0	0	0	0	0
Net Fixed Assets	6,302,325,481	6,050,232,461	5,808,223,163	5,575,894,236	5,352,858,467
Other Assets	0	0	0	0	0
Total Assets	6,302,325,481	6,200,626,733	6,398,992,876	6,599,374,107	6,801,378,810

##### 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)	5,522,982,019	4,918,681,282	4,598,359,551	4,263,759,881	3,914,239,765
Total Liabilities	5,522,982,019	4,918,681,282	4,598,359,551	4,263,759,881	3,914,239,765
Preferred Stock	0	0	0	0	0
Common Stock !!	779,343,462	1,281,945,451	1,800,633,325	2,335,614,226	2,887,139,045
Paid-In Capital In Excess of Par	0	0	0	0	0
Retained Earnings	0	0	0	0	0
Total Stockholders' Equity	779,343,462	1,281,945,451	1,800,633,325	2,335,614,226	2,887,139,045
Total Liab. & Stockholders' Equity	6,302,325,481	6,200,626,733	6,398,992,876	6,599,374,107	6,801,378,810

# FINANCIAL PROJECTION

100 MW Philippines	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	0.17	0.18	0.18	0.19
Total Asset Turnover	0.00	0.17	0.16	0.15	0.15
Debt Ratio	0.88	0.79	0.72	0.65	0.58
Debt-to-Equity	7.09	3.84	2.55	1.83	1.36
Times Interest Earned		3.14	3.35	3.59	3.88
Gross Profit Margin		100.00%	100.00%	100.00%	100.00%
Operating Profit Margin		71.39%	72.13%	72.84%	73.52%
Net Profit Margin		48.68%	50.59%	52.55%	54.56%
Return on Total Assets (ROA)		8.11%	8.11%	8.11%	8.11%
Return on Equity (ROE)		47.50%	49.02%	50.56%	52.12%
Earnings Per Share (first 7 years tax exemption)		5,026,020	5,186,879	5,349,809	5,515,248
IPP Philippines - 20%		100,520,398	103,737,575	106,996,180	110,304,964
Price/Earnings Ratio					
<b>DUPONT ANALYSIS</b>					
Net Profit AT/Sales		48.68%	50.59%	52.55%	54.56%
Sales/Total Assets	0.00%	16.65%	16.02%	15.43%	14.86%
ROA		8.11%	8.11%	8.11%	8.11%
Net Profit AT/Total Assets	0.00%	8.11%	8.11%	8.11%	8.11%
Total Assets/Stockholders. Equity	808.67%	483.69%	355.37%	282.55%	235.58%
ROE	0.00%	39.21%	28.81%	22.91%	19.10%

## STATEMENT OF CASH FLOWS

<b>CASH FLOW FROM OPERATING ACTIVITIES</b>					
Net Profit after Taxes		502,601,989	518,687,874	534,980,900	551,524,820
Depreciation		252,093,019	242,009,298	232,328,927	223,035,769
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>754,695,009</b>	<b>760,697,173</b>	<b>767,309,827</b>	<b>774,560,589</b>
<b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>					
Increase in Gross Fixed Assets		252,093,019	242,009,298	232,328,927	223,035,769
<b>Cash Flow from Investments</b>		<b>252,093,019</b>	<b>242,009,298</b>	<b>232,328,927</b>	<b>223,035,769</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>					
Increase in Notes Payable		0	0	0	0
Increase in Long-Term Debt		(604,300,737)	(320,321,731)	(334,599,670)	(349,520,116)
Changes in Stockholders' Equity		502,601,989	518,687,874	534,980,900	551,524,820
Preferred Dividends Paid		0	0	0	0
<b>Common Dividends Paid</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Cash Flow from Financing Activities</b>		<b>(101,698,747)</b>	<b>198,366,143</b>	<b>200,381,230</b>	<b>202,004,703</b>
<b>Net Incr. in Cash / Mark. Securities</b>		<b>905,089,281</b>	<b>1,201,072,614</b>	<b>1,200,019,984</b>	<b>1,199,601,062</b>