

# **IMPACT INVESTMENT**

CLIMATE POLICY PROJECT

»PEOPLESHOME«

## **ENERGY INVESTMENT**

### **ARGENTINA**



**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  
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# THE BUSINESS

Argentina 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%).

The Industrial and Commercial Bank of China could provide a loan of up to 103 million US\$ 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 0.1 US\$/KWh) and has a strong value of saleability and is projected for 20 years (Dividends Guarantee 6.8%).

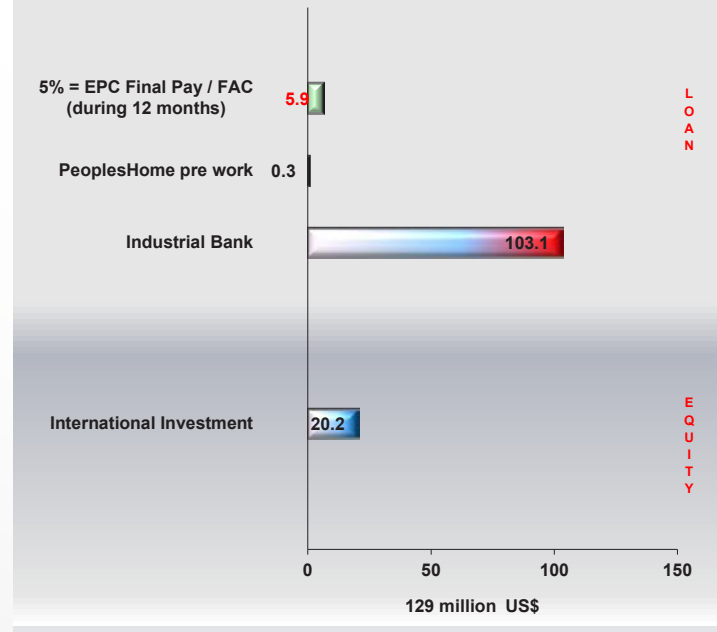
Programmatic carbon income is no part of the financial projections. It is estimated up to 2.7% of the investment cost throughout the entire operating period.



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## Argentina - 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

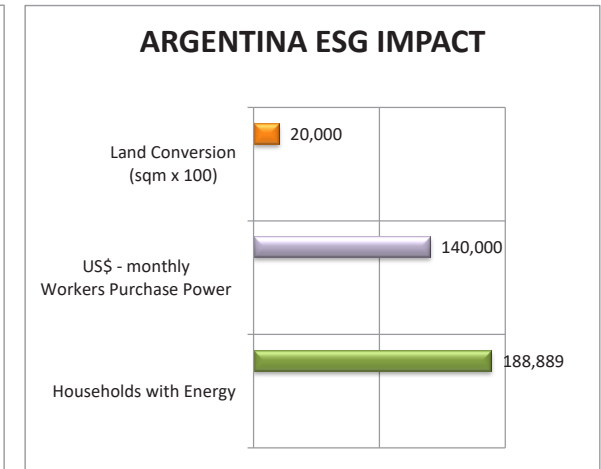
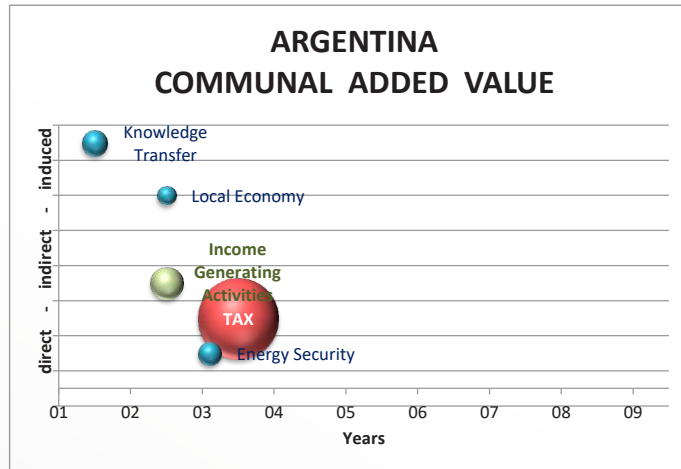
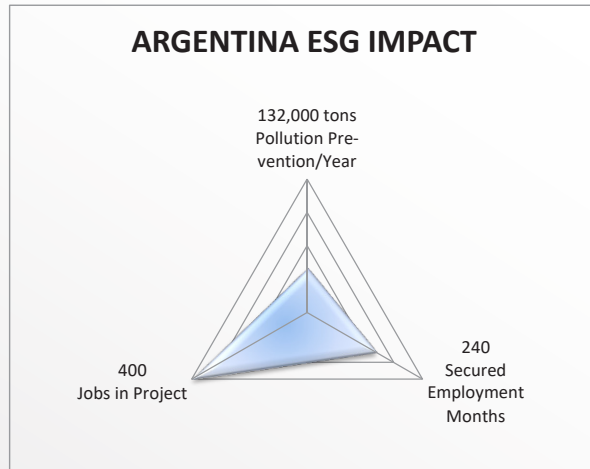
*Knowledge Transfer*  
International University Collaboration

# let the Sun/Wind work with you

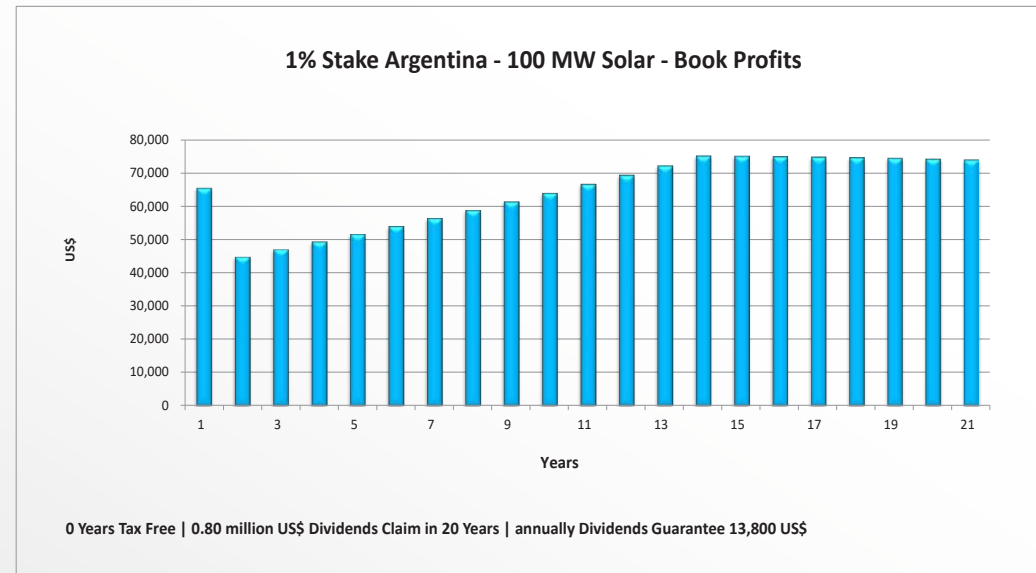


# ESG IMPACT & DIVIDENDS

## ENVIRONMENT - SOCIAL - GOVERNANCE



Argentina Invest	<b>129,161,838 US\$</b>
PeoplesHome (pre-work)	300,000 US\$ ✓
External Capital	103,050,337 US\$ ✓
Private Equity	20,225,756 US\$ ✓
Final Pay out of Revenues	5,885,745 US\$ ✓
ROI (20 years)	4.6 %
Net Present Value	51,096,735 US\$
Profitability Index	2.5
Price per installed Kilowatt	1,177 US\$
Operating & Maintenance 1% / year	943,703 US\$
IRR (20 years)	8.62 %
DSCR	1.48



# CRC RISKS & INVESTORS RELATION



**ROE**

**28.9%**

**NPV**

**51M US\$**

**IRR**

**8.6%**

# FINANCIAL PROJECTION

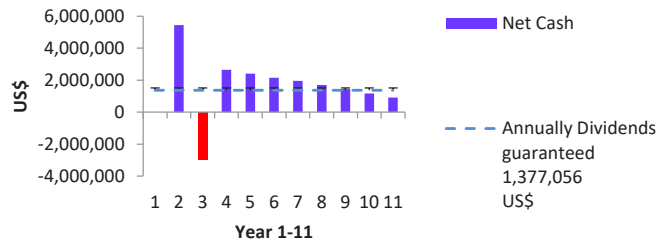
## SUMMARY

Argentina Solar Power Park Total Power 100 MW  
S--1177:200

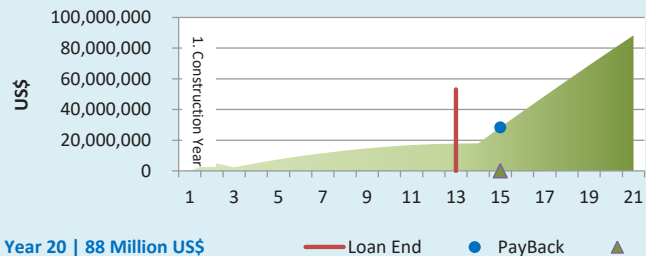
I	Volumes	US\$	1 USD = 17.64 ARS	08.17
	Houses (re-investment proposal)	0		F 0
	Renewable Energy	100 MW Solar Power		
	Served Households	188,889 (à 75 Kwh/m)	(170 GWh/Year - Gain 1,700)	
	Village Land	0 ha	1.00 US\$/sqm	
	Land Surface - Solar Power Park	200 ha	0.00 US\$/sqm	
II	Use of Capital	129,161,838 US\$		
	Technology & Production Machinery	117,714,892 US\$	Price per KW   Std. - Premium - IDC	
	Land	0 US\$	1177   1262   1292	
	* Construction Material Houses	0 US\$		
	* Labour Cost	0 US\$		
	Infrastructure + Labour Cost	0 US\$		
	Management + Fees & IDC	11,446,946 US\$		
	Qualification Budget	0 US\$		
	Social Village Package	0 US\$		
III	Capital Part 2017	123,576,093 US\$	16.0% Projected Equity 10%	
	PeoplesHome pre-costs	300,000 US\$	shares	actual
	National Loans	0 US\$	15.0%	5 Years 0.2%
	International Loans (IR ~4.5%)	103,050,337 US\$		14 Years 86.1%
	National Grants	0 US\$		0.0%
	International Grants	0 US\$		0.0%
	National Investments	0 US\$	20.0%	0.0%
	International Investments	20,225,756 US\$	65.0%	16.0%
	Co-/Interims Investment	0 US\$		0.0%
			100.0%	102.4%
IV	Social Impact			
	Jobs	400		
	Purchase Power	140,000 US\$	per Month	
V	Common Numbers			
	Houses per Year (construction)	0		
	House Sale Price	0 US\$		
	Tax to pay per Year	5,440,264 US\$	Average (35% tax rate)	
	Project Locations	1		
	Total Projected Carbon Credits	1,317,160 US\$	extra Income (not in the Finance Scheme)	
	Power Purchase Agreement	0.10 US\$	per Kwh (break even 0.09/ 0.08 US\$)	
	- Argentina	1.76 ARS	(1 USD : 17.64 ARS)	
	Yearly FIT Progression	0.00 %		
	Electricity Market Price KWh	0.07 US\$	2017	
	Electricity Price Inflation	10.00 %	per Year	
	Argentina Surplus	389,084,911 US\$	(20 Years)	
	- Net Income Operator	943,703 US\$	per Year	
VI	R-O-E + Pre Costs			
	Feasibility Study	275,000 US\$		
	Working Capital	345,000 US\$		
	R-O-E (NPM 30.7%), ROI 4.6%	28.9 %	143,772,684 US\$ Stuttgarter Model	
			51,096,735 US\$ NPV	C 0.1

# FINANCIAL PROJECTION

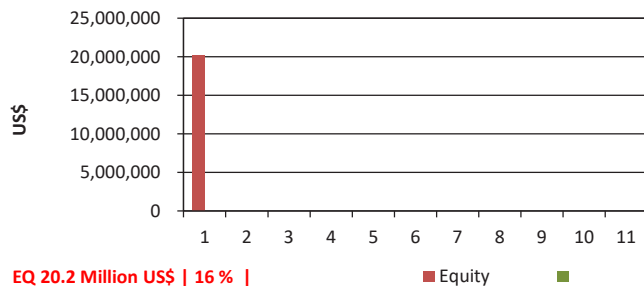
## Argentina 100 MW - Solar Cash & Dividends



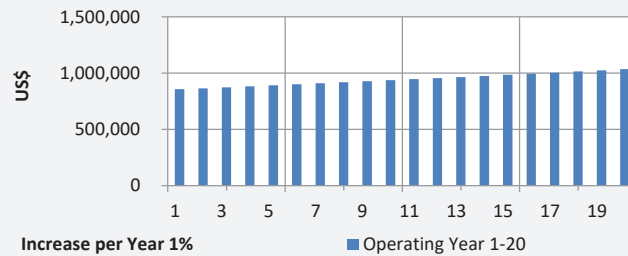
## SPV | Argentina Ending Cash (cumulated)



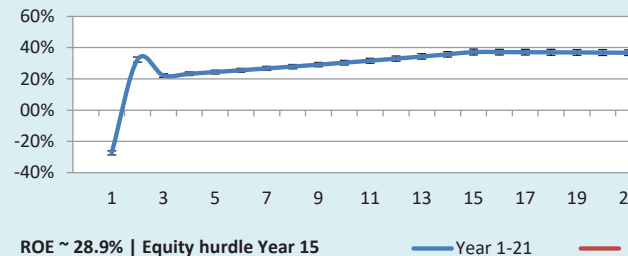
## Private Equity



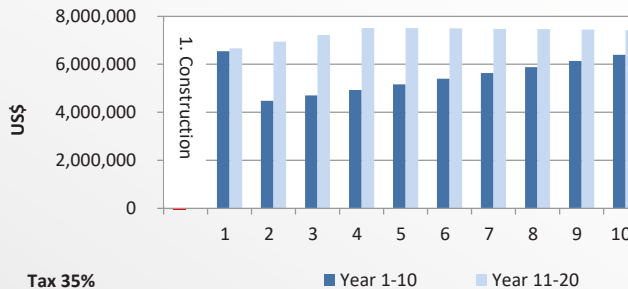
## Operating (O&M) Argentina Turnover 19 Million US\$



## Return on Equity (ROE) SPV | Argentina



## SPV Argentina Net Income



### KEY NUMBERS - 2.8.2017|14:34

100 MW Solar 1,700
Investment
129,161,838 US\$
Equity
20,225,756 US\$
Loan
103,350,337 US\$
Supplier Final Payment
5,885,745 US\$
Sub-payment
0 US\$
Global Interest Rate
4.5 %
Grants
0 US\$
R-O-E 20 years after tax
28.9 %
R-O-I 20 years after tax
4.6 %
NPV 20 years before tax (IR 4%)
51,096,735 US\$
Company Value (Stuttgarter Model)
143,772,684 US\$
Guaranteed Pay-out Dividends
6.81 %
Pay Back Period
15 Years
PPA /KWh
0.10 US\$
FiT/PPA Rise Anually
0.00 %
1% Profit Ø per Year
58,526 US\$
1 \$-cent Income PPA/FiT (20 Years)
31,739,000 US\$
Off-taker Power Break Even
Year 5   2022
Tax Exemption
0 Years
Country Surplus in 20 Years
389,084,911 US\$
Nat-Capital : Int'l.-Capital Quote
0 : 1
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 Argentina Solar Power Park Total Power 100 MW

FIRST CALENDAR YEAR OF DATA 2017

US\$

NUMBER OF YEARS OF DATA 5

Equity 20,225,756

### CAMMESA

#### INCOME STATEMENT

	Start Year	Year 1	Year 2	Year 3	Year 4
Sales Revenue	0	17,000,000	16,881,000	16,762,000	16,643,000
Less: Cost of Goods Sold	0	0	0	0	0
Gross Profits	0	17,000,000	16,881,000	16,762,000	16,643,000
Less: Operating Expenses:					
Operating Expense	0	857,176	865,747	874,404	883,148
General / Admin. Exp.	0	0	0	0	0
Lease Expense	0	0	0	0	0
Depreciation Expense	2,529,383	4,957,591	4,759,287	4,568,916	4,386,159
Total Operating Expenses	2,529,383	5,814,767	5,625,034	5,443,320	5,269,307
Operating Profits	(2,529,383)	11,185,233	11,255,966	11,318,680	11,373,693
Less: Interest Expense	2,992,679	4,637,265	4,367,027	4,084,628	3,789,521
Net Profits Before Taxes	(5,522,062)	6,547,968	6,888,939	7,234,052	7,584,172
Less: Taxes	0	0	2,411,129	2,531,918	2,654,460
Net Profit After Taxes	(5,522,062)	6,547,968	4,477,810	4,702,134	4,929,712
Less: Pref. Stock Divds.	0	0	0	0	0
Earnings available for Common Stockholders		6,547,968	4,477,810	4,702,134	4,929,712

#### BALANCE SHEET

##### Current Assets:

Cash	0	5,440,264	2,456,084	5,109,202	7,512,034
Marketable Securities	0	0	0	0	0
Accounts Receivable	0	0	0	0	0
Inventories	0	0	0	0	0
Total Current Assets	0	5,440,264	2,456,084	5,109,202	7,512,034
Gross Fixed Assets (at cost):					
Land & Buildings	0	0	0	0	0
Machinery and Equipment	123,939,776	118,982,185	114,222,897	109,653,981	105,267,822
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	123,939,776	118,982,185	114,222,897	109,653,981	105,267,822
Less: Accumulated Depreciation	0	0	0	0	0
Net Fixed Assets	123,939,776	118,982,185	114,222,897	109,653,981	105,267,822
Other Assets	0	0	0	0	0
Total Assets	123,939,776	124,422,449	116,678,981	114,763,183	112,779,856

##### 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)	109,236,082	103,170,787	90,949,510	84,331,578	77,418,539
Total Liabilities	109,236,082	103,170,787	90,949,510	84,331,578	77,418,539
Preferred Stock	0	0	0	0	0
Common Stock !!	14,703,694	21,251,662	25,729,472	30,431,606	35,361,317
Paid-In Capital In Excess of Par	0	0	0	0	0
Retained Earnings	0	0	0	0	0
Total Stockholders' Equity	14,703,694	21,251,662	25,729,472	30,431,606	35,361,317
Total Liab. & Stockholders' Equity	123,939,776	124,422,449	116,678,981	114,763,183	112,779,856

# FINANCIAL PROJECTION

100 MW Argentina	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	0.14	0.15	0.15	0.16
Total Asset Turnover	0.00	0.14	0.14	0.15	0.15
Debt Ratio	0.88	0.83	0.78	0.73	0.69
Debt-to-Equity	7.43	4.85	3.53	2.77	2.19
Times Interest Earned		2.41	2.58	2.77	3.00
Gross Profit Margin		100.00%	100.00%	100.00%	100.00%
Operating Profit Margin		65.80%	66.68%	67.53%	68.34%
Net Profit Margin		38.52%	26.53%	28.05%	29.62%
Return on Total Assets (ROA)		5.26%	3.84%	4.10%	4.37%
Return on Equity (ROE)		32.37%	22.14%	23.25%	24.37%
Earnings Per Share		65,480	44,778	47,021	49,297
IPA Argentina - 20%		1,309,594	895,562	940,427	985,942
Price/Earnings Ratio					
<b>DUPONT ANALYSIS</b>					
Net Profit AT/Sales		38.52%	26.53%	28.05%	29.62%
Sales/Total Assets	0.00%	13.66%	14.47%	14.61%	14.76%
ROA		5.26%	3.84%	4.10%	4.37%
Net Profit AT/Total Assets	0.00%	5.26%	3.84%	4.10%	4.37%
Total Assets/Stockholders' Equity	842.92%	585.47%	453.48%	377.12%	318.94%
ROE	0.00%	30.81%	17.40%	15.45%	13.94%

## STATEMENT OF CASH FLOWS

<b>CASH FLOW FROM OPERATING ACTIVITIES</b>					
Net Profit after Taxes		6,547,968	4,477,810	4,702,134	4,929,712
Depreciation		4,957,591	4,759,287	4,568,916	4,386,159
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>11,505,559</b>	<b>9,237,098</b>	<b>9,271,050</b>	<b>9,315,871</b>
<b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>					
Increase in Gross Fixed Assets		4,957,591	4,759,287	4,568,916	4,386,159
<b>Cash Flow from Investments</b>		<b>4,957,591</b>	<b>4,759,287</b>	<b>4,568,916</b>	<b>4,386,159</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>					
Increase in Notes Payable		0	0	0	0
Increase in Long-Term Debt		(6,065,295)	(12,221,278)	(6,617,932)	(6,913,039)
Changes in Stockholders' Equity		6,547,968	4,477,810	4,702,134	4,929,712
Preferred Dividends Paid		0	0	0	0
<b>Common Dividends Paid</b>					
<b>Cash Flow from Financing Activities</b>		<b>482,673</b>	<b>(7,743,467)</b>	<b>(1,915,798)</b>	<b>(1,983,327)</b>
<b>Net Incr. in Cash / Mark. Securities</b>		<b>16,945,823</b>	<b>6,252,917</b>	<b>11,924,168</b>	<b>11,718,703</b>