

# **IMPACT INVESTMENT**

CLIMATE POLICY PROJECT

»PEOPLESHOME«

## **SOLAR POWER PLANT EGYPT**



**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

Egypt 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 has submitted a strong letter of intent for providing 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 14.9%).

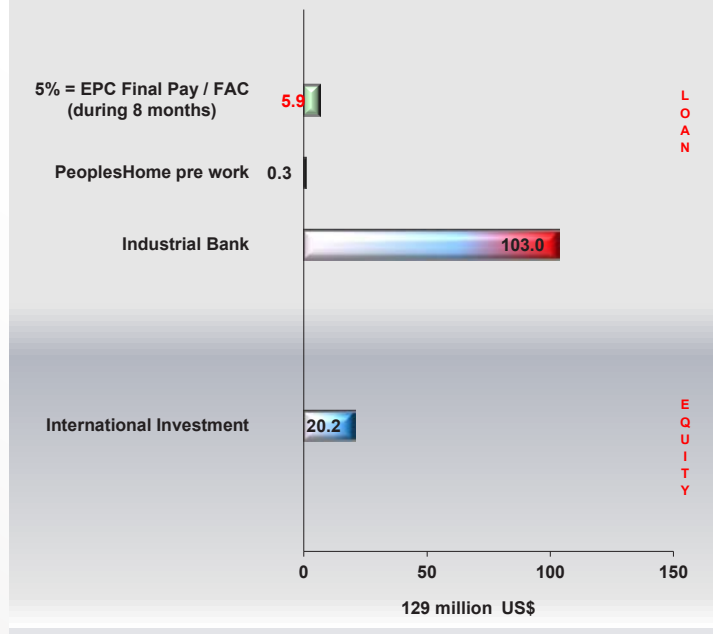
Programmatic carbon income is no part of the financial projections. It is estimated up to 3.5% of the investment cost throughout the entire operating period.



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## Egypt - 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

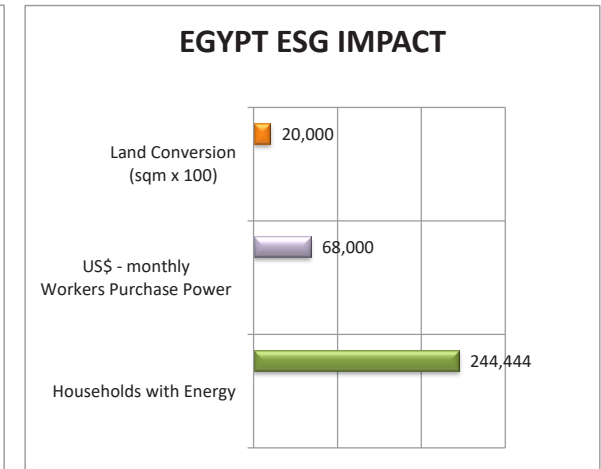
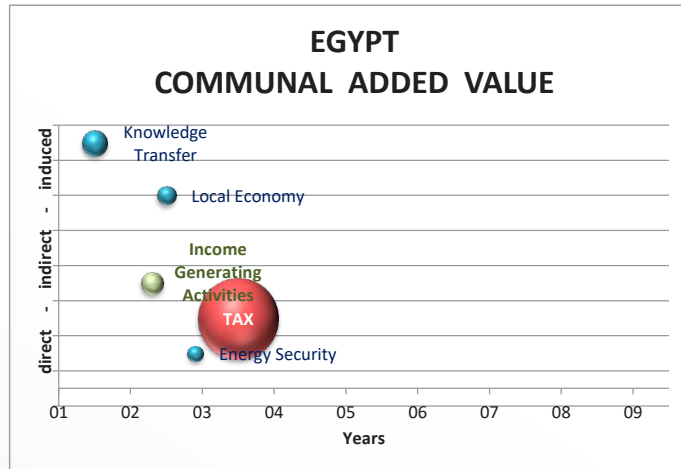
*Knowledge Transfer*  
International University Collaboration

# let the Sun/Wind work with you

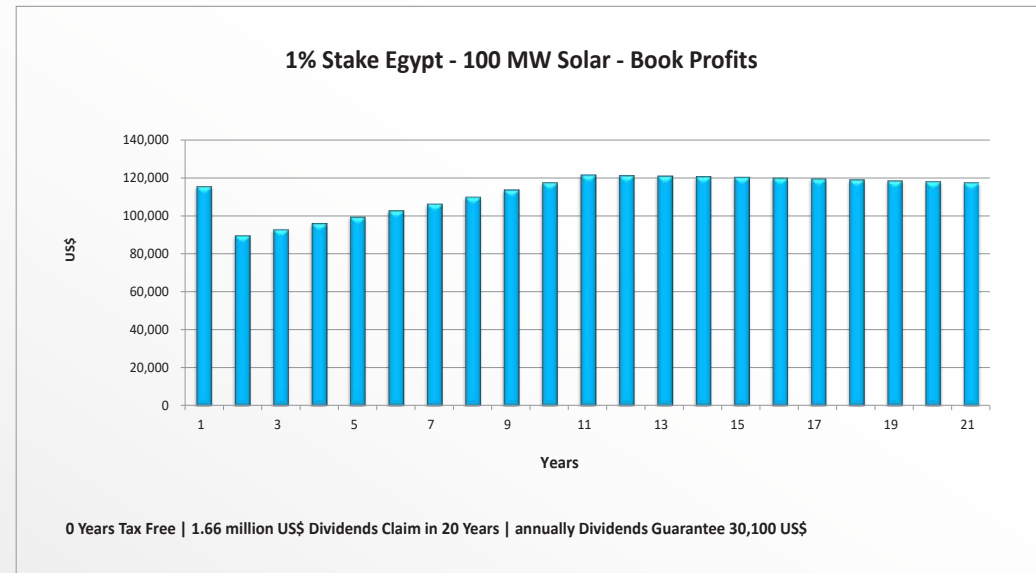


# ESG IMPACT & DIVIDENDS

## ENVIRONMENT - SOCIAL - GOVERNANCE



Egypt Invest	<b>129,039,530 US\$</b>
PeoplesHome (pre-work)	300,000 US\$ ✓
External Capital	102,992,471 US\$ ✓
Private Equity	20,164,706 US\$ ✓
Final Pay out of Revenues	5,882,353 US\$ ✓
ROI (20 years)	8.3 %
Net Present Value	120,197,746 US\$
Profitability Index	6.0
Price per installed Kilowatt	1,176 US\$
Operating & Maintenance 1% / year	943,703 US\$
IRR (20 years)	13.09 %
DSCR	1.44



# CRC RISKS & INVESTORS RELATION



**ROI**

**8.3%**

**NPV**

**120M US\$**

**IRR**

**13.1%**

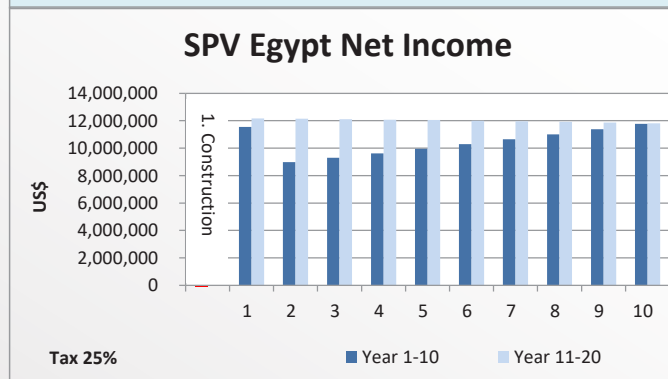
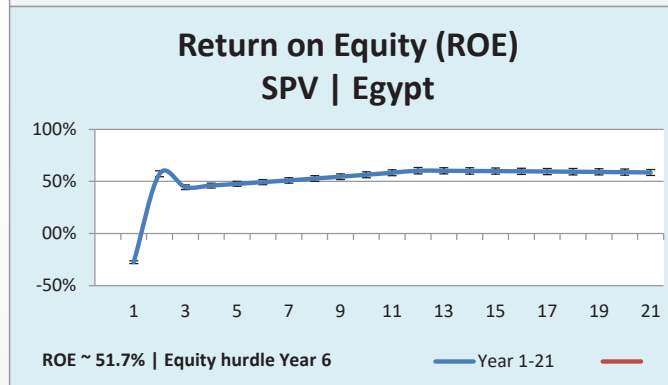
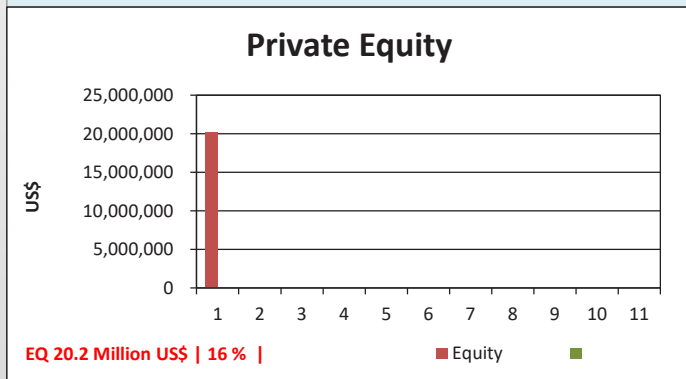
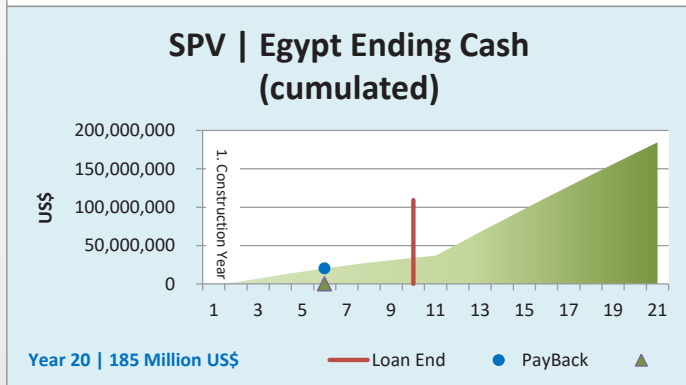
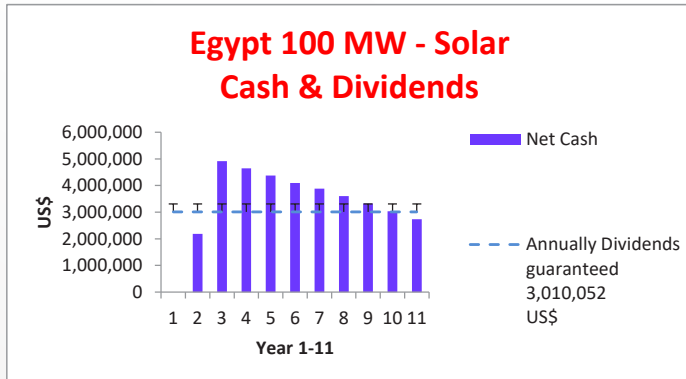
# FINANCIAL PROJECTION

## SUMMARY

Egypt Solar Power Park Total Power 100 MW  
S--1176:200

I	Volumes	US\$	1 USD = 17.88 EGP	08.17
	Houses (re-investment proposal)	0		F 0
	Renewable Energy	100 MW Solar Power		
	Served Households	244,444 (à 75 Kwh/m) (220 GWh/Year - Gain 2,200)		
	Village Land	0 ha	1.00 US\$/sqm	
	Land Surface - Solar Power Park	200 ha	0.00 US\$/sqm	
II	Use of Capital	129,039,530 US\$		
	Technology & Production Machinery	117,647,059 US\$	Price per KW   Std. - Premium - IDC	
	Land	0 US\$	1176   1260   1290	
	* Construction Material Houses	0 US\$		
	* Labour Cost	0 US\$		
	Infrastructure + Labour Cost	0 US\$		
	Management + Fees & IDC	11,392,471 US\$		
	Qualification Budget	0 US\$		
	Social Village Package	0 US\$		
III	Capital Part 2017	123,457,177 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%)	102,992,471 US\$		11 Years 86.2%
	National Grants	0 US\$		0.0%
	International Grants	0 US\$		0.0%
	National Investments	0 US\$	20.0%	0.0%
	International Investments	20,164,706 US\$	65.0%	16.0%
	Co-/Interims Investment	0 US\$		0.0%
			100.0%	102.4%
IV	Social Impact			
	Jobs	400		
	Purchase Power	68,000 US\$	per Month	
V	Common Numbers			
	Houses per Year (construction)	0		
	House Sale Price	0 US\$		
	Tax to pay per Year	11,740,671 US\$	Average (25% tax rate)	
	Project Locations	1		
	Total Projected Carbon Credits	1,704,560 US\$	extra Income (not in the Finance Scheme)	
	Power Purchase Agreement	0.10 US\$	per Kwh (break even 0.09/ 0.07 US\$)	
	- Egypt	1.79 EGP	(1 USD : 17.88 EGP)	
	Yearly FIT Progression	0.00 %		
	Electricity Market Price KWh	0.07 US\$	2017	
	Electricity Price Inflation	8.50 %	per Year	
	Egypt Surplus	361,055,755 US\$	(20 Years)	
	- Net Income - E C Group - Egypt	943,703 US\$	per Year	
VI	R-O-E + Pre Costs			
	Feasibility Study	275,000 US\$		
	Working Capital	345,000 US\$		184,813,719 US\$ Stuttgarter Model
	R-O-E (NPM 45.3%), ROI 8.3%	51.7 %		120,197,746 US\$ NPV

# FINANCIAL PROJECTION



**KEY NUMBERS - 2.8.2017|14:13**

100 MW Solar 2,200 Investment	129,039,530 US\$
Equity	20,164,706 US\$
Loan	103,292,471 US\$
Supplier Final Payment	5,882,353 US\$
Sub-payment	0 US\$
Global Interest Rate	4.5 %
Grants	0 US\$
R-O-E 20 years after tax	51.7 %
R-O-I 20 years after tax	8.3 %
NPV 20 years before tax (IR 4%)	120,197,746 US\$
Company Value (Stuttgar Model)	184,813,719 US\$
Guaranteed Pay-out Dividends	14.93 %
Pay Back Period	6 Years
PPA /KWh	0.10 US\$
FiT/PPA Rise Anually	0.00 %
1% Profit Ø per Year	104,321 US\$
1 \$-cent Income PPA/FiT (20 Years)	41,074,000 US\$
Off-taker Power Break Even	Year 6   2023
Tax Exemption	0 Years
Country Surplus in 20 Years	361,055,755 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 Egypt Solar Power Park Total Power 100 MW

FIRST CALENDAR YEAR OF DATA 2017

US\$

NUMBER OF YEARS OF DATA 5

Equity 20,164,706

### EEHC

#### INCOME STATEMENT

	Start Year	Year 1	Year 2	Year 3	Year 4
Sales Revenue	0	22,000,000	21,846,000	21,692,000	21,538,000
Less: Cost of Goods Sold	0	0	0	0	0
Gross Profits	0	22,000,000	21,846,000	21,692,000	21,538,000
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	2,526,941	4,952,805	4,754,693	4,564,505	4,381,925
Total Operating Expenses	2,526,941	5,809,981	5,620,440	5,438,909	5,265,073
Operating Profits	(2,526,941)	16,190,019	16,225,560	16,253,091	16,272,927
Less: Interest Expense	2,992,471	4,634,661	4,257,498	3,863,362	3,451,491
Net Profits Before Taxes	(5,519,412)	11,555,358	11,968,063	12,389,729	12,821,437
Less: Taxes	0	0	2,992,016	3,097,432	3,205,359
Net Profit After Taxes	(5,519,412)	11,555,358	8,976,047	9,292,297	9,616,078
Less: Pref. Stock Divds.	0	0	0	0	0
Earnings available for Common Stockholders		11,555,358	8,976,047	9,292,297	9,616,078

#### BALANCE SHEET

##### Current Assets:

Cash	0	2,184,404	7,096,574	11,740,671	16,114,096
Marketable Securities	0	0	0	0	0
Accounts Receivable	0	0	0	0	0
Inventories	0	0	0	0	0
Total Current Assets	0	2,184,404	7,096,574	11,740,671	16,114,096
Gross Fixed Assets (at cost):					
Land & Buildings	0	0	0	0	0
Machinery and Equipment	123,820,118	118,867,313	114,112,620	109,548,116	105,166,191
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	123,820,118	118,867,313	114,112,620	109,548,116	105,166,191
Less: Accumulated Depreciation	0	0	0	0	0
Net Fixed Assets	123,820,118	118,867,313	114,112,620	109,548,116	105,166,191
Other Assets	0	0	0	0	0
Total Assets	123,820,118	121,051,717	121,209,195	121,288,786	121,280,287

##### 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)	109,174,824	94,851,065	86,032,496	76,819,791	67,195,215
Total Liabilities	109,174,824	94,851,065	86,032,496	76,819,791	67,195,215
Preferred Stock	0	0	0	0	0
Common Stock !!	14,645,294	26,200,652	35,176,699	44,468,995	54,085,073
Paid-In Capital In Excess of Par	0	0	0	0	0
Retained Earnings	0	0	0	0	0
Total Stockholders' Equity	14,645,294	26,200,652	35,176,699	44,468,995	54,085,073
Total Liab. & Stockholders' Equity	123,820,118	121,051,717	121,209,195	121,288,786	121,280,287

# FINANCIAL PROJECTION

100 MW Egypt	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	0.19	0.19	0.20	0.20
Total Asset Turnover	0.00	0.18	0.18	0.18	0.18
Debt Ratio	0.88	0.78	0.71	0.63	0.55
Debt-to-Equity	7.45	3.62	2.45	1.73	1.24
Times Interest Earned		3.49	3.81	4.21	4.71
Gross Profit Margin		100.00%	100.00%	100.00%	100.00%
Operating Profit Margin		73.59%	74.27%	74.93%	75.55%
Net Profit Margin		52.52%	41.09%	42.84%	44.65%
Return on Total Assets (ROA)		9.55%	7.41%	7.66%	7.93%
Return on Equity (ROE)		57.30%	44.51%	46.08%	47.69%
Earnings Per Share		115,554	89,760	92,923	96,161
IPE Egypt - 20%		2,311,072	1,795,209	1,858,459	1,923,216
Price/Earnings Ratio					
<b>DUPONT ANALYSIS</b>					
Net Profit AT/Sales		52.52%	41.09%	42.84%	44.65%
Sales/Total Assets	0.00%	18.17%	18.02%	17.88%	17.76%
ROA		9.55%	7.41%	7.66%	7.93%
Net Profit AT/Total Assets	0.00%	9.55%	7.41%	7.66%	7.93%
Total Assets/Stockholders' Equity	845.46%	462.02%	344.57%	272.75%	224.24%
ROE	0.00%	44.10%	25.52%	20.90%	17.78%

## STATEMENT OF CASH FLOWS

<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net Profit after Taxes	11,555,358	8,976,047	9,292,297	9,616,078
Depreciation	4,952,805	4,754,693	4,564,505	4,381,925
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>16,508,163</b>	<b>13,730,739</b>	<b>13,856,801</b>	<b>13,998,002</b>
<b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>				
Increase in Gross Fixed Assets	4,952,805	4,754,693	4,564,505	4,381,925
<b>Cash Flow from Investments</b>	<b>4,952,805</b>	<b>4,754,693</b>	<b>4,564,505</b>	<b>4,381,925</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Increase in Notes Payable	0	0	0	0
Increase in Long-Term Debt	(14,323,759)	(8,818,569)	(9,212,705)	(9,624,577)
Changes in Stockholders' Equity	11,555,358	8,976,047	9,292,297	9,616,078
Preferred Dividends Paid	0	0	0	0
Common Dividends Paid				
<b>Cash Flow from Financing Activities</b>	<b>(2,768,401)</b>	<b>157,478</b>	<b>79,592</b>	<b>(8,499)</b>
<b>Net Incr. in Cash / Mark. Securities</b>	<b>18,692,567</b>	<b>18,642,910</b>	<b>18,500,898</b>	<b>18,371,428</b>