

BAI - WEBINAR

CLIMATE TRANSITION AND RENEWABLE ENERGY – CHALLENGES AND OPPORTUNITIES FOR INVESTORS

Speaker:

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Ulla Agesen

- Managing Director, and Head of Infrastructure, based in Copenhagen
- joined NIO's investment team as Managing Director in 2022 and brings 20+ years of experience in the industry.
- previously, she held the roles of Head of Equity Research at Aon Hewitt in London, MD at Danish consultant as well as teaching assistant at Business Schools



Stig Pastwa

- joined CIP in 2019 as Partner and CFO with significant CFO and CEO experience from several large Danish corporations
- has since 2019 played a key role in CIPs successful growth
- as Senior Advisor working amongst other with investors with a present focus on CIPs current fund in fundraising, CI V

1. Opening remarks (BAI)

2. Climate Transition – an investment megatrend

3. Renewable Energy

3. Q&A

ESG in der AIFM-Praxis

- 20. Februar 2024



Hier geht es direkt zu den
BAI-Webinaren

BAI Private Debt Symposium

- 05. März 2024

BAI Alternative Investor Conference (AIC)

- 22. – 24. April 2024



Hier geht es direkt zum
BAI-Eventkalender



Hier geht es direkt zur
Veröffentlichung

BAI REPRESENTING
ALTERNATIVE
INVESTMENTS

Climate Transition

February 2024

NIO is a dedicated alternative investments platform

Key facts

EUR +2.1bn
Assets under management¹


+30
Private markets professionals


27
Investments executed²




Core values

- 

Strong alignment of interest through significant fund commitments from team and owners
- 

Institutional-quality due diligence process based on proprietary investment criteria
- 

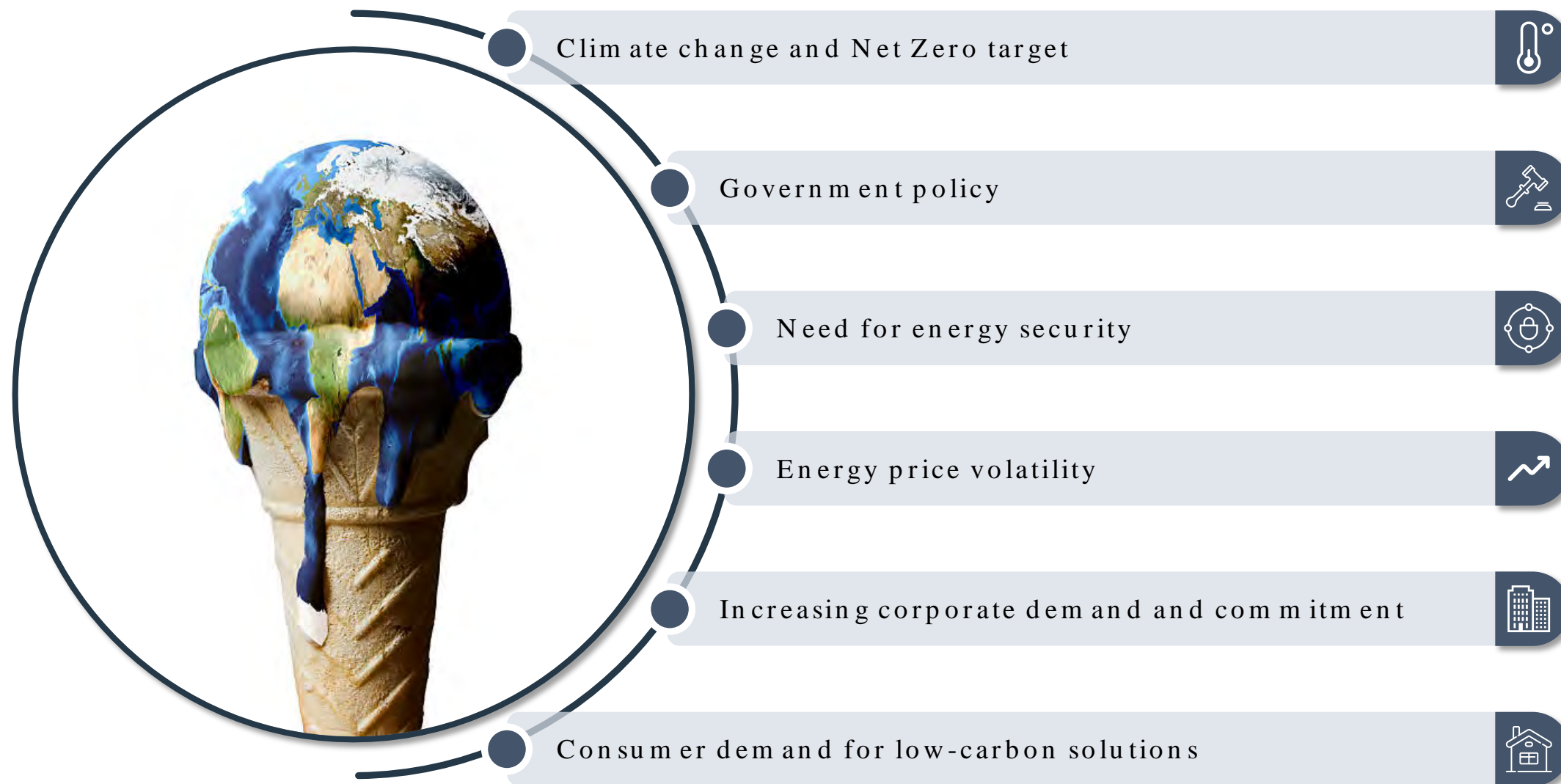
Dedicated investment team with extensive network and proven track record
- 

ESG fully integrated into investment process and part of firm DNA

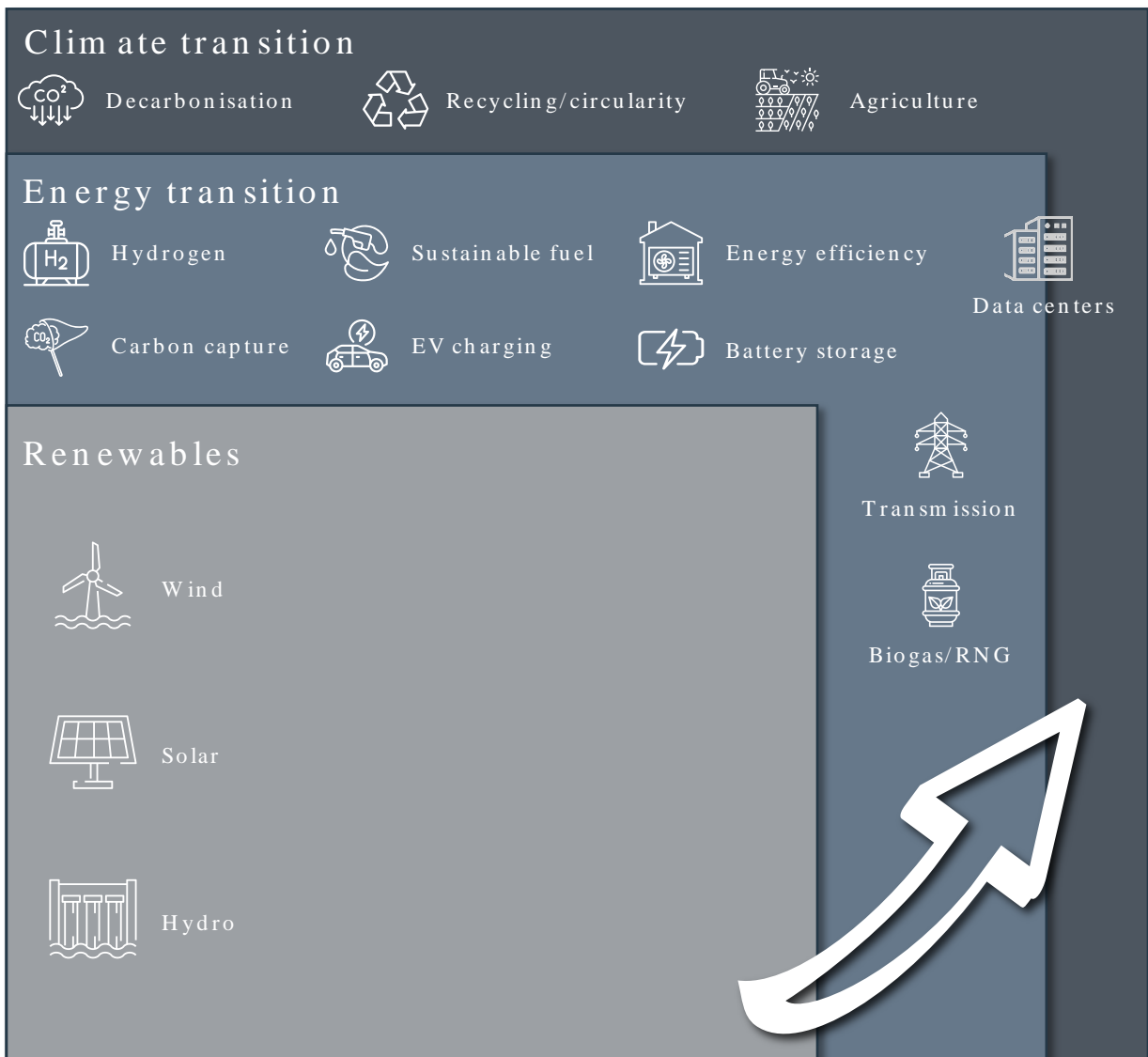
Built for investors by investors

Notes: 1) Including debt facilities; 2) Including funds currently in fundraising

Challenges and opportunities in climate investments

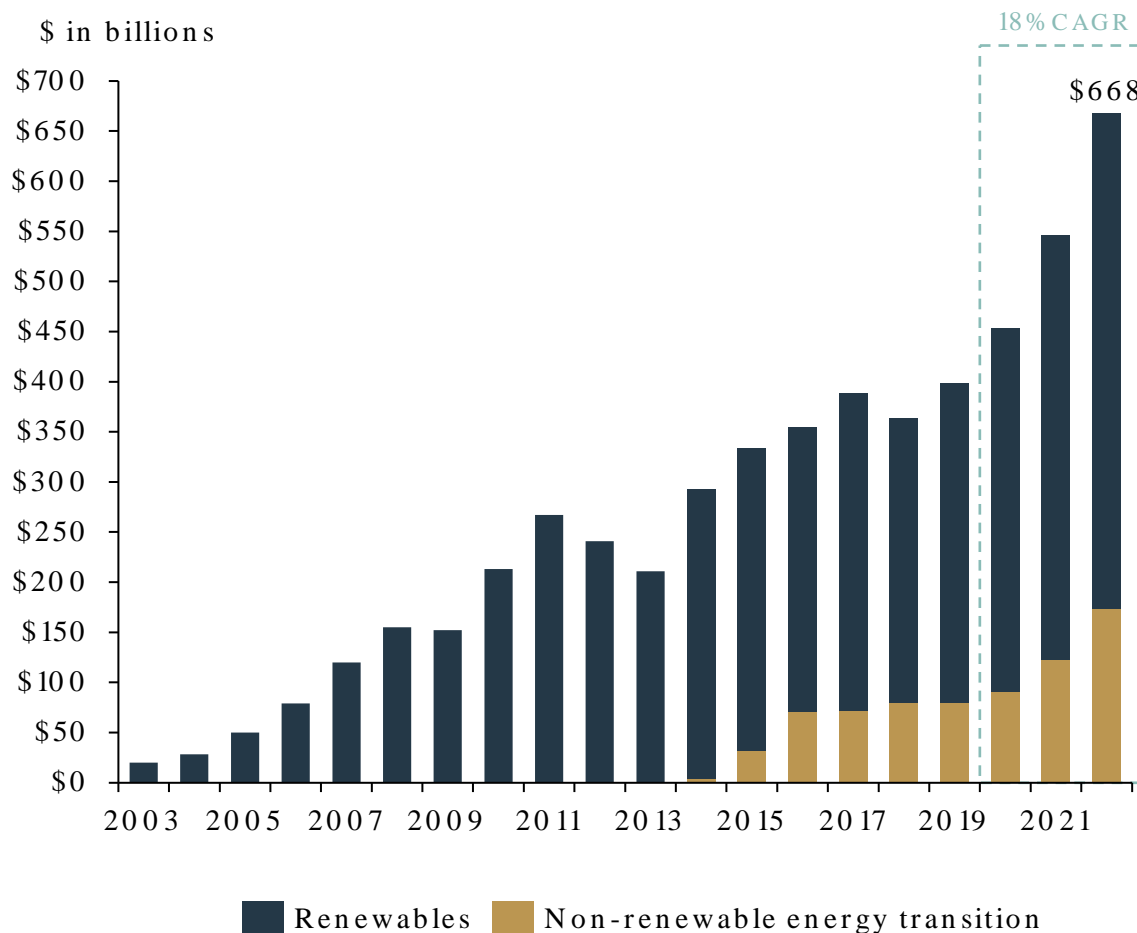


Energy transition – the investment mega-trend



The energy transition is expanding beyond renewables¹

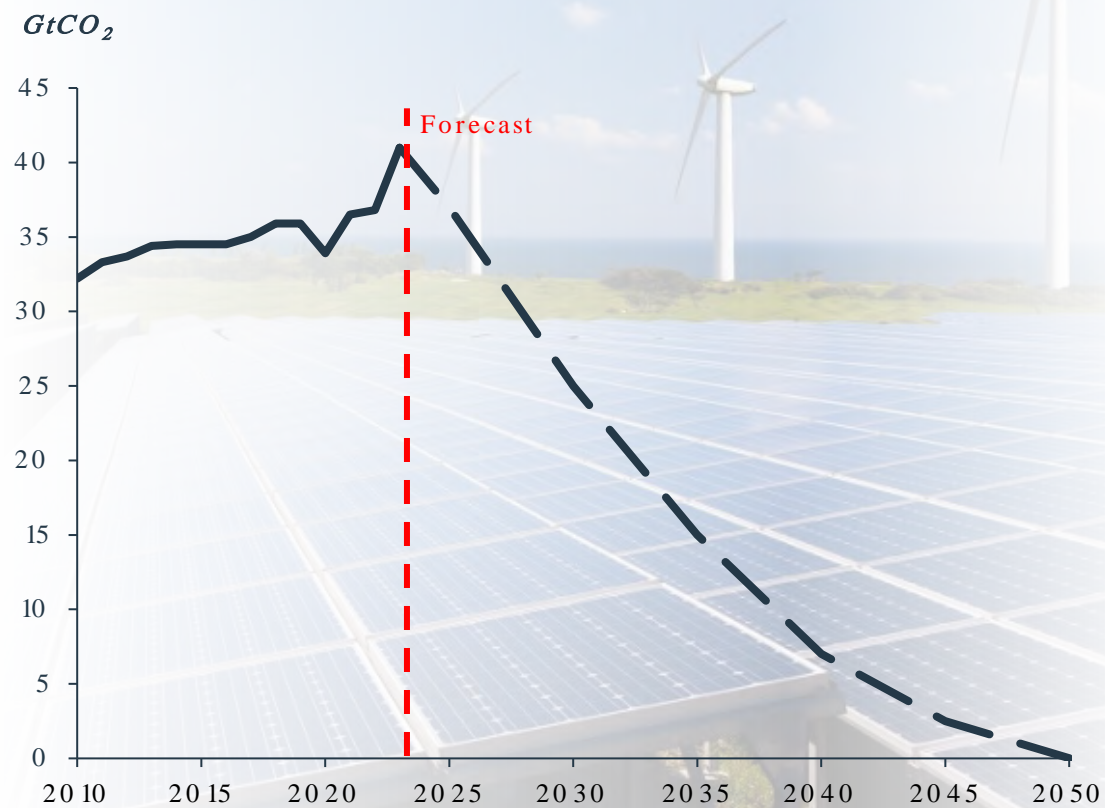
Global investment in Energy Transition by year



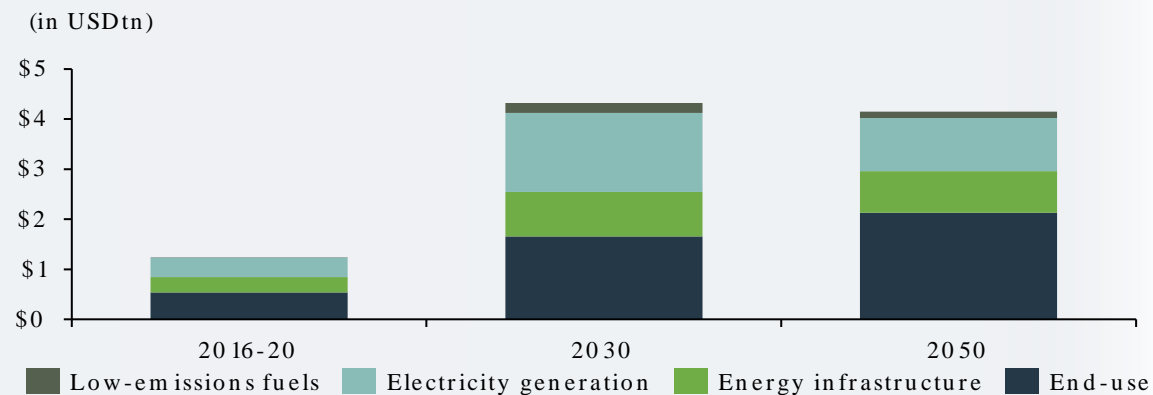
1) Source: BNEF Energy Transition Investment Trends 2023. Worldwatch Institute 2003 Paper; Pitchbook 2022 global LBO volumes.

Radical transition needed to fulfil climate goals

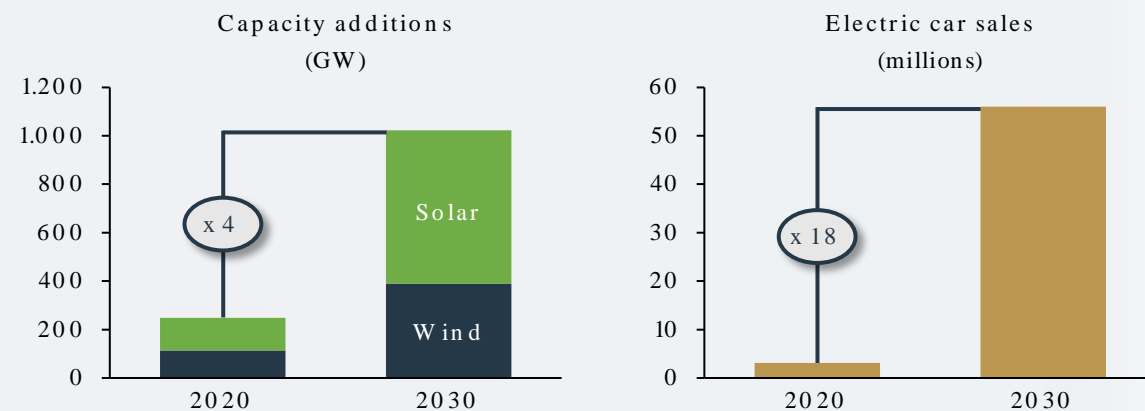
Massive investment needed to reach net zero target by 2050



Clean energy investment in the net zero pathway, 2016-2050

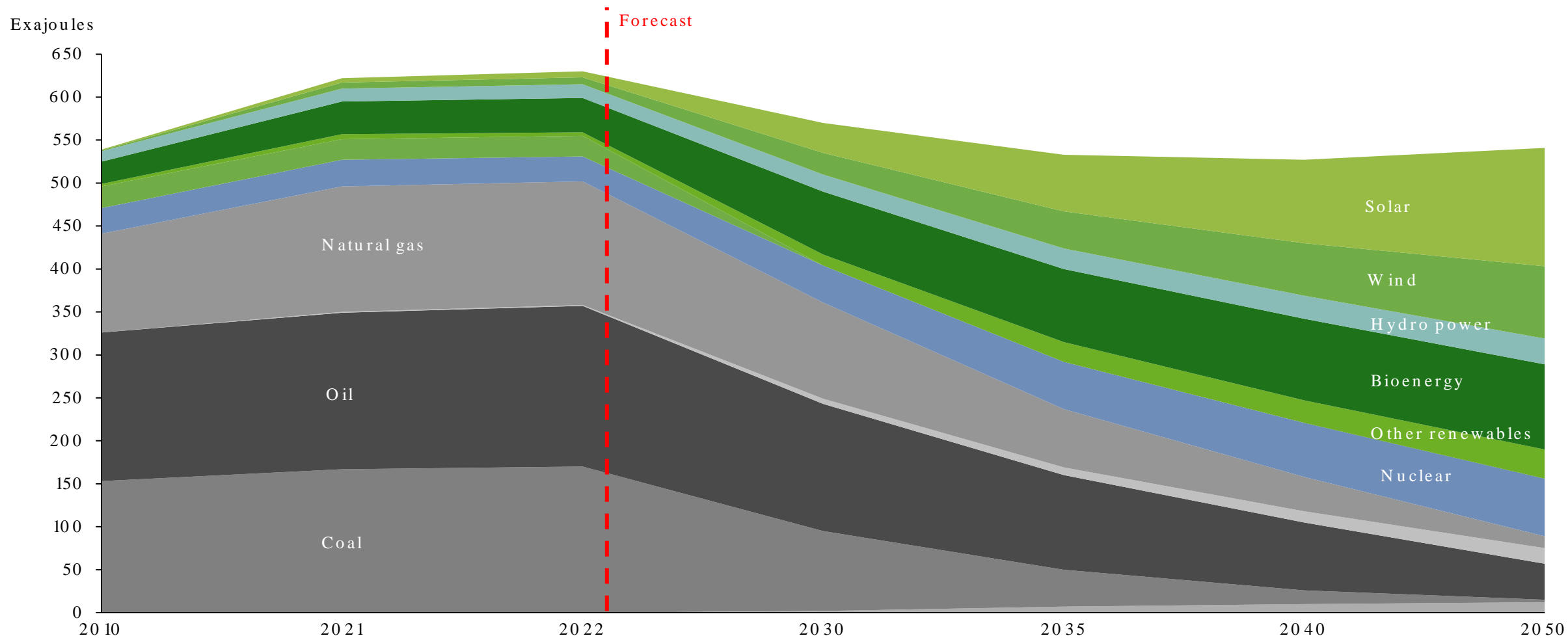


Key clean technology ramp up, 2020-2030



Growth in renewables and changes to renewables mix

Total energy supply in net zero scenario



Global regulatory initiatives supplying capital flow to Transition

Europe



Fit for 55

- Legal obligation to reach EU's climate goal of reducing EU emissions by at least 55% by 2030
- 40% EU-level target for renewables in energy mix



Renewables Energy Act

Share of renewables in power consumption to reach 80% by 2030

13 largest state to designate 1.1-1.8% of surface area to onshore wind by 2027



Natural Gas Security Plan

Plans to double natural gas production to 6 bn cubic meters per year

Clean energy corridor approved between Italy and Tunisia



France 2030

Construction of 6 new nuclear reactors

Renewable power installed to increase 10 times by 2050



More Energy Security Plan

73 "energy security" measures pursuing six major goals (incl. renewable energy & hydrogen)

Grant funding to cover 40-65% of the investment costs



Energy Security Strategy

Net Zero target by 2050

Increasing nuclear capacity to 24 GW by 2050 (3x increase)

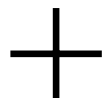
United States

- 1 Inflation Reduction Act
 - Expected to facilitate \$1.7tn of investment across private and public sectors
- 2 Infrastructure and Jobs Act
 - Provides \$1.2tn in federal spending over the next 5 years
 - Covering a range of infrastructure incl. clean energy
- 3 SEC Climate Disclosure Rules
 - Final climate-related disclosure rules expected to be released in April '23
 - To ensure consistent, comparable, and reliable disclosure of climate related risks and GHG emission
- 4 SEC proposed fund classification rules
 - Rules include new fund classifications for ESG and impact funds

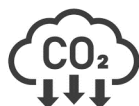
The transition theme spans infrastructure & private equity



Definitions of transition are as many as there are GPs



Many new entrants and funds being rebranded



Decarbonising hard-to-abate industries pursued by few



Some sub sectors are not yet fully established

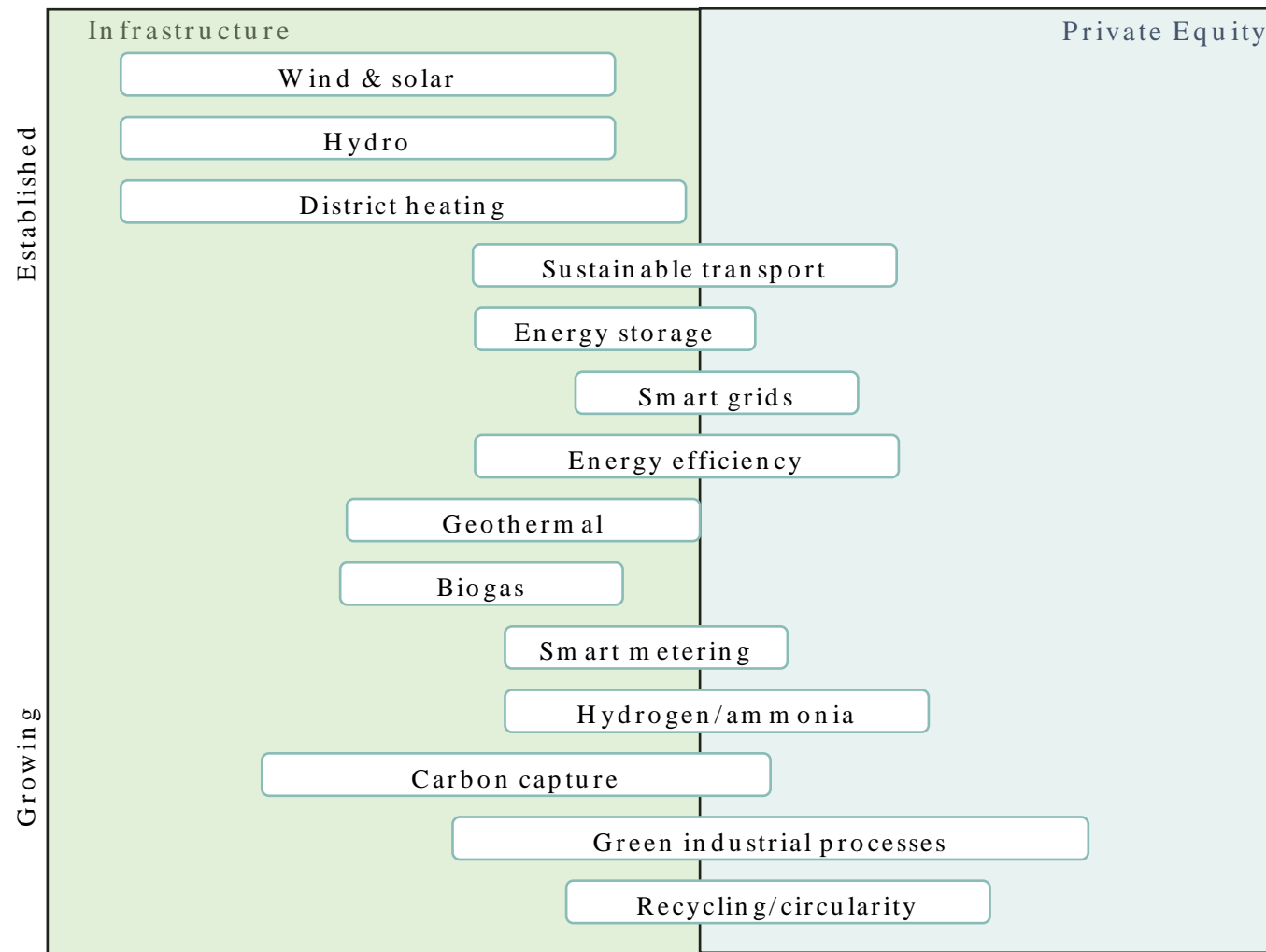


Value chain less mature



Funds are classified Article 8 or 9 in SFDR context

Examples of transition sub sectors¹



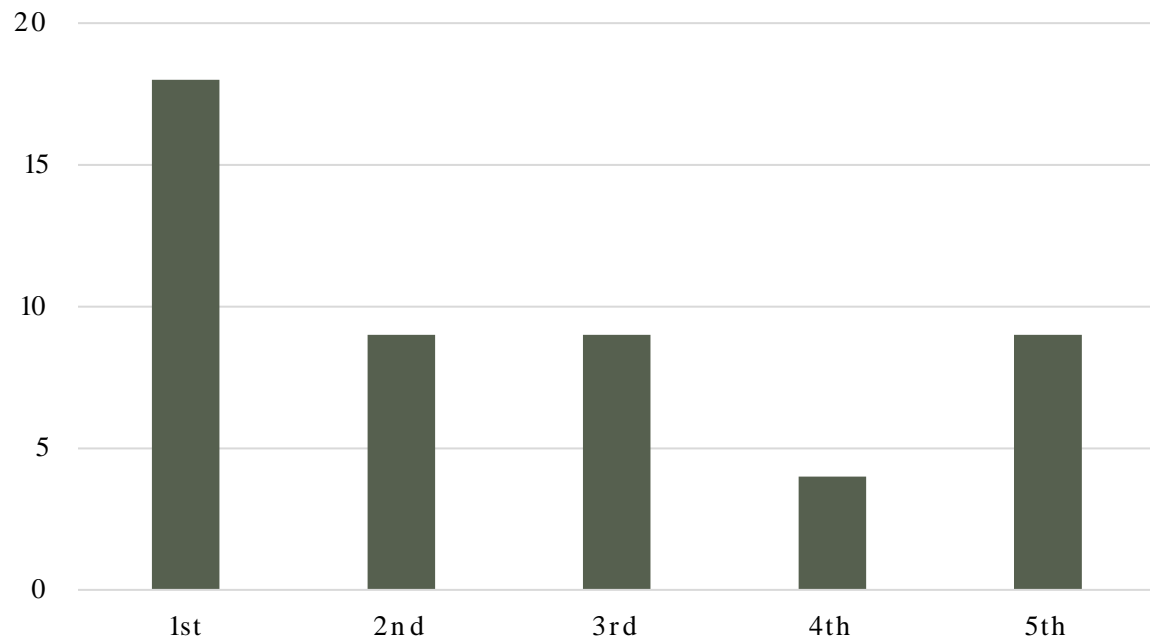
1) For illustrative purposes only

Important to remain disciplined

Transition fund universe relatively new

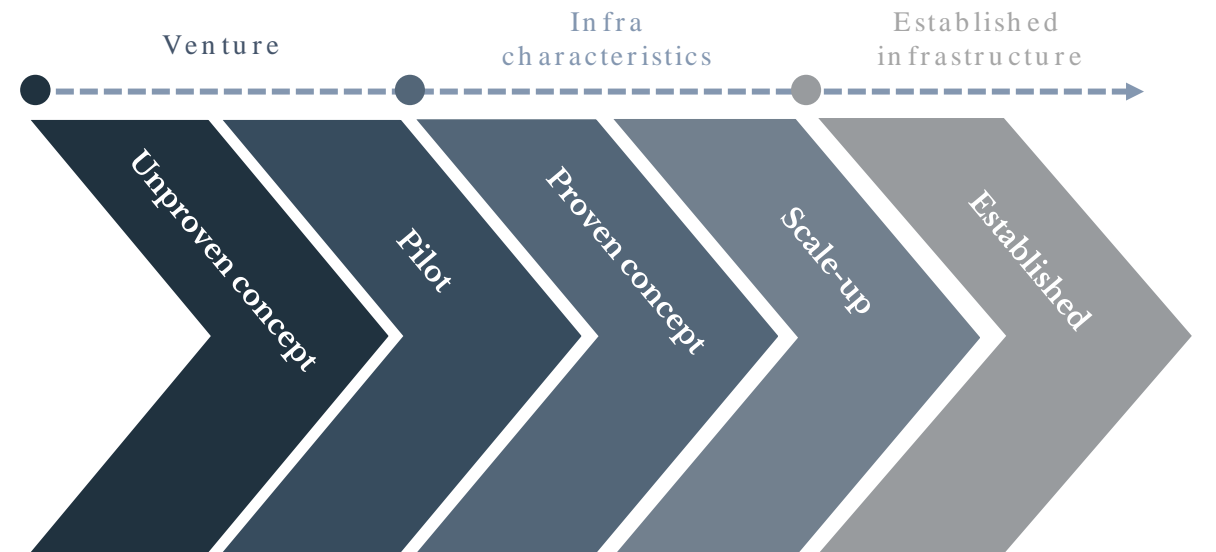
- Transition theme part of diversified infrastructure funds
- +USD 100bn is currently being raised in transition (only counting OECD-focused funds)
- Few GPs have long track record

Number of transition funds in each series



Flood of new entrants

Key risk areas of when investing in transition



Portfolio Case Study: Harvestone



Overview

- Harvestone is an investment made by Energy Capital Partners (“ECP”), out of their fund V, which is a 100% dedicated transition fund
- Harvestone is an owner-operator of three ethanol biorefineries
- The project pursues carbon capture at the facilities along with sequestering of the emissions in close proximity of the plants – allowing Harvestone to control the entire process and keep all economics
- The platform targets to capture and sequester more than 550,000 metric tons of carbon dioxide emissions annually
- The investment will receive significant support from the Inflation Reduction Act

Why carbon capture?

- Emission reduction at the source – 50% of greenhouse gas emissions in the U.S. come direct from energy production or industry
- Other pollutants can be removed at the same time
- Can reduce social cost of carbon. E.g. damage from hurricanes and adverse effects on human health
- Reducing emissions in “hard-to-abate” sectors

Portfolio Case Study: Tyre Recycling Joint Venture





Tyre Recycling JV



Overview

- Tyre Recycling JV¹ is an investment made by Antin Infrastructure Partners out of their NextGen fund, a fund targeting investments in “Tom orrow’s infrastructure”
- The JV plans to develop tyre recycling facilities across Europe with capacity to recycle up to one million tonnes of end-of-life tyres per year
- Antin will have the JV in collaboration with
 - Enviro: Swedish based developer of a patented pyrolysis technology – a ready to use technology to dispose of tyres in a clean and sustainable way
 - Michelin: One of the world’s leading manufacturers of tyres with 123 production sites in 26 countries


Why recycle tyres?

-  3m tonnes of end-of-life tyres each year in Europe
-  Currently there is little to no recycled content in tyre production
-  Regulatory requirements are becoming more stringent regarding tyre disposal
-  Local sources of key materials such as black carbon (>50% of black carbon in Europe is produced in Russia or Ukraine)

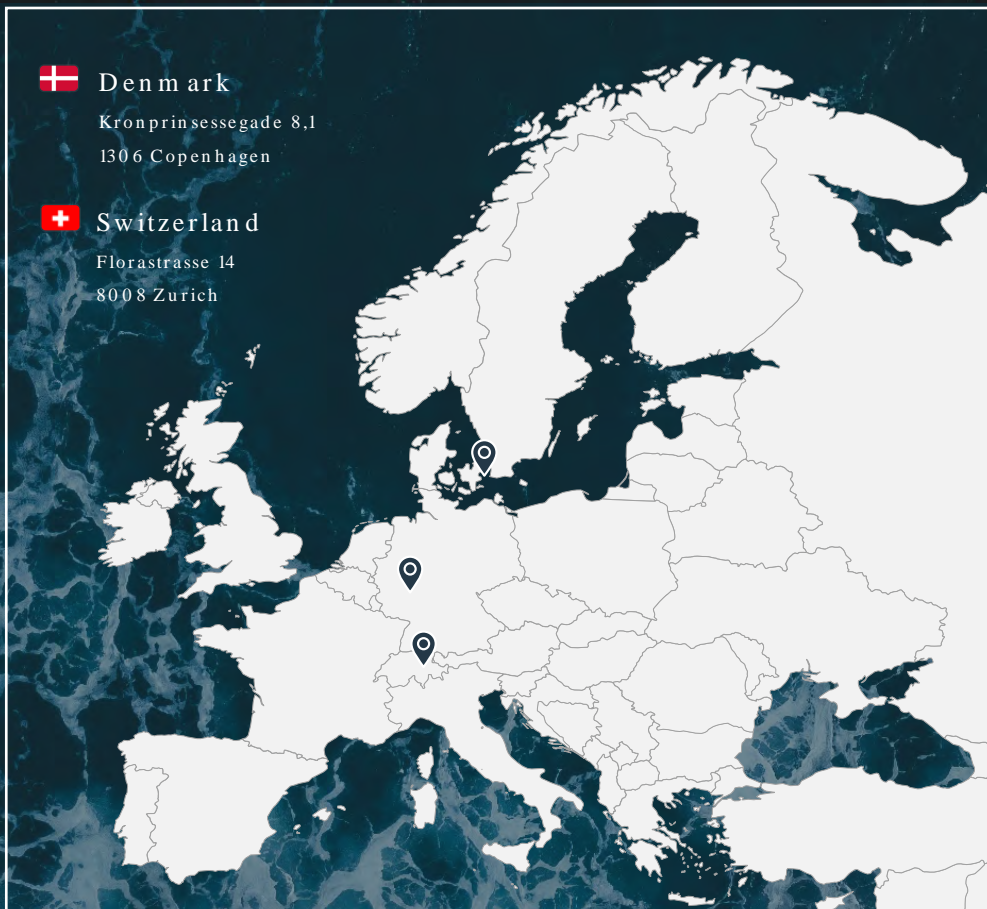
1) JV = Joint Venture

Conclusion




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NIO

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Climate Transition and Renewable Energy – Challenges and opportunities for investors



BAI- Conference
February 6, 2024



Agenda

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| 2. Investment in Greenfield Renewable Energy and Value creation | 8 |
| 3. Case Study: Veja Mate | 16 |

Today's presenter



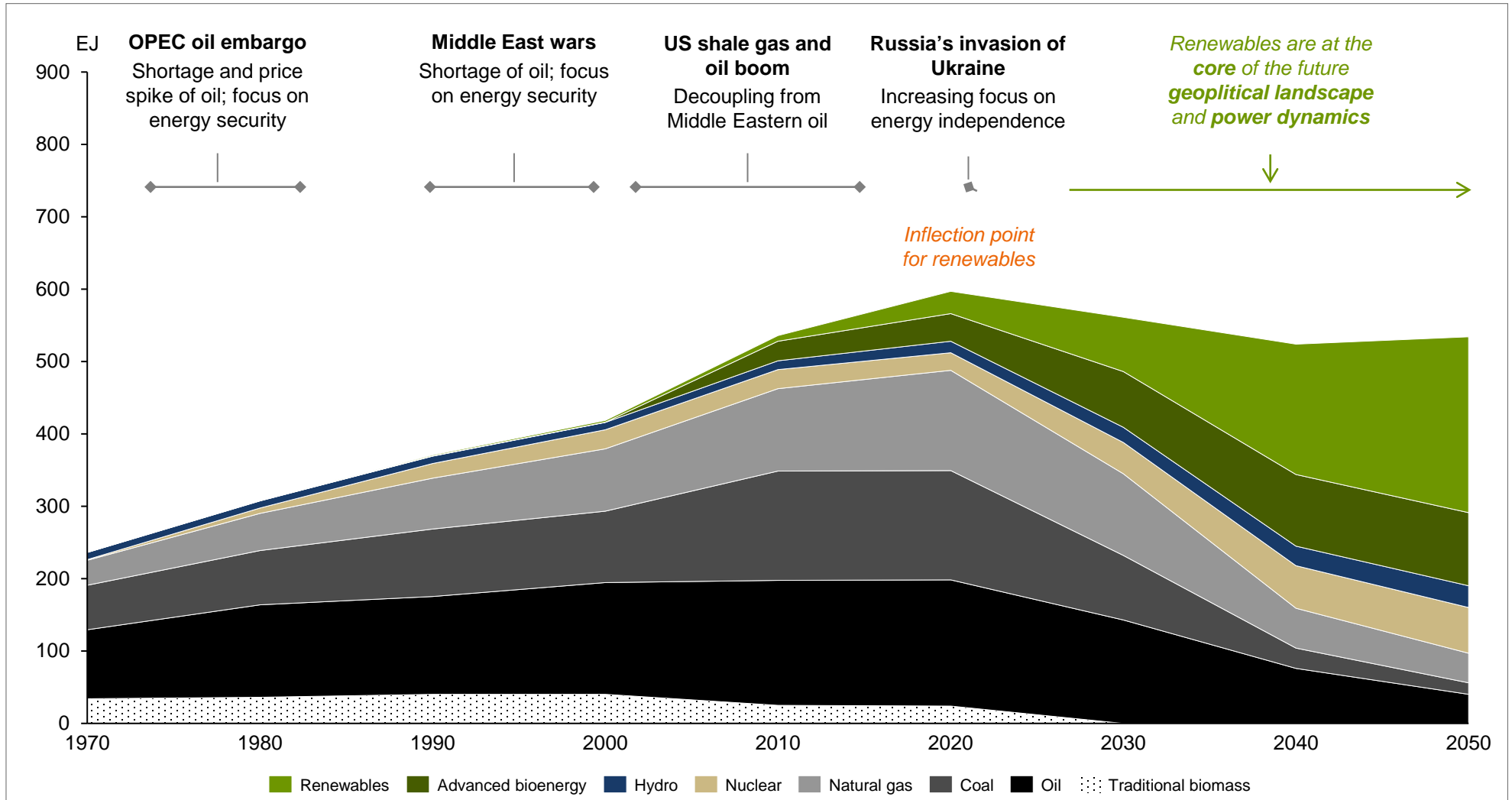
Stig Pastwa

Senior Advisor

Copenhagen Infrastructure Partners

To support of low-carbon economy, a profound change in global energy supply is needed, and we are now at a historic inflection point for renewables

Global primary energy consumption in a net zero scenario (IEA), 1970-2050 (EJ)¹



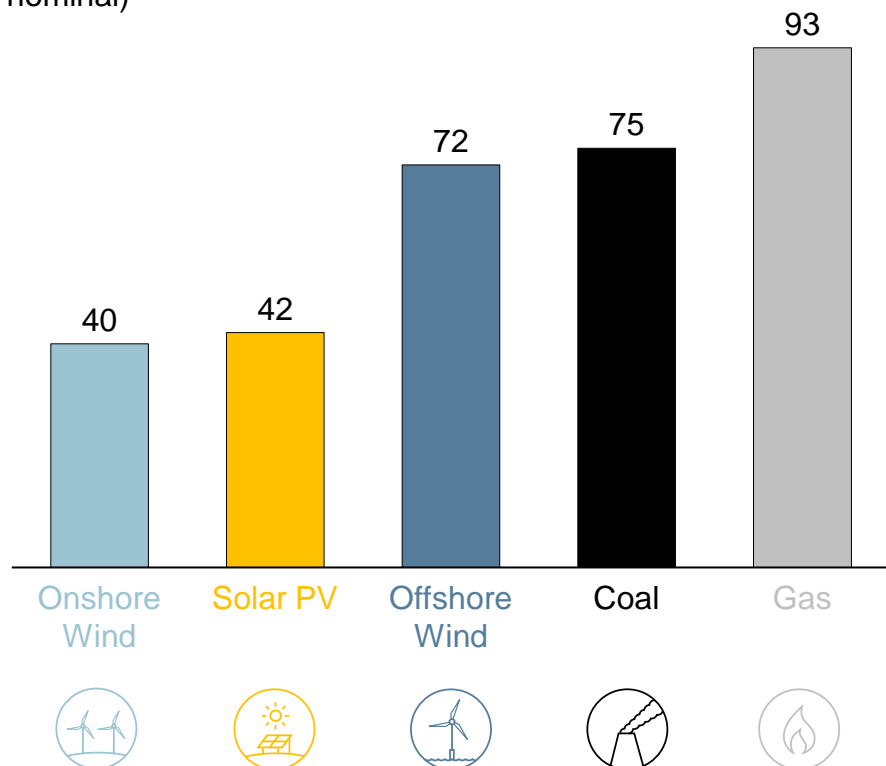
Notes: 1) Historic data based on Our World in Data. Net zero scenario towards 2050 based on IEA WEO 2022. Forecast for gas and coal also includes partially CCUS. Source: IEA Renewables 2022 – Analysis and forecast to 2027.

Renewable buildout is underpinned by fundamental economics and strong political tailwinds

Attractive economics

Renewables cheaper than or cost competitive with conventional energy globally driven by rapid technological advancement

Global levelised cost of electricity¹, H1 2023 (EUR/MWh, nominal)



Political tailwinds

Support from climate pledges, energy independence concerns and government ambitions to become market leaders in clean energy

1

Race to win the industry



2

Race for energy independence



3

Race to net zero



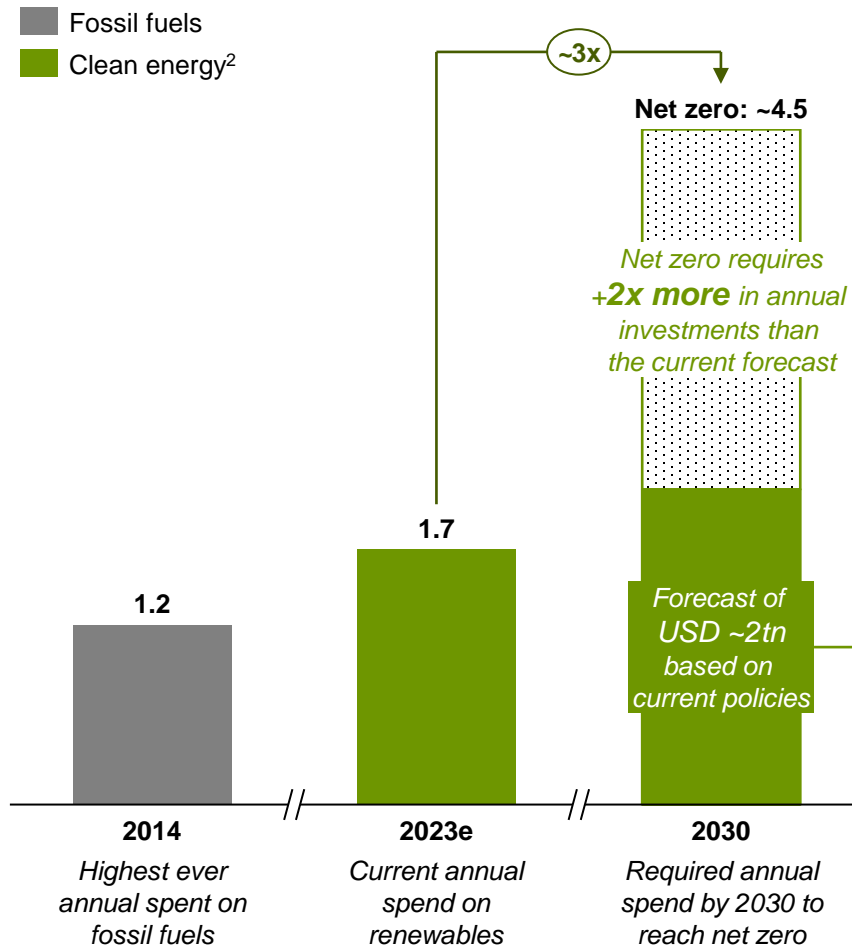
Important Information: Your investment decision must take into account all of the characteristics, objectives, and risks of the Fund as specified in Key Investment Risks above, the Memorandum, and the Investor Disclosure Document.

Notes: 1) The levelized cost of electricity (LCOE) is from BloombergNEFs 2022 H1 LCOE report defining LCOE as the subsidy-free cost of electricity from new power sources considering CAPEX, OPEX, financing costs, fuel and carbon prices, and capacity factor.






Strong political support for renewables, but further ramp-up of investments is needed

Clean energy investment need to reach net zero¹

Annual investments required by 2030 to stay on the net zero path vs. current and historic investment levels (USD trillion)



Industrial policies promoting clean energy investment and their objective^{3,4}

	Energy independence	Carbon neutrality	Market leader
■ Included in IEA current policy estimate □ New policy			
 Inflation Reduction Act (IRA) USD 369 billion funding of clean energy over 10 years		✓	✓
 Budget 2023 USD 80 billion for clean energy tax credits and infra investments		✓	✓
 Green Deal Industrial Plan Relaxed State Aid Rules and enhanced EU funding	✓	✓	✓
 Green Transformation USD 1 trillion in public-private investments over 10 years	✓	✓	✓
 Green New Deal USD 62 billion for green initiatives	✓	✓	✓

Important information: Your investment decision must take into account all of the characteristics, objectives, and risks of the Fund as specified in Key Investment Risks above, the Memorandum, and the Investor Disclosure Document

Notes: 1) IEA World Energy Investment 2023; 2) Clean energy includes clean electrification, low-emission fuels and energy efficiency; 3) Key objective is based on CIP's assessment; 4) Sources: Korea 2020 Energy Policy Review (IEA); Japan 2021 Energy Policy Review (IEA); EIA; EC; BNEF; Canada 2022 – Energy Policy Review (IEA).

Market Highlights

Offtake prices offsetting CAPEX increases

CIP projects have been resilient to increasing CAPEX globally across technologies, largely driven by higher power offtake prices and disciplined approach to investing

Decreasing commodity and freight prices

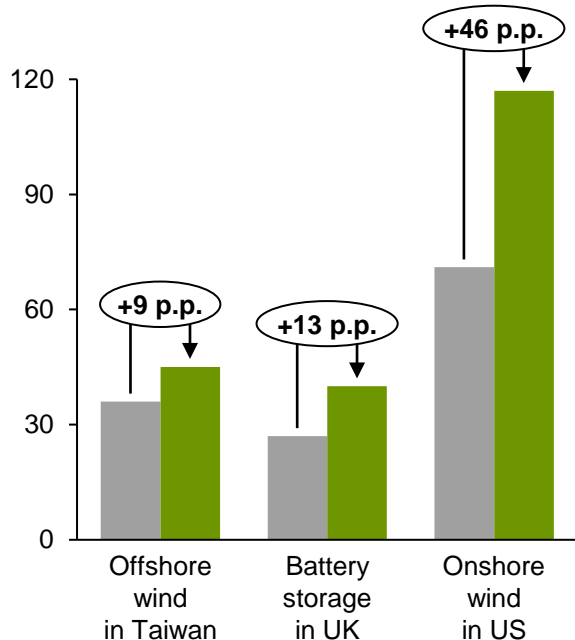
Project economics improve as commodity and freight prices are returning to levels in 2020-2021, prior to disruptions of supply chains caused by geopolitical turmoil in 2022

Interest rates starting to decrease

Interest rates starting to decrease, positively affecting projects through higher GAV, better project financing terms and lower buyer required returns for exits

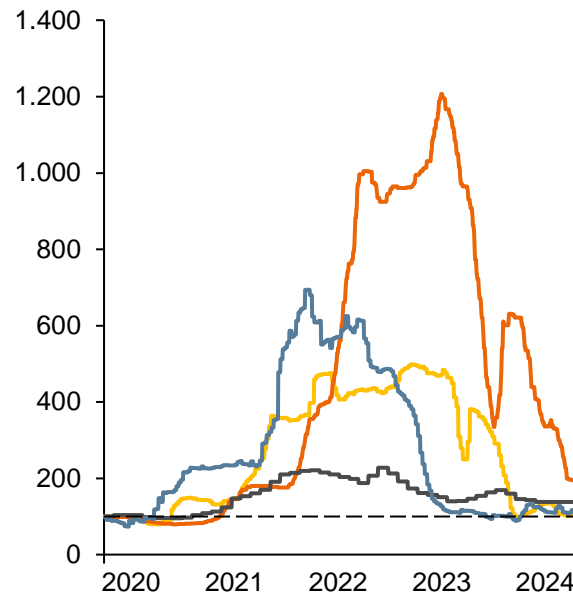
Offtake price and CAPEX development for selected projects¹ during 2021-2023

■ CAPEX increase, % ■ Offtake increase, %



Selected commodity and freight prices % (100% = Jan 2020)

— Polysilicon — Steel
— Lithium Carbonate — Freight



Interest rate development

10 year swap rates for USD, EUR and GBP, %

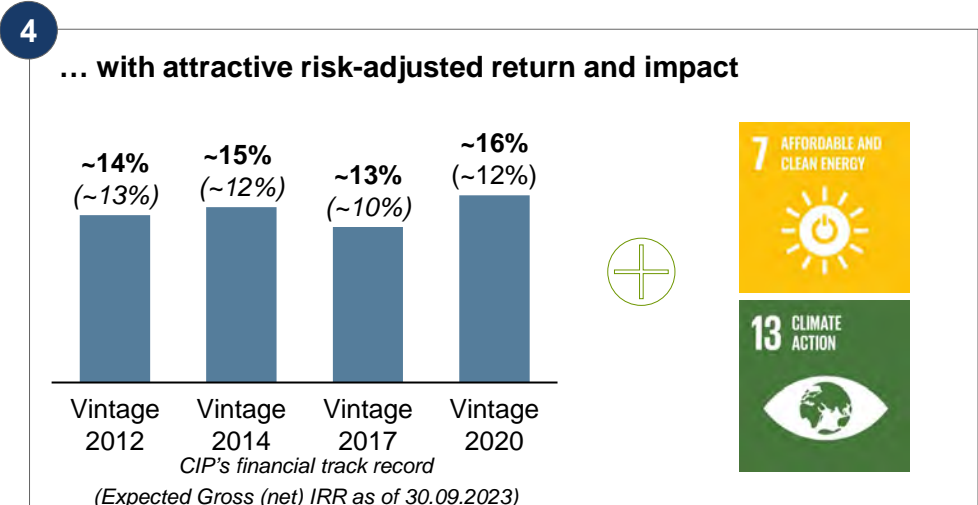
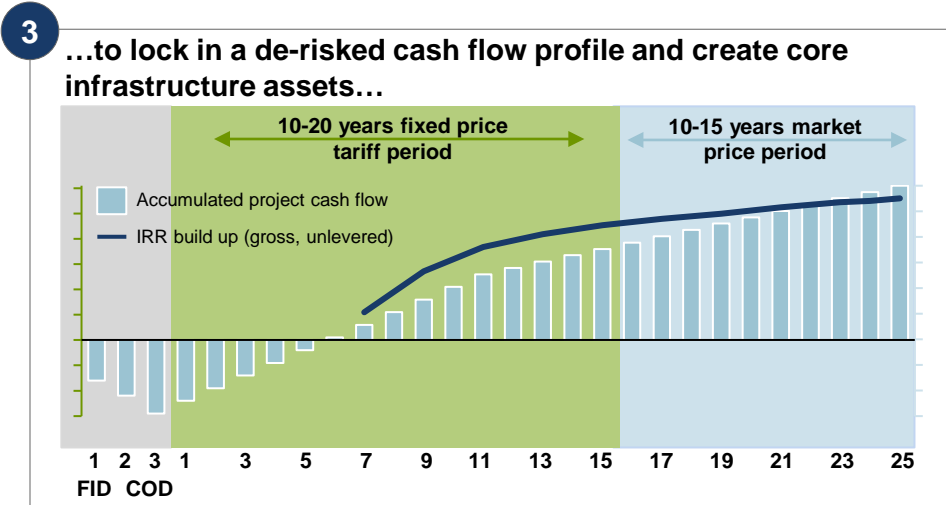
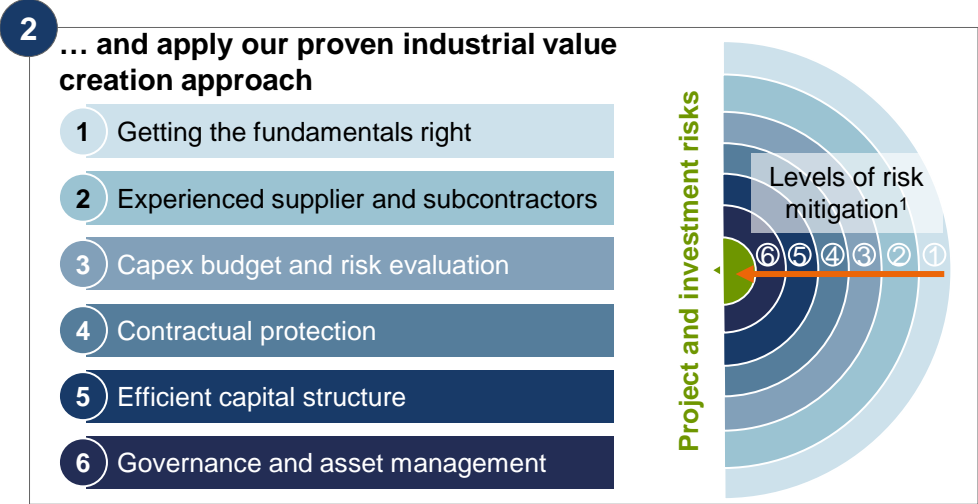
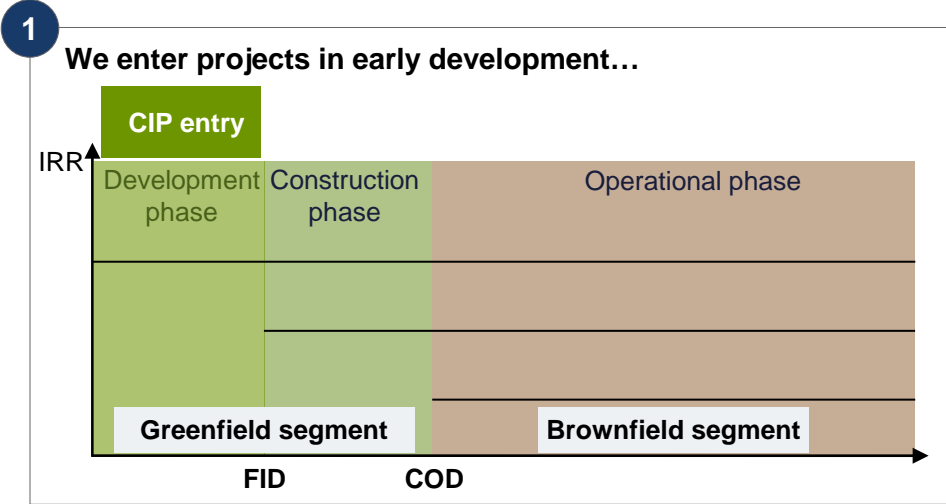
— USD — EUR — GBP



Agenda

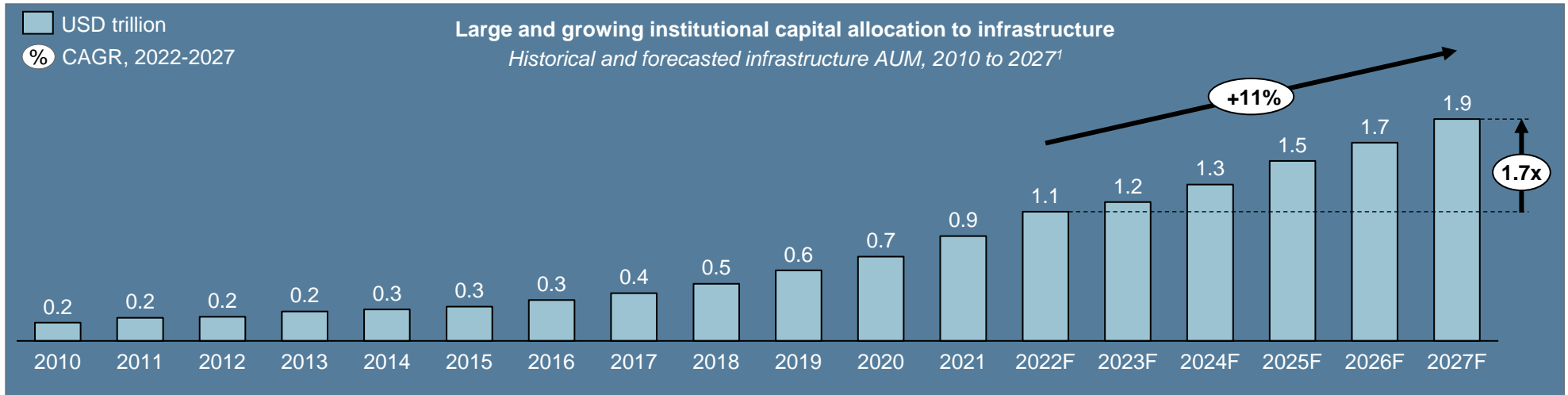
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Industrial infrastructure project investment approach to deliver financial products



Important information: There is no assurance that returns shown in this slide will be achieved and investors in any Fund may lose all or a portion of their investment. The United Nations Sustainable Development Goals ("UN SDGs") are aspirational in nature. Any express or implied references to whether and how certain initiatives may contribute to or align with the UN SDGs is inherently subjective and dependent on a number of factors and CIP makes no commitment or guarantee that it is investing in companies that have a formal commitment or plan or take specific actions to support or contribute to the SDGs. Please see the Legal Disclaimers for additional important information. **Notes:** 1) The term "de-risked" does not imply that any investment by the Fund will be safe, principal protected, or that an investment in the fund is a safe investment. Investment in the Fund necessarily involves risk, including a risk of loss of the entire investment.

Attractive premium to be captured in the greenfield renewables market



Lack of efficient capital allocation to greenfield market due to structural factors and barriers of entry:

1. Few sponsors with the required capital and industrial skills.
2. Long development lead time (e.g. 3-5 years).
3. Highly market and segment specific availability of required competences with scarcity of specialised resources.
4. Pure equity space as external financing is expensive/unavailable.
5. Complex project delivery due to supply chain constraints.

Greenfield renewables market
(where capital is needed for society)

Highly fragmented market and few capable sponsors

CIP

Developers

Listed companies

Other

Mismatch of capital
(supply / demand gap)
creates attractive
greenfield premium

Brownfield renewables market
(where capital is available)

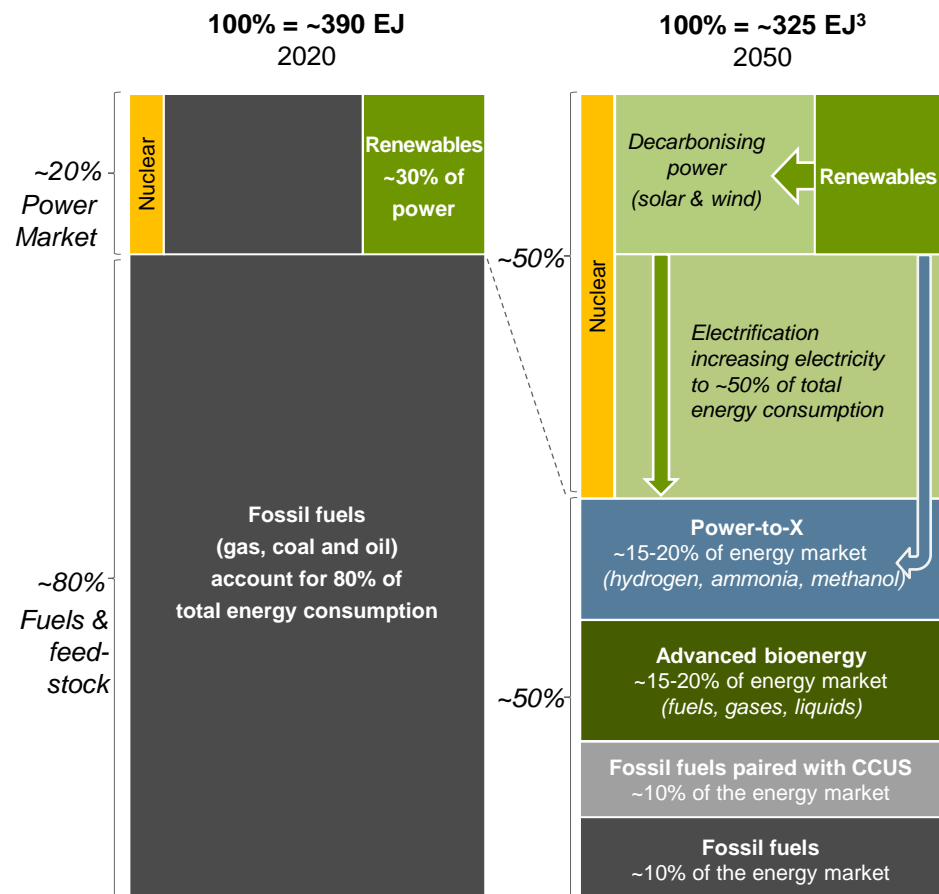
Commoditised, liquid and competitive market with existing and abundant resources

Important information: CIP's illustration of the market.

Notes: 1) Source: Prequin. Special Report. The Future of Alternatives 2027 (Published in 2022).

CIP manages six distinct strategies which contribute to the energy transition

The energy transition to net zero from 2020 to 2050 (EJ)¹



CIP investment strategies and primary focus (non-exhaustive)

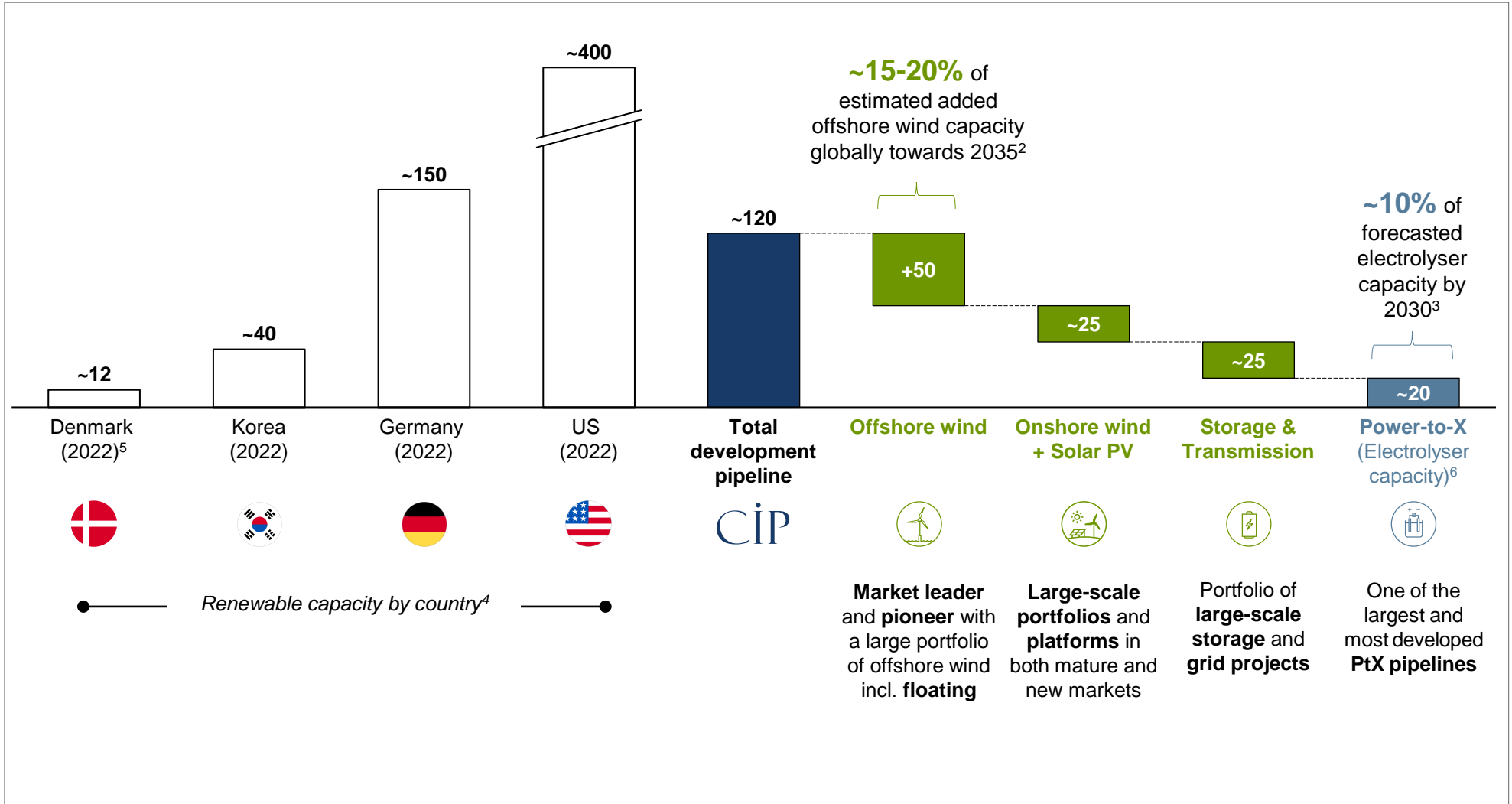
Investment strategy	Geography	Technology	Equity/Debt
Core	High income OECD countries		Equity
Growth Markets	15 selected high growth middle income countries	Offshore wind, onshore wind, solar PV, battery storage, and other	Equity
Green Credit	High income OECD countries		Debt
Regulated Energy Grids	High income OECD countries	Transmission / Distribution	
Energy Transition	High income OECD + selected non-OECD ²	Power-to-X	Equity
Advanced Bioenergy	High income OECD countries	Biogas and biofuels	

Important information: There is no guarantee that the Fund will successfully execute its strategies.

Notes: 1) CIP's illustration of the energy transition based on IEA Net Zero by 2050 published in 2021; 2) ETF primarily engages in projects in OECD, but also have a minority of projects in non-OECD countries (max 20%); 3) Reduction in energy consumption driven by efficiency measures and behavioral change.

A large and diversified renewables pipeline of ~120 GW

Attractive CIP development pipeline (in GW) (not exhaustive)¹



Important Information: There can be no assurance that the development pipeline will ever be realised.

Notes: **1)** Including projects where CIP has established entity or partnership. Capacity is gross including partnership share (where CIP is not 100% owner). Does not include CI ABF I pipeline of greenfield advanced bioenergy projects; **2)** CIP develops 50 GW of offshore wind (gross capacity incl. partnership share) which equals ~15-20% of expected capacity added by 2035 excl. China according to BNEF 1H 2022 Offshore Wind Market Outlook (Jun 2022); **3)** BNEF 2H 2022 Hydrogen Market Outlook, forecast of 180 GW electrolyser capacity by 2030 excluding China; **4)** BNEF; **5)** Statista; **6)** Does not include power generated by selected projects.

Portfolio pipeline diversified across geographies and technologies with potential equity commitments of EUR ~22bn

Region / technology split (gross equity commitments, EURm)

Owned Projects
 Leads with exclusivity

Location / Sector	North America	Western Europe	Asia Pacific (OECD + Taiwan)	Total pot. equity commitments
Offshore Wind	<ul style="list-style-type: none"> California 	<ul style="list-style-type: none"> Hannibal Scipio Ossian (Phase I) Alba Caesar (Nurax) Ossian (Phase II & III) Celtic Sea Caesar (Other sites) 	<ul style="list-style-type: none"> Japan offshore wind Fengmiao Ulsan I-III Hokkaido Korean New Sites Taiwan New Sites Australia New Sites South Taranaki Bight 	<p>EUR ~7bn (~32%)</p>
Energy Storage, transmission, and other renewables¹	<ul style="list-style-type: none"> Goldendale Tenaska 	<ul style="list-style-type: none"> Alcemi (Phase II-IV) Arrow (Volta) DEW (Phase II) EU Supply Chain 	<ul style="list-style-type: none"> Summerfield Capricornia Energy Ironbark 	<p>EUR ~6bn (~27%)</p>
Solar PV & Onshore Wind	<ul style="list-style-type: none"> Aira Solar Panther Grove I Panther Grove II Sunrise (Lost City) Prosperity Wind US onshore wind Cardinal Wind 	<ul style="list-style-type: none"> Bute Ramiro & Sabina Thunderstorm Project Rye² Baldur² Porto² 	<ul style="list-style-type: none"> Proserpine Wilan Wind Farm Japan onshore wind REP Platform 	<p>EUR ~9bn (~41%)</p>
Total potential equity commitments	<p>EUR ~6bn (~27%)</p>	<p>EUR ~9bn (~41%)</p>	<p>EUR ~7bn (~32%)</p>	<p>EUR ~22bn</p>

Important information: There can be no assurance that potential investments will ever be consummated, or if consummated, that such investments will be executed on terms similar to those described herein. Information regarding the CI V Seed Portfolio should not be relied upon as an indication, or guarantee, of future deal flow. The valuations of the CI V Seed Portfolio will be based on underlying assumptions and forecasts which may or may not be accurate ex post. **Notes:** 1) Other includes geothermal, waste-to-energy, biomass; 2) Combined battery storage and solar PV, categorized on this overview as solar PV for simplicity

Downside protection from contracted cash flows and merchant exposure to inflation

Private infrastructure investment characteristics

<p>Downside protection</p> <p>Cash-generating assets, often with contracted revenues, providing consistent and predictable cash flows</p>	<p>Exposure to inflation</p> <p>Energy prices closely correlated with overall inflation and contracted revenues in some cases inflation protected</p>	<p>Market resilience</p> <p>Renewable infrastructure is critical for society – large demand for new capacity needed with renewables as the cheapest option</p>	<p>Diversification benefits</p> <p>Greenfield industrial value creation provides strong diversification to bonds, equities and commodities given low correlation with macro and business cycles</p>
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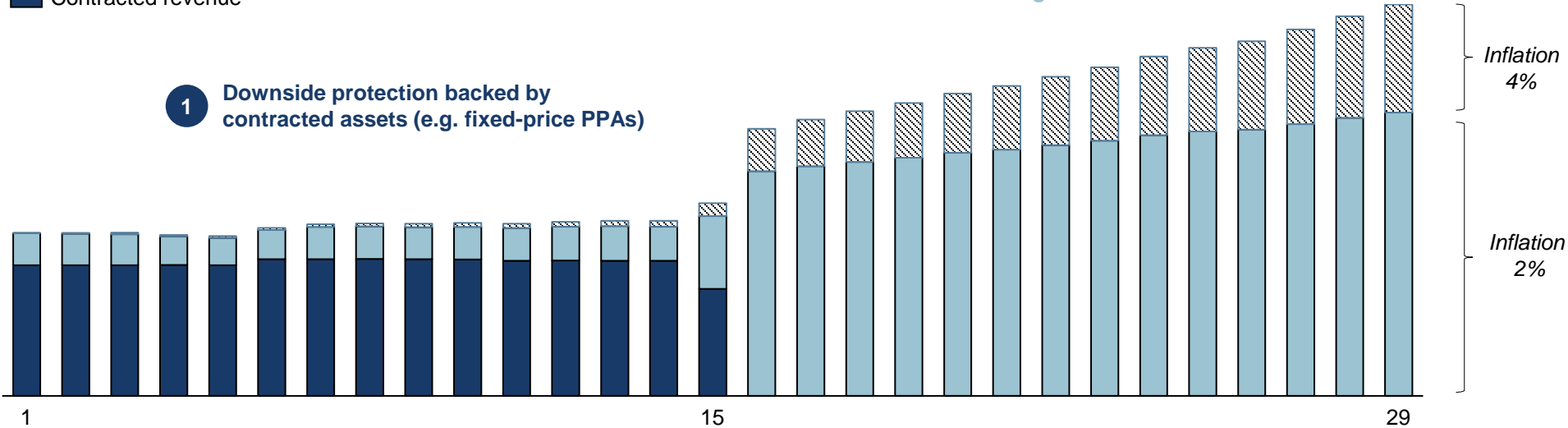
Indicative cash flow profile renewable infrastructure project

ILLUSTRATIVE

Merchant revenue
 Contracted revenue

2 Upside potential with exposure to inflation through merchant tail

1 Downside protection backed by contracted assets (e.g. fixed-price PPAs)



Important Information: Your investment decision must take into account all of the characteristics, objectives, and risks of the Fund as specified in Key Investment Risks above, the Memorandum, and the Investor Disclosure Document.

Infrastructure provides diversification and resilience during economic turmoil

Private infrastructure investment characteristics



Downside protection

Cash-generating assets, often with contracted revenues, providing consistent and predictable cash flows



Exposure to inflation

Energy prices closely correlated with overall inflation and contracted revenues in some cases inflation protected



Market resilience

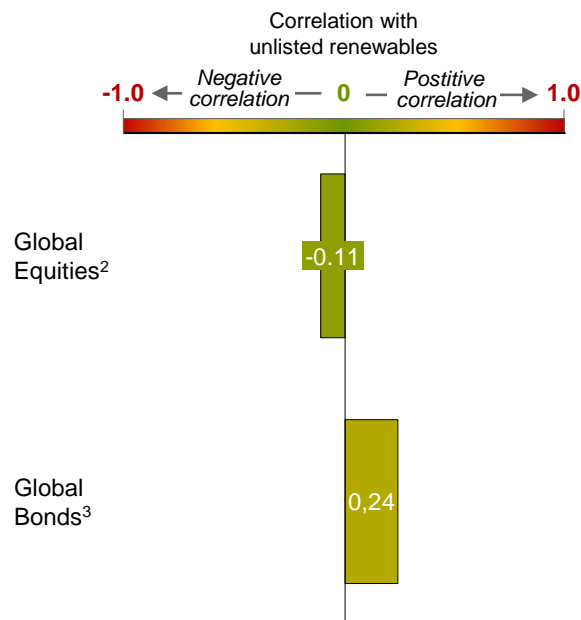
Renewable infrastructure is critical for society – large demand for new capacity needed with renewables as the cheapest option



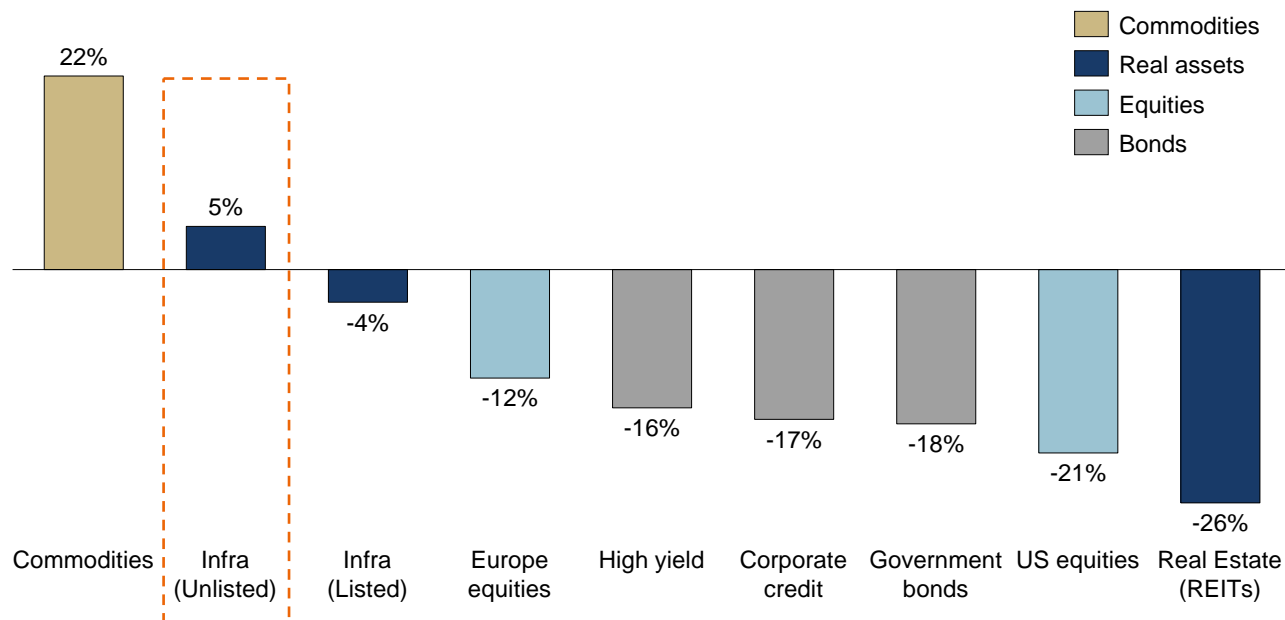
Diversification benefits

Greenfield industrial value creation provides strong diversification to bonds, equities and commodities given low correlation with macro and business cycles

Limited correlation between unlisted renewables with listed asset classes¹



Resilience of unlisted infrastructure to macroeconomic turmoil demonstrated by comparison of annual return in 2022 across different asset classes⁴



Important Information: Your investment decision must take into account all of the characteristics, objectives, and risks of the Fund as specified in Key Investment Risks above, the Memorandum, and the Investor Disclosure Document.

Notes: 1) Based on IEA – Climate Infrastructure Investing: Risks and Opportunities for Unlisted Renewables (March 2022). Data is based on EDHECinfra and Bloomberg; 2) MSCI ACWI; 3) Bloomberg Global Aggregate Index; 4) Bloomberg for listed indices and EDHEC for unlisted infrastructure

Agenda

1. **Global Macroeconomic situation in a Renewable Energy context** 2
2. **Investment in Greenfield Renewable Energy and Value creation** 8
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Veja Mate | Mezzanine investment in late-stage offshore wind project in the North Sea



Turbine installation vessel



Maintenance platform



Operational turbines



Aerial project view

Introduction to Veja Mate



Germany
(North Sea)



Offshore
wind



402
MW



ESG & Climate Impact



Stable operational HSE performance, no major incidents



Annual power supply for the equivalent of **~570k households in Germany**



~750kt CO2e emissions avoided annually

Signatory of:



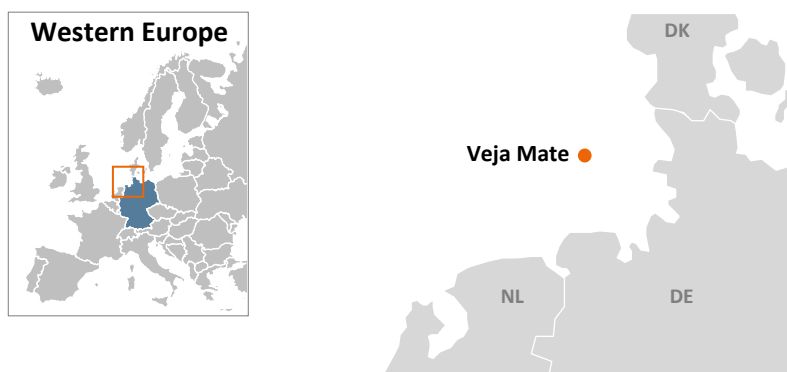
Member of:



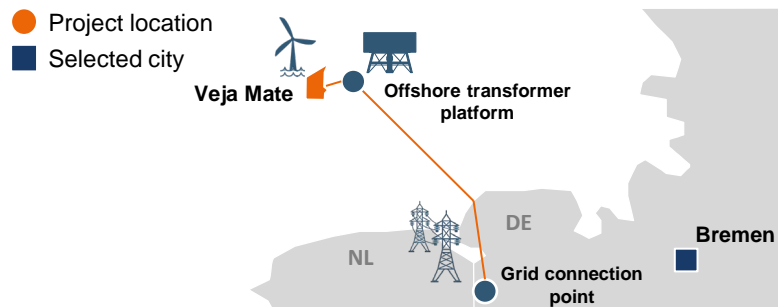
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Veja Mate | Offshore wind farm in Germany

Project location



Simplified asset illustration



Project facts¹

Project facts ¹		CI II investment KPIs ¹	
Capacity	402 MW	Commitment	EUR ~270m ²
CAPEX	N/A	MOIC	~2.4x (2.0x net)
Unlevered IRR	N/A	Project IRR	~15.4% (13.6% ³)
Leverage	~50% LTV	Ownership	0%
Project lifetime	25 years	Exp. CI II exit	2029

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About the project

Veja Mate - Operating wind farm in the North Sea



Background and project sourcing

- Project acquired in 2015 by CI II
- CI active involvement despite CI II taking on a role of a minority shareholder and project financier.
- The project finalized construction and reached COD in Q1 2018, under budget and four months ahead of schedule.
- Divestment of CI II's equity stake in Q1 2019, however still producing stable cash flows from the remaining mezzanine tranche until 2029.

Key investment rationale

- **Strong project fundamentals:** the North Sea exhibits one of Europe's highest average wind speeds and shallow water depths allowing for the use of "simple", proven technology.
- **Stable regulatory environment:** the German government provides strong support for the development of offshore wind for example through a fixed feed-in tariff.
- **Value creation:** as one of the largest offshore wind farms at the time, the project generated substantial scale benefits which were leveraged through a strong industrial partnership with Siemens as EPCI and O&M provider.

Regulatory support and offtake structure

- Veja Mate is guaranteed a fixed feed-in-tariff under the German Renewable Energy Act (EEG) covering 12 years of production significantly reducing power price exposure until 2029.

Veja Mate | Industrial value creation and de-risking

Construction completed significantly below budget and ahead of schedule despite implementation of turbine upgrades



Construction completed 4 months ahead of schedule due to competent project team, the use of additional installation vessels and bubble curtains to comply with environmental requirements without compromising on project delivery



Productive capacity exceeded FID estimates due to power boost installed on all 67 turbines without substantial impact on budget

Bubble curtain during monopile installation



Injection of project capabilities creating synergies and de-risking during construction and operations facilitated by CIP's industrial network



Siemens Financial Services introduced by CI II as equity co-sponsor enabling project financing and O&M with Siemens at attractive terms



CI II appointed Henrik Scheinemann, co-founder and co-CEO of COP, as project CEO which played a key role in the substantial time and costs savings achieved during construction while also reducing the risk of delays

CIP industrial network

SIEMENS

Equity co-sponsor, turbine supplier and O&M provider



Construction managers



Monopile foundations



Inter-array cables

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Thank you

Do you wish to explore further?



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Q&A