



INVESTMENT FUND DESIGNER

The Financing Co-ordination Agreement

Presented by

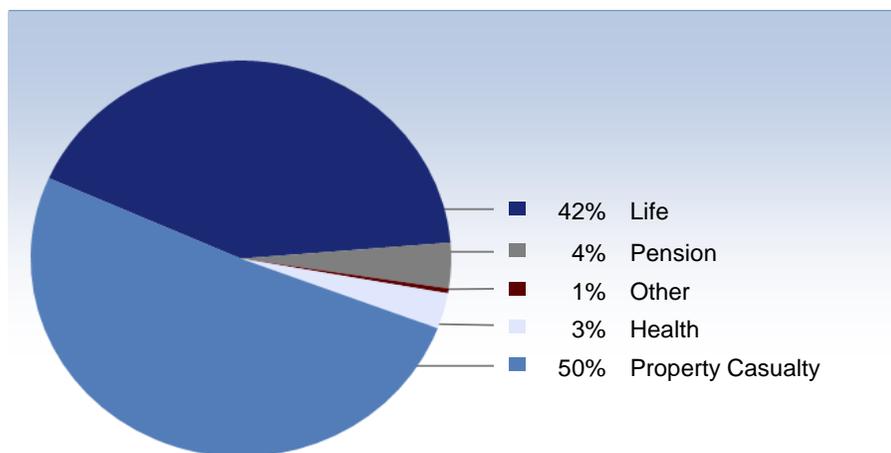
Markus van der Burg

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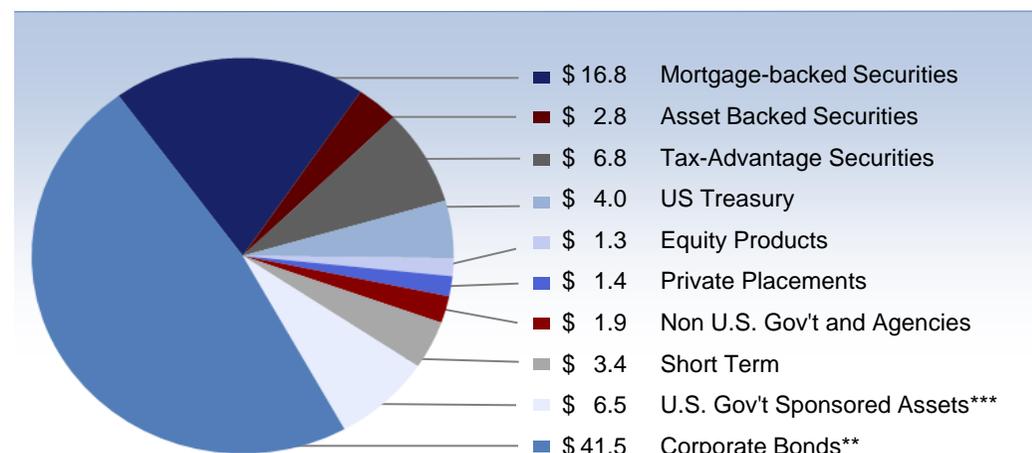
Who we are...

- ◆ Founded in 1912; insurance specialists for more than 50 years; investing insurance assets for nearly 3 decades
- ◆ Managing \$86.4 billion for 128 clients*
- ◆ 289 employees with locations in Hartford, New York, London, Dublin, Cologne and Hong Kong
- ◆ Independently owned by Aquiline Capital Partners, Conning employees, and Cathay Financial Holdings

Assets by Client Type*



Assets by Security Class*



*As of 6/30/12 Includes Conning's U.S. and European Investment Centers, and Goodwin Capital Advisers, Inc.

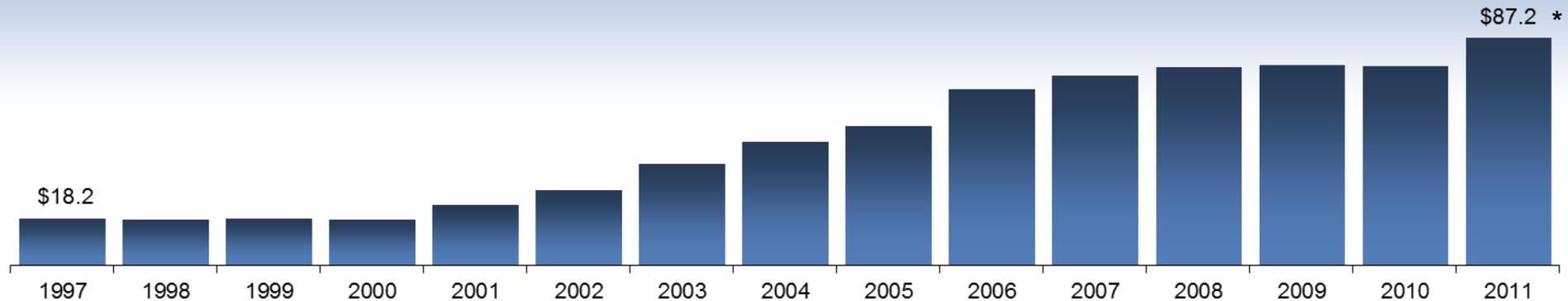
** Includes Convertible and High Yield Securities

*** Includes Agencies, Taxable Municipals and Government related assets

Investment Capabilities

Publically Traded, Investment Grade Securities	Specialty Asset Classes
<ul style="list-style-type: none"> • U.S. Treasury / U.S. Agency Bonds • Treasury Inflation-Protected Securities (TIPS) <ul style="list-style-type: none"> • U.S. Corporate Bonds • Mortgage Back Securities • Commercial Mortgage Back Securities <ul style="list-style-type: none"> • Asset Backed Securities • Municipal Securities (Taxable and Tax-Exempt) • Foreign Government / Provincial / Corporate Bonds 	<ul style="list-style-type: none"> • High Yield • Private Placements • Convertibles
Non-USD Investment Grade Securities	Equity
<ul style="list-style-type: none"> • Government Bonds • Agency Bonds • Covered Bonds • Inflation-linked Bonds • Investment Grade Corporate Bonds • Asset Backed Securities 	<ul style="list-style-type: none"> • High Dividend Income Equity <ul style="list-style-type: none"> • Replication approach • Exchange Traded Funds (ETF) approach

AUM Growth (USD Billions) as of 31 December 2011



Source: Conning

QUESTION : What major challenges for financing energy efficiency (EE) and renewable energy (RE) projects and cleaner energy technologies still exist? Please name only **one or two** most important ones. Why do you think they are not going away? What is your recipe to overcome them

- ◆ Contrary to general belief neither the shortage of funds for investment nor the lack of projects are challenges. The real issue is in making projects bankable. This applies even more so to EE
- ◆ In it's simplest form bankability is the ability to repay (and so borrow more or gain) and is totally reliant on a predictable legal framework
- ◆ Finding the correct financing structure is also key. Consider that EE projects are more bond like in nature than RE projects
- ◆ Public/Private initiatives are needed which specifically focus on making projects bankable.

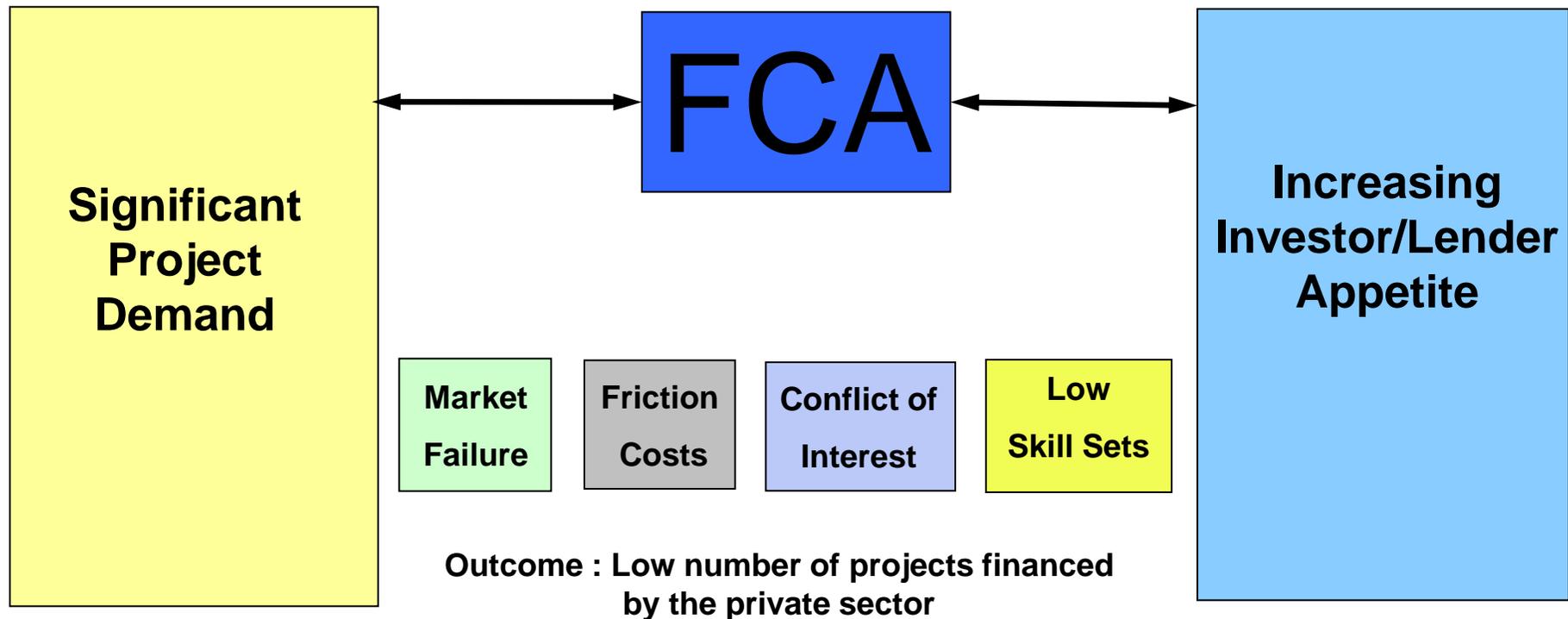
QUESTION: What is your opinion on the overall situation with financing EE and RE projects and cleaner energy technologies? Has it improved / deteriorated / stayed the same recently?

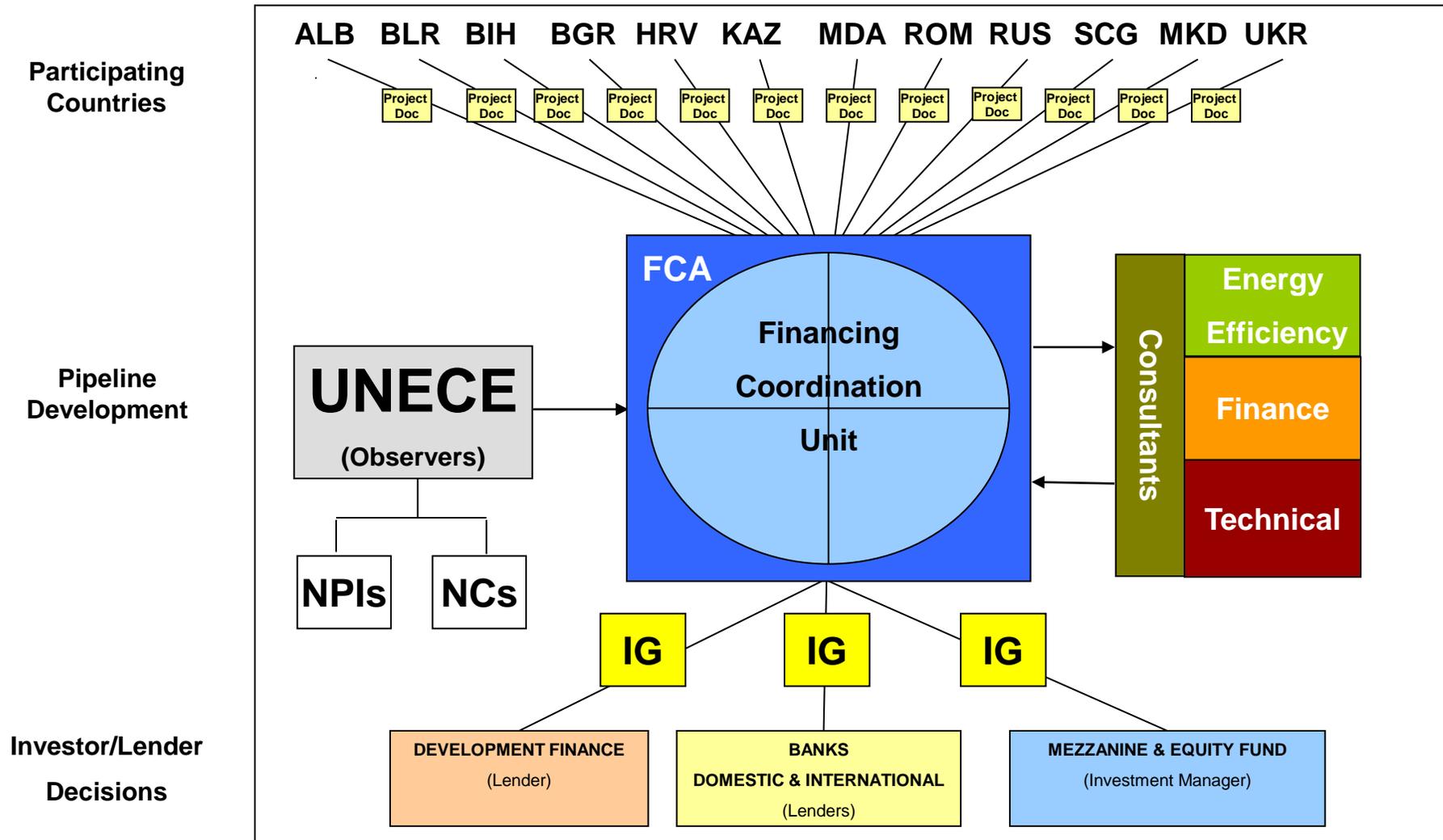
- ◆ The recent financial crisis and prolonged level of low activity and uncertainty which has followed the crisis have highlighted the need for investors to look (again) at investments which generate cash (i.e. repay)
- ◆ RE and EE projects enjoy a special status as being key to a country's infrastructure and as such are more resilient to sudden change, so whilst activity may rise and fall, it is unlikely for the industry to fail
- ◆ The savings to be had from EE projects are unchanged, despite the crisis and the continued drives towards sustainability will ensure that EE projects become mainstream
- ◆ In conclusion the situation continues to improve

QUESTION: What is the role of international financial institutions (IFIs) in facilitating public and private investments into EE projects, including establishing a framework for public-private partnerships?

- ◆ Cooperation between public and private institutions is essential as the complexity surrounding EE projects requires both to create a framework which will allow such projects to become bankable
- ◆ Public finances continue to be under increasing stress and in the long term will struggle to finance the energy project demand alone
- ◆ Private companies and organizations are unable to create the necessary financing framework which will allow for the successful financing of bankable projects

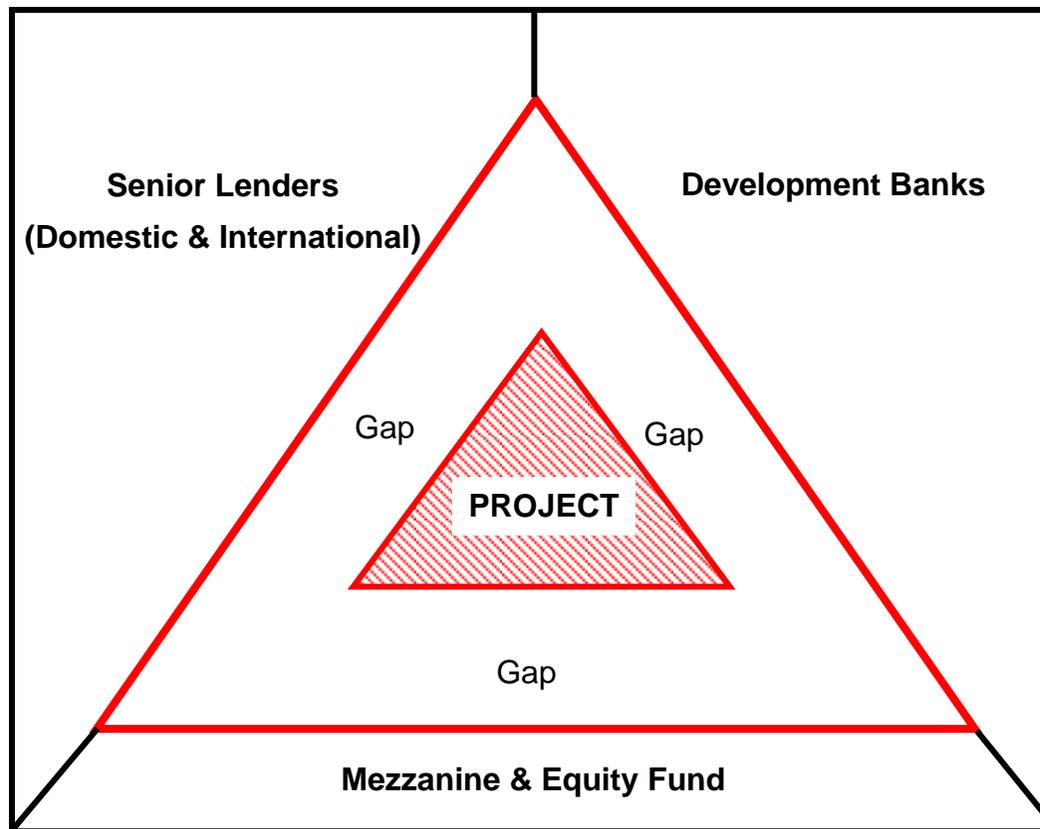
The intention of a Financing Co-ordination Agreement (“FCA”) is to address market failure, lower friction costs, avoid the conflict of interest of lenders have (in preparing project information memoranda on which they then need to make an impartial lending decision) and to compliment and in so doing, improve the skill sets required to produce information memoranda to market standards for bankable projects to allow more projects to be financed by the private sector.



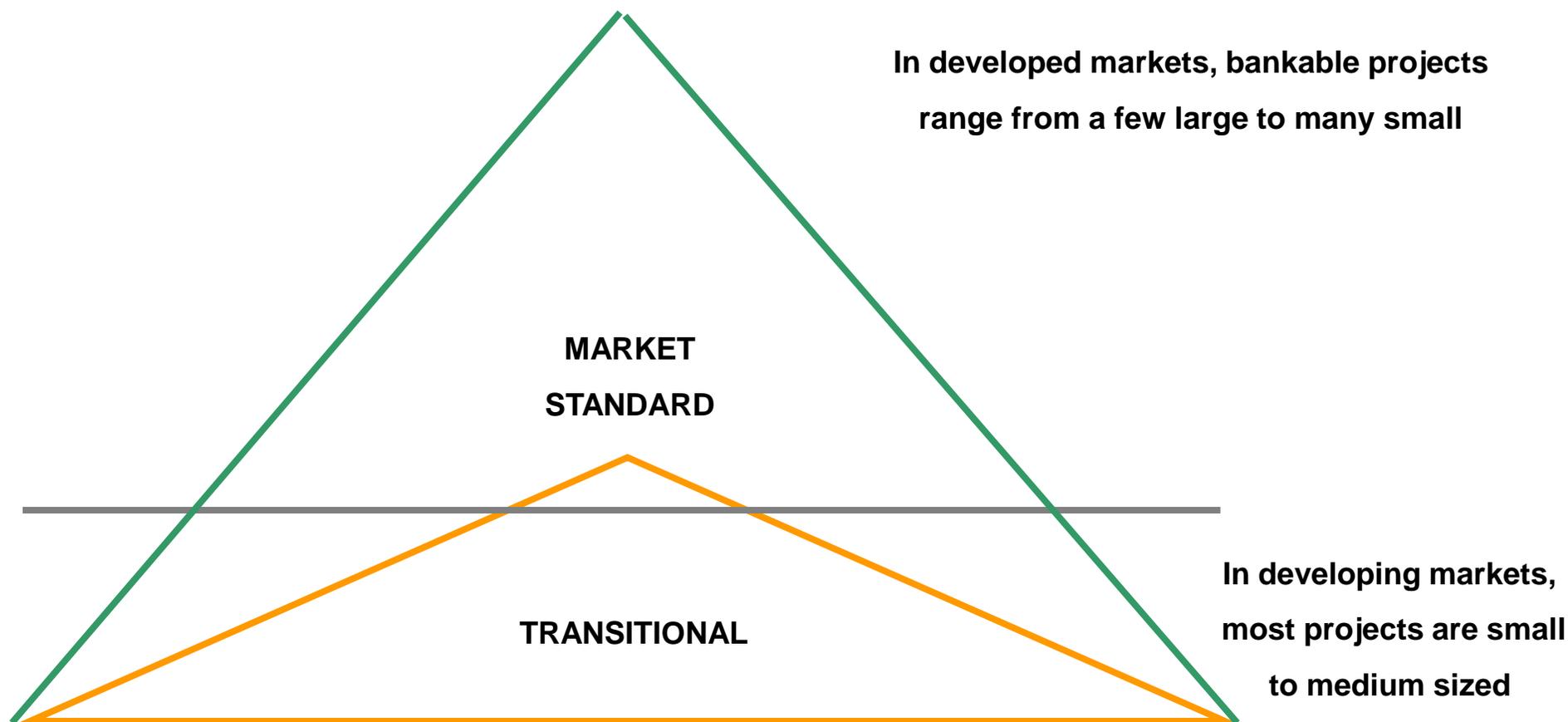


● Project Doc = Project Document

● IG = Investment Guidelines



In undertaking to develop market standard the investment memoranda development the Financial Coordinator undertakes the necessary work to close market failure gaps, which the investor/lenders cannot address on a success fee basis in support of bankable projects



The FCA/FCU provides a forum to discuss commercial solutions to long standing issues which one market participant cannot solve alone e.g. the bundling of small projects and otherwise complex projects e.g. district heating.

Remuneration: Financial Coordinator under the FCA

- ◆ In recognition of the work undertaken, Conning has one remuneration source, i.e. the payment of a market standard finder's fee by either the investment fund, senior lenders (domestic or international) and potentially even development banks, based on the amount funded; but only on a success basis i.e. a fee would only be payable if the projects were funded.

Remuneration: Investment Fund

- ◆ The Contract has as its focus an investment fund (e.g. the intended EUR 250m mezzanine and equity fund for renewable energy and energy efficiency projects) and the majority of Conning's income could come if Conning acts as a placement agent for the fund, triggering a placement fee from the fund. This would need to be agreed by the investors and so would be at market rates.
- ◆ Also, in the past Conning has also taken a minority stake in the general partner of funds it has placed, which would also be with the agreement of the limited partners.

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