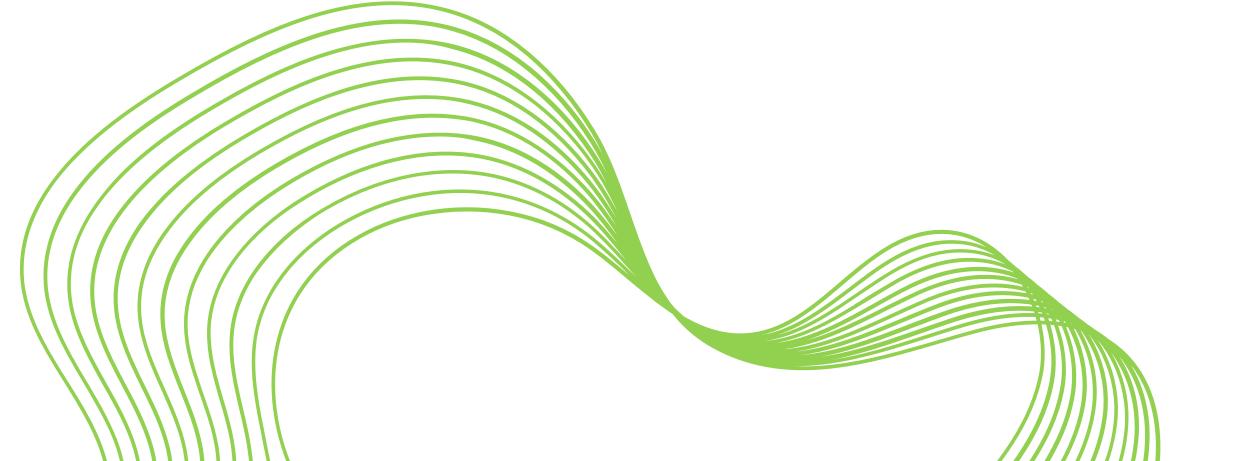


SECURITISED ENERGY SAVING BONDS FOR THE CROWDINVESTORS



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Crowdfunding for ESCOs

Crowdfunding for Energy Service Companies (ESCOs) enables citizens and small investors to directly finance energy efficiency and renewable energy projects. Through online platforms, individuals contribute small amounts of capital that collectively fund performance-based ESCO projects such as building retrofits, solar installations, or district energy upgrades.

This model democratizes investment, gives ESCOs access to alternative financing, and allows contributors to earn returns linked to verified energy savings or project revenues.

Key Benefits:

Mobilises local capital for the energy transition
Reduces dependency on traditional finance
Enhances community ownership and participation
Builds trust through transparency and performance-based returns
Accelerates deployment of small and medium-scale energy project



nerSaveCapital Current Barriers to Crowdfunding **ESCO Models in Europe**

1. Regulatory & Legal Barriers

- Lack of harmonised EU or national frameworks for ESCOs and EPCs, unclear tax and ownership treatment of energy savings
- · Restrictions on crowdfunding campaign size and retail investor participation

2. Financial & Investment Barriers

- Small, fragmented projects with high transaction costs and difficulty pooling projects into investment-grade portfolios
- Perceived high risk due to uncertain savings performance
- Limited credit history or data for ESCO-crowdfunding projects



erSaveCapital Current Barriers to Crowdfunding ESCO Models in Europe

3. Operational & Market Barriers

- Lack of standardised contracts and M&V procedures
- Low awareness among ESCOs, building owners, and citizens
- Split incentives between landlords and tenants
- Complexity in aligning technical, financial, and community actors

4. Scalability & Replication Barriers

- Limited pipeline of pre-qualified projects for aggregation
- Need for standardised templates contracts, due diligence, and digital tools





From Gap to Growth: Our Financing Solution



SSEEAL - 1st Step

In any kind of project finance relationship the lender will require an equity sliver. In ESCO-driven project, equity of 5-15% of total CAPEX is generally required.

If the ESCO does not have such amounts available and cannot raise capital from 3rd parties, it may embark on **front loading of future WhC revenues**, which requires the following conditions to be met.

Front-Loading Future Revenues from White Certificates (WhC) - SSEEAL:

- a. The project needs to be entitled to WhC and the future allocation agreed (quantity and price).
- **b.** A buyer of the **prospective** WhCs must be **identified** (probably requiring a maximum project completion time, e.g. 365 days
- c. SSEEAL will acquire the WhC allocation via a compartment of a securitization vehicle.
- d. Once the funds are raised, the depositary will hold these funds in escrow or deposit it with the ESCO's lending partners in lieu of equity on the ESCOs behalf, to unlock the agreed funding.
- e. Once the project is completed the Obliged will release the monetary WhC counter value to the depositary, who in turn will repay the investors.



Step 2: Securitization

This **first step**, resulting in an upfront payment of WhC entitlements, resolves timing and capital contribution issues for the ESCOs' investment on behalf of their EPC-clients, but in order to increase their deal capacity, a **second step** is to find an exit route for the ESCO to refinance the project via *securitization*, thus allowing full repayment to the project financer.

The lending arrangement will end in around 36 months at the latest. The banker wants to exit to reduce risk, while the borrower seeks better financing terms, as project finance is typically expensive. This transition usually happens once the project begins generating stable, predictable cash flows.

- A **securitization** vehicle could acquire those forward-looking **cash flows** from Step 1.
- To do that, the **securitization vehicle must repackage** them depending on the average maturity of the cash flows and transform them **into a bond or note,** which again it will place **with investors**.
- This will allow the ESCO to repay the original lending institution, freeing up its balance sheet, which is the core borrowing "glass ceiling", to take on further business.
- As the initial lender now has been repaid on time and in full, he is keen to engage in a follow-on loan. Securitization removes the ESCO's financial risk, which has been shifted to the bond holders.



Step 2: Securitization

A successful securitization strategy, as exemplified by car finance companies:

- which re-finance close to a trillion Euros annually
- inges on achieving standardization, transparency, and a solid contractual foundation for the underlying receivables.

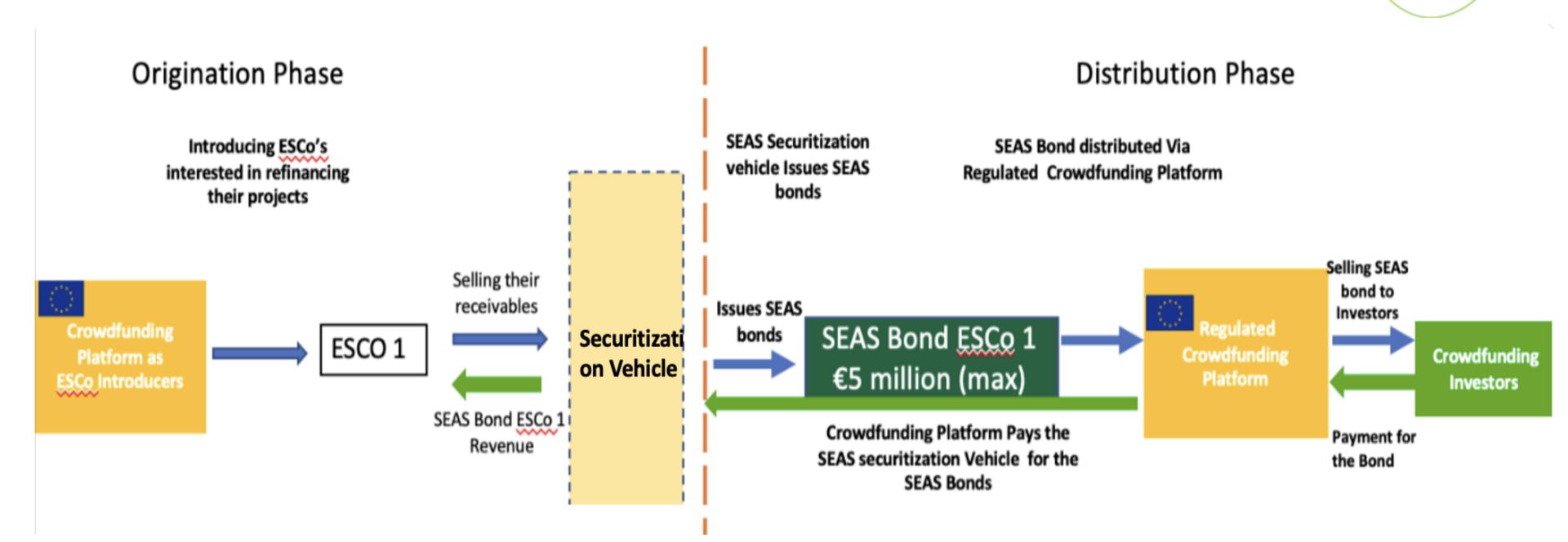
Energy efficiency and sustainable energy assets based on EPC have these characteristics.

This, paired with an **efficient**, **low-cost** securitization platform and effective distribution channels of the resulting securitized energy assets, can engage the right investor group and reduce costs associated with this kind of transaction.



This can be **repeated** on a "**conveyor belt basis**" and has the benefit of establishing the ESCO or the technology in the market place with investors, which then leads to **better terms** over time.







Key Benefits

1. Unlocks Capital for the Energy Transition

- Addresses the €800 billion/year funding gap for Europe's 2040 GHG reduction targets.
- Mobilizes a portion of €35 trillion in European household savings currently idle in bank accounts.

2. Empowers Small and Medium ESCOs

- Enables financing of smaller energy efficiency projects (<€500k)
- Aggregates projects to create investment-ready, bankable portfolios.

3. Engages Retail Investors

- Provides sustainable and attractive investment opportunities via crowdfunding platforms.
- Creates a new debt market product Sustainable Energy Assets Securitization (SEAS) accessible to retail investors.
- Leverages growing European crowdfunding markets (594 platforms, €11B+ annual volume).

4. Accelerates Europe's Energy Transition

- Supports deployment of renewable energy, energy efficiency retrofits, EV fleets, and energy storage projects.
- Helps ESCOs deleverage balance sheets and increase project pipelines.
- Encourages citizen and SME participation in sustainable energy investments.

Bridges the gap between public funding, private capital, and citizen investments. Mobilizes previously untapped private capital, scales sustainable energy projects, and makes retail investment in Europe's energy transition mainstream and accessible.



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