

# Letter from the Chairman



Dear Reader,

I am pleased to present to you the 2014 Annual Report of the European Energy Efficiency Fund (“eeef”).

As you will see from the report, eeef completed a successful 2014 with increased profitability, further project investments on the ground, additional commitments from the technical assistance facility and integrating new regulatory requirements.

Established in July 2011, eeef is an innovative public-private partnership dedicated to mitigating climate change through financing energy efficiency measures and renewable energy projects. The fund operates under the “Advancing Sustainable Energy for Europe” agenda, which invests in climate change projects for municipal, local and regional authorities as well as public and private entities which act on behalf of those authorities. eeef operates in all 28 Member States of the European Union.

eeef was capitalised with an initial volume of € 265.0m by the European Commission, the European Investment Bank, Cassa Depositi e Prestiti and Deutsche Bank. The fund also manages a € 20.0m technical assistance facility provided by the European Commission (“EC TA Facility”). The application phase for the EC TA Facility ended on 31 March 2014. The fund expects to replenish the EC TA facility with donor contributions.

The fund entered into profitability in 2013; just two years after start of operation. With a total income of € 3.7m and total operating expenses of € 1.9m, eeef generated an operating profit of € 1.8m in 2014; an increase of around 200% compared to 2013. In 2014, the fund met its target dividend obligations to investors and in addition, allocated funding to eeef’s TA Facility. As per 31 December 2014, the eeef portfolio (financial closing achieved) consisted of nine different projects with a volume of € 115.0m and overall fund commitments of € 185.0m.

To date, over € 14.0m in funds have been committed by the EC TA Facility to public authorities in order to assist in the financing of their project development activities. eeef has provided TA support to 16 different public authorities in eight different EU Member States, all of which represent potentially attractive future investment opportunities for the fund. The EC TA Facility has created significant investment opportunities that could reach € 450.0m, which are expected to be realised in the upcoming years by eeef and other investors. This will help to stimulate both the local markets by creating jobs and to achieve the ambitious climate targets of the EU.

In 2014, eeef completed the due diligence process for several further potential investments for a total amount of € 74.0m. The number of funding application requests in 2014 remained strong with 250 requests received, whereas the fund received 950 requests between 2011 and 2013. Most of these were submitted to the fund at a relatively early stage of project development.