

Letter from the Chairman



Dear Reader,

The European Energy Efficiency Fund (eeef) has completed yet another successful year, increasing both its profitability and geographical diversification.

The eeef generated a total income of €3.9 m with total expenses of €2.8 m, resulting in a €1.1 m net profit. Despite a challenging environment, no downgrading or defaults were recorded on its investment portfolio. The Fund met its target dividend obligations. In addition, it distributed complementary dividends to its investors and replenished the eeef's TA Facility.

As per 31 December 2015, the eeef portfolio (financial closing achieved) consisted of 10 different projects with a volume of €110.0 m and overall fund commitments of €117.0 m. eeef is currently completing due diligence processes for several potential investments for a total amount of over €50.0 m.

The Fund has kept a strong focus on project development, intensifying its relationships with public authorities and facilitators and launching several mutual initiatives with the Covenant of Mayors and the Council of European Municipalities and Regions.

Throughout various project development cycles, 16 public authorities have been closely supported by the European Commission TA Facility (EC TA Facility) with over €14.0 m in funds. These projects offer attractive future investment opportunities for the Fund, with a total potential investment of € 454.6 m in eight different EU Member States. A total of €15.0 m has been earmarked for financing by the eeef's Technical Assistance Facility (eeef TA Facility) in 2016, assuming that the projects materialise. Between 2011 (Fund inception) and the end of 2014 1,200 requests were received by the Investment Manager, and in 2015 and additional 150 requests were reviewed. Most of the new requests were submitted to the Fund at a relatively early stage of project development, reflecting the Fund's reputation in the market as an established partner, and its flexibility to accommodate the various needs of European local and regional communities for energy efficiency and renewable energy solutions.

The Fund continues to pursue its varied project-sourcing approach and will focus on its relationships with the European public sector. It will intensify coverage through regional European authorities and development agencies and the Investment Manager's regional coverage units, as well as further mobilising private-sector entities and energy service companies (ESCOs) and their associations that may provide services to public authorities.