



PEARL INFRASTRUCTURE CAPITAL II

Impact investments for Energy Transition and Circular Economy in Europe

Since 2019, the pressure on climate change, resources and natural environment preservation issues has increased significantly, requiring more sophisticated investment solutions:

- ▶ **New EU climate plan from 2021** reinforcing initial CO₂ reduction targets (-55% instead of -40% vs 1990).
- ▶ Launch of an ambitious plan for **re-industrialisation and energy self-sufficiency in Europe** (post-COVID 19, war in Ukraine).

- ▶ **New SFDR regulatory framework** redefining the concept of sustainable investment, alter how to invest in real sustainable assets.
- ▶ **Strong demand** from industries and communities for infrastructure capable of meeting **the needs of energy transition and energy autonomy**.
- ▶ **Territories evolving towards sustainable management** and mobility adapted to the constraints of the **circular economy**.

DISTINCT INVESTMENT STRATEGY

The Pearl strategy will contribute to 3 main European Energy Independence Objectives (i) to reduce CO₂ emissions by 55% (vs 1990), (ii) to reach 40% of renewable energy and 3.5% of biofuel/biogas in the transport sector and (iii) 10 MT of green hydrogen.

Pearl focuses on:

- ▶ **Local mid-size baseload solutions** matching:
 - ▷ **Electricity grids needs:** necessary to compensate and balance solar/wind intermittent impacts,
 - ▷ **Industrial sites permanent energy needs** and located on industrial clusters,
 - ▷ **Biofuel needs:** Pellets, Bio-methane and bioethanol, biodiesel, hydrogen.

- ▶ **Thermal energy** which is the most demanding energy in Europe (c. 70%) currently addressed by oil, natural gas and coal for industries and services processes and household heating.

Pearl targets **mid-size local assets** producing **baseload or storable energy**, from **local renewable primary energy sources** (biomass, waste, liquid effluent or geothermal sources, Biogas).

Pearl simultaneously addresses **circular economy** (including non recyclable waste valorisation to energy, solid waste recycling and water saving, recycling and re-use) and **energy transition objectives**.

Pearl II is an **Article 9** SFDR fund.

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TARGETED PROJECTS AND TECHNOLOGIES



ENERGY TRANSITION AND ENERGY/ELECTRICAL EFFICIENCY

Focus on thermal primary energy to electricity/renewable heat production to address:

- ▶ Green baseload/storable/dispatchable energy production to meet grid and industry needs and balance solar/wind.
- ▶ Combined electricity and thermal production: heat is fundamental for industry needs and urban heating networks.



CIRCULAR ECONOMY

Focus on 5 core technology types dedicated to circular economy and energy recovery:

- ▶ Solid waste and by-products
- ▶ Specific high energy content wastes form recycling: waste wood, refused derived fuels (RDF).
- ▶ Wastewater and industrial sludges and liquid waste with biogas or heat recovery.
- ▶ Dry recyclable waste (plastics, paper/cardboard...).
- ▶ Water recycling and reuse in land-based fish farming infrastructures

VALUE CREATION

An unique and replicable ability to create value by clustering assets

- ▶ Clusters of several assets managed in synergy to reach critical size and shared technical resources and construction and operation synergies.
- ▶ Improving operational and financial performance of the assets with risk management
- ▶ Optimising costs by sharing best practice between assets

PEARL 1 – 2019 VINTAGE TRACK RECORD



BIONERGIE WISMAR (Germany)

- ▶ Biomass CHP
- ▶ Electric output: 18,3 MWe
- ▶ Thermal output: 30 MWth
- ▶ CO₂ avoided: 100,000 tons/year



GREEN VALLEY (France)

- ▶ Biomass CHP (Waste wood)
- ▶ Electric output: 25 MWe
- ▶ Thermal output: 90 MWth
- ▶ CO₂ avoided: 224,000 tons/year



KOGEBAN (France)

- ▶ Biomass CHP
- ▶ Electric output: 16 MWe
- ▶ Thermal output: 42 MWth
- ▶ CO₂ avoided: 118,000 tons/year



€280M Size



**11 assets
(8 main +
3 support)**



**2 projects to
be finalized
in 2023**



**Investment
in 3
countries**

EXPERIENCED TEAM

Based on long term industry experience, the team implements a differentiated, hands-on value creation program at each step of the investment process to deliver de-risked assets secured by predictable long-term cash flows.

- ▶ Senior partners, each with 30 years of experience with leading utility and environmental services companies (EDF, Veolia, Suez, Alstom...)
- ▶ A track record of 140+ deals, including 60 environmental projects successfully executed and representing total capital expenditures in excess of €6 billion.
- ▶ Core team of 16 people with strategic, technical, financial, operational and legal skills to deliver turnkey solutions to our clients. The Pearl team is expected to grow to 26 employees for its 2nd vintage.

STRATEGY KEY TERMS

FUND NAME	Pearl Infrastructure Capital II S.C.A. SICAR
STRUCTURE	Luxembourg Reserved Alternative Investment Fund (RAIF)
GENERAL PARTNER	Pearl Advisory SAS (France)
AIFM	Edmond de Rothschild Management Luxembourg S.A.
TARGET SIZE	€400 m (hard cap at €500 m)
INVESTMENT PERIOD	5 years after the first closing
LIFE OF THE FUND	10 years plus 2 extensions of one year
TARGET GEOGRAPHIES	85% min. EU + Switzerland +Norway + Serbia + Bosnia-Herzegovina.
MATURITY	Greenfield & Brownfield
TARGET RETURN	13 - 15% gross
MANAGEMENT FEES	1.8% per annum up to 300 m EUR and 1.5% for the portion between 300-500 m EUR during investment period; 1.7% per annum after investment period
CARRIED INTEREST	20% with a partial indexing of ESG indicators: 20% of the carried interest shall be indexed to impact KPIs (avoided CO2 emissions and installed production capacity of renewable energy)
PREFERRED RETURN	7%
SFDR	Article 9

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