

**UN Expert Meeting on Renewable Technologies as Energy
Solutions for Rural Development; February 10th, 2010**



DWS Green Investments

1ST CHOICE FOR YOUR MONEY.



DWS Fund Management
Nicolas Huber, Nektarios Kessidis, Paul Buchwitz, Holger Frey



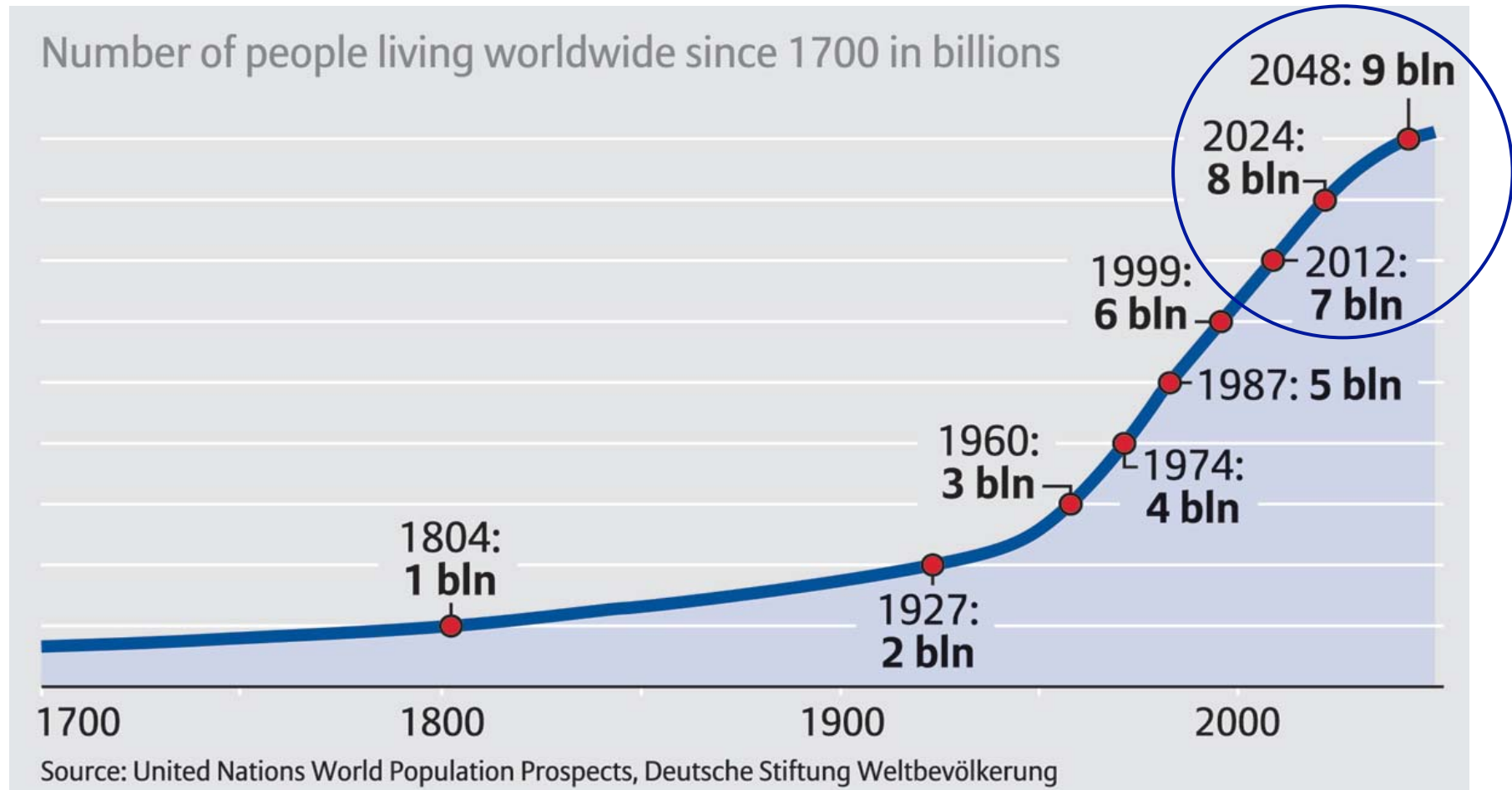
DWS Invest New Resources

Green Investments

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World population is growing dramatically...

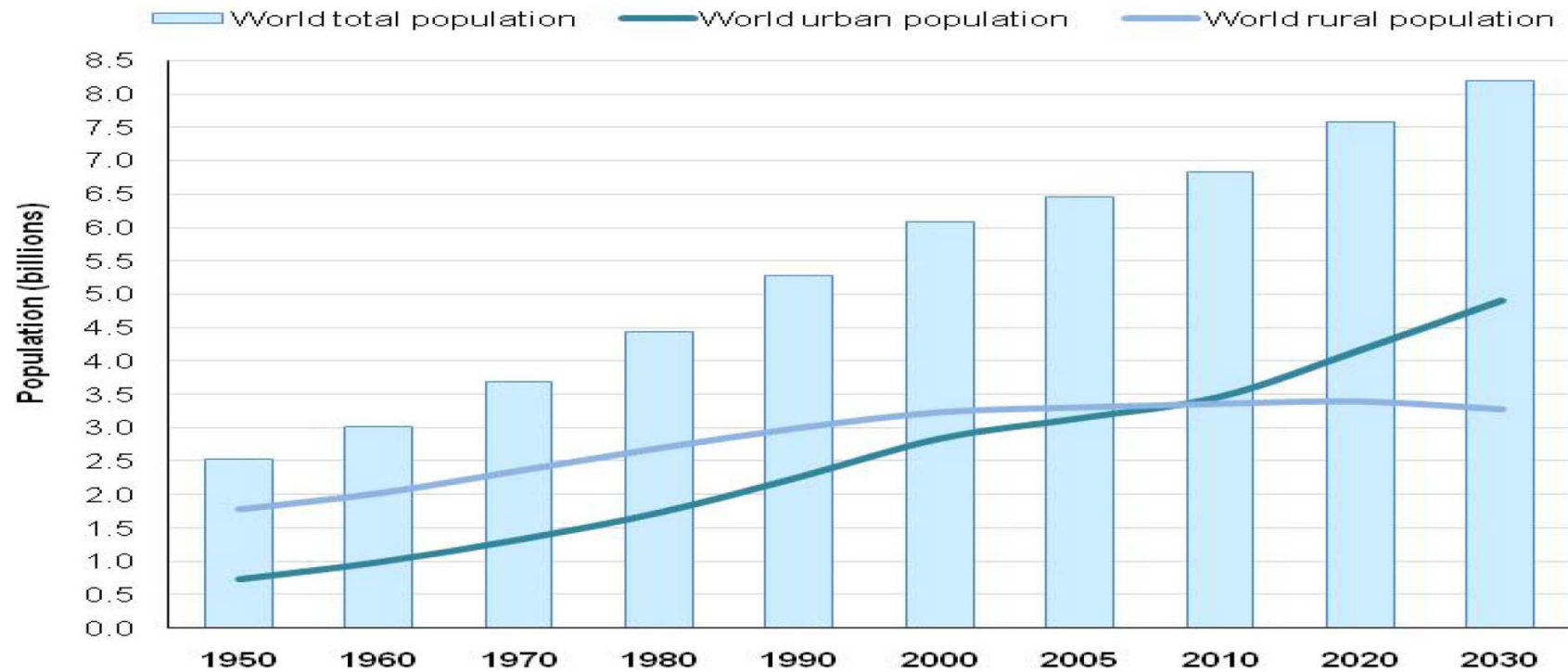


Every year an additional 80m people (the population of Germany) are demanding energy and resources

...especially in the cities...



World population trends – urban – rural breakdown



...increasing scarcity of basic resources.



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Thematic Overview



Water:

- Fixed supply but explosive demand growth
- Only 1% of the world's water is drinkable
- Demand will triple over the next 30 years

Agriculture:

- Climate change and population growth are reducing the amount of arable land
- Greater crop resistance is essential
- Increase in living standards changes dietary habits



Renewable Energy:

- Supplies of fossil fuels will be exhausted within the foreseeable future: oil production to peak in 2009!
- Importance of alternatives will increase dramatically
- Renewable energy lessens dependence on imported fossil fuels

Global water trends



Driver:

- Aging water infrastructure
- Building new water infrastructure
- Fighting water pollution
- Mining water causing distressed groundwater levels
- Dealing with Climate Change



Geographic impact:

- US, Partly Europe
- Asia, LatAm
- China, India
- India
- Global



Global water demand will triple over the next 30 years !

Key drivers for growth in the water industry:

1. Fixed supply, explosive demand growth
2. Climate change leads to drier land requiring more irrigation
3. Neglected water infrastructure in developed and water stress in emerging economies



Investment opportunities in the water industry

Distribution & management

- Utilities
- Distribution / piping
- Pumping
- Management/ engineering

Purification

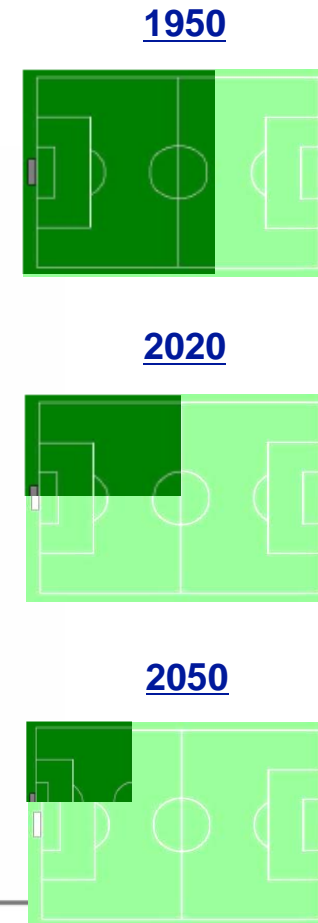
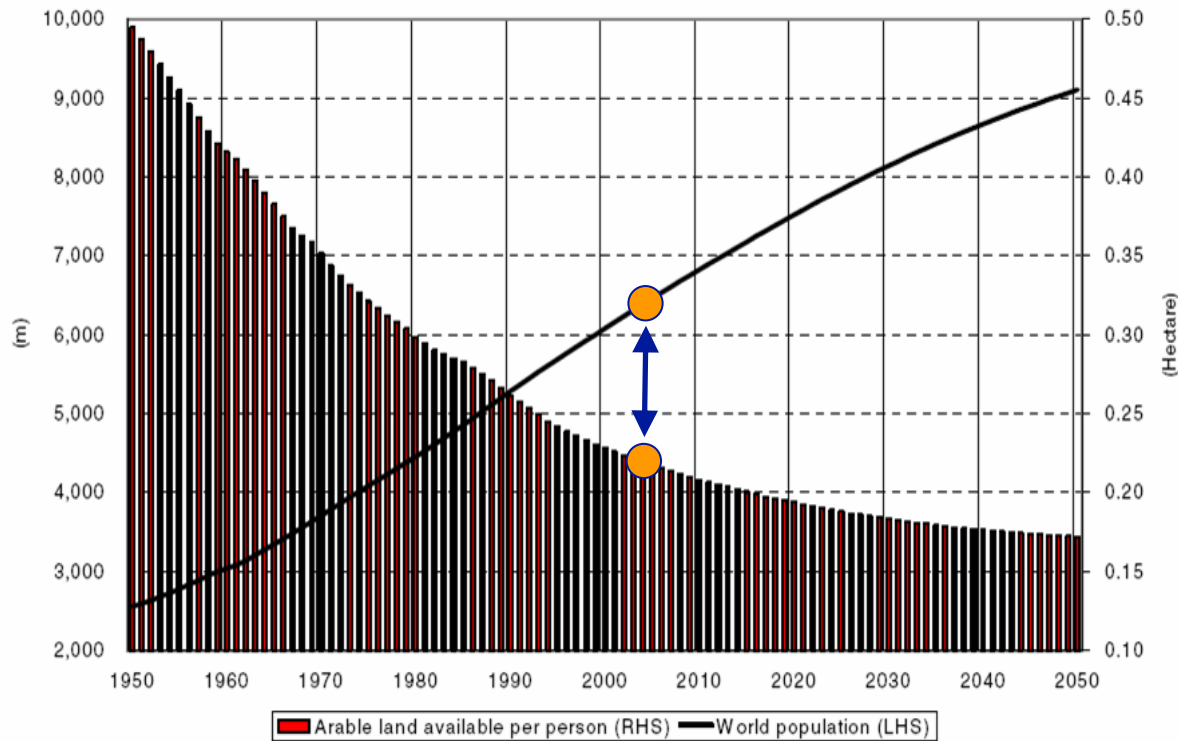
- Waste water cleaning
- Filter systems
- Disinfection
- Desalination
- Monitoring

Consumer efficiency

- Home installation
- Grey water recycling
- Water meter

Food supply is at risk

Growing Population and available acreage per person



Urgent need to increase productivity, but how?

Agriculture: the growth market of the future



Demand for soft commodities in a strong long-term uptrend:

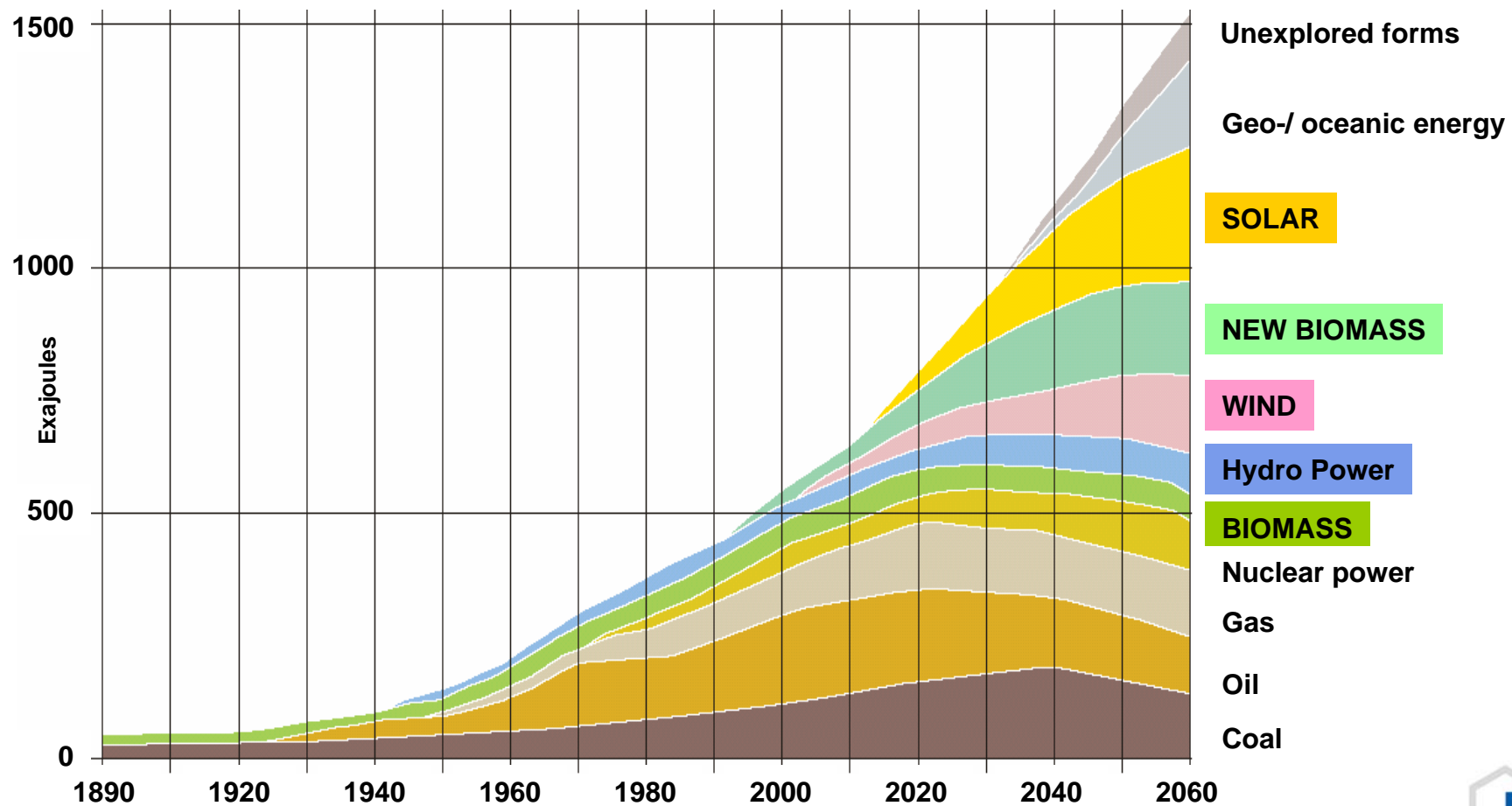
1. Population growth
2. Decreasing farmland per person
3. Increasing urbanization
4. Rising income in emerging markets causes protein consumption to rise sharply

DWS Invest New Resources invests in:



Alternative Energy will play the most important role in meeting the rising demand

Shell-energy forecast: World energy demand until 2060



World electricity demand is set to double by 2030*

- Wind is the most competitive renewable energy technology
- National energy security and reduction of green house gases are key issues for developed and emerging countries
- Utilities are investing in wind and solar parks as an attractive alternative to centralized electricity generation
- New investment opportunities in power storage arise
- Asian solar companies will profit from structural change (decreasing silicon spot prices, improving quality of Chinese modules and attractive production cost structure in China)

DWS Invest New Resources invests in:



*Source: International Atomic Energy Agency (IAEA)

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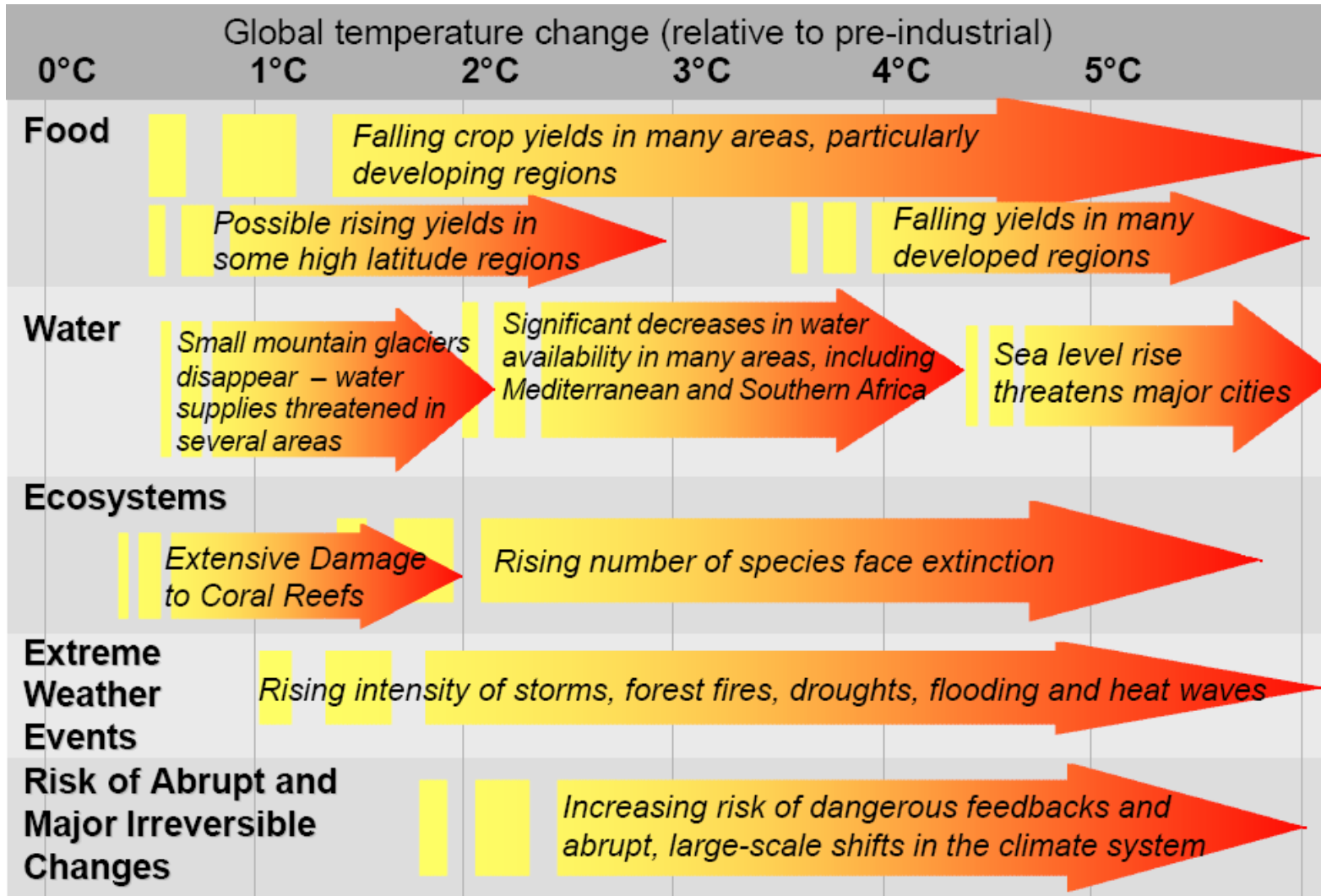
DWS Invest Climate Change

Green Investments

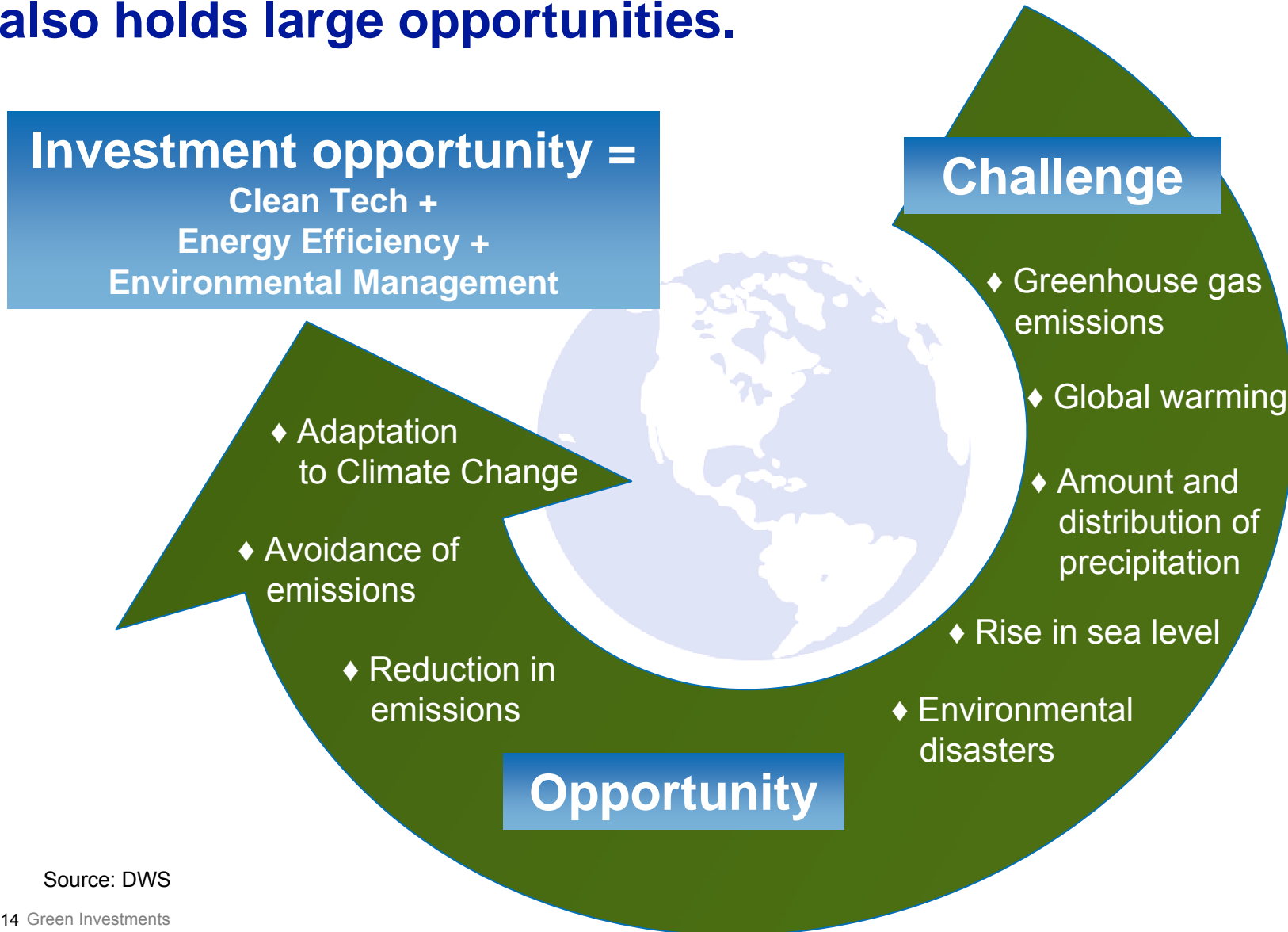
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The potential impact of climate change is immense...

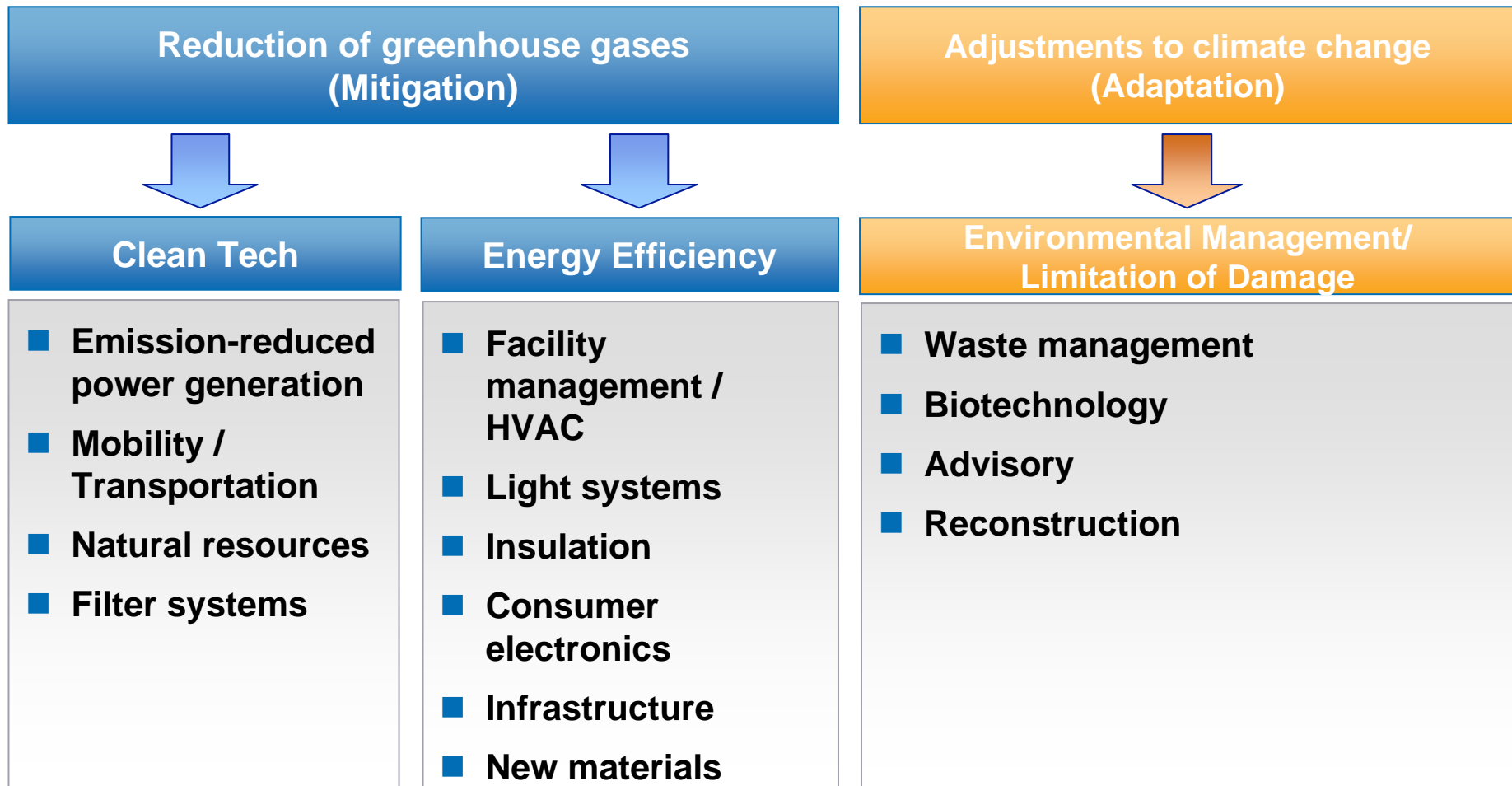


...and confronts the world with enormous challenges, but also holds large opportunities.



Source: DWS

Substantial business opportunities will emerge and DWS Invest Climate Change Fund capitalizes on them



DWS Invest Climate Change

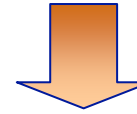
Offering a broad range of investment opportunities

Clean Tech



- **Emission reduced power generation**
- **Mobility / Transportation**
- **Natural resources**
- **Filter systems**

Fund investments:



- Wind, solar, hydro, biofuel, geothermal
- Battery tech, electric vehicle products, railway operators
- Timber companies
- Air pollution filtration products

DWS Invest Climate Change

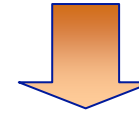
Offering a broad range of investment opportunities

Energy Efficiency



- **Facility management / HVAC**
- **Light systems**
- **Insulation**
- **Consumer electronics**
- **Infrastructure**
- **New materials**

Fund investments:



- Building automation, energy management, building services
- LED, production equipment & chip component manufacturer
- Thermal insulation materials producer and distributors
- Stand-by solution technologies (integrated circuits AC-DC)
- Smart Grid technologies, electric cable producer
- Carbon, fiber-reinforced composites, superconductor

DWS Invest Climate Change

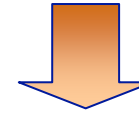
Offering a broad range of investment opportunities

Environmental mgmt.



- **Waste management**
- **Biotechnology**
- **Advisory**
- **Reconstruction**

Fund investments:



- Waste to energy, recycling, energy recovery
- Enzyme producer
- Environmental & emission advisory
- Dike builder, dredger, irrigation, desalination
- Land reclamation, rebuilding



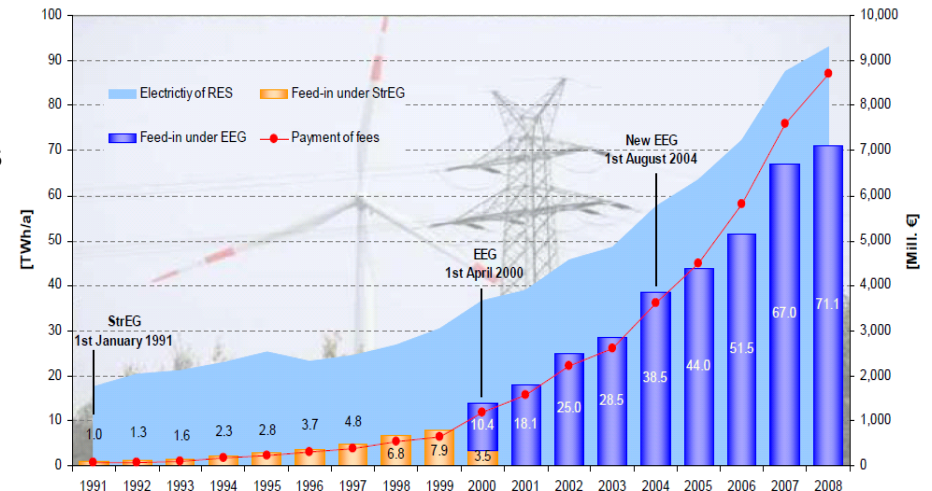
Green Investments and Rural Development

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Local example: Germany

- **Feed-in electricity tariffs** have been introduced in Germany to encourage the use of new energy technologies such as wind and solar power
- Under the EEG (Renewable Energy Sources Act) the majority of electricity from renewable energy sources is fed into the grid and paid according to the tariffs
- As the feed-in tariffs are providing planning security electricity generation from renewable energy sources is increasing steadily
- Companies that arise in this young industry are settling in structurally weak regions, in particular the newly formed German states (e.g. Q-Cells, Roth & Rau)
- Solar- and wind parks are usually built in rural areas supporting the local economy and infrastructure



Feed-in payment under the Electricity Feed Act and the Renewable Energy Sources Act (EEG) in Germany since 1991

Source: Federal Ministry of Environment, Nature Conservation and Nuclear Safety, Version: December 2009

Global example: Desertec

- Desertec is a technical, economic, political, social and ecological framework for **carbon-free power generation** in the deserts of North Africa
- Produce sufficient power to meet around 15% of Europe's electricity requirements
- Provide a substantial portion of the power needs of the producer countries. Electricity may also be used for water desalination.
- This international cooperation is designed to create new wealth and development perspectives for the North African and Middle East countries
- Increases political stability and reduces migration



carbon free power generation, job creating, transfer technological know how to developing countries and support rural development



How to attract green investments in developing countries

■ A lot of positive effects of green investments in developing countries...

- Transfer of future-oriented technologies
- Reduction of energy dependency
- Reduction of energy costs
- Job creation
- Support the global fight against climate change



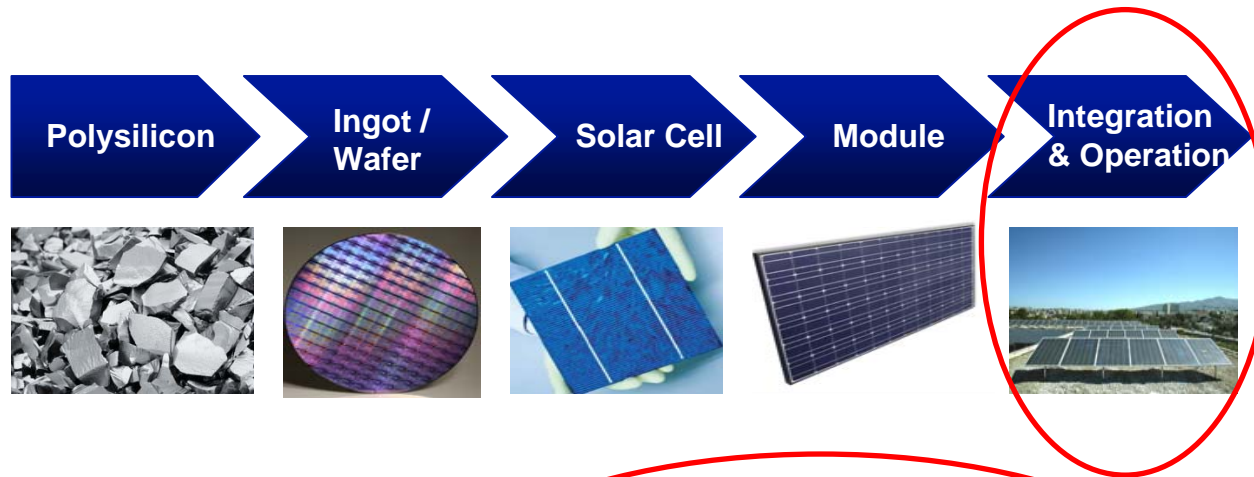
■ ...but how to attract them?

- Establishing a legal and economic framework
- Ensuring material and intellectual property rights
- Planning reliability



Provide attractive risk-adjusted rate of returns and a stable legal framework

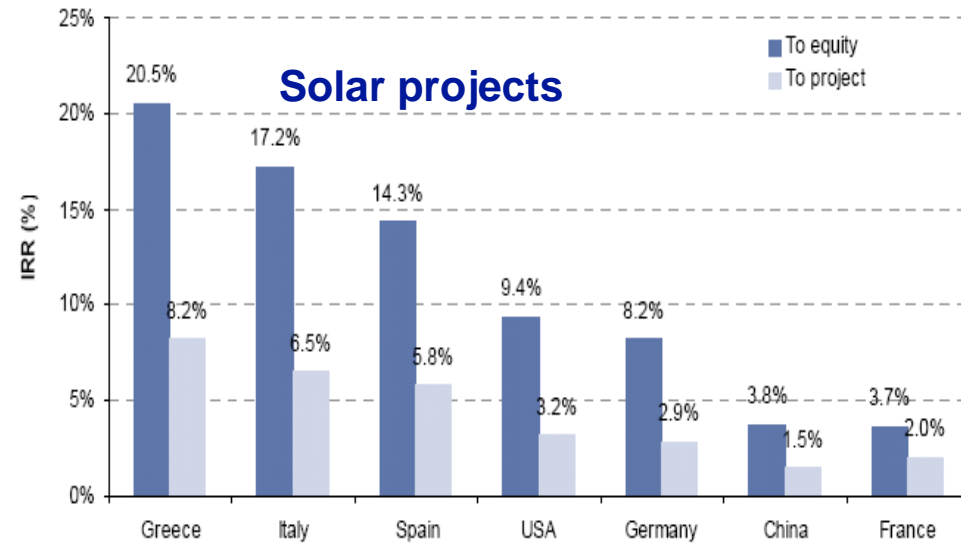
Which part of the value chains are of interest



Downstream parts (integration and grid connection) can be easily covered by developing countries

Important parameters of an IRR calculation

- Load factors for wind and sun shine hours for solar
- Land lease costs
- Cost of dept
- Equity requirement
- Duration of a project
- Feed-in tariffs



IRR to equity and projects, based on €4/Wp for Greece, Italy, Spain & France; €3.3/Wp for Germany (thin film) and €2.6/Wp in China & the US



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