



Local Currency Financing in Frontier Markets

14 October 2020

Our Investors



Microfinance: LIFT 2.0

LIFT 2.0



\$279m requests from investors



12 MFIs



25 International Investor

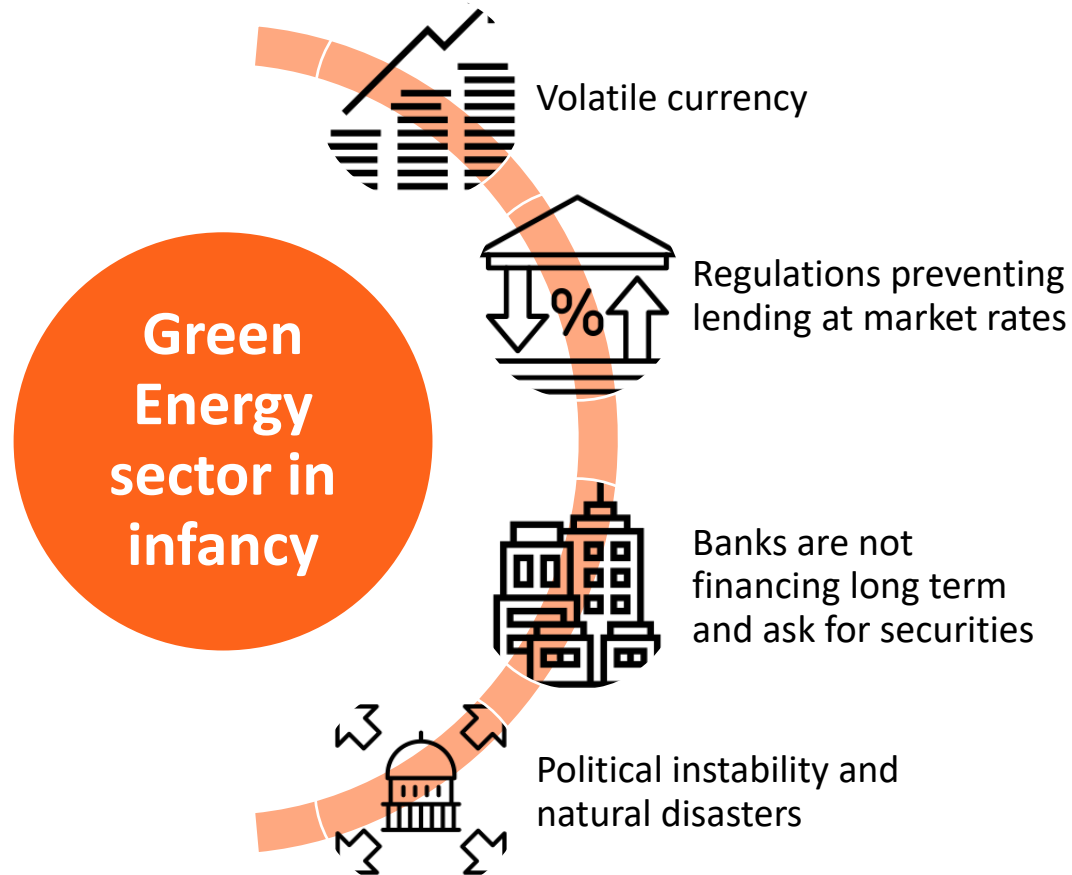
Requested Allocations vs Loans Hedged

	Requested	Allocated
Volume	279,007,947	162,931,516
Number of Lenders	27	25
Number of MFIs	14	12
Number of Loans	82	56
Loan Maturity (years)	3.66	4.31
Margin over LIBOR 6m (weighted avg)	4.86%	4.88%



Green Energy: Blended Finance Applications

Shallow financial markets in Myanmar



A Blended Finance Solution

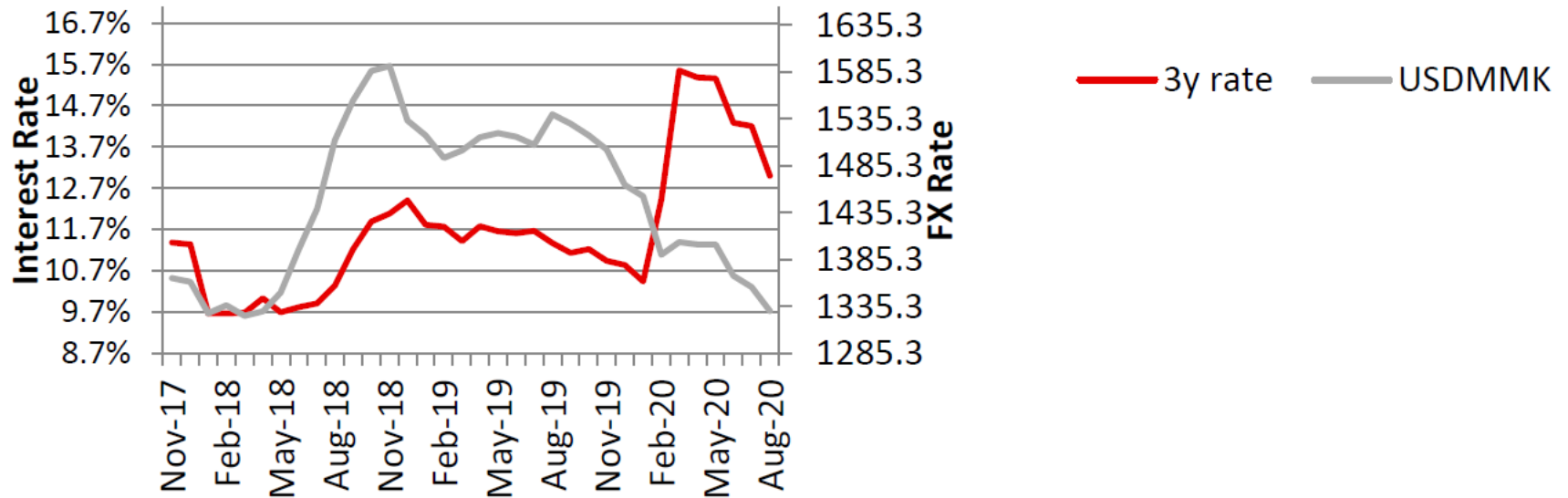
Credit Risk

A credit guarantee will incentivize impact investors to provide long term funding in Kyat on an unsecured basis at more competitive terms if a Donor can de-risk the project (first-loss, construction phase guarantee, etc).
Because in local currency the donor also takes less credit risk.

Currency Risk

A subsidy will enable TCX to price competitive credit margins at levels more conducive to business for the developers leapfrogging the market.

3-yr TCX Swap Rates 13% MMK fixed rate vs \$US Libor 6-m



Example of pricing (October 14, 2020)

7-yr **19%** MMK vs Libor 6-m + 5.25%

14-yr **21.45%** MMK vs Libor 6-m + 6.00%

Is LCY conducive to business ?

Base Cases Assumptions and Results											
Input										Output	
	PPA Denomination	Indexation to Inflation?	Debt Denomination	Leverage	PPA Price (\$/MW)	Interest Rate	Tenor	Blended Interest Rate ²	Project IRR	Equity IRR	Min DSCR
Case 1	USD	No	USD	USD Bond: 70%	96	USD: 7.0%	USD: 7-y	7.0%	12.0%	15.4%	1.42 x
Case 2	Hybrid USD/MKK	No	Synthetic LCY Tranche + USD bond	USD Bond: 20% Synthetic LCY: 19%	96	USD: 7.0% Synthetic LCY: 20.05%	USD: 7-y Synthetic LCY: 10-y ¹	13.8%	7.9%	5.7%	1.30x
Case 2bis	Hybrid USD/MKK	Yes for MKK	Synthetic LCY Tranche + USD bond	USD Bond: 20% Synthetic LCY: 36%	96	USD: 7% Synthetic LCY: 20.05%	USD: 7-y Synthetic LCY: 10-y ¹	15.7%	16.0%	15.2%	1.30x

EIRR per CCS cost (USD cost for Case 1)

	-3%	-2.5%	-2%	-1.5%	-1%	-0.5%	-	0.5%	1%	1.5%	2%	2.5%	3%
Case 2	6.13%	6.05%	5.98%	5.93%	5.92%	5.90%	5.69%	5.55%	5.48%	5.48%	5.44%	5.41%	5.34%
Case 2bis	16.11%	15.88%	15.71%	15.53%	15.36%	15.19%	15.02%	14.85%	14.68%	14.51%	14.34%	14.17%	13.84%

Thank you

For all inquiries, please contact:

j.pirouz@tcxfund.com

<https://tcxfund.com/>



The Currency Exchange Fund N.V. (“TCX” or “the Fund”) is an Alternative Investment Fund within the meaning of article 4:1 of the European Alternative Investment Fund Managers Directive. It is based in Amsterdam, The Netherlands, and is open to Professional Investors only.

TCX’s fund manager is TCX Investment Management Company B.V. (“TIM”), a company based in Amsterdam, The Netherlands, that is licensed as an Alternative Investment Fund Manager by the Financial Markets Authority of The Netherlands.

TIM has passports in place to market the Fund in certain EU countries only. The marketing of the Fund outside the EU may also be restricted by law. TIM is dedicated to complying at all times with all applicable rules. Accordingly, please note that no communications from TIM may be construed as an offer or invitation to invest in the Fund in any form in any jurisdiction where TIM has not yet taken steps to comply with the prevailing laws and regulations on the marketing of funds.