



# Funding Solutions

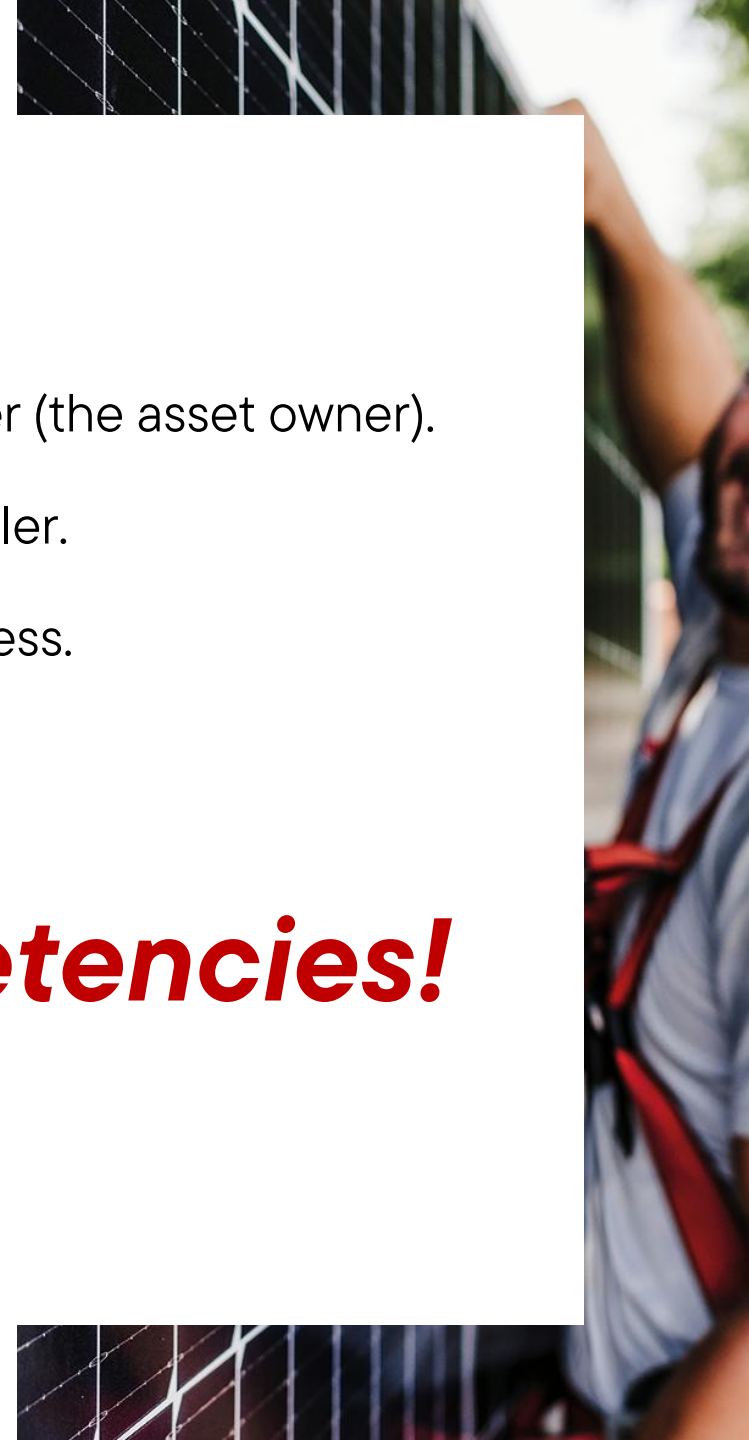
Reducing Risk. Improving Delivery.



## The **solution**

- ✓ IBC SOLAR will supply the project equipment on behalf of the funder (the asset owner).
- ✓ The funding partner signs the EPC and O&M contract with the installer.
- ✓ Project funding proceeds with the normal milestone payments process.
- ✓ The client signs a PPA or lease agreement directly with the funder.

*All parties focus on **core competencies!***



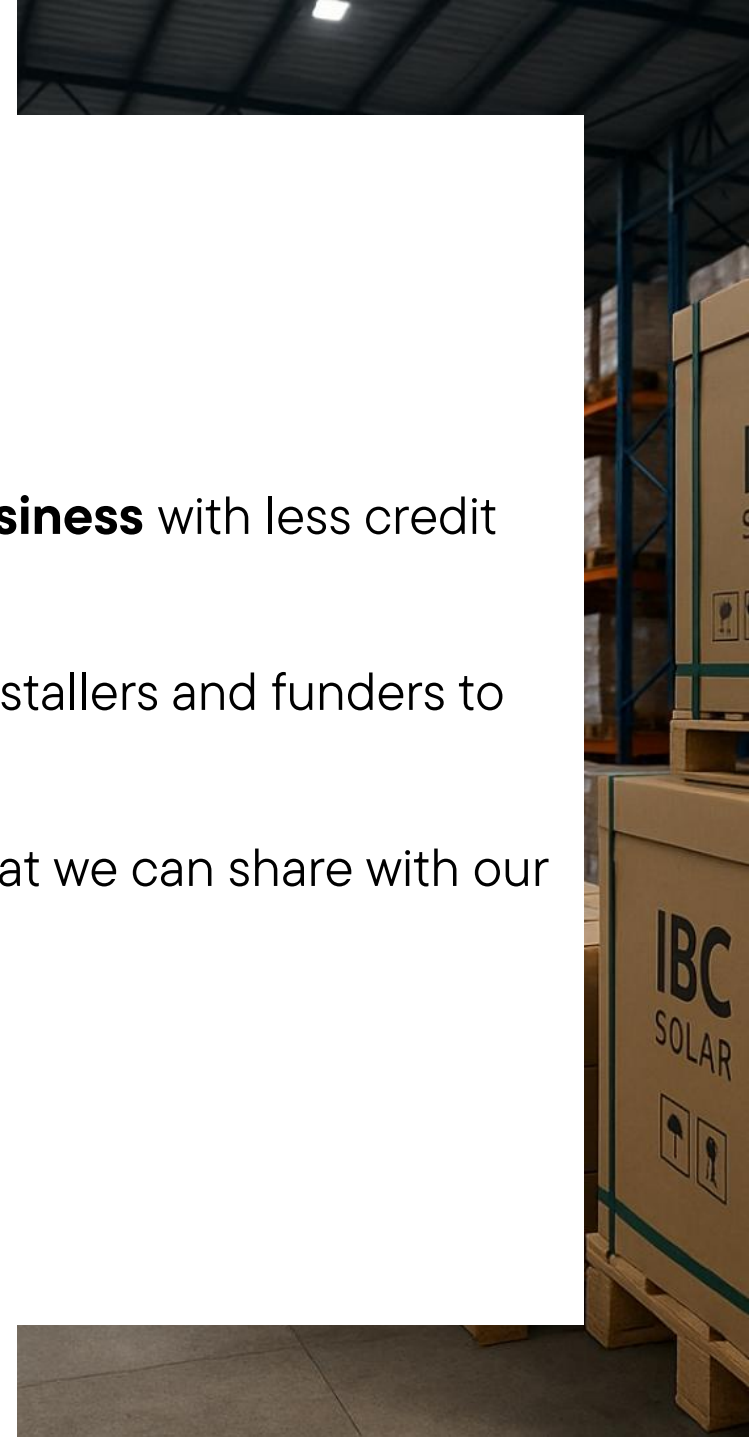


# How does this benefit **you** as the installer?

- ✓ Unlock latent project potential by offering a lease, rent-to-own or PPA option.
- ✓ **De-risk your business by reducing cash flow constraints** when buying project equipment.
- ✓ **Make better use of your available credit**, allowing you to take on more projects.
- ✓ **Save time** by getting all the project equipment from IBC SOLAR and having it delivered to the site.
- ✓ **Build a portfolio** of funded projects and develop an ongoing O&M business.
- ✓ You will be **vettted and approved** to work with a funder, which means faster project approval in future.
- ✓ **Project retention payments** will only reflect the work done and not a percentage of the equipment cost as well.

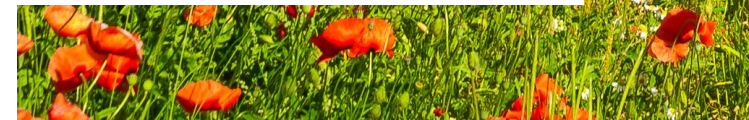
# How does this benefit **IBC SOLAR**?

- ✓ IBC SOLAR supplies the total basket of **primary equipment**.
- ✓ IBC SOLAR benefits from supporting its clients in **winning more business** with less credit risk.
- ✓ IBC SOLAR can **procure more strategically** in collaboration with installers and funders to ensure stock availability.
- ✓ With increased volume, IBC SOLAR can negotiate **better pricing** that we can share with our partners to be even more competitive and win more business.



# How does this benefit the **Funder**?

- ✓ The funder **hedges its financial risk** between the installer and supplier.
- ✓ IBC SOLAR and the installer act as a **sales channel** for the funder.
- ✓ IBC SOLAR collaborating with the installer **reduces the project risk** for the funder.
- ✓ The funder benefits from **portfolio pricing** from IBC SOLAR as a supplier.
- ✓ The funder takes **ownership of its equipment** upon delivery, and not after COD/handover.
- ✓ IBC SOLAR assists the funder in the **due diligence process** by collecting the required data from the installer and the client (off-taker).



# A hypothetical example

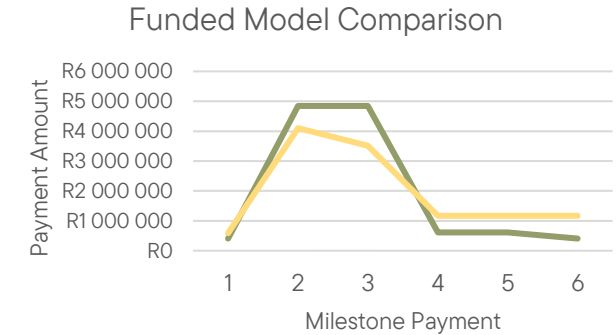
- ✓ The example demonstrates how all the parties benefit by ensuring that each party focus on its strengths.
- ✓ The alternative method proposed de-risks the installer and hedges the risk between the installer and IBC SOLAR for the funder.

Project Example	Values
IBC SOLAR Invoice (CAPEX for PV, Inverter & Storage)	R9,686,582
<i>EPC equipment margin added</i>	<i>R968,658</i>
<i>EPC installation costs added</i>	<i>R1,065,524</i>
Installer GP	R2,034,182
<b>Project Total Cost</b>	<b>R11,720,764</b>

10%  
10%  
17%

Standard Funded Business Model	Installer	
Milestones	%	Payments
Milestone 0 (less any deposit)	5%	R586,038
Milestone 1	35%	R4,102,267
Milestone 2	30%	R3,516,229
Milestone 3	10%	R1,172,076
Milestone 4	10%	R1,172,076
Milestone 5 (Less Hold Back)	10%	R1,172,076
<b>Project Total Cost</b>	<b>100%</b>	<b>R11,720,764</b>

*Preliminary approvals and contracts*  
*Notice To Proceed provided*  
*Purchase orders received for equipment*  
*Mounting and modules secured and installed*  
*Practical Completion*  
*COD Notice Date - Tests - Performance Guarantee*



Alternative Collaborative Business Model	Installer	
Milestones	%	Payments
Milestone 0 (less any deposit)	20%	R406,836
Milestone 1	0%	R0
Milestone 2	0%	R0
Milestone 3	30%	R610,255
Milestone 4	30%	R610,255
Milestone 5 (Less Hold Back)	20%	R406,836
<b>Project Total Cost</b>	<b>100%</b>	<b>R2,034,182</b>

IBC SOLAR		Combined	Std Milestones	
%	Payments	Payments	Payments	Variance
0%	R0	R406,836	R586,038	R179,202
50%	R4,843,291	R4,843,291	R4,102,267	-R741,023
50%	R4,843,291	R4,843,291	R3,516,229	-R1,327,062
0%	R0	R610,255	R1,172,076	R561,822
0%	R0	R610,255	R1,172,076	R561,822
0%	R0	R406,836	R1,172,076	R765,240
<b>100%</b>	<b>R9,686,582</b>	<b>R11,720,764</b>	<b>R11,720,764</b>	<b>R0</b>

# What's the **process in summary?**

- ✓ The installer shares a prospective opportunity with IBC SOLAR, and if it qualifies, it is shared with the funder for a go/no-go response for funding.
- ✓ The prospective client shares basic information (historical billing, meter data, SLD's etc.) to determine project parameters for assessment by the funder.
- ✓ The installer shares its required documents to meet the funder's due diligence process, as well as agrees to an NDA and non-circumvention agreement to protect all parties' interests in the project.
- ✓ All information is shared with the funder, and they return an estimated lease/PPA tariff for the client to consider.
- ✓ If the client is interested in a formal proposal, a signed LOI is typically required, and the installer submits final costing and designs for approval by the funder.
- ✓ The funder will present its offering to the client along with the installer, and if the client agrees, will then proceed to sign the lease/PPA agreement with the funder.
- ✓ The funder and the installer agree to the installation and O&M contract, and the project begins.
- ✓ Payment milestones will then follow the alternative model as described in the slide before.

# Have sun!

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