



Project Capital Solutions

Supporting the
American Trade & Finance Company
(ATRAFIN)

BRIEF FRAMEWORK OF THE MICRO-GRID LEASING PROGRAM

- **Objective of the Program**
- The American Trade & Finance Company (ATRAFIN) now offers an expanded range of trade finance solutions with a focus on supporting bilateral trade between the USA/Europe and the emerging market countries of East & West Africa through Project Capital Solutions Kenya Limited. America Trade & Finance Company is a lenders and not broker as it has an operational a Master Guarantee Agreement with the US Ex-Im Bank.
- **Program Benefits**
- Enables your company to obtain the benefits of working directly with the provider of the Export Import financing locally.
- Access the company directly through a local presence in Kenya, Uganda, Tanzania & Rwanda.
- **Program Solutions**
- The following are the solutions that Project Capital Solutions is able to offer through ATRAFIN in Eastern Africa:
- Equipment Finance, Inventory Finance, Export Credit Agency (“ECA”) Financing, Specializing in Ex-Im Bank Financing, Vendor Finance, Project Finance, US International Franchise Finance, US Emerging Market Investment Finance, Factoring & Forfaiting.

CROSS BORDER FINANCING SOLUTION

- Project Capital Solution can structure finance for equipment shipped to a third country based on an Ex-Im Bank determined acceptable external country credit risk and the local receiving bank financials.
- The above scenario is challenging for Local Banks because the financed asset will be located outside of the country of finance (eg: Kenya) and the funding requirements will be in foreign currency (dollar based funding requirements)
- The above scenario is also challenging for Local Banks at destination because exporting company operations are located outside of the country.
- Project Capital Solutions fills a key gap in commercial financing by providing the following solutions:

Solutions For Local Banks & Financial Institutions

- Project Capital Solutions can provide solutions for your customers that your financial services company does not offer. We can finance the transactions your customer presents to you that do not meet your credit standards. We therefore, do not compete with your core products or for your customers.



CROSS BORDER FINANCING SOLUTION

Solutions For Local Banks & Financial Institutions continued:

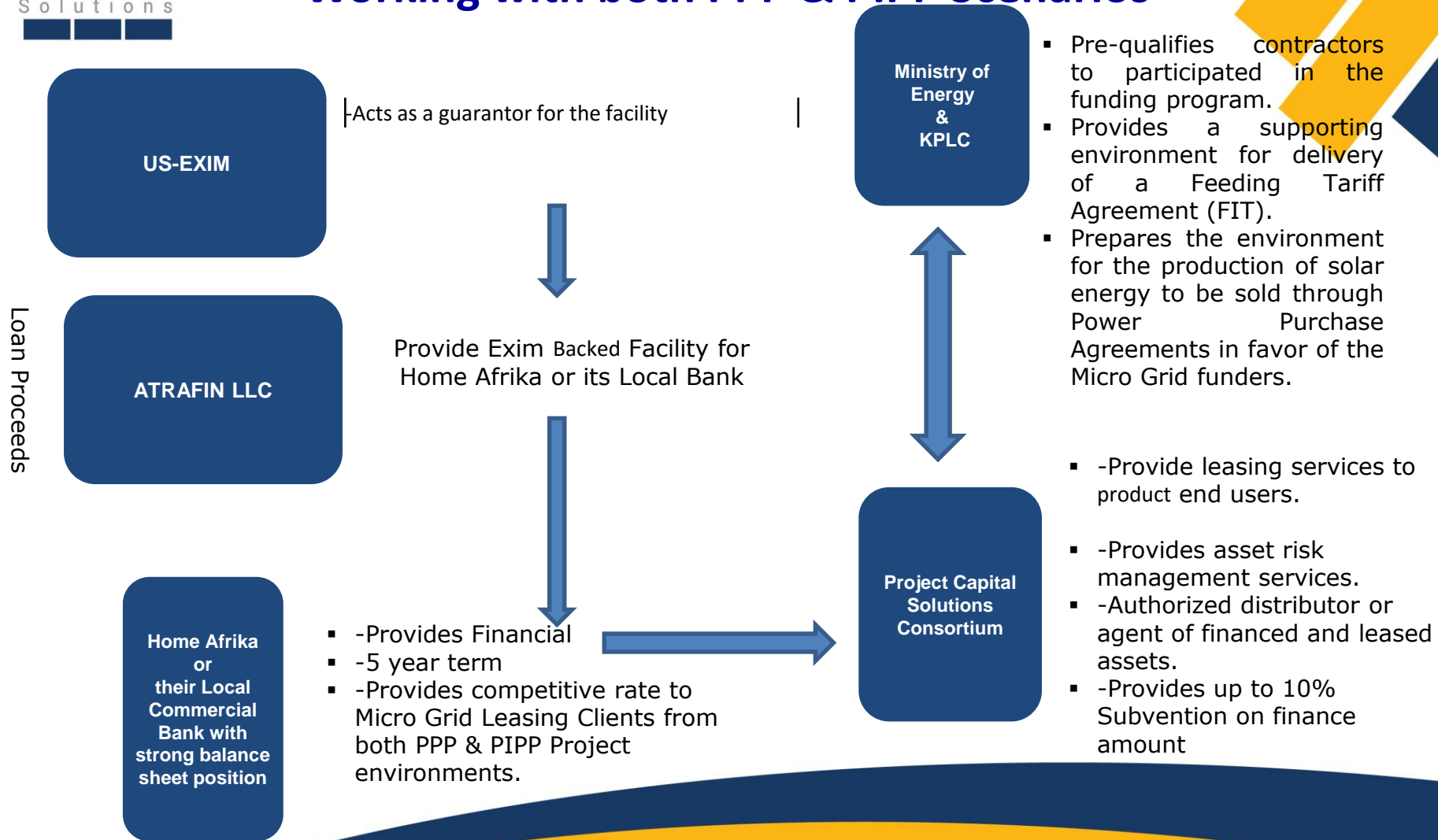
- Most of our programs are unsecured, so we also do not compete for your collateral since the most programs are typically supplemental financing. This means you can introduce our programs to your customers instead of losing them to your competition.

Program Features and Benefits

- Medium Term Equipment Financing to your customers buying from foreign sellers.
- Medium Term Equipment Financing to foreign buyers of your customers products.
- Down payment and Local Cost Financing for Ex-Im (and other ECA) Loans: We can provide your customers with a 100% financing solution for sale of USA products.
- We can finance specific transactions to foreign buyers from a bank customer. We will insure the risk and retain the uninsured portion. Your bank or financial institution can finance only the portion backed by a credit insurance policy.
- Your bank or financial institution can intermediate and offer this solutions to your customers by utilizing our international capabilities.

Diversified Collection Platforms

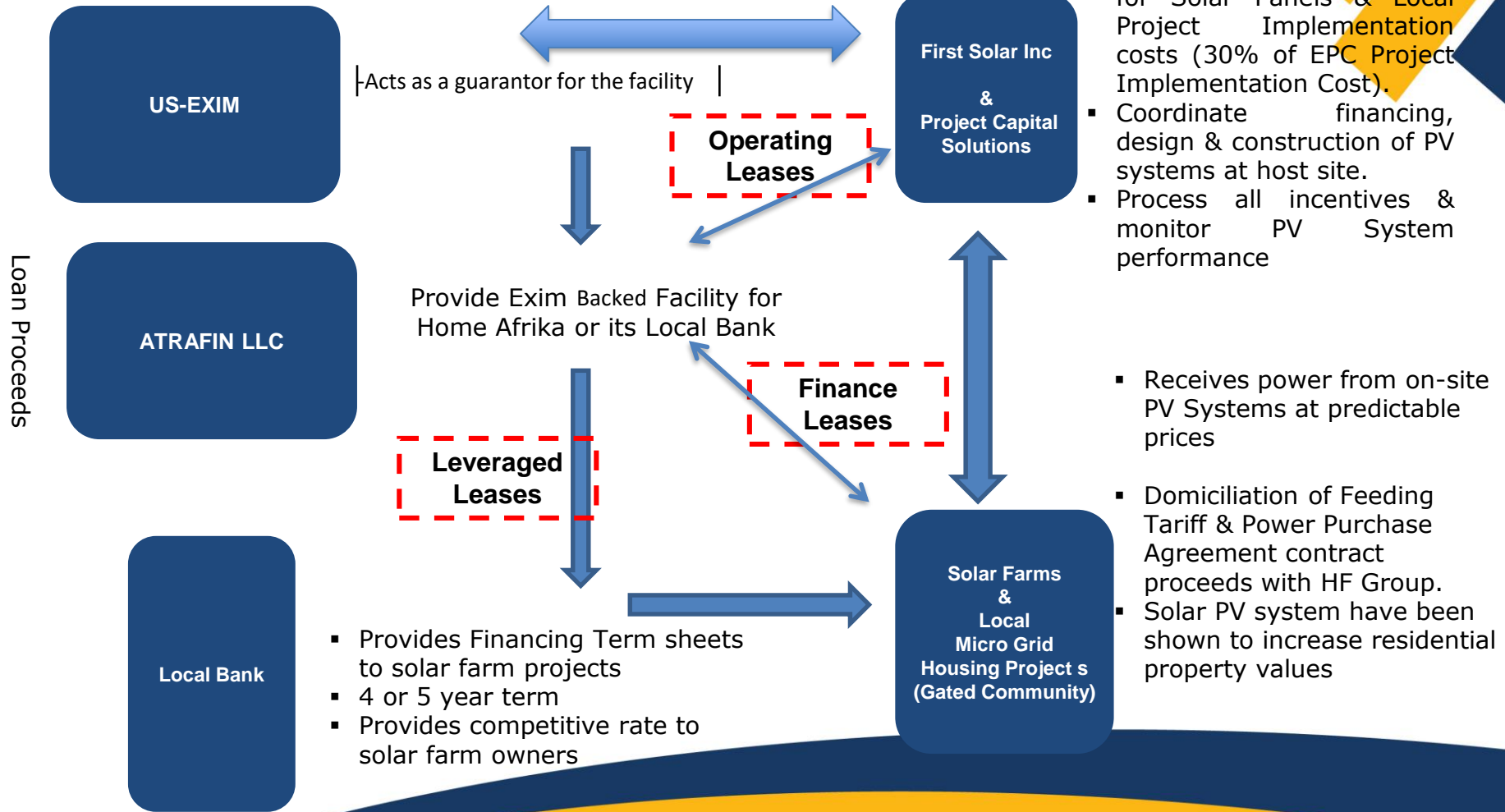
Working with both PPP & PIPP Scenarios





Diversified Leasing Product Mix

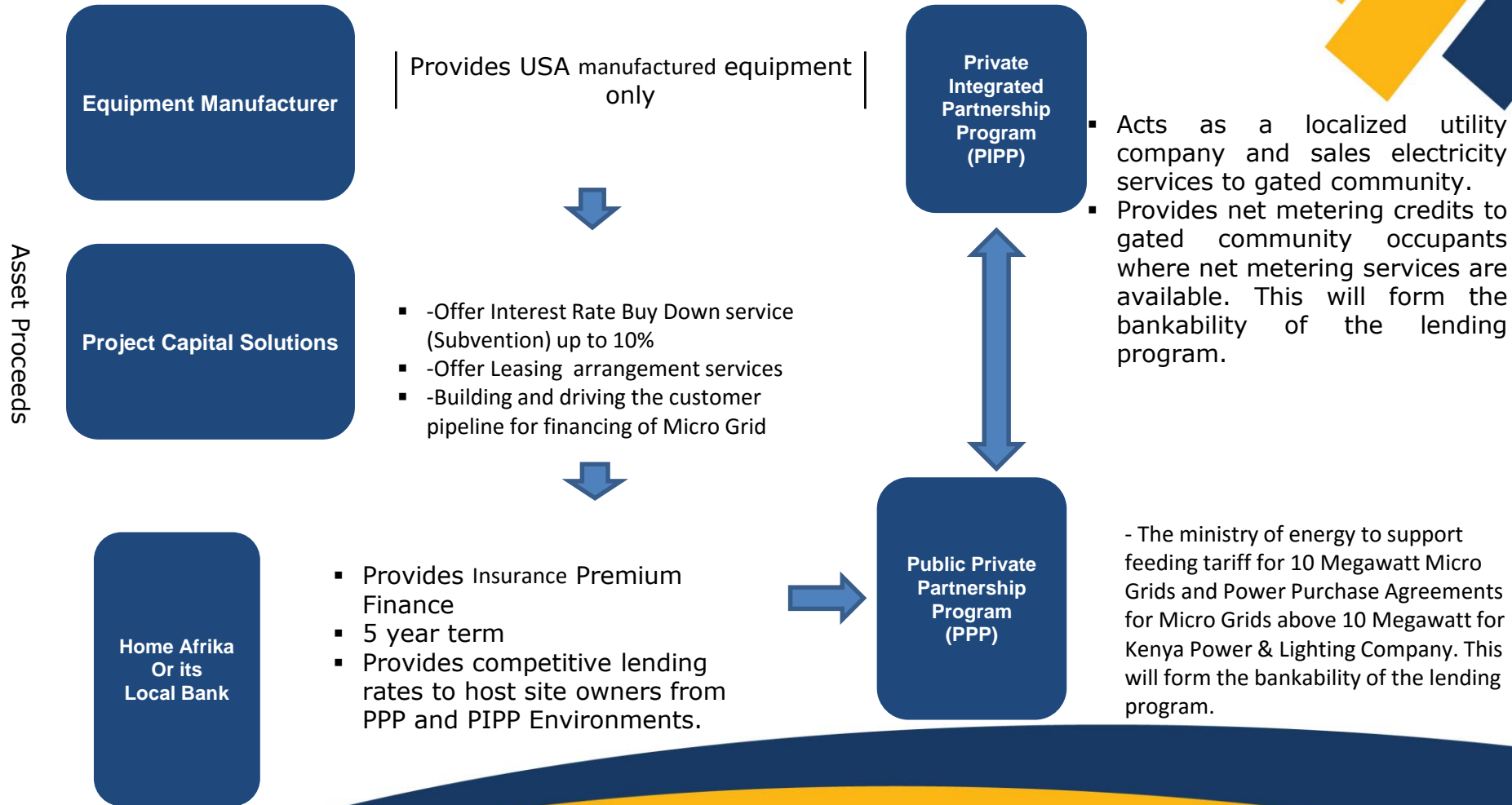
Working with Local Bank



- Prepares Sale Agreement for Solar Panels & Local Project Implementation costs (30% of EPC Project Implementation Cost).
- Coordinate financing, design & construction of PV systems at host site.
- Process all incentives & monitor PV System performance
- Receives power from on-site PV Systems at predictable prices
- Domiciliation of Feeding Tariff & Power Purchase Agreement contract proceeds with HF Group.
- Solar PV system have been shown to increase residential property values

Diversified Payment Platforms

Working with both PPP & PIPP Environments

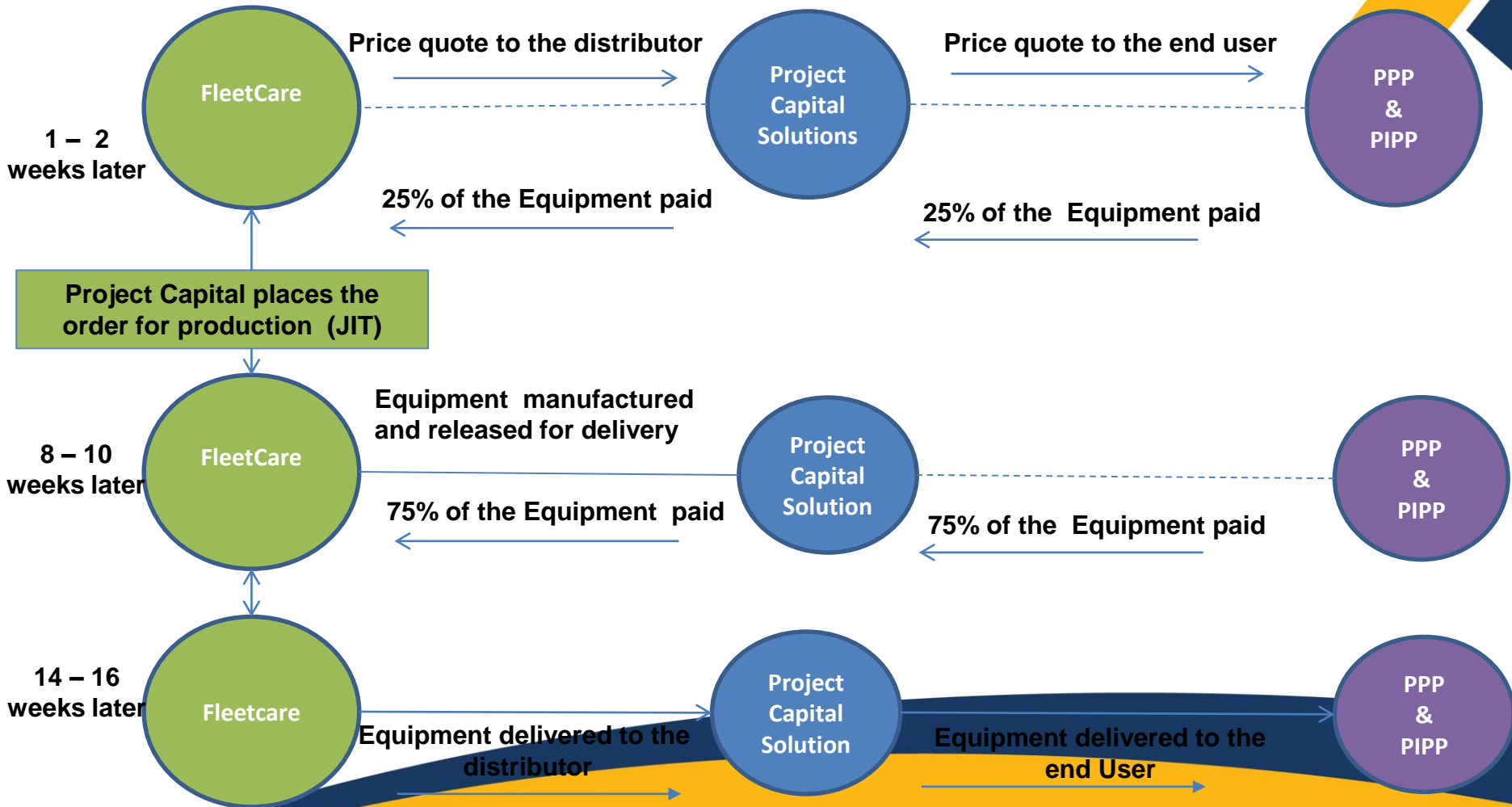


BRIEF FRAMEWORK OF THE LEASING PROGRAM

- **Program Outline**

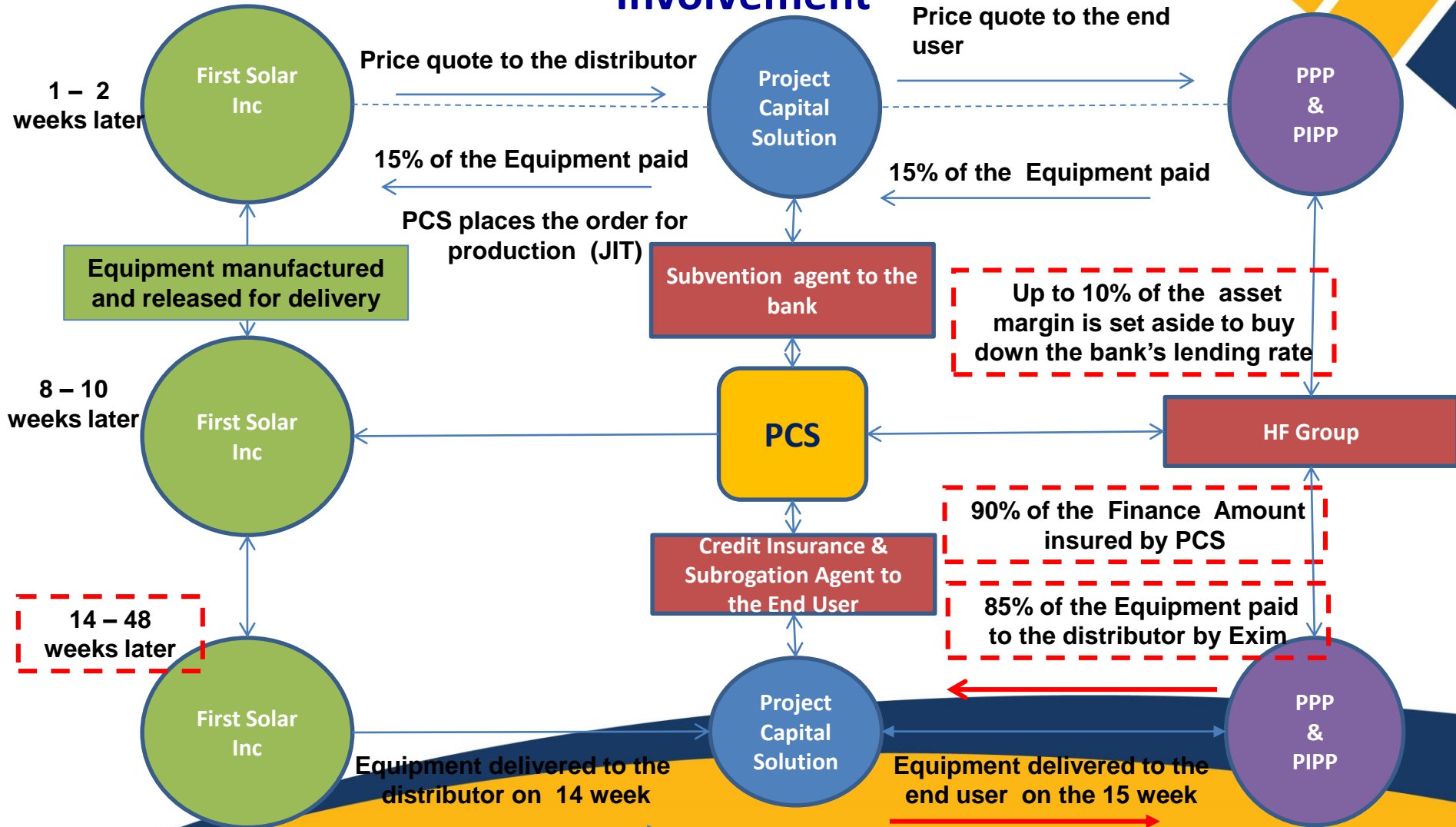
- In order for Atrafin to issue a Term Sheet through Project Capital Solutions we need to review the project sponsors financial health (Solar Farm or Micro Grid owner) or the partnering local bank audited financial statements for the last three years to establish that the project sponsors and/or the local bank can qualify for finance under the auspices of the Export-Import Bank of the USA Export Guarantee Program.
- Once Atrafin has established that the project sponsors and/or the local bank would qualify for finance, Atrafin would issue a term sheet through Project Capital Solutions to the local bank who will in turn assess the project sponsors of the Solar Farms and Micro Grid Projects to confirm bankability of their projects before issuing local term sheets to fund their projects. Once the local bank and Project Capital Solutions accepts the Atrafin term sheet the listed following steps 1 to 10 would be completed:

Current Value Chain



Structured Funding Value Chain with Project Capital Solutions (PCS)

Involvement



Key Benefits of the PCS Involvement



Role & Obligation	Relationship Activity	Business Agreements Required
Interest rate subvention from Project Capital Solution to the bank.	Project Capital Solution will set aside a part of its product margin to either buy down the final lending rate to the customer or the bank set up fees for the transaction.	A subvention term sheet will be prepared for each transaction financed by the Project Capital Solutions team in favor of the local banks.
Credit Insurance and Subrogation agent for the lending bank (Optional).	Project Capital Solution will arrange Credit insurance that covers up to 90% of the finance amount and will also act as a subrogation agent to ensure that the salvage value is maximized.	A credit underwriting agreement will be signed by all our successful customers under this program (optional).
Development of a marketing fund.	Project Capital Solutions will set aside marketing resources to support marketing activities & campaigns.	The subvention term sheet will have provisions of enforcing this obligation on both parties.
Development of an assets maintenance fund.	Project Capital Solution will develop and train an EPC team as part of the project development costs to support the maintenance of all the financed equipment.	A maintenance plan agreement will be prepared and signed off between Project Capital Solution, EPC partners and the financed customers.

The Following are the Steps To Be Followed

Step 1:

In order for Atrafin to initiate the approval process with Ex-Im Bank, there must be an order in place for the equipment to be financed. The marketing campaign should drive these orders. The form of the purchase agreement is not dictated by Ex-Im Bank or Atrafin, as long as there is an offer of the products manufactured in the USA in normal commercial terms and acceptable by the buyer through the Project Capital Solutions product distribution agreement and any other manufacturer existing channel.

BRIEF FRAMEWORK OF THE LEASING PROGRAM

Step 2:

- At the discretion of Project Capital Solutions, and in order to put the purchase agreement in place as quickly as possible, the purchase agreement may be subject to Exim Bank approval. It is also possible for Project Capital Solutions and the American Manufacturers to include conditions that make it possible to execute an agreement at this time. For example, there may be a condition that the order for a specific piece of equipment is not firm until a lease agreement or a power purchase agreement is in place between the Project Sponsors and the Ministry of Energy as well as a local credit approval by the local bank in Kenya under the existing Atrafin term sheet to that bank, or whatever conditions that makes sense to both parties.
- The agreement should include a list of equipment, pricing, and a total amount, and the time period over which it will be delivered by Project Capital Solutions.

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Step 3:

- Under the terms of the Ex-Im Bank program, Atrafin can fund up to 85% of the equipment, plus 30% available for local costs (installation, training & local freight). If the foreign content exceeds 15% then our funding would be limited to the US content.
- Project Capital Solutions should review the list of equipment in the purchase agreement and provide estimated foreign content on each item, and the aggregate for the purchase agreement. If the foreign content exceeds 15% by a substantial margin, we should discuss how to finance the balance, or shift to products with a higher US content for the program.



BRIEF FRAMEWORK OF THE LEASING PROGRAM

Step 4:

Project Capital Solutions Consortium clients (either from the Public Private Partnership or the Private Integrated Partnership Program) will pay the American manufacturer directly even where Project Capital Solutions (PCS) has been appointed as an authorized agent of the American Manufacturer prior to shipment the 15% deposit.

Atrafin will in turn pay 85% on presentation of shipping documents. HF Group can arrange any suitable payment schedule with their clients, as long as their term matches the term of the ExIm Bank loan (for example: 5 years loan tenure for a 5 year lease).

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Step 5:

Each time Atrafin funds a loan, there are certain costs that must be covered. For example, there are some legal costs in the USA and locally in Kenya. We share your goal to have a competitive program, and we want to limit those costs. If we establish a reasonable minimum disbursement size, and Project Capital Solutions bundle the leases it enters into with equipment clients into groups and submits them once they reach a certain size, which we are recommending be around USD\$1 million, we can achieve this goal of reducing the costs of the program for all involved.

This is not a rigid requirement of ExIm Bank, but rather a plan to reduce legal and other costs to make the program more competitive. We have some flexibility with this plan, but the larger the combined disbursements are, the lower the transaction cost is per Solar Farm and Mirco-Grid delivered.

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Step 6:

- If the manufacturers will ship with 15% down payment, Atrafin can pay 85% once the full disbursement document package (shipping documents, etc.) is presented to Atrafin. Due to the requirement to bundle in tranches of \$1M to lower transaction costs, there will be a delay from the ship date until Atrafin is able to pay.

Step 7:

- The local costs will always be in the form of a reimbursement to Project Capital Solutions. Project Capital Solutions must pay the local costs (training, installation and taxation), provide documentation to support the local costs, and Atrafin will reimburse. Local costs are limited to 30% of the US Export value, and must be specifically approved by ExIm Bank in advance. We recommend that you provide the proposed local cost detail as soon as possible so that we can ensure the costs are eligible under the program.

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Step 8:

Assuming we proceed with a five-year loan, the loan will be repaid in either 10 semi-annual payments, or 20 quarterly payments. The local bank in the case of an intermediated finance lease to a Solar Farm or Micro Grid project will make their first installment approximately six months (3 months for quarterly) from the start point of the loan as determined by Ex-Im Bank.

As this is multiple shipments over a one-year period, it is difficult to advise the exact timing of the first repayment. As a guide, it is likely that Ex-Im Bank will use weighed average projected ship dates, and then determine a repayment schedule, which will start after the end of the year.



BRIEF FRAMEWORK OF THE LEASING PROGRAM

Step 9:

- HF Group can provide its terms and rates to the Solar Farms & Mirco Grid clients that it enters into leveraged finance lease agreements with, as long as the overall term matches the term of both the local bank and the Ex-Im Bank loan (e.g: 5 years). However, the leasing arrangers such as Project Capital Solutions can require monthly, or quarterly, or whatever payments enable the program to be competitive for the local bank.

Step 10:

- Atrafin and Ex-Im Bank will likely require a lien on the leased equipment in both the Solar Farms & Micro-Grid projects. In addition, documentation that the equipment has been leased on similar terms to the Ex-Im Bank loan will also be required from Project Capital Solutions and its partnering local banks.

DISBURMENT REQUIREMENTS

Trade Finance Leasing Solutions Post Approval Process

- Leasing Credit limit approved by Atrafin for the local bank (HF Group).
- Remit the term sheet from the Borrower & Guarantor if directly to the project sponsors.
- On execution of the term sheet & payment of the “**Good Faith Deposit**” Atrafin underwrites the transaction (Average period to underwrite the loan once all the information is received is 2 weeks).
- Ex-im bank approves the application (Average time of approval is 1.5 months but Atrafin enjoys exceptional approval rates of above 98%).
- On Ex-im Bank’s approval Atrafin completes the closing process by doing the following:
 1. Draft’s Credit Agreement & Promissory Note for remittance to the Borrower & Guarantor for signature & receives fully executed loan documents.
 2. Receives all the required shipping documents (including commercial invoices from the US suppliers, signed Bill of Lading, Packaging List, Exporters Certificates, Insurance Policy, Proof of payment of the 15% minimum deposit to the exporter or Project Capital Solutions).
 3. Ensuring that all conditions precedent under the loan are fulfilled and in particular Atrafin receives a pledge on the assets (the Pledge).
 4. Depending on how long it takes to receive the pledge, this closing process can be completed within 2 weeks. The approval of the pledge might increase this period & differs from country to country.
- Finally disburse the loan and service it through the term (issue invoices & receive installments)



Project Capital Solutions

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Solar Farms & Micro Grid Leasing Program
(SFMGLP)

Questions & Answers Session