February 12, 2019

Mr R Mayer   
By Email

Dear Ray

**managed solar investment due dilliGence paper**

Thank you for requesting an expression of interest information pack from Northgen Utility Pty Limited (“**Company**”) in respect of purchasing a 100kW Single Axis Tracking Ground Mount Photovoltaic and Land package designed specifically for investors and or self-managed superannuation funds (“**Buyer**”).

Executive Summary

Under the Managed Solar Investment proposal, the Company is offering to register and sell to the Buyer a 1,500 m2 of freehold land registered under *Strata Schemes (Freehold Development) Act 1973* (“**Land Unit**”). On that Land Unit the Company will construct a 100kW Single Axis Tracking Ground Mounted Photovoltaic System (“**Solar PV Unit**”).

Each Land Unit and Solar PV Unit together retail for approximately $85,000 after rebates. From each Solar PV Unit, electricity will be generated and sold into the Australian Electricity Market through an individual meter connected to the Essential Energy Network generating an Internal Rate of Return of approximately 12% plus after all expenses.

Each Buyer may purchase more than one Land Unit and Solar PV Unit package.

The Company is responsible for structuring the product, registration, construction and connection of each individually owned Solar PV Unit on each Land Unit that is registered under *Strata Schemes (Freehold Development) Act 1973*. This responsibility is overseen by a Steering Committee of elected Buyers.

As part of the Managed Solar Investment, Company is responsible for:

* + 1. identifying suitable land;
    2. making application to the respective network for connection;
    3. acquiring the land and registering it under a Strata Scheme;
    4. assigning each individual Lot/DP# to the Buyer; and
    5. constructing each Buyer’s individual 100kW Single Axis Tracking Ground Mounted Photovoltaic System.

‘Metropolis Metering’ will be installed to track how much power is generated and sold to the Australian Electricity Market on a weekly basis. You will be able to monitor the real-time performance of the system allowing it to quickly resolve any equipment performance issues.

The Buyer will receive weekly settlements from the sale of electricity from the Australian Electricity Market Operator who is a government organisation carrying a “AAA” Credit Rating.

1. Definitions

***Australian Electricity Market Operator*** means the entity that operates Australia's National Electricity Market, the interconnected power system in Australia’s eastern and south-eastern seaboard, and the Wholesale Electricity Market (WEM) and power system in Western Australia.

***Buyer***means the individual, trust, company or superannuation fund that purchases the package of the Land Unit and Solar PV Unit.

***Class A Shares*** means shares in a company that are owned by people or entities who have a right to vote at the company's meetings but do not have the right to receive part of the company's profits.

***Class B Shares*** means shares in a company that are owned by people or entities who do not have a right to vote at the company's meetings and do not have the right to receive part of the company's profits.

***Commissioning*** means the approved connection of the Single Axis Tracking Ground Mount Photovoltaic to the Essential Energy Network that is approved to sell electricity to the Australian Electricity Market through the Australian Electricity Market Operator.

***Company*** means Northgen Utility Pty Limited (ACN 622 074 828).

***Land Unit*** means a 1,500 m2 of freehold land registered under *Strata Schemes (Freehold Development) Act 1973*.

***Managed Solar Investment*** proposal means the offer made by the Company to the Buyer.

**Ordinary Shares** meansshares in a company that are owned by people who have a right to vote at the company's meetings and to receive part of the company's profits after the holders of preference shares have been paid.

***Project*** means all land and construction works of the cumulative total of all of the Land Units and the Solar PV Units for the purposes of construction of a 5MW Solar Farm on a 7.5 Hectare Block.

***Solar PV Unit*** means 100kW Single Axis Tracking Ground Mounted Photovoltaic System.

***Special Purpose Vehicle*** means a Pty Company that will hold the ownership of all of the Solar PV Units and Land Units until the assets are registered in the Buyers name.

***Steering Committee*** means 5 Class A Shareholders who perform functions in accordance with paragraph 4.4.

1. the objective

Construct a Five (5) Mega-Watt (MW) Solar Farm on a Seven and a Half (7.5) Hectare parcel of Land.

Upon Completion of the Project, the Seven and a Half (7.5) Hectare parcel of Land is to be subdivided into 50 Land Units each comprising of 1,500 m2 of freehold land registered under *Strata Schemes (Freehold Development) Act 1973.*

The Five (5) MW Solar Farm will be subdivided into Fifty (50) Solar PV Units each being a 100kW Single Axis Tracking Ground Mounted Photovoltaic System.

Each Buyer will receive one (1) Land Unit and one (1) Solar PV Unit.

1. The offer

Under the Managed Solar Investment proposal that the Company is offering to register and sell to the Buyer a 1,500 m2 of freehold land registered under *Strata Schemes (Freehold Development) Act 1973*. On that Land Unit the Company will construct a 100kW Single Axis Tracking Ground Mounted Photovoltaic System. From that combination of Land Unit and Solar PV Unit, the Buyer will be entitled to sell electricity to the Australian Electricity Market.

* 1. The Structure of the Offering

A Special Purpose Vehicle is to be established for the purposes of the interim period between construction and operation that will have the following shareholdings:

* + 1. One ordinary share owned by Northgen Utility Pty Limited;
    2. 5 Class A “Voting” Shares Registered; and
    3. 45 Class B “Non-Voting” Shares Registered.
  1. Purpose of the Class A and Class B Shares

Each individual Class A or Class B share is owned by a Buyer in respect of each individual Land Unit and Solar PV Unit acquired by the Buyer.

* 1. Reason for different Class A and Class Shares

Of the 50 Buyers, 5 will be chosen by the Buyers to act in the capacity of a Steering Committee.

Hence, the 5 Buyers on the Steering Committee will each own one (1) Class A “Voting” Shares. The remaining 45 Class B “Non-Voting” shares will be owned by the remainder of the Buyers.

* 1. Function of the Steering Committee

The Steering Committee will act in the following capacity:

* + 1. Approve the Budget;
    2. Approve the Land Purchase;
    3. Approve the Construction Contract;
    4. Approve Insurance Contracts;
    5. Approve Maintenance and Operation Contracts;
    6. Approve any non-budgeted expenses; and
    7. Be the Buyers representative and receive monthly reports.
  1. Upon Completion

Completion means the commissioning of the Single Axis Tracking Ground Mount Photovoltaic and the registration of the Land Unit under *Strata Schemes (Freehold Development) Act 1973*.

Each Buyer will cancel their Class A or Class B share and will receive in return their registered Strata entitlement Lot/DP# of 1,500 m2 with a fully operational 100kW Single Axis Tracking Ground Mounted Photovoltaic System, metered and connected to the Australian Electricity Market.

1. the timeline of Investment
   1. Acceptance of the EOI and Execution of the Term Sheet (Day 1)

Each Buyer will execute a binding term that secures their entitlement to one (1) Land Unit per executed Term Sheet. One Land Unit equals freehold entitlement of 1,500 m2 with its ownLot/DP# registered under the *Strata Schemes (Freehold Development) Act 1973*.

A non-refundable deposit of 2.5% of the Gross Purchase Price will be held in the trust account of your trusted Financial Advisor for released upon Stage 2 being the Establishment of the Special Purpose Vehicle.

Upon successful establishment of the Special Purpose Vehicle, the 2.5% deposit will be released and deposited into the bank account of the Special Purpose Vehicle.

If the Buyer defaults in accordance with the Default Provisions described in Paragraph 10. The 2.5% deposit will be released to the Company for the purposes of finding a replacement Buyer.

If the Company does not achieve 20 executed term sheets within the first 30 days, the Buyer may terminate with-out penalty.

* 1. Establishment of the Special Purpose Vehicle (Day 30)

The Company will register the Special Purpose Vehicle and issue shares in accordance with each Buyer’s entitlement being one (1) Class A or Class B share per one (1) Land Unit.

The second payment of twenty-seven and a half percent (27.5%) of the Gross Purchase Price will be deposited into the main operating bank account of the Special Purpose Vehicle by the Buyer.

* 1. Entering into the Construction Contract (Day 180)

The Final Payment of 70% of the Gross Purchase Price will be due and payable upon the approval of the steering committee to enter into the Construction Contract to build the Solar Farm.

Upon Steering Committee approval, the 70% Final Payment will be released and deposited into the bank account of the Special Purpose Vehicle.

If the Buyer defaults in accordance with the Default Provisions described in Paragraph 10. The 25% deposit paid to date will be released to the Company for the purposes of finding a replacement Buyer.

* 1. Completion (Day 365)

Upon Commissioning the Company will register each Land Unit in the Buyer’s name or preferred entity under the *Strata Schemes (Freehold Development) Act 1973* and the 100kw Single Axis Tracking Ground Mounted Photovoltaic System will be fully operational and selling electricity to the Australian Electricity Market.

Each Land Unit and Solar PV Unit may be bought and sold and the discretion of the Buyer.

In addition, the Buyer will be entitled to register and sell Small Scale Technology Certificates for the value of approximately $60,000 plus upon Commissioning.

1. the price

Buyer shall pay to the Special Purpose Vehicle for the Land Unit and Solar PV Unit as full and complete consideration before deducting the value of the STCs, therefore, the sum of $150,000 (GST excl.) (Hereinafter, "Gross Purchase Price").

* 1. Payment of the Gross Purchase Price shall be made by Buyer to Special Purpose Vehicle in accordance with the following schedule:
     1. Two and Half Percent (2.5%) of the Gross Purchase Price upon executing the Term Sheet paid into your advisors trust account;
     2. Twenty-Seven and a Half Five Percent (27.5%) of the Gross Purchase Price paid to the Special Purpose Vehicle upon establishing the Special Purpose Vehicle; and
     3. Seventy Five Percent (70%) of the Gross Purchase Price paid to the Special Purpose Vehicle upon approval of the Construction Contract by the Steering Committee.

1. the return

Refer Schedule B: Financial Model

* 1. Pre-Tax and with no Gearing Internal Rate of Return



* 1. Post-Tax and 60% Gearing Internal Rate of Return



1. the development and construction timeline
   1. Executed Term Sheet (Day 1 to Day 30)

The agreement commences upon the execution of the Term Sheet where the buyer will place a deposit of $3,750 (GST excl.) in the trust account of their financial planner. The Company must execute a total of 20 term sheets within the 30 days of the first Buyer’s term sheet.

If the Company executes 20 term sheets, the Buyer’s deposit of $3,750 (GST excl.) becomes non-fundable and the Buyer must proceed with the transaction.

If the Company is not successful in the execution of 20 term sheets within the first 30 days, the Buyer may terminate the term sheet and receive their deposit of $3,750 (GST excl.) back from their trusted financial advisor. The Buyer may waive this right to terminate and continue with the Project.

* 1. Establishment of the Special Purpose Vehicle

Upon the execution of 20 term sheets, the Company will establish a Special Purpose Vehicle on Day 30. The constitution of the Special Purpose Vehicle will allow for the creation of:

* + 1. One (1) ordinary share to be issued to the Company;
    2. Approval to create Five (5) “Class A” Voting Shares and Forty-Five (45) “Class B” Non-voting shares.

The Special Purpose Vehicle will immediately perform the following functions:

* + 1. Issue Class A or Class B shares up to the maximum permitted by the constitution;
    2. Collect the Nomination Forms from the Buyers that have nominated for Class A or Class B shares;
    3. Form the Steering Committee;
    4. Enter into a Management Services Agreement with the Company for the purposes of delivering the Project;
    5. Enter into a Connection Investigation Services Agreement with Essential Energy;
    6. Enter into a land sale agreement that is contingent upon connection approval; and
    7. Commence Development Approval for the construction of the Project.
  1. Connection Approval and Development Approval

Once the Special Purpose Vehicle has received full Connection Approval from Essential Energy and Development Approval and a Construction Certificate from the City of Dubbo Local Government Authority, the Steering Committee of the Special Purpose Vehicle will be asked to:

* + 1. Approve the Construction Contract to build the Project;
    2. Once approved, will collect the remaining 70% Final Payment from each Buyer;
    3. Once received, will execute the Construction Agreement.
  1. Construction and Commissioning

Once the Construction has been completed and the Solar PV Unit’s are ready to be commissioned, the Company will perform the following actions:

* + 1. Finalise the Subdivision of the Project and transfer individual plots of 1,500 m2 of freehold land registered under *Strata Schemes (Freehold Development) Act 1973* with individual Lot and DP numbers to each Buyer; and
    2. Connect each individual plot to the Essential Energy network with its own National Meter Identifier.
  1. Completion

Following completion and each individual Buyer has received their Land Unit and Solar PV Unit. Each Class A and Class B Share will be cancelled.

The Company will enter into a Management Services Agreement with each individual Buyer that will include the following services:

* + 1. Weekly settlement of electricity sales;
    2. Quarterly maintenance of the Buyers Solar PV Units; and
    3. Cleaning of the Solar PV Units.

1. proposed Engineering and procurement contract provider

Juwi is one of the world's leading specialists in renewable energies. Juwi offers project development, EPC and O&M services, as well as products and solutions for the ongoing transition to 100% renewable energy. Their business activities are mainly focused in Solar (Utility-scale and Commercial & Industrial) and Onshore Wind Energy.

Juwi work together to implement renewable energies economically and reliably, thereby delivering the best value renewable energy projects worldwide.

* 1. EPC Services

As EPC-contractor, Juwi take care of park design, purchase and construction of your solar power plant.

Juwi design your park (Engineering), purchase components (Procurement) and build the plants (Construction), including the infrastructure. Their engineers customize the plants according to your location and your needs. Having realised 1,700 solar projects worldwide, they provide us with high-quality components, help you with all questions concerning financing and monitor the operation of your solar power plant.

Juwi are particularly expert in plants with a capacity of more than one megawatt. Industrial clients as well as investment corporations and energy suppliers profit from our expertise.

* 1. References

Refer <https://www.juwi.com/solar-energy/references/>

1. Default by Buyer
   1. Default by Buyer in payment (except in the case of a bona fide dispute) or performance of any material duty or obligation under this Agreement, shall, at the sole option of Company, if the default is not cured within thirty (30) days from and after Buyer's receipt of written notice from Company of the default, constitute a default of this Agreement. In such an event, Company, at its sole option, may employ any remedy then available to it, whether at law or in equity, including, but not limited, to the following:
      1. Withhold performance or further performance hereunder until all such defaults have been remedied, provided, however, that Company shall continue to perform hereunder in the event of a bona fide payment dispute, which has been communicated to Company; or
      2. Pursue any other rights and remedies available to Company under the laws of the State of New South Wales.

1. NEXT STEPS

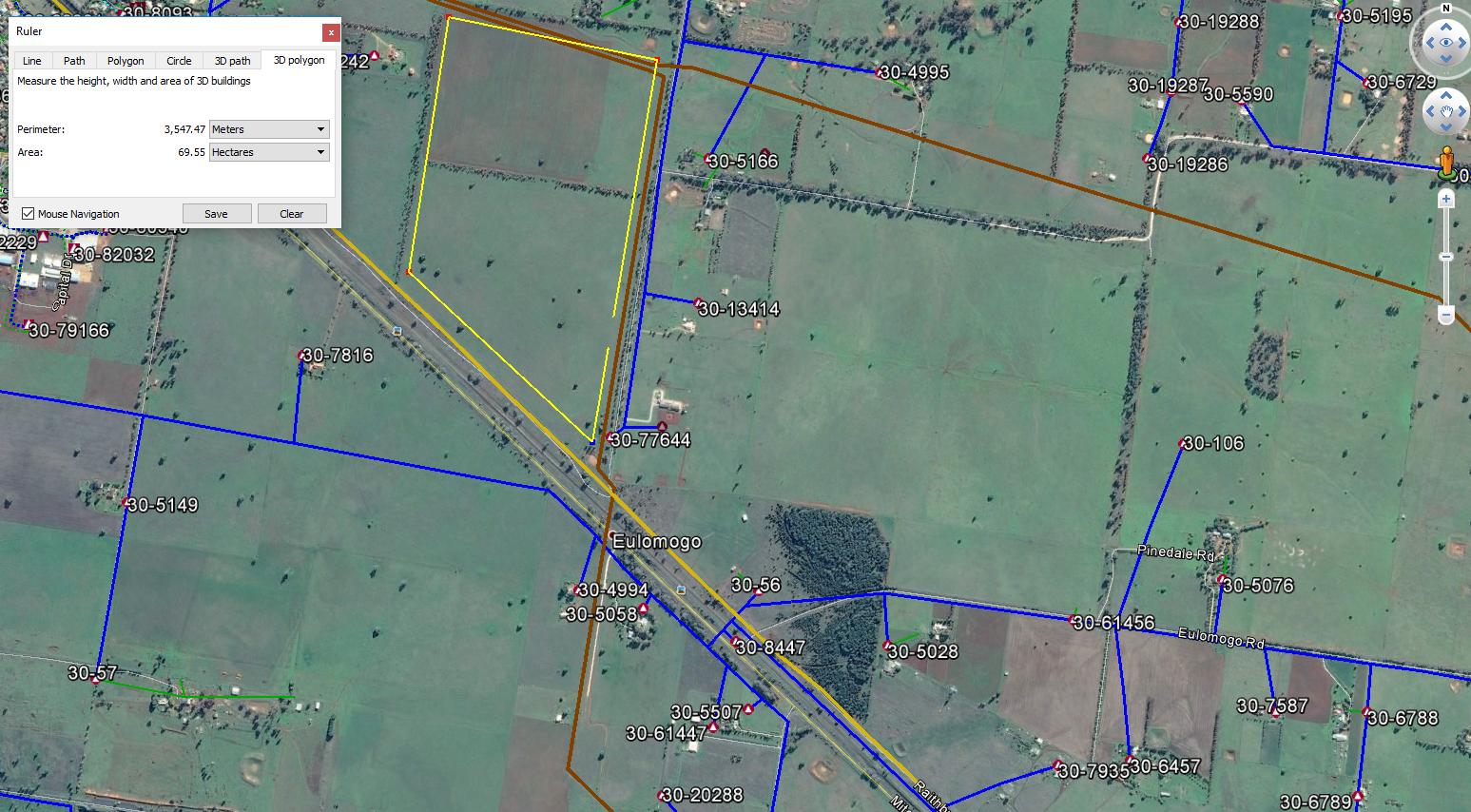
Upon signing the Term Sheet, the Company will issue a Welcome Pack comprising of detailed information as to every step of the process and a nomination form of whether the Buyer would like to be a participant on the Steering Committee.

Should you require any further information or explanation of any part of this Managed Solar Investment proposal please contact Mark Marjoribanks.



Mark Marjoribanks  
Managing Director  
e: [mark@northgen.com.au](mailto:mark@northgen.com.au)   
m +61 481 994 700

Schedule A: the land



Site Address: 17R Wellington Road, Dubbo NSW 2830.

Lot/DP: Lot 2 DP 1246347

Schedule B: Financial Model due dilligence (*Refer File: 5. Financial Model 20190205)*



1. Gross Contract Price (Refer Financial Model 20190205, Page “Model”, “Cell B13”)

Buyer shall pay to the Company for the Land Unit and Solar PV Unit as full and complete consideration before deducting the value of the STCs, therefore, the sum of $150,000 (GST excl.) (Hereinafter, "Gross Purchase Price").

1. Small-scale technology certificates (Refer Financial Model 20190205, Page “Model”, “Cell B14”)
   1. [Small-scale Renewable Energy Scheme](http://www.cleanenergyregulator.gov.au/RET/Pages/About%20the%20Renewable%20Energy%20Target/How%20the%20scheme%20works/Small-scale-Renewable-Energy-Scheme.aspx)

The Small-scale Renewable Energy Scheme creates a financial incentive for individuals and small businesses to install eligible small-scale renewable energy systems such as solar panel systems. It does this through the creation of [small-scale technology certificates](http://www.cleanenergyregulator.gov.au/RET/Pages/Scheme%20participants%20and%20industry/Agents%20and%20installers/Small-scale%20technology%20certificates/Small-scale-technology-certificates.aspx) which [Renewable Energy Target liable entities](http://www.cleanenergyregulator.gov.au/RET/Pages/Scheme%20participants%20and%20industry/Renewable%20Energy%20Target%20liable%20entities/Liable-entities.aspx) have a legal obligation to buy and [surrender](http://www.cleanenergyregulator.gov.au/RET/Pages/Scheme%20participants%20and%20industry/Renewable%20Energy%20Target%20liable%20entities/Certificate-surrender-and-shortfalls.aspx) to the Clean Energy Regulator on a quarterly basis.​ Small-scale technology certificates are provided 'up front' for the systems' expected power generation over a 15 year period or, from 2017, from the installation year until 2030 when the scheme ends. This renewable electricity replaces electricity generated from non-renewable sources. Generally, householders who purchase these systems assign the right to create their certificates to an agent in return for a lower purchase price. The level of this benefit differs across the country depending on the level of solar energy.

Small-scale technology certificates can be created following the installation of an eligible system, and are calculated based on the amount of electricity a system produces or replaces (that is, electricity from non-renewable sources).

The number of small-scale technology certificates required to be submitted by electricity retailers is set each year by the [small-scale technology percentage​](http://www.cleanenergyregulator.gov.au/RET/Pages/Scheme%20participants%20and%20industry/The-small-scale-technology-percentage.aspx).

* 1. System eligibility

Under the Small-scale Renewable Energy Scheme, eligible small-scale renewable energy systems may be entitled to small-scale technology certificates, which can be sold to recoup a portion of the cost of purchasing and installing the system.

Small-scale renewable systems which may be eligible for certificates include solar photovoltaic (PV) panels

* 1. Deeming period decline

Under the Small-scale Renewable Energy Scheme, small-scale technology certificates are calculated based on:

* + 1. system location
    2. installation date, and
    3. if they are created over one or five years, or a single maximum deeming period.

The deeming period for solar PV systems decreases by one year, every year until 2030. This will reduce the number of certificates that can be created for an eligible system.

The [small generation unit STC calculator](https://www.rec-registry.gov.au/rec-registry/app/calculators/sgu-stc-calculator) reflect the current deeming periods and can be used to calculate the number of certificates applied until 2030.

Under the [Small-scale Renewable Energy Scheme](http://www.cleanenergyregulator.gov.au/RET/Pages/About%20the%20Renewable%20Energy%20Target/How%20the%20scheme%20works/Small-scale-Renewable-Energy-Scheme.aspx), eligible small-scale renewable energy systems are entitled to a number of small-scale technology certificates.

The number of certificates that can be created per system is based on its geographical location, installation date, and the amount of electricity in megawatt hours (MWh) that is:

generated by the small-scale solar panel over a single maximum [deeming period](http://www.cleanenergyregulator.gov.au/RET/Pages/Scheme%20participants%20and%20industry/Agents%20and%20installers/Deeming-period-decline.aspx).

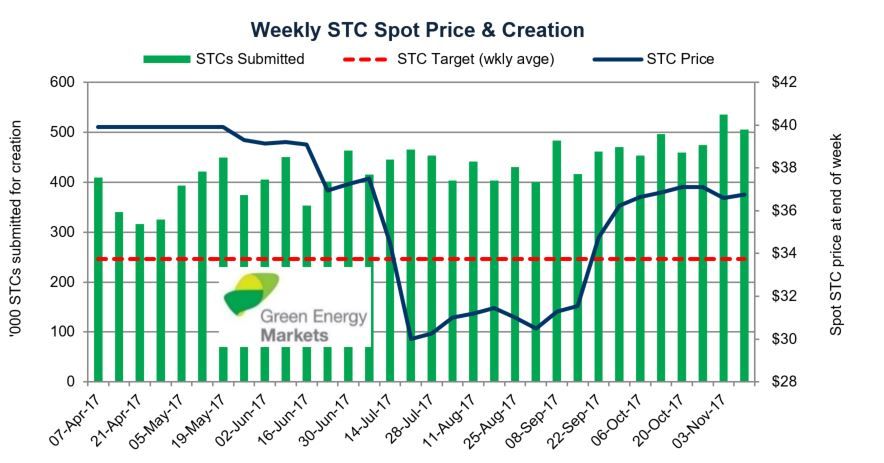
As a guide, one certificate is equal to one megawatt hour of eligible renewable electricity either generated or displaced by the system.

You can calculate the number of certificates a system may be eligible for ​using the[small generation unit STC calculator](file:///C:\Users\Mark%20Marjoribanks\Dropbox\ small%20generation%20unit%20STC calculator) (<https://www.rec-registry.gov.au/rec-registry/app/calculators/sgu-stc-calculator>).

The [Renewable Energy Target](http://www.cleanenergyregulator.gov.au/RET/Pages/default.aspx) is supported by an online registry system, called the [REC Registry](http://www.cleanenergyregulator.gov.au/OSR/REC), which facilitates the creation, validation, auditing and transfer of certificates

Once created and validated, these certificates act as a form of currency and can be sold to recoup a portion of the cost of purchasing and installing the system, or transferred to other individuals and businesses at a negotiated price.

* 1. Calculator result
     1. System type: Small generation unit
     2. Postcode zone: 3
     3. Number of STCs: 1658
  2. Value of Certificates of Small-Scale Technology Certificates (Refer Financial Model 20190205, Page “STCs & LGCs”, “Cell D13”)



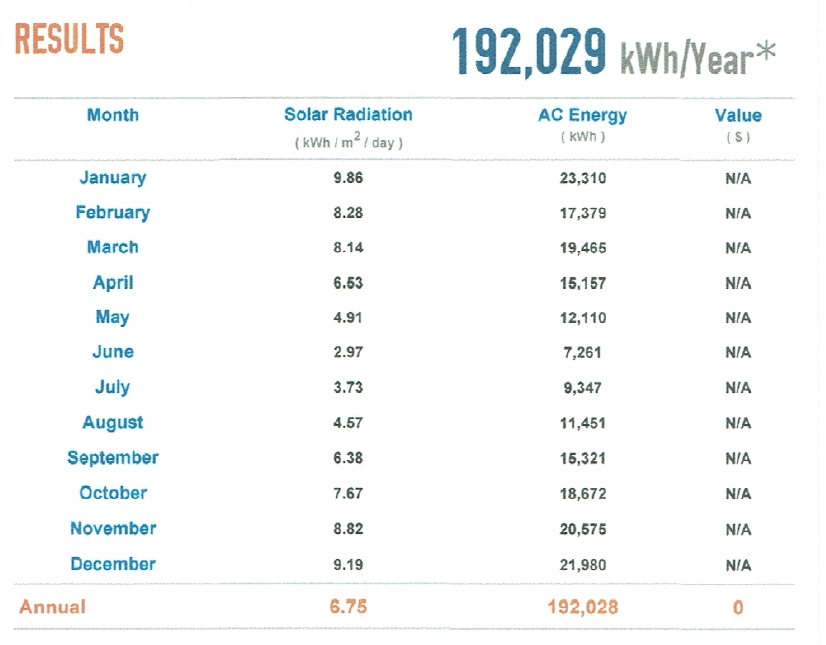
The current value of STCs is approximately $37 per certificate.

1. Gearing (Refer Financial Model 20190205, Page “Model”, “Cell E20”)

The Net Purchase Price of the 100kW Single Axis Tracking Ground Mount Photovoltaic and Land package may be financed any where from 100% Debt to 100% Equity from Tier 1 Lenders. A greater percentage of debt requires less invested from the Buyer, hence a greater Internal Rate of Return.

1. Generation (Refer Financial Model 20190205, Page “Model”, “Cell E14”)

<https://pvwatts.nrel.gov/pvwatts.php>



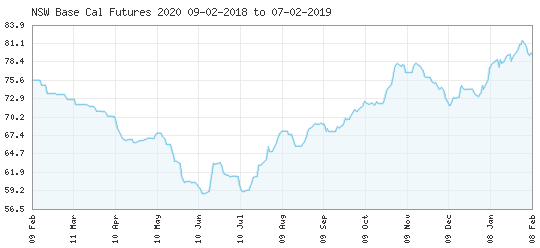
1. Introduction to the Australian Electricity Physical Market The Australian National Electricity Market (NEM) physical (i.e. spot) market (Refer Financial Model 20190205, Page “Model”, “Cell C37 – AA37”)

The National Electricity Market (NEM) is an interconnected grid comprising several connected regional networks and approximately 45,900 MW of installed generation. The NEM spot pool market is operated by AEMO and operates across the eastern states of the mainland, and includes the state grids of (QLD), New South Wales (NSW), Victoria (VIC) and South Australia (SA). Tasmania (TAS) is connected to the other NEM regions via an undersea inter-connector to Victoria. Futures and options contracts are listed on the 4 major regions (VIC, SA, QLD and NSW).

AEMO publishes a half-hourly spot pool price for electricity in each region based on a gross pool merit order dispatch system. All retailers and market customers purchase their power from the spot pool market in their relevant region and pay the spot market price to AEMO (i.e. the spot price determines the retailer's supply cost). All generators that supply power to the regional pool market during this time receive the spot market price from AEMO (i.e. the spot price determines the generator's revenue). Free realtime spot market data is available from [http://www.aemo.com.au](http://www.aemo.com.au/). A more detailed overview of the Australian physical and financial electricity market, is provided by the Australian Energy Regulator’s annual "State of the Energy Market Report" available from [http://www.aer.gov.au](http://www.aer.gov.au/) .

The spot price (and the price of futures contracts used to "lock in" long term revenues or costs at a fixed rate) provide the market signals for investment in new generation and competitive responses from new entrant retail suppliers. This market-driven investment signaling benefits energy consumers in the long term. i.e. high spot prices and futures prices (e.g. if the power supply/demand balance is tight) signal new generation investment seeking higher revenues thereby ensuring the security of power supply. Conversely, low spot prices and futures prices signal new retailer competitors and energy intensive industry to enter the relevant regional market to take advantage of lower power supply costs.

* 1. ASXEnergy Revenue Forecast (Refer Financial Model 20190205, Page “Model”, “Cell C37 – AA37”)



*Cal Base Future Prices Fri 8 Feb 2019 (Refer https://www.asxenergy.com.au)*

|  | [**NSW**](https://www.asxenergy.com.au/futures/nsw) | [**VIC**](https://www.asxenergy.com.au/futures/vic) | [**QLD**](https://www.asxenergy.com.au/futures/qld) | [**SA**](https://www.asxenergy.com.au/futures/sa) |
| --- | --- | --- | --- | --- |
| **2019** | 95.55 | 111.33 | 79.07 | 111.34 |
| **2020** | 79.98 | 85.46 | 66.61 | 83.44 |
| **2021** | 67.76 | 65.18 | 56.25 | 70.00 |
| **2022** | 72.53 | 68.23 | 63.14 | 85.00 |

* 1. Energetics Revenue Forecast (Refer Financial Model 20190205, Page “Model”, “Cell C37 – AA37”)

**Energetics** is a specialist management consultancy celebrating 30 years of providing energy and carbon advisory services and solutions to Australia's leading businesses and governments.

Company has engaged consulting firm Energetics to provide a 10-year forecast of wholesale energy prices, assuming a ‘mid’ level of investment in renewable energy projects contributing to supply. The ‘mid’ level forecast assumes investment in renewable projects over and above what is currently known and notified to the market regulator.



* 1. Energetics Revenue Forecast (Refer Financial Model 20190205, Page “Model”, “Cell C37 – AA37”)



1. Management Fee (Refer Financial Model 20190205, Page “Model”, “Cell B13”)

The Special Purpose Vehicle will pay the Company a Construction Management Fee of $200 per month per Buyer for the management and travel expenses of the preparation, submission of all approvals, construction contracts and management reports to the Steering Committee. The management fee commences from the date of the Special Purpose Vehicle and is paid in advance.

The Special Purpose Vehicle will pay the Company an Operational Management Fee of $50 (**PAGE “MODEL”, “CELL I21”)** per month per Buyer for the management each Buyer’s Solar PV and Land Unit and the settlement, sale of electricity and provision of operational data to each individual Buyer during the operation phase.

For the avoidance of doubt, the Construction Management Fee and the Operational Management Fee will not be paid concurrently.

1. Insurance (Refer Financial Model 20190205, Page “Model”, “Cell I22”)

The Special Purpose Vehicle will pay Insurance Premiums of approximately $400 per annum for Storm Damage, Powerguard Insurance, Fire and Theft.

1. Operation and Maintenance (Refer Financial Model 20190205, Page “Model”, “Cell I23”)

The Special Purpose Vehicle will pay Operational and Maintenance expenses for the performance of quarterly inspections which includes maintaining tracking systems, cleaning inverters and cleaning of panels.

SCHEDULE C - SPECIFICATIONS AND WARRANTY

Solar panel warranty

See Attachment (Schedule D – Solar Panels)

Inverter warranty

See Attachment (Schedule E – Inverters)

Mounting system warranty

Clenergy (Xiamen) Technology Co., Ltd. warrants to the original purchaser ("Purchaser") of product(s) that it manufactures ("Product") at the original installation site that the Product shall be free from defects in material and workmanship for a period of ten (10) years, except for the anodised finish, which finish shall be free from visible peeling, or cracking or chalking under normal atmospheric conditions for a period of five (5) years, from the earlier of 1) the date the installation of the Product is completed, or 2) 30 days after the purchase of the Product by the original Purchaser ("Finish Warranty").

The Finish Warranty does not apply to any foreign residue deposited on the finish. All installations in corrosive atmospheric conditions are excluded. The Finish Warranty is VOID if the practices specified by AAMA 609 & 610-02 – "Cleaning and Maintenance for Architecturally Finished Aluminum" (www.aamanet.org) are not followed by Purchaser. This Warranty does not cover damage to the Product that occurs during its shipment, storage, or installation.

Installation and product warranty

Company offer an industry leading Energy Production Warranty on the Solar PV System annual energy production (based upon normalised annual irradiance) for the first 10 years post Practical Completion of the works. 100% of this estimate will be warranted.

Company will provide a generation forecast on the final design which the Performance Guarantee will be based on. These will be replaced with specific assumptions based on the finalised design that the Buyer will sign-off before installation begins.

Exclusions and Assumptions

The below events, occurrences or conditions/circumstances are not covered under the offered Energy Production Warranty:

* + 1. Losses due to power outages, Building fire or Other force majeure;
    2. Any negligence, events, occurrences or conditions/circumstances due to actions of the Owner or any other third party other than Company or Company sub-contractors that have or may cause the Solar PV System to underperform in relation to the estimates above;
    3. Any events or occurrences that was not due to faults, issues or miscalculations with the proposal figures, design, project management or installation of the Solar PV System. E.g. If pests or rats damage the installation wiring and system performance is affected due to this then the Energy Production Warranty would not apply or would need to be recalculated;
    4. Any events, occurrences or conditions/circumstances that will void the manufacturer’s warranty on any of the products or materials used in the Solar PV Systems;
    5. Any events, occurrences or conditions/circumstances that are not covered under the manufacturer’s warranty on any of the products or materials used in the Solar PV Systems;
    6. Down time due to protection board related system outages or any associated reduction in performance due to the protection board;

In addition to the above exclusions, the Company is relieved from all liability (including to pay Liquidated Damages under this Contract) in relation to a breach of the Performance Guarantee if:

* + 1. The Buyer has engaged a party other than the Company or a third party who has been approved by the Company (with such approval to not be unreasonably withheld) to undertake O&M activities of the PV system; or
    2. the breach was caused by any factor beyond the reasonable control of the Company, including but not limited to:
       1. failure by the Buyer to comply with its obligations under the relevant Contract;
       2. reduction or change in the principle facility electrical load demand;
       3. outages or disconnection of the part of or the whole PV system by The Buyer or other party other than the Company;
       4. disconnections or down time of the system due to network failures;
       5. failure to complete O&M activities recommend by the Company;
       6. any change or technical modification of the PV system that has not been performed by the Contractor or does not have the Company’s consent
       7. Force majeure events;
       8. required actions and unforeseen incidents by the Distribution Network Service Provider;
       9. unforeseen events affecting the building, e.g. fire, structural incidents (unless caused by the Contractor’s workmanship);
       10. new developments in the vicinity causing shadowing of the PV system;
       11. construction works not performed by the Company which cause dust, shading, or debris;
       12. vandalism or mischief beyond the control of the Contractor which affects the PV system; or
       13. damage caused by extreme environmental sources of impact, including, but not limited to acid rain, saline air, pollution of any kind.

Output Calculations

Based on the variance from the estimates, Company will pay 75% of the economic loss to the system owner. The last 25% is at the Owners risk, in order to ensure that both parties have an interest in the operation and output of the system and will react promptly if a problem occurs. Any warranty payments will be calculated as per below:

As the Energy Performance Warranty is over 10 years (120 months) if production exceeds (Excess Production) the estimated figure in any one of the 10 years, then the amount above the estimate is carried forward to offset any losses in future years. Once any Excess Production is removed from any shortfall of production the difference will be calculated as per below:

Data correction

For the correction of yield to a normal year, the following formula shall be used:

Ecorrected [kWh yield] + [Accumulated Excess Production from previous years] = Emeasured [kWh yield] x (reference radiation ÷ actual radiation). Solar radiation data for the correction should be taken from the nearest meteorological station, reference value can be found from the meteorological normal of same location. If no valid solar radiation data are available, the contractor can suggest another reference to be accepted.

Delivered Price of Electricity

The Delivered Price of electricity is based on the actual value of the 30 minute interval that the Solar PV Unit would have sold electricity to the Australian Electricity Market.