

PERSIMMON

ENERGY

VCC





WHY INVEST IN SOLAR

Today, business has become increasingly aware solar has the potential to help deliver cost-effective energy to both small and large commercial users. South Africa's climate is ideal for solar and ranks amongst the highest average sunshine hours per year at around 2500

As electricity costs keep rising, solar is becoming an ever more viable and cost-effective option for businesses in South Africa. The cost outlay for a system can be recouped in four to six years on average. That's an attractive internal rate of return especially considering solar electricity is free after the initial payback period.

Solar's increasing importance is demonstrated by the South African government's support for solar through various tax incentives including the J12 VCC model and 12L sections. Persimmon Energy has a significant pipeline of projects from commercial customers interested in signing long term power purchase agreements.

At the November 2017 Renewables Indaba in Cape Town the following information was released.

Breaking all-time records, renewables currently account for two-thirds of global net capacity additions, according to one of several reports about how renewable energy is powering ahead. The trend is set to continue.

"All renewables will grow at double the velocity of fossil fuels within the next five years," said International Energy Agency renewable energy division head Paolo Frankl.

"Almost 40% of sub-Saharan Africa's non-hydro electricity growth is from South Africa. The share of renewables in the region should increase from 29% in 2016 to 37% in 2022," suggested the IEA.

Meanwhile, global renewable energy policy network REN21 executive secretary Christine Lins told Windaba delegates that newly installed renewable power capacity set new records in 2016, with 161 GW added. Solar PV was the star performer in 2016, accounting for around 47% of the total additions.

THE MANAGER

Persimmon Energy Management Company (Pty) Ltd is the management company of Persimmon Energy VCC and it's underlying Qualifying companies.

The management company will identify suitable corporate customers to enter into long term Power Purchase Agreements. Additionally, the following services will be provided to the Qualifying companies;

- due diligence on a projects viability and the customer
- verify project design and costs
- manage construction of the project
- responsibility to ensure maintenance, cleaning and insurance of the systems
- preparing monthly management accounts in respect of all business
- conduct negotiations in relation to acquisition and disposal of any investment

There are no additional costs for the provision of the above services.

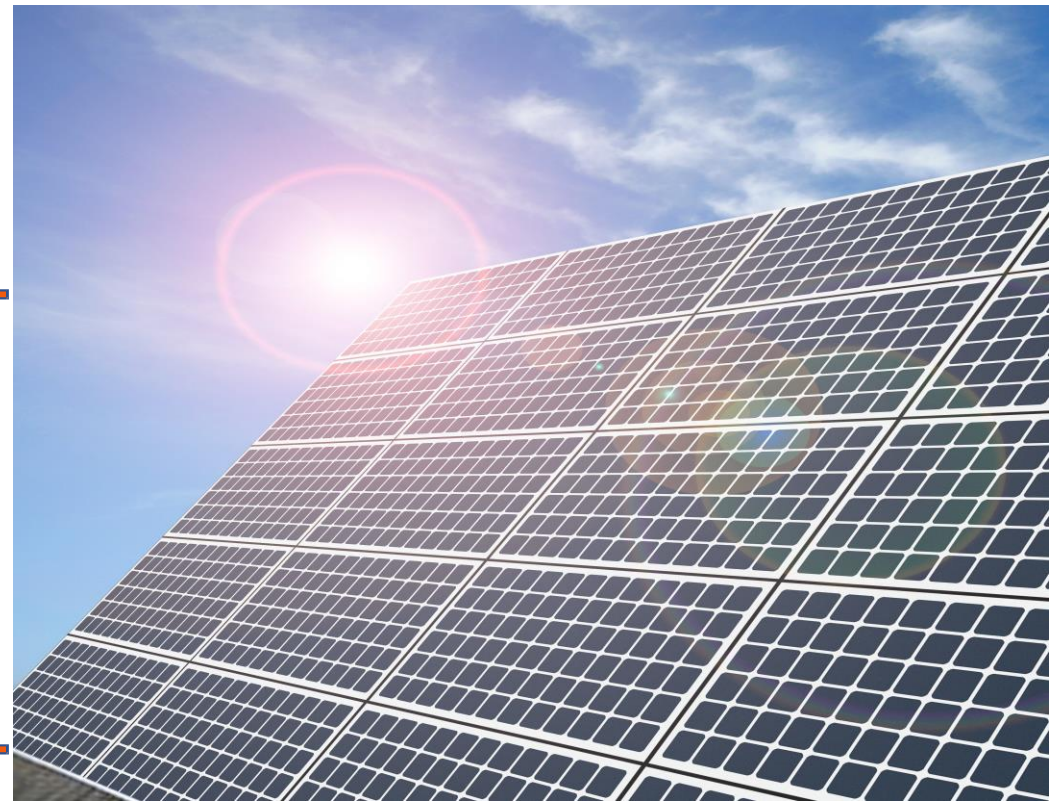
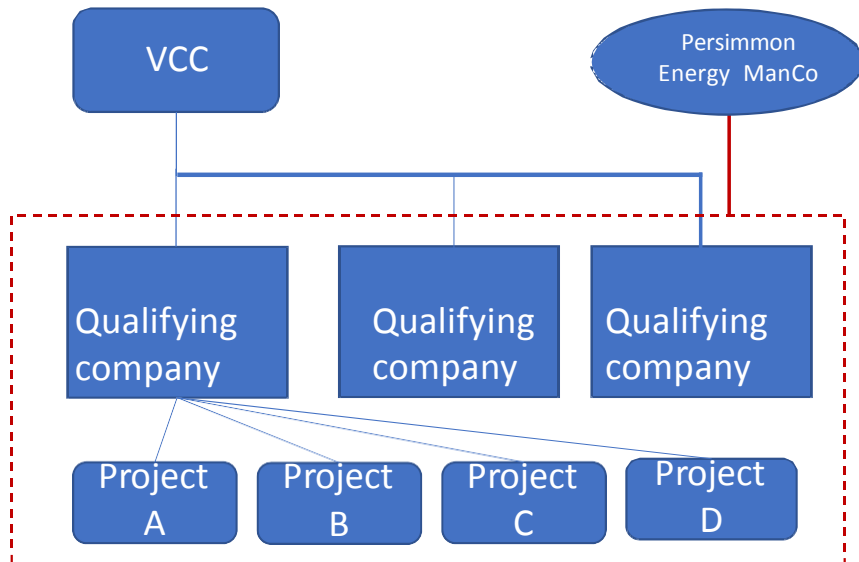


INVESTMENT STRATEGY

The Qualifying Company invests in PV systems focusing on long-term solar energy projects. Customers that meet the minimum requirements will be provided with a fully funded, installed and maintained solar solution by signing a long term Power Purchase Agreement (PPA) at a rate lower than their current tariff (immediate saving to customer).

A pipeline of R180m is currently held which will result in early deployment of capital raised.

GROUP STRUCTURE



BENEFITS OF INVESTING

A fully managed process with no investor involvement required

- Tax saving for personal and corporate investors
- Income paid quarterly in arrears from the first quarter
- Potential for long term returns - ongoing income of up to 25 years
- Targeted income return of 20% IRR
- Ability to exit the investment after 5 years
- Fully managed, simple and secure investment
- Provide a regular income
- Environmentally friendly investment.

TAX BENEFITS OF INVESTING INTO A VCC FUND

In terms of Section 12 J of the Income Tax Act, Investors will be entitled to deduct from their income the full amount of their investment into Persimmon

Energy VCC in the tax year in which the Investment is made.

This tax relief mitigates investment risk and enhances the potential return.

The tax impact is demonstrated in the table below



Investor type	Individuals	Trusts	Corporates
Gross investment	R1 000 000	R1 000 000	R1 000 000
Tax relief (Maximum marginal rate)	(R450 000)	(R450 000)	(R280 000)
Net Investment	R550 000	R550 000	R720 000
Effective % Tax Relief	45%	45%	28%



TARGETED IRR – 20%

FEES

Capital Raising Fee : 3%

Annual Management Fee : 2%

Director's Fees to VCC : R0

ASSUMPTIONS

- No gearing has been utilised in the projected calculations but may be implemented to increase yields
- Fees have been included (projected interest yield net of all operating costs and fees)
- The interest payment yield from solar energy projects is however, for the most part, stable, long term and does contain a higher degree of certainty than an Investor could expect from other market sectors
- Costs of fully insuring at replacement against theft and weather have been included
- System sized to allow maximum offtake by the power purchaser

CAPITAL RAISING

Target capital to be raised	: R150 000 000
Opening date	: 1 November 2018
Closing date	: 28 February 2019
Subscription price per share	: R1 000
Minimum subscription per investor	: R100 000
Minimum total subscription value	: R1 000 000
Strategic partner	: Persimmon Energy Management Company(Pty) Ltd
Strategic partner	: Grid Capital (Pty) Ltd



CONCLUSION

Every aspect of Persimmon Energy Management's structure and the projects that the VCC invests in, have been carefully reviewed and structured to minimize risk to the Investor. Our goal is to limit downside risk, whilst taking advantage of stable long term high yielding solar assets.

In summary, Persimmon Energy Management offers Investors the following benefits:

- Diversified portfolio of solar assets
- Experienced and knowledgeable asset management team
- Targeted return of 20% IRR
- Stable, long term above average interest yield over the life of the solar assets
- Opportunity to invest in lower risk, higher return Companies.

For more information contact us:



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