

OFFER DOCUMENT

Energise Africa – SolarWorks! Trading B.V. Issue 8

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AFRICA**

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An Investment in the Company is suitable only for Investors who are capable of evaluating the merits and risks of such Investment, who do not require immediate liquidity for their investment and who have sufficient resources to bear any loss which might result from such investment.

Potential Investors' attention is drawn to the content of pages 13 to 16 headed "Risk Analysis Overview" and the "Credit analysis review by INRiSC" in Appendix 7.a of this document, which sets out certain risk factors relating to any Investment in Securities in companies active in emerging markets and certain risks that apply to the Company in particular. All statements regarding the Company's business, financial position and prospects should be viewed in the light of these risk factors.

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1. Introduction

This Offer Document is intended to provide investors with relevant information in order to make an informed investment decision.

Keep in mind that investments of this nature carry risks. Therefore, it is recommendable to spread your investments across projects, partners, platforms and investment products and not to allocate too much of your savings and investments in what are considered high risk investments.

This offer is brought to you by Lendahand Ethex Limited, a joint venture between the Dutch impact investing platform Lendahand and the UK based positive investment platform Ethex, specifically set up to promote the Energise Africa campaign, sponsored by UK aid. Lendahand Ethex combines the strengths of both organisations in order to meet the challenge of mobilising UK based retail investors to lend to businesses undertaking solar power energy installations in Sub-Saharan Africa.

Disclaimer

The Directors of Lendahand Ethex Limited hereby declare that the information contained in this Offer Document is to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This document provides no advice on particular tax benefits that an investor may be eligible to claim in relation to an investment into the product offered. Tax incentives that may be available will vary depending the personal circumstances of each investor. Those interested in investing should do so only after reading this document in full and taking appropriate financial and other advice.

Message from the CEO of SolarWorks! Trading B.V.

Dear Reader,

It is with great pride that I present this investment opportunity to you. Not only do we offer an expected healthy return on your investment, but we also commit to improving the lives of thousands of people that live without electricity in Mozambique.

SolarWorks! B.V. (the parent company of SolarWorks! Trading B.V.) was founded in 2009 with a simple prototype of a small device that was able to give light and charge a phone from a rechargeable battery that was charged with a solar panel. The next step was for me to buy a one-way ticket to Southern Africa to start up sales. After having worked in the corporate world it was good to be back again to what an entrepreneur should always enjoy: find customers that really need your product. A few months later the first containers were sold and from there onwards our journey started.

Starting with small products that were sold to distributors in Southern Africa and doubling in sales every year we gradually saw that the future would be in bigger systems: the African consumer's income is limited but that doesn't prevent him from being ambitious: several lights, having a charged phone every day and eventually TV and fridges are no longer day dreams for the African consumer. And so, we started to develop bigger systems with durable lithium batteries that could be upgraded: one could start with a small system but easily upgrade to larger systems as income grows.

These products were popular but most potential customers could not afford a cash purchase. Payments would have to be spread over two or three years, to make the monthly expenses affordable for the customer. This insight had two consequences: SolarWorks! had to change its business model from being a product focused sales company to a service company that could sell on a Pay-As-You-Go (PAYGO) model. In addition, we should have very tight control over our sales and really understand our user. This resulted in the decision to focus on one of the countries we know best: Mozambique.

Always coupled with the latest technology we have grown from a small product focused company to a complete service operation with a strong focus on service delivery based on a PAYGO principle: people can use what they pay for, much like a pre-paid phone. After two or three years (that is up to the customer), we unlock the system and it will work for years to come free of charge.

With the advantage of knowing the region and culture inside out we started our new sales model in Q4 2016 and will have installed more than 3,000 systems by the end of the first half of 2018. And probably more important: with very few defaults on payments and a product offering that we hope will keep our customers with us for the rest of their lives. As this is what we deem critical: selling to the right customer (the one who can afford it) and making sure that we keep them happy with continuous improvements and additional services (for example with system upgrades that can run a fridge).

By investing in this bond, you can help support SolarWorks! in improving the lives of thousands of people in Mozambique. And not to be underestimated: we create jobs in Mozambique resulting in income for families that, often for the first time in their lives will

be able to send their children to school and lift themselves out of poverty: nearly all of all our staff are from Mozambique! Join us in our mission and we'll do our best to offer a healthy return on your investment.

On behalf of all our customers, employees, and their families, we thank you for your interest and support to our work!

Arnoud de Vroomen

CEO and co-founder of SolarWorks!

2. Summary of Offer

Issuing entity / Issuer	SolarWorks! Trading B.V.
Investment target	GBP 130,000
Minimum investment	GBP 50
Maximum investment	No maximum
Maturity	6 months
Expected interest rate	6% per annum
Interest payment frequency	Semi-annually
Notional repayment frequency	Semi-annually
Financial instrument	Promissory note / unsecured interest bearing bond
Seniority of debt	Senior debt investment (debt that takes priority over other unsecured or otherwise more junior/subordinated debt)
Security	Unsecured
Management fee / transaction costs	None
Non-recall period:	The Issuer (or borrower) is allowed to repay the loan early after 6 months against a 2% prepayment fee on the amount prepaid
Risks	This is a direct investment into a Company (SolarWorks! Trading B.V.) and therefore it is recommendable that you are careful with the amount you will invest. For an overview of the associated risks, please go to section 5 or appendix 7.a of this offer document
Reporting	The Issuer is obligated to share with Lendahand Ethex Ltd its annual audited financial statements, quarterly update on financial metrics and annual social impact reports
Know Your Client Investor	KYC procedure on investors to be performed by licensed Payment Service Provider, Mangopay (“PSP”)
Investor	An individual who commits money to this investment product with the expectation of financial return via the Lendahand.co.uk website
Know Your Client Issuer	KYC procedure on Issuer to be performed by PSP in conjunction with Lendahand (powered by Ethex) platform
Application	All investments in this offer shall be made via the Lendahand.co.uk website
Age restrictions	Investors must be 18 years or older

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3. Business overview

3a. About SolarWorks! Trading B.V.

- CEO: Arnoud de Vroomen
- Location of operations: Mozambique
- Sector: Sustainable energy projects
- Founded: 2017

SolarWorks! B.V. ("SolarWorks!"), the parent Company and 100% owner of Dutch based SolarWorks! Trading B.V., was founded in 2008 by industrial designer Bernard Hulshof and econometrician Arnoud de Vroomen. SolarWorks!'s development centre is based at the incubator of the University of Technology in Delft (The Netherlands). Here products are designed and Research and Development (R&D) is conducted. The distribution of the Solar Home Systems (SHS) is done in Mozambique, where between 75-80% of the nearly 29 million inhabitants do not have access to electricity. Mozambique is an untapped market expecting fast growing mobile money penetration which is an important driver behind the fast-growing sales of Pay As You Go (PAYGO).

SolarWorks! offers a range of products of which the majority are used by households, but more and more small businesses are using our services: small enterprises are using the larger systems to have their equipment running on solar systems instead of on generators or old car batteries. SolarWorks! distributes Solar Home Systems based on a PAYGO technology in Mozambique to make access to electricity affordable: through mobile payments people unlock their system for a day, a week or a month. After 24 or 36 months the system is unlocked and owned by the customer. SolarWorks! uses systems that are relatively easy to upgrade: people can start with a smaller system (three lights and phone charging) and grow gradually with the growth of their income to larger systems (lighting, charging, television and refrigeration) without having to buy a completely new system.

SolarWorks! has installed more than 7,000 systems in Mozambique and aims to install another approximately 10,000 systems in the coming 12 months. The company is set to establish a partnership with Vodacom, where SolarWorks! systems will be made available in Vodacom stores.

SolarWorks! has a regional approach: it aims to open a new shop every three months and target to have a positive return within 18 months from opening. SolarWorks! has attracted equity capital of nearly EUR 2 million in convertible notes (regarded as near equity) in the past 2 years, to scale its operations and is preparing another investment round to accelerate growth in Mozambique towards the northern regions of the country. The two provinces Zambezia and Nampula alone have a population of over 10 million people.

3b. Social impact

The implementation of Solar Home Systems (SHS) in various countries in Africa and Asia has already generated positive social and economic impact on various levels, particularly in the areas of education, health, information, communication, social security and the household environment.

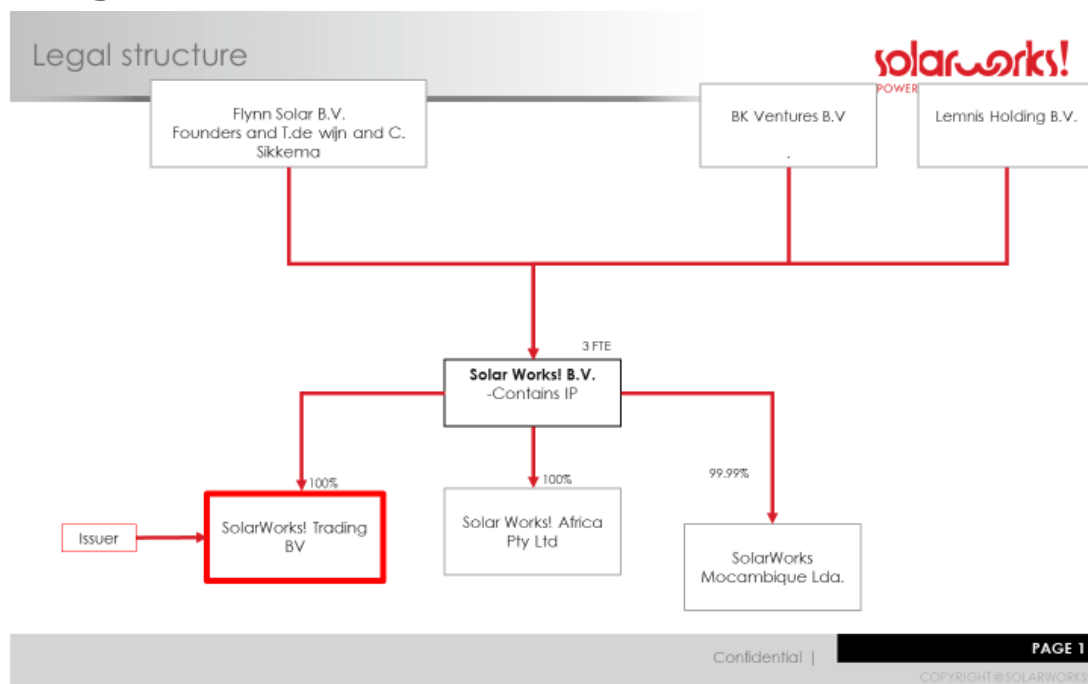
Social impact can be seen in the area of health through the reduction of harmful indoor air pollutants, previously caused by harmful kerosene lamps. This ultimately has impact on health-related costs that a household incurs. Furthermore, children will have more time to study and do homework in the evening (evenings come early in Mozambique), which has profound benefit on school attendance and school results.

Moreover, the significant reduction of CO2 emissions through the substitution of traditional lighting fuels has to be mentioned as a positive environmental impact.

The introduction, distribution and sale of SHS will also have a positive economic impact, through creating direct and indirect jobs. Furthermore, it will enable local businesses to offer and invest in additional services, such as refrigeration equipment or ICT (Information, Communication, and Technology) services.

The project supports the reduction of poverty, as households will be able to significantly save on their energy expenditure and spend these savings on more important issues. The project will ensure that low-income and vulnerable groups will also have access to an affordable option. As mentioned it has several social and health benefits that may result in a healthier household, better educated children and a more flexible workforce, which can have a sustained impact on the economic development of Mozambique in general.

3c. Organisational Structure



3d. Management Team

Team in Mozambique

Casper Sikkema - *CCO and managing director of SolarWorks! Mozambique Lda*

After 10 years of Mergers & Acquisition positions (consultant at DB&S and corporate at IHC Merwede), Casper worked as CEO of a skin care solutions company with a leasing business model. His urge to do something that can change lives and ideally in emerging markets resulted in him joining SolarWorks! Mozambique Lda. in 2015 to set up the PAYGO business.

Jose Tavares - *Sales Director Mozambique*

Jose was born in Mozambique but enjoyed education in Portugal. He was in the military police for 10 years after which he made the switch to the private sector. He held sales positions for companies like Vodafone, Hilti and TVCabo and eventually became sales director of SolarWorks! Mozambique.

Silvio Numaio - *Finance Manager Mozambique*

Silvio has a solid background in financial accounting, audit and management accounting and has worked in various sectors in Mozambique (e.g. agriculture, retail). He is in charge of financial management of SolarWorks! Mozambique.

Ancha Saide

After working for the customer support centre Vodacom/Mpesa Ancha was recruited to set up the call centre and back office of SolarWorks! in Mozambique. She runs a team of 20 people from the SolarWorks! office in Maputo to make sure all customers have systems installed, their questions answered and are paying their PAYGO amounts.

Nelson Chichava - *Area Manager Manhicha*

Manhicha was the second region that was opened in Mozambique (about 80km north of the capital). Nelson started as sales agent and now runs a complete area with over 10 sales agents and a core support team.

Delfina Valgy - *Area Manager Matola*

Delfina was originally recruited as management assistant for the head office but soon showed that she wanted more responsibilities. She is now in charge of the biggest sales region and has a team of 20 people working for her.

Team in Delft, The Netherlands

Arnoud de Vroomen - *CEO and co-founder*

Arnoud has been involved in emerging markets and Africa in particular since 1995. After working for Unilever for many years, and being in charge of a carbon credit company, he founded SolarWorks! B.V. together with Bernard Hulshof in 2008 after they worked on a solar lighting project together in Madagascar in 2007. Arnoud studied econometrics at the Erasmus University in Rotterdam and has a post graduate degree in finance.

Bernard Hulshof - *Design Director and co-founder*

Bernard graduated from the Technical University in Delft in 2007, where he developed a prototype of a lamp that uses solar energy to charge the battery. A year later he founded SolarWorks! B.V. with Arnoud. Bernard is responsible for the design of the SolarWorks! products and created the current modular Solar Home Systems.

Thomas de Wijn - *COO*

Thomas worked in various supply chain positions for L’Oreal since 2004 in The Netherlands and the United Kingdom. After working for a cooperation in Guatemala (ICAmigos), he started actively looking for a position where he could use his experience and at the same time bringing life changing products to people that really need them. Thomas is in charge of the complete supply chain: from purchasing components until the final installation at customer.

3e. Partnerships

Delft University of Technology/Delft Global Initiative

- See <https://www.tudelft.nl/global/>. A cooperation in which technology is central to improve lives, anywhere in the world.

Vodacom

- Soon to be established sales cooperation agreement in Mozambique to sell SolarWorks! products in Vodacom stores and via Vodacom agents.

Hypoport

- Fintech Company: SolarWorks! and Hypoport developed a credit rating app for the rural African market where credit worthiness depends on many other things than just having a steady income.

4. Business in detail

In this section, a more in depth financial analysis is presented and entails a financial analysis, offers a few key financial ratios that describe the liquidity and solvency position, and a brief cash flow analysis.

For the sake of building a more complete overview of the business and the opportunity at hand, Lendahand also has a strategic partnership with INRISC, a boutique consulting firm that delivers a credit write-up report. Their analysis takes a more analytical approach to the risks of the investment.

For a more complete picture of the credit worthiness of SolarWorks! B.V. and SolarWorks! Trading B.V., it is recommendable to read the full report in the appendix.

Financial analysis

Since SolarWorks! Trading B.V., a special purpose vehicle¹ (SPV), is recently established, there is little financial information available about the SPV, which is in fact the Issuer. No assessment can therefore be made of this entity.

SolarWorks! B.V. (the parent company) does not guarantee the Lendahand notes issuance to the financing vehicle SolarWorks! Trading B.V. Because an analysis on a stand-alone basis of the newly incorporated SPV is currently impossible, as a reference we conducted a financial analysis of the borrowing base, i.e. the operations in Mozambique. Since the operations in Mozambique are currently the core activities of the holding, the analysis of the consolidated projections of SolarWorks! B.V. are supplemented to the appendix. When taking all working capital funding requirements into consideration, the Company needs additional financial sourcing.

Liquidity

The consolidated projections reflect all liquidity being absorbed for working capital purposes. This incurs a risk of unnecessary liquidity shortage.

The exact liquidity position of SolarWorks! Trading BV cannot be assessed as the SPV was just established. However, SolarWorks! Trading BV is to charge a healthy gross margin (25%). The margin applied should be sufficient to repay the notes, service interest, purchase new stock and provide a certain financial buffer for Foreign Exchange (FX) risks. The liquidity position of the SPV depends entirely on matching debt servicing of the SPV with debt servicing of the operations in Mozambique.

Solvency

Consolidated financials reflect a strong commitment in the form of equity and subordinated debt and relatively high solvency ratio for a vendor lease company.

SolarWorks! B.V. is planning to capitalize the financing SPV with 33.3% equity. The terms and conditions of the cash injection are unknown at present. It is understood that the equity infused will in essence act as first loss protection²³. The understanding of INRISC is that these funds have not been committed as of yet. At a consolidated level, the financials reflect a solid capital position.

Cash flow analysis Borrower

The debt servicing capacity of the SPV depends entirely on matching debt servicing by the SPV with debt servicing of the operations in Mozambique.

The consolidated financials and projections reflect a lack of debt servicing capacity, at least until 2019. This is related to the steep anticipated growth of the vendor lease portfolio. However, when separating this aspect, the financials still reflect a lack of debt servicing

¹ SPV refers to a Special Purpose Vehicle, which is a subsidiary company with an asset/liability structure and legal status that makes its obligations secure even if the parent company goes bankrupt.

²A part of total capital that acts as a first loss reserve, meaning, in case of defaults or at repayment dates, this part of capital will be repaid last.

³ Note: this does not relate to the first loss cover provided by the 50% investment of Good Energies Foundation in this bond offer

capacity due to operating losses related to building up a sales network. This implies debt servicing will require new bond/note issuances as well.

Collateral analysis

The notes are uncollateralized. There is no recourse on the other group entities. We do not have insight into the underlying retail debtor portfolio, nor do we have insight into the value of potentially foreclosed solar panels/systems. As of 2016, the Company has had to repossess 27 out of 1,100 installed systems for which their policy is to do so when customers are 60 days late with their payment.

5. Risk analysis overview

This section of the offer document provides an overview of some of the associated risks with this investment opportunity.

The investment team of Lendahand, comprising of 4 investment managers with a combined experience of 30+ years in investment management and investment banking, performs a light due diligence. This process comprises of many hours of desk research, calls/meetings with the investee, gathering market intelligence and competitor data as well as talking to experts. After data is gathered, a more in-depth analysis takes place. Not only with regards to financial aspects such as audited statements, balance sheet and cashflow projections, but also with respect to operational activities, quality of the management team, clients and market fit, ownership and governance. In general, the investment team will also perform an on-site visit, possibly after a pilot phase.

Before an investment decision is made, the investment team of Lendahand gathers all documents/information and writes an investment memo that is presented to a Credit Committee. This committee consists of 3 experienced individuals with relevant backgrounds:

- Michael Looft – former Kiva Regional Director Asia and Europe
- Daphne Pit – former Manager of the Green and Inclusive Economy team at Doen Foundation
- Hatem Mahbouli – Former investment officer at FMO, presently senior investment officer at ELECTRIFI

5a. Risk factors to take into consideration

Outlined below are some of the more general risks associated with investing in unlisted and unsecured bonds such as the one presented in this offer document. Further, some of the risks that apply to this investment are provided which may cause late repayments or loss of invested capital. Please be aware that there might be other, not so obvious risks, that apply as well. This therefore is in no way a full and complete overview of all the associated risks.

Risks of investing in unlisted, unsecured bonds

By investing in an unsecured bond, you are lending your money to a business (SolarWorks! Trading B.V.), with all the risks that this involves. It is also difficult to get out of the investment early. Unsecured bonds are 'fixed interest' investments. This means that the

interest rate on the money you lend is set in advance. However, interest payments on your money and the return of your capital are not guaranteed and depend on the performance of the business.

Your capital is at risk and you may lose some, or all, of your initial investment. You should only invest if you can afford to lose all of your investment.

Company-specific risks

- The solar assets may not perform as well as forecasted due to manufacturing errors, even though the Company prides itself on its high-quality systems and therefore regards this risk as moderately low. Competitors may enter the market with superior product/service and suppliers may default⁴. As the Company has the first mover advantage in a fairly large and undeveloped market, competitors are welcomed to enter as it could have a positive effect on the scalability of the Company itself.
- SolarWorks! Trading B.V. (or the parent company) might be unable to raise sufficient future capital to sustain its operations and expansion plans.
- Operational costs may rise faster than anticipated.
- Management and key staff turnover could affect the performance of the Company. So far nobody has left the company and Casper Sikkema is currently the only non-Mozambican employee of the local entity.
- High defaults among clients might occur, which might result in the SPV or the operating company going bankrupt and high reclaiming costs of systems. This could result in financial loss for SolarWorks! B.V. in terms of their equity stake, which could cause reputational damage, and/or investor losses and result in the need to set up new a SPV. The Company is quite aware of this risk and has a 40 question long survey in place before contracts are signed with clients, which so far has resulted in a relatively low default rate among clients.
- In most emerging markets, different currencies are used that are more volatile than their counterparties used in developed countries. Even though SolarWorks! Trading B.V. borrows in GBP and repays in GPB, it has revenue streams in Mozambique Metical ("FX"). If the FX were to depreciate, the Company's day to day operations could be affected which in turn could influence the ability to repay its hard currency loans. This is a common obstacle that solar companies must be able to cope with. It would be great for the industry if international investors were able to provide local currency funding, limiting foreign exchange risks for the companies. Lendahand Ethex Ltd recognizes this risk and will therefore set up a small foreign exchange (FX) fund to cover potential losses to a certain extent.

Risks for Lendahand Ethex Ltd

- The platform may go bankrupt. In order to prevent investors from losing their money, the notes/bonds are held in a 'collective depot' that is administered by Hands-on B.V. (parent Company of Dutch based Lendahand) as allowed by the Dutch Financial Authority (AFM) under its licence. The note/bondholders are the owners of this depot. This is a clear segregation from the assets of the Hands-on

⁴ An event of default is a circumstance that causes a lender to demand full repayment of an outstanding debt balance sooner than it was originally due.

B.V. The flow of money is also segregated, namely via the payment service provider (MangoPay) of the Lendahand Ethex platform.

- Since the bonds will not be tradeable on a recognised exchange, they are non-readily realisable. Bondholders may be able to buy and sell bonds which the Lendahand Ethex platform might facilitate, although applicants should be aware that there is no guarantee that a willing buyer will be found.

Risks when investing in emerging markets

A brief overview of political, social and macroeconomic risks that that could influence this investment:

- The Company's main operations are in Sub-Saharan Africa, therefore investors should consider the potential for changes in the political climate. Elections often have a strong impact on the economic stability of a country and significant changes can create obstacles for foreign investors especially as new regimes might make repatriation of funds difficult/impossible.
- Political instability could have a very strong impact on economic stability, the judicial system, stability of the financial markets and institutions and other similar factors. Such risks are difficult to assess but can have a strong effect on investment returns in general. Emerging markets in essence have growing economies, more or less per definition. Nonetheless, the threats of economic downturn due to other factors as described in this section lurk beneath the surface.
- In some cases, corruption is rooted in cultural differences and thus strongly influential in people's way of life. It could make doing business difficult and make contracts void in court, which refers to the (in)stability or effectiveness of the judicial system.
- Natural disasters tend to occur more regularly in emerging markets and/or the effects have a more profound impact due to lacking emergency (government) responsiveness or general infrastructure, than is the case in developed nations and can have a profound impact on local economies and communities.
- Emerging markets may also be more receptive to being the stage of (civil) war or other types of social instability. This is largely related to the economic and political situation of a country.

All the aforementioned factors can threaten the economic and political stability of a country. In turn, these can lead to local currency devaluations, high inflation levels and negatively influence other macro-economic metrics.

Changes in government legislation

- The risk of this affecting the profitability of the Company in the future is minimal. Risk would only relate to future investments made under the new government legislation that are not part of this bond offer. The Company will assess each future project on its own financial merits at the time.
- The impact of Brexit: As of 29 March 2017, Britain will begin the process of leaving the European Union. Aside currency fluctuations, we are confident that this will have little impact on SolarWorks!'s activity in Africa.

5b. Contractual measures to monitor the investment

The Company will have to adhere to certain covenants as stated in the agreements with Lendahand Ethex Ltd. A covenant is a formal debt agreement which is put in place to protect the investor from borrowers defaulting on their obligations.

Most relevant covenants are typically represented in terms of financial ratios that must be maintained and are used often in the financial industry. A few that Lendahand Ethex Ltd might maintain with its investees are the following:

- *Leverage ratio* - Companies rely on a mixture of owners' equity and debt to finance their operations. A leverage ratio is any one of several financial measurements that look at how much capital comes in the form of debt (loans), or assesses the ability of a Company to meet financial obligations. Too much debt can be dangerous for a Company and its investors. Uncontrolled debt levels can lead to credit downgrades or worse. On the other hand, too few debts can also raise questions
- *Debt service coverage ratio* - the Debt-Service Coverage Ratio (DSCR) is a measure of the cash flow available to pay current debt obligations. A DSCR greater than 1 means the entity – whether a person, Company or government – has sufficient income to pay its current debt obligations. A DSCR less than 1 means it does not.
- *Cash coverage ratio* - this ratio assesses whether the Company has sufficient levels of cash to meet its financial obligations.
- *Unhedged currency position* - relates to what extent a Company's assets and liabilities are in a foreign currency and assesses the Company's vulnerability to currency fluctuations. There is a limit of foreign currency assets that a Company is allowed to maintain.

Lendahand Ethex Ltd will receive quarterly key performance indicators (KPI) updates in order to monitor the Company. If certain metrics deteriorate, we will engage with the Company. In certain cases, we may decide to cease the funding flow. If any of the covenants are breached, we may call an event of default⁵ or start a workout procedure.

The mode of investment will be a *promissory note/bond*. A promissory note/bond is a financial instrument containing a written promise by the Issuer (SolarWorks!) to pay the investor a definite sum of money, either on demand or at a specific future date. In the case of this offer, it will be spread over specific future dates. The promissory note outlines all the terms pertaining to the investment, such as the principal amount, interest rate, maturity date, date and place of issuance and the issuer's (SolarWorks!) signature.

In the case the Company desires to repay the loan early, there is a non-call period after which the Company is allowed to repay the loan early at all times against a 2% prepayment fee on the amount prepaid. Hence in certain circumstances, investors will receive (part) of their investments back early (including interest to date). Such early repayment option is common in the industry and provides the Company with flexibility that in the end could benefit the end clients, e.g. households in rural Africa. An investor is free to reinvest the repayment in other projects on the platform.

⁵ An event of default is a circumstance that causes a lender to demand full repayment of an outstanding debt balance sooner than it was originally due.

6. Terms & Conditions

Each drawdown from the credit facility will be a note issuance according to the terms & conditions as stated here in this Example Note.

Annex I Issuance Terms UK Notes

- Issuer : SolarWorks! Trading B.V.
- Underlying Project Name : SolarWorks! Issue 8
- Depot ID : Subject to confirmation
- Issue Date : Subject to confirmation
- Maturity Date : 6 months after the Issue Date
- Currency : GBP
- Total Issue Amount : GBP 130,000
- Total number of Notes Issued : 2,600
- Interest Rate : 6% per annum

Amortization Schedule (example)

1st Repayment Date	1st Principal	1st Interest	1st Total
01/07/2019	£50.00	£1.50	£51.50

Annex II

Restrictions on sale

The United States

The Notes have not been and will not be registered under the Securities Act. Trading in the Notes has not been and will not be approved on an exchange or board of trade or otherwise by the United States Commodity Futures Trading Commission under the United States Commodity Exchange Act. The Securities may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons at any time. The Issuer will not offer or sell the Notes at any time within the United States or to, or for the account or benefit of, U.S. persons, and it will send to each person to which it sells Notes at any time a confirmation or other notice setting forth the restrictions on offers and sales of the Notes in the United States or to, or for the account or benefit of, U.S. persons.

Each person who enters into a subscription agreement in relation to the Notes with the Issuer will agree, with respect to the Notes being purchased by it, that it will not offer, or sell the Notes within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each person to which it sells any Securities a confirmation or other notice setting forth the restrictions on offers and sales of the Securities within the United States or to, or for the account or benefit of, U.S. persons. In addition the Notes will be exercisable by the holder only upon certification as to non-U.S. beneficial ownership. As used in this paragraph "United States" means the United States of America, its territories or possessions, any state of the United States, the District of Columbia or any other enclave of the United States government, its agencies or instrumentalities, and "U.S. person" means (i) any person who is a U.S. person as defined in Regulation S under the Securities Act or (ii) any person or entity other than one of the following:

- (i) a natural person who is not a resident of the United States;
- (ii) a partnership, corporation or other entity, other than an entity organised principally for passive investment, organised under the laws of a jurisdiction other than the United States and which has its principal place of business in a jurisdiction other than the United States;
- (iii) an estate or trust, the income of which is not subject to United States income tax regardless of source;
- (iv) an entity organised principally for passive investment such as a pool, investment company or other similar entity, provided that units of participation in the entity held by U.S. persons represent in the aggregate less than 10% of the beneficial interest in the entity, and that such entity was not formed principally for the purpose of facilitating investment by U.S. persons; or
- (v) a pension plan for the employees, officers or principals of an entity organised and with its principal place of business outside the United States.

In addition, each purchaser (or transferee) and any person directing such purchase (or transfer) will represent and warrant, or will be deemed to have represented and warranted by purchasing or otherwise holding a Security that on each day from the date on which the purchaser (or transferee) acquires the Security through and including the date on which the purchaser (or transferee) disposes of its interest in the Security, that the purchaser (or

transferee) is not an "employee benefit plan" within the meaning of UK/1001958/13 - 95 - 243311/70-40108501 Section 3(3) of the U.S. Employee Retirement Income Security Act of 1974, as amended ("ERISA"), that is subject to Section 406 of the ERISA, a "plan" subject to Section 4975(e)(1) of the U.S. Internal Revenue Code of 1986 (the "Code"), a person or entity the assets of which include the assets of any such "employee benefit plan" or "plan," or a governmental plan that is subject to any law or regulation that is similar to the provisions of Section 406 of ERISA or Section 4975 of the Code.

TERMS AND CONDITIONS UK NOTES

of

SOLARWORKS! TRADING B.V., a private limited liability company incorporated under the laws of The Netherlands, with its registered office at Delft, and presently holding its offices at Molengraaffsingel 12 14, 2629 JD Delft, The Netherlands (the “**Issuer**”);

Article 1 DEFINITIONS

In these Terms and Conditions the following definitions shall have the meaning referred to below.

AFM	the Dutch Authority for the Financial Markets (<i>Stichting Autoriteit Financiële Markten</i>);
Annex	an annex to these Terms and Conditions;
Business Day	any day on which banks are open for business in the place of business of the Issuer;
Energise Africa	an initiative where solar home systems providers can attract flexible debt funding via the Lendahand Ethex website in the United Kingdom (www.lendahand.co.uk);
Event of Default	each of the events stated in Article 7;
Ethex	Ethex Investment Club Ltd., a not for profit company incorporated under the laws of the United Kingdom, registered with the UK Companies House under number 07432030, with its registered office at Oxford and presently holding its offices at The Old Music Hall, 106-108 Cowley Road, Oxford, OX4 1JE, United Kingdom;
FCA	The Financial Conduct Authority of the United Kingdom;
FSA	The Dutch Financial Supervision Act (<i>Wet op het financieel toezicht</i>)
Fully Funded Notice	Notice given by the Issuer to Lendahand Ethex that it accepts the funding offered via the Lendahand Ethex Website for the eligible project(s) of the Issuer and in exchange will issue the Notes in accordance with the Issuer Access Agreement upon issuance of the signed Fully Funded Notice;

GBP	pound sterling, the official currency of the United Kingdom;
Giro Act	The Dutch Securities Giro Act (<i>Wet op het giraal effectenverkeer</i>);
Information Request	shall have the meaning set forth in Article 10.1;
Interest Payment Date	shall have the meaning set forth in Article 3.2;
Issuance	shall have the meaning set forth in Article 2.1;
Issue Date	shall have the meaning set forth in Article 3.1;
Issuer	SOLARWORKS! TRADING B.V. , a private limited liability company incorporated under the laws of The Netherlands, with its registered office at Delft, and presently holding its offices at Molengraaffsingel 12 14, 2629 JD Delft, The Netherlands;
Issuer Access Agreement	The agreement concluded between the Issuer and Lendahand Ethex that allows the Issuer access to the Lendahand Ethex Website so that the Issuer can offer and issue Notes to Investors through this website;
Investors	the investors in the Notes;
Lendahand	Hands-on B.V., a private limited liability company incorporated under the laws of the Netherlands, registered with the Dutch Chamber of Commerce under number 55711766 with its registered office at Amsterdam and presently holding its offices at Conradstraat 38 - D1.150, 3013 AP Rotterdam, the Netherlands;
Lendahand Ethex	Lendahand Ethex Ltd. , a company incorporated under the laws of the United Kingdom, registered with the UK Companies House under number 10529133, with its registered office at Oxford and presently holding its offices at The Old Music Hall, 106-108 Cowley Road, Oxford, OX4 1JE, United Kingdom. Lendahand Ethex is a 50/50 joint venture of Ethex and Lendahand that owns and operates the Lendahand Ethex Website under the campaign Energise Africa (www.lendahand.co.uk);

Lendahand Ethex Website	the internet website operated by Lendahand Ethex that allows investors to select and fund Projects by investing in the Notes (www.lendahand.co.uk);
Material Adverse Effect	means any circumstance or event which (A) has a material adverse effect for the Investor on the validity, legality or enforceability of the Notes (B) has a material adverse effect on the business, properties, assets, condition (financial or otherwise) of the Issuer, (C) impairs materially the ability of the Issuer to duly and punctually pay or perform its obligations under the Notes;
Notes	the notes of the Issuer issued in accordance with these Terms and Conditions by the Issuer;
Outstanding Amount	the principal amount outstanding under the Notes, which at the Issue Date is GBP 50 per Note and which principal amount may decrease over time based on early repayments in accordance with Article 4;
Prepayment Amount	means amounts prepaid early on the Principal Amount of the Notes, as a result reducing the Principal Amount accordingly, in accordance with Article 4.2;
Prepayment Date	shall have the meaning set forth in Article 4.2;
Principal Amount	means GBP 50 per Note as at the Issue Date, which amount may decrease if and when the Issuer makes early Repayments on the Notes;
Project	the Project as set out on the Lendahand Ethex Website;
Repayment	shall have the meaning set forth in Article 4;
Terms and Conditions	the terms and conditions of the Notes as set forth herein;
Voluntary Prepayment	shall have the meaning set forth in Article 4.2.

In these Terms and Conditions, unless the context dictates otherwise, references to the singular shall include references to the plural and vice versa and references to any pronoun shall include the corresponding masculine, female or neuter.

Article 2 NOTE ISSUE

- 2.1 The Issuer seeks to obtain the relevant (back-filled) funding for the Project, by issuing the Notes pursuant to these Terms and Conditions (the “**Issuance**”), the terms of which are attached hereto in **Annex I**.
- 2.2 Lendahand Ethex Ltd is an appointed representative of Share In Ltd (Authorised and Regulated by the FCA, FRN:603332). It may market financial promotions and execute orders. Lendahand Ethex will place the Project on the Lendahand Ethex Website, ultimately allowing Investors to invest in the Notes.
- 2.3 The Issuer issues the Notes in accordance with these Terms and Conditions. The Investors are assumed to have taken note of and are bound by these Terms and Conditions.
- 2.4 The total amount of the offer and issue of the Notes is as stated in **Annex I**.
- 2.5 Each Note has a denomination of GBP 50.
- 2.6 The Issuer may, at its sole discretion redeem (part of) the Notes earlier by early repayment(s) in accordance with Article 4.
- 2.7 The Notes will be solely offered in the United Kingdom, or in another country of the EEA if the offer is made in accordance with the laws of such other EEA country and if Lendahand Ethex is authorised to execute orders from potential Investors in such EEA country. The Notes cannot and will not be offered in any country outside of the EEA and may not be sold or resold to Investors who are resident or citizens of other countries, such as the United States of America as set forth in **Annex II**.
- 2.8 The Notes will be held in accordance with the Giro Act where Lendahand acts as intermediary (*intermediar*) under the Giro Act. Lendahand is the holder of the collective depot (*verzameldepot*) of the Notes and the Issuer will treat Lendahand as the recordholder of the Notes.
- 2.9 In case of a sale of Notes from one Investor to another Investor, taking into account restrictions on sales, if any, the Notes will be delivered in accordance with the Giro Act and in accordance with the terms and conditions of the Lendahand Ethex Website for Investors.
- 2.10 Notes do not give right to ownership, voting rights or meeting rights.

- 2.11 The terms and conditions of Lendahand Ethex Website for Investors contain provisions on the Notes. In case of a discrepancy between such terms and conditions and these Terms and Conditions, these Terms and Conditions will prevail insofar it concerns the Issuer and/or the Notes.

Article 3 INTEREST

- 3.1 The Notes are issued by the Issuer and bear interest at the interest rate as stated in **Annex I** as from the first day of the month following the Project becoming fully funded on the Lendahand Ethex Website and such date is specified in **Annex I** hereof (the "**Issue Date**") until and including the Maturity Date, or such earlier date on which the Principal Amount has been repaid in full.
- 3.2 For the avoidance of doubt, interest on each Note shall be payable semi-annually as per the Amortization Schedule in **Annex I** ("**Interest Payment Date**").
- 3.3 Interest shall be calculated on the basis of 30 (thirty) days in a month and 360 (three hundred and sixty) days in a year. Interest is calculated on the basis of the Outstanding Amount of the Notes on the applicable Interest Payment Date, commencing on the first Interest Payment Date.
- 3.4 Interest will be paid on the Interest Payment Date.

Article 4 REPAYMENT OF THE NOTES AND PAYMENTS ON THE NOTES

- 4.1 The Notes shall be repaid by the Issuer in accordance with the Amortization Schedule attached hereto ("**Repayment**") in **Annex I**. Repayments are semi-annual and in equal instalments.
- 4.2 Not earlier than 12 (twelve) months after the issuance date, the Issuer may prepay the Principal Amount, in full or in part (the "**Prepayment Amount**"), on an Interest Payment Date (the relevant Interest Payment Date hereinafter being referred to in this paragraph as the "**Prepayment Date**") (the "**Voluntary Prepayment**"). In addition to the Prepayment Amount, the Issuer shall pay to the Investors on the Prepayment Date an amount equal to the sum of: (a) interest accrued on the Prepayment Amount up to the Prepayment Date, and (b) a prepayment fee of 0% (zero percent) of the Prepayment Amount, and any legal or other fees incurred as a result of the Voluntary Prepayment or otherwise.

- 4.3 All payments made by the Issuer under the Notes shall be calculated and made in GBP only, and shall be deposited into the bank account of the payment services provider used by the Investors, as provided under the terms and conditions of Lendahand Ethex.
- 4.4 The Issuer shall, under no circumstances, have the right to suspend any payment, the right to set-off or any similar right to withhold payment.
- 4.5 Payments made by the Issuer shall be first applied to the interest due and subsequently to the Principal Amount.
- 4.6 If, at any time, the Issuer is in default in the payment of any amount of principal, interest, fees or other obligations due hereunder (whether by acceleration, at maturity or otherwise), the Issuer agrees to pay an additional interest rate of 2% (two percent) per annum above the rate set forth in Article 3.1 on the then due Principal Amount until the date on which the overdue sum is paid.

Article 5 TAXES

- 5.1 All taxes charged in The Netherlands in relation to any payments made under the Notes will be paid by the Issuer.
- 5.2 All taxes required by law to be deducted or withheld by the Issuer from any amounts paid or payable under the Notes shall be paid by the Issuer when due and the Issuer shall, within 15 (fifteen) days of the payment being made, deliver to the Investors' evidence satisfactory to the Investors (including all relevant tax receipts) that the payment has been duly remitted to the appropriate authority.
- 5.3 All costs and expenses of the Investors to be made by the Investors in order to collect payment of any amount due under the Notes, irrespective as to whether these costs are judicial or extrajudicial, shall be paid and borne by the Issuer.

Article 6 COVENANTS

- 6.1 Within 180 (one hundred eighty) days after the year end, the Issuer shall publish a copy of its short form "samenstellingsverklaring" audited financial statements through the Lendahand Ethex Website.
- 6.2 The Issuer shall obtain, comply with the terms of and do all that is necessary to maintain in full force and effect all authorizations, approvals, licenses and consents required under any applicable law to enable the Issuer lawfully to enter into and perform its obligations under the Notes and to ensure the legality, validity,

enforceability or admissibility in evidence of the Notes in its jurisdiction of incorporation.

- 6.3 The Issuer shall comply in all respects with all laws to which it may be subject, except when such failure to comply would not result in a Material Adverse Effect.
- 6.4 The Issuer shall procure that no substantial change is made to the general nature of its business from that carried on at the date of the origination of the Notes.
- 6.5 The Issuer shall not undertake or permit any merger, demerger, amalgamation or corporate restructuring, which has or could reasonably be expected to have a Material Adverse Effect.
- 6.6 All costs related to the obligations of the Issuer under this Article shall be borne by the Issuer.

Article 7 EVENTS OF DEFAULT

7.1 Each of the events as described hereunder constitutes an Event of Default on the part of the Issuer:

- (i) the failure to pay any sum due under the Notes at the time, in the currency and in the manner required, which non-payment is not remedied within 30 (thirty) days after the due date thereof;
- (ii) a representation or warranty hereunder or repeated by the Issuer in or pursuant to these Terms and Conditions is incorrect or misleading in any material respect when made or repeated;
- (iii) the failure to duly perform any other obligation, including the covenants under Article 6, under or resulting from these Terms and Conditions, which non-performance, if capable of remedy, is not remedied within 30 (thirty) days after the Investors' relevant notice to the Issuer which notice shall at all times be given by Lendahand on behalf of the Investors;
- (iv) an attachment or execution affects more than 35% (thirty five percent) of the assets of the Issuer and is not discharged within 14 (fourteen) days;
- (v) the Issuer under its relevant jurisdiction is declared bankrupt or is granted a moratorium or a request for bankruptcy or moratorium is filed;

- (vi) the Issuer is dissolved, a resolution for its dissolution is passed or a request for its dissolution is filed;
- (vii) the holders of the Notes exercise the Information Request and the Issuer does not provide the requested adequate information (to be determined at the sole discretion of the holders of the Notes) within 15 (fifteen) days;
- (viii) all material authorizations, approvals, licenses and consents, required or desirable to enter into and perform the obligations under the Notes and carry on the business of the Issuer, have not been obtained and/or are not or no longer effected and are effective (which shall at all times exclude any registrations or filings);
- (ix) any material debt of the Issuer in an amount exceeding GBP 100,000 (one hundred thousand pound sterling) is not paid when due nor within any originally applicable grace period, or any material debt of the Issuer in an amount exceeding GBP 100,000 (one hundred thousand pound sterling) is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an Event of Default (similar as described hereunder); or
- (x) any event or circumstance occurs that, in the opinion of the Issuer, might have, directly or indirectly, a Material Adverse Effect on the Issuer's ability to perform any of its payment obligations under the Notes;

7.2 The Issuer shall, without any delay, inform the Investors through Lendahand Ethex in its capacity of intermediary, in writing if an Event of Default has occurred or is likely to occur.

7.3 If an Event of Default has occurred, all Notes still outstanding, together with accrued interest and all other amounts owing under the Notes, will immediately be due and payable without any notice of default or court intervention being required.

Article 8 REPRESENTATIONS AND WARRANTIES

8.1 The Issuer explicitly represents and warrants that:

- (i) The Issuer is a company, duly organized, validly existing and in good standing under the laws of its jurisdiction. The Issuer has the power to

own its assets and carry on its business substantially as it is being conducted;

- (ii) The Notes will constitute legal, valid and binding obligations against it in accordance with its terms and will not violate any contract of the Issuer entered into prior to the issue date of the Notes;
- (iii) The Issuer is authorized and licensed and has the capacity to fulfil its obligations under the Notes, to offer and issue the Notes;
- (iv) No Event or Default is outstanding or likely to result from the Notes;
- (v) The Issuer's obligations towards the Investors under the Notes, unless secured, rank senior to any company director loan and at least pari passu⁶ with the existing or future claims of all its other unsecured and unsubordinated creditors, except for obligations mandatorily preferred by law applying to companies generally;
- (vi) The Issuer shall not pay or discharge (including, without limitation, by way of set-off or combination of accounts), or grant any guarantee, indemnity, bond, letter of credit or similar assurance against financial loss in support of, any indebtedness owed by it or any other person unless there is prior written consent of the Investors;
- (vii) The Issuer shall not declare or pay any dividends upon any of its stock, or purchase, redeem, retire or otherwise acquire, directly or indirectly, any shares, or make any distribution of cash, property or assets among the shareholders, if the earning before tax over the last 12 (twelve) months is negative or an Event of Default has occurred and is continuing, or would occur; and
- (viii) No litigation, arbitration or administrative proceedings of or before any court, arbitral body or agency which, if adversely determined, might reasonably be expected to have a Material Adverse Effect have been started or threatened against the Issuer. In any proceedings taken in its jurisdiction of incorporation in relation to the Notes, the Issuer will not be entitled to claim for itself or any of its assets immunity from suit, execution, attachment or other legal process.

⁶ Pari passu refers to bonds or classes of shares that have equal rights of payment or equal seniority.

- 8.2 Investors will not directly approach the Issuer, but will approach Lendahand Ethex and instruct Lendahand Ethex to act on their behalf but only in accordance with the terms agreed between Lendahand and the Issuer.
- 8.3 The representations set out in this Article 8 shall be deemed to be given and repeated:
- (a) on the Issue Date; and
 - (b) on each Interest Payment Date;
- by reference to the facts and circumstances then existing.

Article 9 PRESCRIPTION

- 9.1 Claims against the Issuer for payment of principal and interest in respect of the Notes will be prescribed (*'verjaard'*) and become void unless made within a period of 5 (five) years after the date on which such payment first becomes due.

Article 10 INFORMATION REQUEST

- 10.1 Holders of the Notes have the right to proactively ask the Issuer to be provided with additional information, true and complete, regarding the repayment of any amount due under the Notes (the "**Information Request**").
- 10.2 The Information Request may only be exercised in the event that circumstances justify the fear of an impending Event of Default, or in the event that an Event of Default indeed has occurred. The Information Request shall at all times be carried out through Lendahand Ethex; Lendahand Ethex will pass on any information received from the Issuer to the holders of the Notes resulting from the Information Request.
- 10.3 The Information Request has to be sponsored by more than (i) 50% (fifty percent) of the Outstanding Notes and (ii) 50% (fifty percent) of the number of holders of the Notes. In the event that a holder of the Notes desires to exercise the Information Request, it will inform Lendahand Ethex. Lendahand Ethex will inform Lendahand (Hands-on B.V.) as holder of the collective depot (*verzameldepot*) thereof. Lendahand (Hands-on B.V.) will then inform all holders of the Notes accordingly and ask them to vote in order to ensure that the aforesaid quorum is achieved. Lendahand (Hands-on B.V.) will collect the votes and will inform the holders of the Notes and the Issuer if the Information Request can be exercised. If so, any information shall be distributed to all holders of the Notes.

Article 11 SECURITY

11.1 The Notes are unsecured.

Article 12 MISCELLANEOUS**12.1 Evidence**

Subject to evidence to the contrary, the records of Lendahand (Hands-on B.V.) in respect of the Notes as holder of the collective depot (*verzameldepot*) will constitute conclusive evidence of the existence and amounts of any of the obligations of the Issuer under the Notes.

12.2 Notifications

a. All notices and other communications relating to the Notes shall be sent to the following addresses:

(i) For Investors:

Lendahand Ethex Ltd.
The Old Music Hall
106-108 Cowley Road
OX4 1JE
Oxford
United Kingdom

Email address: help@lendahand.co.uk

(ii) For Issuer:

SOLARWORKS! B.V.
Molengraaffsingel 12 14
2629 ID Delft
The Netherlands
Email address: a.devroomen@solar-works.nl

or to such address as stipulated in these Terms and Conditions or as the Issuer or Lendahand Ethex may specify, by registered mail with acknowledgement of receipt, by courier, or by e-mail.

b. Notices and other communications sent as outlined below shall be deemed to have been received by the addressee at the following times:

- (i) if delivered by a courier service: at the time the communication is delivered to the addressee by the courier;
- (ii) if sent by registered post: on the day specified on the receipt report;
- (ii) if sent by e-mail: on the day specified on the corresponding receipt report.

12.3 Invalidity of Provisions

In the event that any provision of the Notes appears to be non-binding, the other provisions of the Notes will continue to be effective. The Issuer is obliged to replace the non-binding provision with another provision that is binding, in such manner that the new provision differs as little as possible from the non-binding provision, taking into account the object and the purpose of the Notes.

- 12.4 The signed Fully Funded Notice shall form an integral part of the Notes and receipt of the duly signed and executed Fully Funded Notice by Lendahand Ethex will constitute the issuance of the Notes in accordance with the Terms and Conditions thereof.

Article 13 JURISDICTION AND CHOICE OF LAW

- 13.1 The Notes and the Terms and Conditions of the Notes are exclusively governed by the law of England and Wales and they are subject to the exclusive jurisdiction of the courts of England and Wales.

7. Appendix

- a. Full INRiSC Credit Analysis review of SolarWorks!

INRiSC

CREDIT ANALYSIS REVIEW

Final_F01

August 21, 2017

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Lendahand Ethex Ltd (FRN: 776908) is an appointed representative of ShareIn Limited (FRN:603332), which is authorised and regulated by the Financial Conduct Authority. Lendahand Ethex Ltd's registered address is 106-108 Cowley Road, Oxford, United Kingdom, OX4 1JE.

1. Introduction

This memorandum concerns the high-level credit analysis in connection to Lendahand's (the '**Client**') potential bond investment to SolarWorks! Trading B.V. ("SolarWorks! SPV). The scope of the review is limited to a general review of the credit-related risks in association with the issuer (SolarWorks! SPV) and the potential issue (the note request). This memorandum does not intend to provide any advice regarding a potential investment in the request under review. Client should make its own considerations and investigations regarding any investment or any offering thereof made to its customers as intended. No rights can be derived from the use of this document. We note that, apart from credit risks, various other aspects might be relevant when considering an investment, e.g. (local) market circumstances, technology risk, country risk, etcetera. The analyses of such other aspects are excluded from this review. Any comments made on such aspects should be seen in conjunction with credit-related analyses and have no value of their own, nor intend to indicate any deeper analyses of such underlying aspects. Information used in this review is limited (as referenced in Appendix A.1). No due diligence or verification of information received has been made. INRISC has no further interest in the issuer (SolarWorks!) or the notes issued. INRISC is not supervised by any regulatory body.

2. Notes issuance & summary

The request concerns:

- A senior ranking, covenanted, EUR 250.000 and GBP 250.000 facilities, drawdown amounts of EUR/GBP 50.000-100.000, each note has a maturity of 3 years, with semi-annual, linear repayments,
- Issuer is SolarWorks! Trading B.V., a limited liability Company (besloten vennootschap) based in the Netherlands. SolarWorks! Trading B.V. is a Special Purpose Vehicle (SPV) with the sole purpose of providing working capital financing for the operating Company SolarWorks! Mozambique. The operating Company has activities in the installation, leasing and servicing of solar panels and electrical appliances in Southern Africa.

RISK ANALYSIS OVERVIEW	
Pros	Cons
Company	
Experienced and balanced management team	SPV with sole reliance on operations in Mozambique
Successful track record in attracting funding by means of (near-) equity and subsidies	Scale-up; dependent on new equity investments
Knowledge of local circumstances (socio-economic & regulation)	
Established network of (N)GO's and investors	
Business	
Large (untapped) market for sustainable (energy) solutions	Country risks in Mozambique; S&P rating: S/D ⁷
Straightforward supply chain, no dependencies on single suppliers	Low barriers to entry, better funded competitors active in the SHS market (although not in Mozambique)
	Distribution network in process of development
Product	
Differentiates on design and functionality (AC and modular)	Higher price range compared to alternative systems
Decentralized off-grid solar utilities	
Additional sales from anticipated ancillary products	
Financials	

⁷ S&P credit rating S/D refers to 'selective default'

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SPV will be 33.33% financed by equity/subordinated debt; the rest will come from more 'commercial' investors	Newly incorporated SPV, no financials, request relying on borrowing base, being operations and lease portfolio in Mozambique
Payment behavior of the retail customer is well understood	FX-risks that are momentarily not hedged
According to SolarWorks!, there is adequate provisioning for potential defaults, although this cannot be assessed by INRISC ..	Equity/subordination, of which EUR 90,000 not committed as of yet
	Possible convertibility risk ⁸
Facility/ Notes	
Short term to maturity (2-3 yrs. with semi-annual repayments)	
Loan Structure	
Senior ranking at SPV level only	Unsecured, structurally subordinated due to SPV structure
	No access to potential collateral (ie lease portfolio and stock held at operating Company)
	No recourse to parent company, no (group) guarantee provided

3. The Issuer

3.1. The Company

SolarWorks! Trading B.V. will use the note issuance for financing stock purchases and vendor leases by its operating company. The company structure is shown in Appendix A.3. SolarWorks! comprises of a local operating company per country, at the moment only in Mozambique, and a financing vehicle located in the Netherlands. The Dutch Holding Company is 100% owner of all the subsidiaries.

SolarWorks! Mozambique is where the operational activities take place; i.e. sales, installation, after-sales servicing and management of the vendor lease portfolio. All the direct cash sales to customers are handled by the operating company. The financing SPV (SolarWorks! Trading) orders the units from the manufacturer and sells exclusively to SolarWorks! Mozambique, with an estimated 25% margin. In addition to this margin the financing SPV will be capitalized for 1/3 with equity.

The Company, SolarWorks! BV, is a Dutch based holding company with an operational company in Mozambique active in vendor lease, sale and servicing of solar panels, batteries and other electrical appliances. In 2008 the precursor of SolarWorks!, Flynn Solar, was established after the founders Bernard Hulshof and Arnoud de Vroomen had developed a successful first prototype of the Solar Kit, a solar lantern, during the course of 2007. In 2009 the Solar Kit was successfully launched in Southern Africa. During that year Lemnis Lighting, a Dutch Company and pioneer in LED lighting, approached Flynn Solar with an offer to buy the solar Company. This resulted in access to working capital, an improved supply chain and placing the solar products under the well-known Pharox Solar brand.

The next year, two new products were developed and launched (the Theft-proof Rooflight and the Solar Home System). When in 2012 Lemnis Lighting merged with NTL Electronics (an Indian company) the solar business was bought back by the founders. The result was a new Company: SolarWorks! The general goal of SolarWorks! is to make the use of candles and paraffin as a source of lighting obsolete in Africa.

SolarWorks! offers their customers premium designed solar products for an affordable price. All SolarWorks! products are designed and developed in the Netherlands at the Technical University of

⁸ Convertibility risk refers to the ease with which a country's currency can be converted into gold or another currency.

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Delft's incubator (YesDelft) and are true to Dutch design standards. A unique feature is the use of Lithium Iron Phosphate batteries in combination with Alternative Current: making it compatible with a grid connection if these are available while AC appliances can be connected to the systems as well. The high quality batteries in combination with AC functionality are a unique feature in the market, and part of the value proposition of SolarWorks! Considering Africa's notoriously unreliable grid, this is a reliable and affordable option for people who want reliable electric supply and storage. The SHS are modular making them flexible enough to expand according to the electricity demand of the customer. The Company now focuses on integrating Internet of Things into their products with which it anticipates creating smarter and more efficient product features that are tailored to the specific demand of customers.

3.2. Management

SolarWorks! continues to market all existing solar products and is developing a whole range of new solar products. The SolarWorks! development center is based at the incubator of the Technical University in Delft, the Netherlands (see www.yesdelft.nl) and the commercial head office is located in Johannesburg, South Africa. In the supervisory board of SolarWorks! active shareholders with experience in investing in the region and the industry are present.

The Board of Directors reflect an international track record in finance, business development, supply chain management and design & engineering with a focus on renewable energy and consumer products in emerging countries.

We have interviewed Mr. de Vroomen (CEO). Mr. de Vroomen comes across as a highly knowledgeable manager. He has been active in the sustainable and renewable energy sector for over a decade. His C.V. also testifies to a deeper understanding of local environments, travelling in Africa and performing market research ('06-'07). Mr. Vroomen worked in finance, business development and marketing at Unilever ('97-'05). He was COO of the carbon credit originator OneCarbon ('08-'09) and in charge of the sale of the Company in '09. Mr. Vroomen moved to South Africa in '09 to start sales.

The Chief Commercial Officer (CCO) of the SolarWorks! team is Casper Sikkema. Mr. Sikkema has extensive experience in finance, working as an M&A and strategy consultant at DB&S ('05-'11). At Royal IHC Merwede ('11-'13) he was involved in corporate development, strategy, business development in Southern Africa, joint ventures and M&A. For MedCos Skin Solutions ('14-'15) he was the managing director responsible for business development and financial restructuring. Mr. Sikkema is responsible for building the wholesale distribution and sales network at SolarWorks! Mozambique.

Mr. Bernard Hulshof is the design Director and co-founder of SolarWorks! Mr. Hulshof was already involved in the founding of Flynn Solar in 2007 after meeting Arnoud during fieldwork in Africa. Bernard is responsible for the design and field testing of all SolarWorks! products. On top of that, Mr. Hulshof is responsible for setting up the manufacturing and supply chain in China ('09-'13).

Mr. Thomas de Wijn is the Chief Operations Officer (COO) at SolarWorks! Before starting at SolarWorks in 2014 Mr. de Wijn worked for the NGO ICAmigos, Guatemala ('04) where he helped to commercialize products of local women cooperatives aiming for international expansion. At L'Oreal the Netherlands ('04-'08) he managed the demand and supply planning. For L'Oreal UK and Ireland ('08-'14) Mr. de Wijn was the divisional product launch manager and responsible for customer supply chain management. As such he focused on key customer metrics including on-shelf availability, stock and service level, performing root-cause analysis of availability issues, driving efficiencies and maximizing sales for both businesses.

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3.3. Credit history Issuer

SolarWorks! Trading B.V. has been established in the course of this year (2017). It is a wholly owned subsidiary of SolarWorks! B.V. which has a relevant three year track record of historical figures. SolarWorks! B.V. has only attracted credit in the form of convertible loans which can be considered as near-equity. Since the Company's inception there is no indication it has had any difficulties repaying their 'creditors'.

4. Business analysis

The key business activities are concentrated around the sales, after-sales and vendor lease of PV-panels, batteries and appliances. PV-panels and appliances are purchased from suppliers located mainly in China. SolarWorks! offers its retail clients a payment plan to grant a larger customer base access to energy. SolarWorks! Mozambique sells Solar Home Systems (SHS) to customers through PayGo financing. PayGo financing entails that the end-consumer makes a down payment and pays a certain fee for the usage of the system. After a certain amount of payments, the system is owned by the customer, usually after a maximum of 36 months. SolarWorks! Mozambique pays SolarWorks! Trading an amount equal to the cost price of the SHS with a 25% markup. These payments are scheduled to coincide with the payment obligations SolarWorks! Trading has with the noteholders. Debt service capacity of SolarWorks! Trading is dependent on the capability of SolarWorks! Mozambique to transfer funds to the financing SPV.

The distribution network of SolarWorks! comprises of shops located in populated areas of Mozambique which are run as a branch network. SolarWorks! is in the process of setting up shops throughout Mozambique. The Company has chosen Mozambique as a launching country in view of demographics, infrastructure and customer receptiveness. Currently there are two shops operational. Before the end of this year there will be another two opening up and in the following six months another two will follow. Each shop operates within a densely populated hub. SolarWorks! plans to expand operations to Zambia and Malawi in the coming years.

SolarWorks! benefits from a strong base of mobile banking technology and subsequent supportive infrastructure to consumer credit activities in Africa. SolarWorks! has established working partnerships with Mpesa to process payments. Consumers are screened based by third party, Hypoport, which provides consumers with a credit rating based on a questionnaire. Hypoport has developed an app that will dynamically track the credit rating of clients.

It is noted that Mozambique represents a certain country risk; Standard and Poors gives Mozambique a credit rating of SD/D. The "SD" rating means that a debtor has selectively decided to default on payment of a coupon but it will make payments on other debt issues on time and the "D" rating means that a debtor has failed one or more payments. The country experiences slow economic development that create uncertainty around the business climate. This might result in convertibility risk, meaning companies might be restricted to convert currency under certain economic conditions. In such case, SolarWorks! payments to the SPV might be subject to regulatory restrictions as well.

Foreign exchange risks can have large impact on the profitability of the operations of SolarWorks! in general and thereby the ability of the financing SPV to repay the loan to Lendahand. Solarworks will be paid in local currency, which needs to be converted to EUR for debt service obligations towards the SPV. Next to that, the SPV runs a EUR/USD risk in view of payment of solar panels in USD. The payment behavior and creditworthiness of the customers are also important variables for the financing SPV, as it is dependent on payment thereof by the operating company. SolarWorks! seems to be effective in terms of credit management, only experiencing a 2% default rate on their loan portfolio so far.

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By separating the financing of the lease portfolio, the underlying business risks are masked for the SPV's lenders. These lenders/ bondholders do not have adequate ongoing insights in the business development and operations in Mozambique. Due to the nature of the lease payments it can take some time before adverse business developments in the vendor lease business are noticed, eventually resulting in higher defaults rates and late payments. On the plus side establishing an SPV helps to match the cash cycle of the OpCo (operating company) SolarWorks! Mozambique with its obligations towards the supplier/manufacturer in China.

5. Financial analysis Issuer

Since the SPV is recently established, there is no financial information available of the SPV (the Issuer), and no assessment can therefore be made of this entity.

SolarWorks! B.V. does not guarantee the Lendahand notes issuance to the financing vehicle SolarWorks! Trading B.V. Because an analysis on a stand-alone basis of the newly incorporated SPV is currently impossible, as a reference we conducted a financial analysis of the borrowing base, i.e. the operations in Mozambique. Since the operations in Mozambique are currently the core activities of the holding, the analysis of the consolidated projections of SolarWorks! B.V. are supplemented to the appendix. When taking all working capital funding requirements into consideration the Company needs additional financial sourcing. How this financial gap is filled in and its effect on the legal standing of the Lendahand notes issuance is not known at this point in time.

5.1. Operations

The past operational performance (consolidated) as well as projections show net losses until the end of this year for the operations in Mozambique. Although not uncommon for a fast growing company, we note the significant operational costs for setting up a branch network. Assuming significant sales as planned, these costs expressed as percentage of sales will diminish significantly from 2018 onwards.

We note the SPV in essence will have very limited operational activities, other than financing the operations in Mozambique.

5.2. Liquidity

The consolidated projections reflect all liquidity being absorbed for working capital purposes. This incurs a risk of unnecessary liquidity shortage.

The exact liquidity position of SolarWorks! Trading cannot be assessed as the SPV was just established. However, SolarWorks! Trading is to charge a healthy gross margin (25%). The margin applied should be sufficient to repay the notes, service interest, purchase new stock and provide a certain financial buffer for FX-risks. The liquidity position of the SPV depends entirely on matching debt servicing of the SPV with debt servicing of the operations in Mozambique.

5.3. Solvency

Consolidated financials reflect a strong commitment in the form of equity and subordinated debt and relatively high solvency ratio for a vendor lease Company.

SolarWorks! B.V. is planning to capitalize the financing SPV with 33.3% equity. The terms and conditions of the cash infusion are unknown at present. It is understood that the equity infused will act as first loss capital. The understanding of INRiSC is that these funds have not been committed as of yet. At a consolidated level, the financials reflect a solid capital position.

5.4. Cash flow analysis Issuer

The debt servicing capacity of the SPV depends entirely on matching debt servicing by the SPV with debt servicing of the operations in Mozambique (Issuer of the SPV).

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The consolidated financials and projections reflect a lack of debt servicing capacity, at least until 2019. This is related to the steep anticipated growth of the vendor lease portfolio. However, when separating this aspect, the financials still reflect a lack of debt servicing capacity due to operating losses related to building up a sales network. This implies debt servicing will require new issues as well.

5.5. Collateral analysis

The notes are uncollateralized. There is no recourse on the other group entities. We do not have insight in the underlying retail debtor portfolio, nor do we have insight in the value of potentially foreclosed solar panels/systems. Currently, the Company has had to repossess 27 out of 1,100 installed systems for which their policy is to do so when customers are 60 days late with their payment.

6. Risk analysis

Since the financing SPV has only recently been established INRISC is not able to perform a credit analysis on the financial records on the debtor. The SPV is owned by SolarWorks! B.V. INRISC analyzed the financials of the underlying borrowing base on a consolidated basis. With all the information provided a reasonable estimation of potential risks was made. At the moment only a draft distribution agreement between SolarWorks Mozambique (the distributor) and SolarWorks! Trading (the financing SPV) was shared for review by INRISC.

The proceeds of the notes issuance by the financing SPV SolarWorks! Trading are used to purchase stock and support working capital financing needs related to vendor leases in the operating Company SolarWorks! Mozambique. This implies a derived retail consumer risk for the debtor of this issue. If a substantial portion of the end-customers default on their payment plans, the notes of Lendahand to the financing SPV can no longer be serviced. Currently there is a default rate of 2% on the portfolio, and in their projections SolarWorks! uses a conservative 10% default rate, providing a considerable safety buffer in the credit risk of the SPV. Next to this, convertibility risk might suddenly appear (regardless of the performance of the underlying vendor lease portfolio).

The transactions of SolarWorks! with its suppliers and distributors are done in USD denomination. The notes are denominated in Euros, resulting in an EUR/USD FX risk. The underlying financials of the distributor (SolarWorks! Mozambique) is dependent on the local currency from Mozambique and are therefore contained for the noteholders. When the FX risks for SolarWorks! Mozambique translate into a business risk at large it will naturally influence the risks for the noteholders. SolarWorks! Holding is examining different routes for mitigating these risks by, for example, attracting funds in local currency. In recent years the currency of Mozambique has risen vis-à-vis the USD resulting in a FX surplus on the annual account of the Company.

The notes are senior unsecured debt. In the event of a default SolarWorks! Trading will be treated as a creditor of SolarWorks! Mozambique. Under this circumstance there is a considerable risk that SolarWorks! Trading and thereby the noteholders will not be repaid. Since SolarWorks! Trading is located in the Netherlands and the OpCo is situated in Mozambique it should be noted that recouping assets in case of a default scenario will become more troublesome. The risk for the Lendahand noteholders is also dependent on the terms other financiers will negotiate in the future with SolarWorks! Trading B.V. The planned 33.3% equity stake of SolarWorks B.V. in the SPV will act as first loss capital, granting the noteholders limited comfort. Regarding insight in the overall financial performance of the underlying vendor lease business, we note the holders of SPV notes are lagging behind and –as such- have an implicit subordinated position.

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A. Appendices

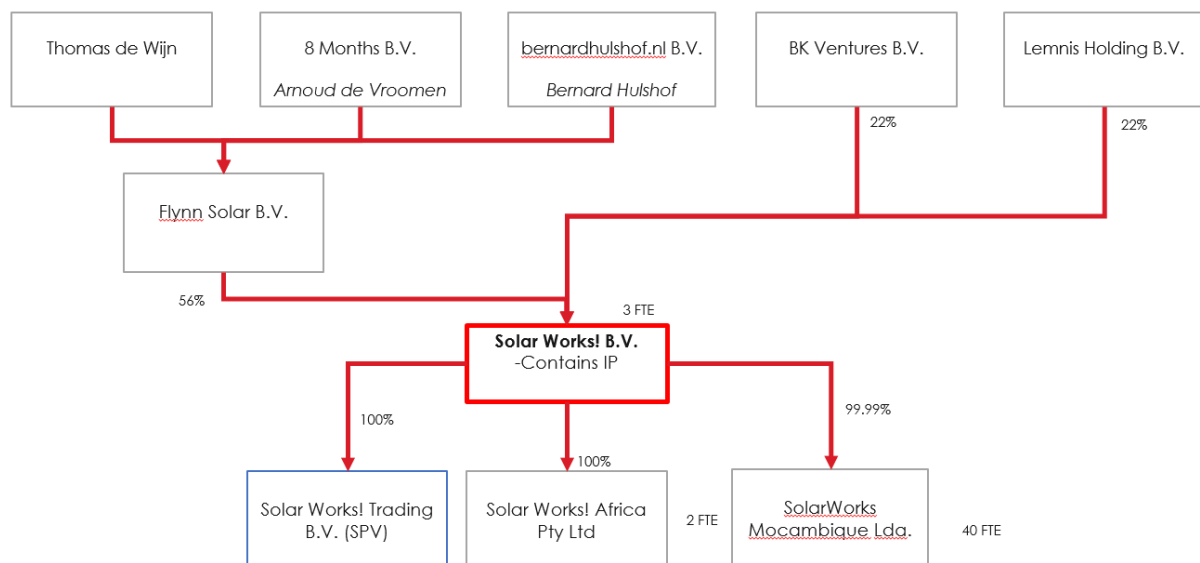
A.1. Information used

The information used in this analysis was obtained from Client and include:

- Business presentation;
- Annual accounts 2013- 2016;
- Consolidated projections SolarWorks! B.V. 2017-2021;
- Term sheet notes Lendahand;
- C.V.'s of management;
- Articles of association;
- Loan documentation;
- Interview conducted with management: Mr. de Vroomen (CEO)

A.2. Concept term sheet

A.3. SolarWorks! legal structure



Organizational structure including the new SPV

A.4. Financial analysis SolarWorks! B.V.

The projections are based on a financial model provided by SolarWorks! taking all subsidiaries into consideration. Key business is currently in Mozambique. The projections are therefore at a consolidated level. Since the notes are issued by the financing SPV, the consolidated projections are purely indicative for evaluating the 'going concern' of the Company as a whole, SolarWorks! being the exclusive sales partner of the SPV and – as such - the borrowing base for this proposition. SolarWorks! B.V. does not guarantee the loan of the financing SPV.

INRiSC reviewed the consolidated annual accounts 2013 till 2016. In this period revenues have fluctuated from EUR 100k – 400k. The Company is operating at net losses and has a negative cash flow; this is not uncommon considering the lifecycle of the Company. Because earnings are, to a large extent, reflected in the accounts receivable, the cash flow

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of the Company is negatively influenced by the increases of working capital. The Company has attracted convertibles (equity) in the (recent) past, resulting in a low indebtedness.

If SolarWorks! Mozambique goes bankrupt, the debt service capacity of the SPV will be influenced. Without the operating company, the direct sales channel of the financing SPV would disappear. It is reasonable to believe that whatever stock is at that point left in SolarWorks! Mozambique, could be sold to the local distribution partners in the process of winding down operations, possibly with a discount. It remains to be seen if all current PayGo contracts can be managed in such a way that the operating company will be able to repay its debt obligations to the financing SPV.

INRiSC was able to obtain a good overview of the financials of the Company going forward, including inter-company relations. At the moment SolarWorks B.V. functions as the financier of the operations, having exposure on the two subsidiaries. In the last two years the Company has absorbed the losses of its subsidiaries. Please note that INRiSC did not test the reality of the projections in terms of market share captured, underlying price levels, costs related to the realization of the product or its components. Nor did we test for consumer payment behavior, payment terms or consumer default rates and loan losses for Mozambique.

Key financial ratios (group, consolidated, not the Issuer), projected, excluding notes issuance				
	2016	2017	2018	2019
Current ratio	1.20	13.50	9.43	4.55
Total debt/EBITDA	Neg	Neg	12.01	3.82
Gearing ⁹	-2.09	-3.49	-27.94	5.00
Own and Associated Means /Total Assets	0.51	0.56	0.47	0.54
Interest cover ratio	-3.34	-6.35	2.35	7.72
Debt service cover ratio*	-3.34	-6.35	2.35	7.72
Cash coverage ratio	-2.8	-23.5	-51.6	-40.2

Ratio's table

A.5. Liquidity of SolarWorks!

The liquidity position of SolarWorks! is currently fairly strong due to the low amount of loans.

Debt and interest service coverage are negative due to a negative EBITDA. Also, the asset conversion cycle is negative, indicating a growing company and investments in stock. The operating cash flows from core operations become positive in 2018.

A.6. Solvency of SolarWorks!

According to the projections, the loans of SolarWorks! will increase in the future; nearly half of these new loans are marked by INRiSC as subordinated debt. The exact source of these funds is not yet known at present. It is expected by SolarWorks! for it to come from

⁹ Gearing refers to the debt to equity ratio and compares a company's own equity or capital to funds borrowed by the company

one of the three following sources; 1) Equity, 2) NGO funding, 3) donor funding. The Company is well capitalized, albeit mainly through convertible loans. There is a discrepancy between the gearing ratio and the Own and Associated Means/ Total assets ratio; this is due to the fact that the current equity investments are primarily done in convertible loans. It is the expectation that these loans will be converted into equity shares but until this conversion has taken place this will not be visible in the gearing ratio. Discounting the convertible loans, the Company has a negative net worth till 2018. Including the convertibles, the Company has financed half of its assets with equity.

A.7. Cash flow analysis of SolarWorks!

Historical cash flows have been negative, fitting the current development stage of the Company. The business will become profitable in 2018 according to the projections. The DSCR presented does not provide a good insight for a fast growing vendor lease company. The anticipated funding proves a flattered cash flow profile. The operating cash flows will not become positive in the coming years, meaning that if the Company wishes to grow according to the projections it needs to attract outside financing in order to do so. Yet maintaining current debt levels and repayment schedule indicates that the Company is not able to service its debts in 2018. In order to not create arrears, the Company will have to attract new debt until 2019.

A.8. Risk Analysis

The financials and projections reflect lack of debt servicing capacity, at least until 2020. This is related to the steep anticipated growth of the vendor lease portfolio. However, when separating this aspect, the financials still reflect a lack of debt servicing capacity due to operating losses related to building up a sales network. This implies debt servicing will require new issues as well.

For more information

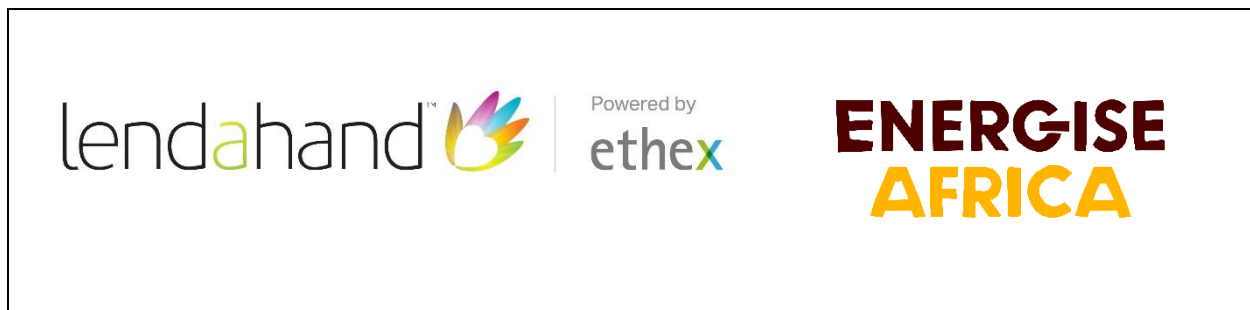
Complaints – Any complaints about the Investment Offer should be sent to help@lendahand.co.uk

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