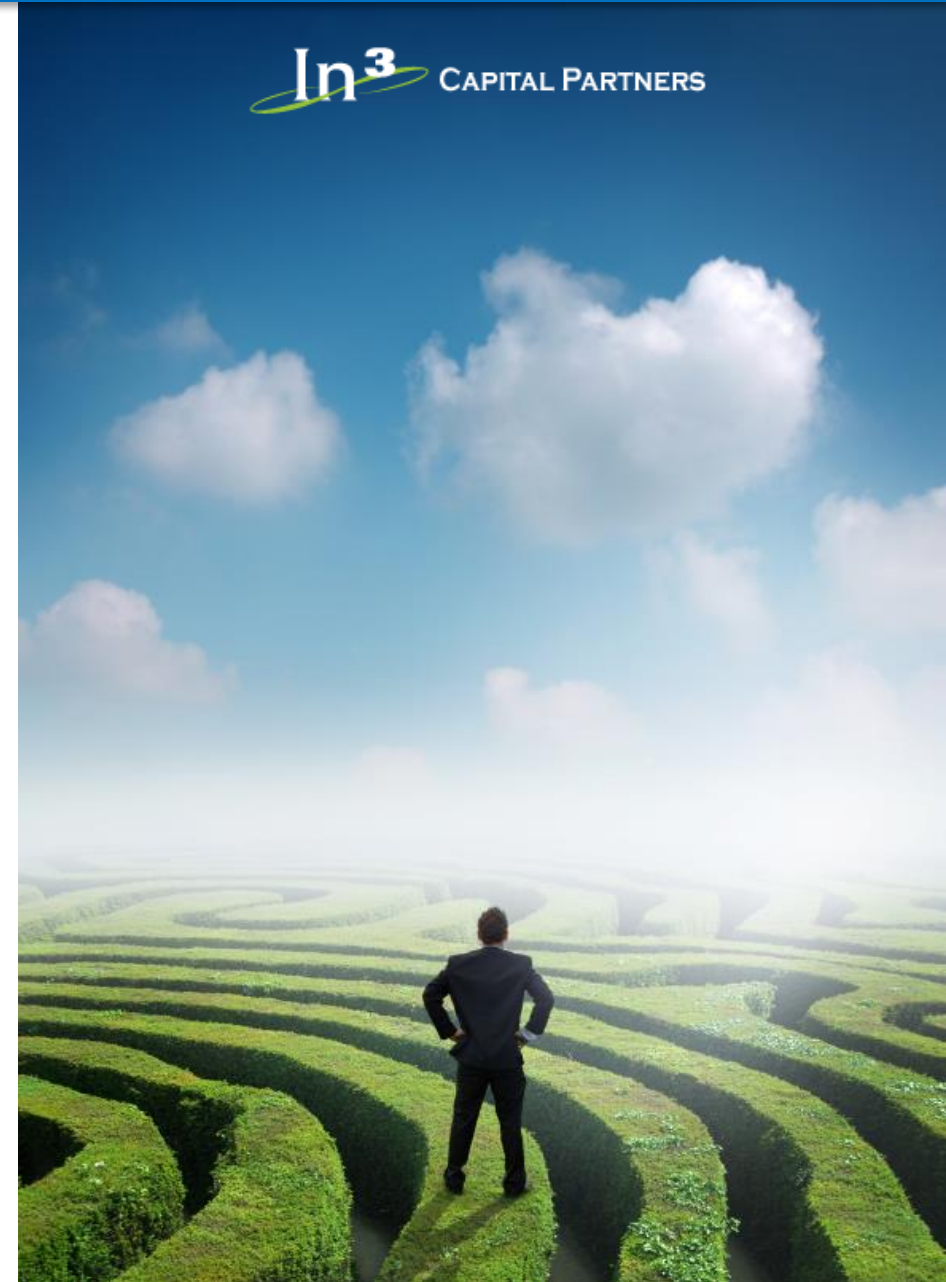


When is CAP Funding your best (or only) option?



- 1. For projects at a relatively early stage** – In3 CAP funding can pay for remaining project development work like design or engineering, securing the site, contractors, licenses, permits, etc.
 - ✓ CAP funding can be secured at any stage. *Fact:* Although standards for actual “readiness to turn dirt” vary by industry, most project financiers have little tolerance for such risks and will sideline or ignore deals if their standards are not met. CAP enables you to be transparent about all remaining costs because we don’t mind paying to ensure success; other investors will go cold if they discover gaps during due diligence.
- 2. When there is no free cash to pursue any other options**
- 3. The need for speed** – we offer a clear, fast and free yes/no opinion, then *can* reach closing in 30 days, first funding 30-45 days.
- 4. Financial performance below ~12% IRR or 1.25% DSCR**

At least 10-12% unlevered IRR is usually necessary to cover the non-CAP alternative funding interest expense. IRRs vary by industry and can be acceptable to CAP as low as ~5-6% IRR for commodities like power, food or infrastructure. Cash available for debt service is also a key consideration.



Comparing CAP Funding with In3 Loan Programs

Rates as of Winter 2022; subject to change. Check with In3 for current rates.

	<u>Completion Assurance Program 1</u>	<u>Program 2</u>	<u>Programs 3 & 4</u>	<u>Program 5</u>
Asset Class	Debt + Equity , up to 100% of budget	Debt only , up to 100% loan-to-cost (LTC)		
Stage of Readiness	New, retrofit, or expansion “impact” projects at any reasonable stage	New, retrofit, expansion, refurbishments only for rigorously documented, <u>entirely buttoned up</u> project files only		
Sectors	More than 30 “impact” sectors; must not cause social or environmental harm	Renewable Energy, CRE, housing, WTV, water, agriculture, electricity infrastructure, storage, many others (more)		
Minimums	\$25 million or more ; \$50m+ preferred			
Guarantee?	Completion Assurance Required – any of 3 types	None; Senior lien / UCC-1 filing , but package must be <u>complete</u>		
Interest Rate	~5% (SONIA + 2.5%) APR mezzanine debt	6.5% - 8% APR fixed	5% - 6% APR	3.5% - 4.75% APR
IRR or DSCR	Varies by industry, but low IRRs are acceptable	DSCR of 1.25 or higher		IRRs of 10%+ , typically
Vetting fee/due diligence fee or interest deposit	None ; unique pre-qualification process bypasses the cost and uncertainty of the traditional route. Use in3finance.com/apply then in3finance.com/in3CAP	\$25k vetting, then refundable \$75k for binding term sheet	\$25k vetting plus 20% interest deposit just before closing	\$25k vetting plus 10% interest reserve (or bridge loan)
Financing Fee	1-4% from first draw of proceeds via escrow agent (higher end of this scale when an In3 Affiliate brings project to In3)			
Equity Carry	25-35% , based on 65-75% guarantee coverage	None if fully vetted & qualified		
Country	Any country / currency ; guarantee in US\$ or €’s	Any country (Program 5 currently US citizens/Greencard holders only); US\$ currency only		
Loan Tenor	3-25 years , no pre-repayment penalty	No pre-payment penalty; 3-10 years with optional extensions		
Time to close	At most 30 days	TBD – depends on results of due diligence		
Time to funds	Less than 30-45 days after closing	Program 2) ~45 days ; Programs 3 & 5) 90-120 days ; 4) ~180 days		
Draw Timing	Monthly draws , automated, level or increasing	2 tranches , typically (lump sum under \$100M with Program 4)		

Comparing Terms for In3 Loan Programs

Rates as of Winter 2022;
subject to change.
Ask In3 for updates.

Terms	Program 2	Programs 3 & 4	Program 5
Source/Type	Syndicate of PE firms' term loans	Project or Business LOC	PE & Family Office LOCs
Interest rate (fixed or variable)	<ul style="list-style-type: none"> 6.5-8% APR interest based on IRR (lock-in rate determined at closing) 	<ul style="list-style-type: none"> Fixed 5-6% interest-only first 3-5 years, then one adjustment to WSJ Prime + 2% for 7 yrs more 	<ul style="list-style-type: none"> Fixed rate, currently 3.5%-4% in the US; 4.75% APR overseas
Deferral period & Loan Tenor	<ul style="list-style-type: none"> Lengthy interest-only periods; tenors up to 20 years. All are non-recourse; no penalty to repay early 	<ul style="list-style-type: none"> LOC can be tied to a project or an entity; no prepayment penalty. 	<ul style="list-style-type: none"> 10-15 years interest-only then balloon payment; 10 yrs + 2 or 5-year extensions available.
Cash required	<ul style="list-style-type: none"> \$25,000 vetting / pre-qualification fee, then \$75,000 refundable due diligence/bonding fee into escrow account; \$25,000 for LOI, and balance for binding term sheet. 	<ul style="list-style-type: none"> \$25,000 vetting, then requires 20% into Interest Control Account (ICA) as debt service reserve but will receive 100% of line (not 80%) 	<ul style="list-style-type: none"> \$25,000 vetting, then 10% Interest reserve (pre-payment) with "Deposit Assistance" bridge loan available at 1.5%
Critical Success Factors	<ul style="list-style-type: none"> Debt Service Coverage Ratio (DSCR) of 1.25 or higher, on average 	<ul style="list-style-type: none"> ~\$45,000 (US) or \$75k-\$120k int'l due diligence per \$100m funding, refunded if line is not approved. 	<ul style="list-style-type: none"> Bridge loan fees for due diligence (\$25,000) + 15% of bridge for 90 days capped
Special Considerations	<ul style="list-style-type: none"> 30 days to close, 30-45 days to fund 	<ul style="list-style-type: none"> ~120 - 210 days to close and fund. 	<ul style="list-style-type: none"> ~45 days to close, ~90 to fund
Timing	<ul style="list-style-type: none"> Can be lump sum, but two or more draws are more typical. 	<ul style="list-style-type: none"> Project or business LOCs; Lump-sum up to \$100m. Over \$100m, can take 11 monthly draws of total. 	<ul style="list-style-type: none"> Two tranches, such as 20/80%
Distribution	<ul style="list-style-type: none"> 1-page Tear Sheet special offer 2023 		<ul style="list-style-type: none"> See article comparing each Loan Program option to CAP
For more information			

In3 Loan Program FAQs

<p>1. What determines whether a project qualifies? Finance-ability/Bankability Checklist</p>	<p>1. In supported sectors, Low to zero commercial risk with other risk factors largely mitigated or controlled. IRRs > ~10%.</p>
<p>2. What sort of a financial modeling is required?</p>	<p>2. “Complete” US GAAP or IFRS-compliant pro formas (article)</p>
<p>3. What if the developer is cash strapped?</p>	<p>3. Programs ordered by cash required to reach closing:</p> <ul style="list-style-type: none"> ▪ CAP funding has no up-front costs, although a bank’s guarantee can cost 0.25-3% of face value with collateral^a ▪ Program 2 is the next lowest cost, at \$95k (see detail^b) ▪ Program 5’s lower APR requires 10% interest reserve, but a bridge called “Deposit Assistance” may be available^c ▪ Programs 3 and 4 require 20% interest reserve (ICA). <p>4. Yes, for projects above roughly \$80 million total budget, sometimes the lender will consider bringing a partial guarantee (like a sponsor) for an equity kicker. More</p>
<p>4. Can we combine CAP’s guarantee and one of these debt program? (this may deliver better terms)</p>	<p>5. Yes, with In3 services, we can arrange venture funding apply</p>
<p>5. Can you fund <u>ventures</u> in your focus areas?</p>	<p>5. Yes, with In3 services, we can arrange venture funding apply</p>

(a) Some guarantor providers offer bridge loans to qualified developers under contract to cover the bank’s “margin” (fees), repaid out of initial draws.

(b) Vetting fee starting in 2023 will be \$25,000, making total cost of Program 2 for binding term sheet \$100,000

(c) Program 5 Deposit Assistance pre-pays the 10% interest via a bridge loan with additional \$25k vetting fee (\$10k to In3, \$15k to lender) and 15% of bridge amount (effectively 5%/mo, or 1.5% of the total loan), capped at 90 days, with 5% returned if first draw of funding occurs in 60 days or less.