

**CPOA Eventide
Investment Committee (IC) Memo
Muizenberg, South Africa
April 5, 2024**

This IC Memo includes projections and forward-looking information that represent Energea's assumptions and expectations in light of currently available information. Except for statements of historical fact, the information contained herein constitutes forward-looking statements and they are provided to allow potential investors the opportunity to understand management's beliefs and opinions in respect of the future so that they may use such beliefs and opinions as one factor in evaluating an investment. These forward-looking statements are not guarantees of future performance and necessarily involve known and unknown risks and uncertainties, which may cause actual performance and financial results in future periods to differ materially from any projections of future performance.

Executive Summary

The CPOA Eventide ("Project") is a 44.4 kW DC rooftop solar installation paired with a 80kWh Freedom Won battery energy storage systems ("BESS") installation, located at 25 Atlantic Rd, Muizenberg, Cape Town, South Africa. The Project will be connected "behind the meter" at the CPOA Eventide facility.

The solar plant will be a Power Purchase Agreement ("PPA") with the roof owner and Offtaker, Cape Peninsula Organization for the Aged ("CPOA"), through a take-or-pay contract for a period of 20 years. The BESS installation, referred to as the BESS Usage Fee is a fixed monthly payment contract for a period of 10 years.

Energea Portfolio 3 Africa LLC ("Energea") will invest, through The Sun Exchange (SA) Bewind Trust ("Sun Exchange Trust"), a total of R1,881,612 ZAR (\$100,704.82 USD) with a estimated IRR of 12.00%.

Key Information

General Info

Project Owner	Energea Portfolio 3 Africa LLC
Project Location	Muizenberg, Cape Town, South Africa
Technology	Rooftop Solar and Battery Energy Storage System
System Size Solar: Battery:	50 kW AC / 44.4 kW DC Freedom Won 80kWh/64HV
Estimated Year 1 Production	71,591.5 kWh
Coordinates	-34.10635 ° S 18.47059 ° E
Roof Status	Approved by a third-party engineer

Project Status	Under Development
Useful Equipment Life (Years)	
Solar:	25 years
Battery:	15-20 years (7,000+ cycles)

Stakeholders

SPE	The Sun Exchange (SA) Bewind Trust
Offtaker	Cape Peninsula Organization for the Aged NPO Registration #003044
EPC Contractor	R.E Design Engineering (PTY) LTD
O&M Contractor	The Sun Exchange (PTY) LTD (“Sun Exchange”)
Roof Owner	Cape Peninsula Organization for the Aged NPO Registration #003044
Asset Manager	The Sun Exchange (PTY) LTD (“Sun Exchange”)

Estimated Uses of Capital and Project Economics

Project Hard Costs	1,312,845 ZAR
Project Soft Costs	295,406 ZAR
Developer Fee	273,362 ZAR
Total Project Financing	1,881,612 ZAR
Debt Funding	N/A
Equity Funding	1,881,612 ZAR
Project IRR	12.16% (\$USD)

Project Review

Site

CPOA Eventide, the Offtaker, owns the property on which the Project will be installed. The rights to use the roof for a 20-year term has been secured through a Power Purchase Agreement. The BESS installation is a fixed monthly payment for a term of 10 years.

NWE Consulting Engineers performed their roof inspection of the CPOA Eventide rooftop on Friday August 25, 2023. During the inspection of the existing residential semi-detached units/dwellings, they confirmed that the timber trusses and purlins system can accommodate the additional loading of the proposed solar panels. After the Project is constructed, NWE will provide the final structural competence certificate in accordance with section 14 subsection (2A) of the NBR and Building Standards Act (1977).

Design

The following table outlines the components that will be installed:

Component Name	Manufacturer and Make	Unit Quantity	Energea Notes
Modules	Longi 555Wp	555	Tier 1 module manufacturer based in China
Inverters	Sunsynk (1) 50kW SUN-50K-SG01HP3-EU	1	Their technical support systems are worldwide and provide high levels of service in South Africa due to their local distribution facilities.
Racking	Schletter		One of the leading manufacturers in the world for solar mounting systems. In addition, this product has been used for several already constructed and operational assets through Sun Exchange
Battery (BESS)	Freedom WON LiTE Home 80/64HV	1	A locally sourced and manufactured product in South Africa, but have also batteries installed in over 60 countries worldwide.

Regarding Energy Production, the Project is estimated to produce 71.59 MWh/year with a Performance Ratio of 79.7%.

Interconnection

The Project will be connected to the distribution network owned and operated by the City of Cape Town Network. The Project applied for interconnection on November 9, 2023 with the Energy Management Department and obtained the pre-approval for the installation of 44.4 kW DC on February 12, 2024. The interconnection will be made at the facilities existing AC infrastructure, and no additional interconnection costs are required.

Once the installation of the Project is finished, the Energy Management Department will witness the commissioning process and verify compliance of the system seven (7) days from the request of this service.

Offtaker

The Sun Exchange Trust and CPOA Eventide signed a Power Purchase Agreement (PPA) on August 29, 2023. This revenue agreement requires CPOA Eventide to make payments based on the full number of kilowatt-hours (kWh) produced by the Project per month plus a fixed price for the rental of the battery system for a shorter term of ten (10) years. The CPOA organization has not missed any solar payments to date in our portfolio. The tariff is adjusted

annually on the anniversary of the Commercial Operations Date (“COD”) date. The main terms of the Agreement are listed below in Table 1.

Solar Power Purchase Agreement and Battery Rental Agreement Main Terms

Solar PPA Contract Term	20 years
PPA Rate	2.00 ZAR per kWh +
Annual Solar PPA Adjustment	CPI + 2%
BESS Contract Term	10 years
BESS Rental Rate	10,600 ZAR per month (10 years)

Engineering, Procurement and Construction (“EPC”)

R.E Design Engineering (“RED”) has been selected as the EPC partner for this Project. RED and Sun Exchange signed an EPC Contract on September 20, 2023. Sun Exchange has worked with RED before on solar assets in South Africa, including Cape Town. Energea performed due diligence on the contractor, and confirmed they are capable of installing this Project. Sun Exchange will also have a Project Manager or Engineer onsite during the installation process, providing oversight, especially during the key installation phases to ensure a quality product that meets Energea’s standards. RED will hold a two (2) year warranty period starting from the date of the issuance of the Commercial Operation Date Notice, which will cover all defects and issues that arise after the asset is energized. The projected COD date for this project is May 28, 2024.

Insurance

During construction, RED will provide and maintain adequate insurance coverage at its’ cost, for all risks associated with the EPC until final completion. After COD and during operation, Sun Exchange will provide and maintain an All-Risks Propriety and General Liability insurance for the Project. In each case, Energea will be named as an additional insured under such policies.

Operations and Maintenance

The Operations and Maintenance (“O&M”) services will be provided by RED for the first two (2) years of operation. This service includes monitoring, reporting, module cleaning, preventative maintenance, savings calculations and any on-site IT or technical support. After the initial O&M term, the asset will be overseen and maintained by Energea and its subcontractors.

Financial Analysis (IC CPOA Eventide)

The resulting nominal IRR, in USD, of CPOA Eventide is projected to be 12.16%, with an estimated payback of 7 years, 11 month, and 7 days from the NTP date. The income statement, cash flow statement and balance sheet up until 2033 (shown annually) are presented on Exhibit I.

Energiea Portfolio 3 LLC is acquiring a total percentage of ownership in the project of 100.00%, for a total investment of \$100,800.67 USD, paid in full for the acquisition of 11,520 solar cells.

This analysis makes use of an inflation assumption, using the latest 5-year average value, from December 2023, of **5.00%**, provided by the South African Department of Statistics, StatsSA, as a basis for defining the Consumer Price Index (“CPI”), being within the range of the South African Central Bank’s target inflation of 3.00% to 6.00%.

Risk Factors

- **Currency Exchange Risk:** Given that the investors are based in the USA and the project is in South Africa, fluctuations in the ZAR/USD exchange rate could impact returns.
- **Regulatory and Policy Risks:** Changes in South African energy policies or regulations could affect the project's profitability or feasibility.
- **Performance Risk:** As with all solar projects, there's a risk associated with the performance of the solar panels, inverters, and other equipment.
- **Counterparty Risk:** Dependence on the offtaker's financial health and their ability to honor the terms of the PPA.
- **Environmental and Climatic Risks:** Variability in solar irradiance or extreme weather events could impact energy production.
- **Geopolitical Risks:** Changes in the political landscape in South Africa could influence the business environment and investment security.

Revenue

The source of the project’s revenue originates from a 20-year term equipment rental contract with CPOA Retirement Facility, for a fixed base price of 2.00 ZAR / month, readjusted annually on the anniversary of the COD by the ZAR CPI rate, plus a 2% spread. The average customer savings during the period is estimated to be of 14.74%.

Additionally, the system makes use of a battery within its configuration, providing load-shedding protection to the offtaker and creating a more stable electricity supply. For this reason, there is an inclusion amounting a fixed 10.600,00 ZAR per month, charged for the first 10 years of the PPA revenue contract.

This analysis used a 30-day billing cycle to realize each month’s revenue.

Operating Expenses

Only an asset management operating expense was assumed in the model, driven by the assumption that it contains, under its scope of its contractual obligations, the aggregate work of all the required operations and maintenance for the project, as well as insurance, accounting, and other project related fees. The monthly value of the management fee is calculated as an 24.26% rake off of the collected revenue in the project.

Capex

For this analysis, it was considered, in the model, the latest EPC prices supplied by The Sun Exchange, as seen on Table 1.

Value-Added Tax (“VAT”) of 15,00% is assumed within the cost table below.

Lastly, no interconnection cost is assumed by the project.

Table 1 – Capital Expenditures Assumptions

Acquisition Costs	N/A	N/A
Solar Modules	175,560 ZAR	3.95 ZAR/Wdc
Solar Inverters	121,535 ZAR	2.74 ZAR/Wdc
Mounting Materials	43,371 ZAR	0.98 ZAR/Wdc
Electrical Materials	104,685 ZAR	2.36 ZAR/Wdc
Labor & Accomodations	325,233 ZAR	7.33 ZAR/Wdc
Battery	463,250 ZAR	10.43 ZAR/Wdc
Monitoring Equipment	12,500 ZAR	0.28 ZAR/Wdc
Others	61,410 ZAR	1.38 ZAR/Wdc
Interconnection	5,302 ZAR	0.12 ZAR/Wdc
Hard Costs	1,312,845 ZAR	29.57 ZAR/Wdc
Basic Studies and Executive Project	8,552 ZAR	0.19 ZAR/Wdc
Contingency	103,854 ZAR	2.34 ZAR/Wdc
Engineering	167,000 ZAR	3.76 ZAR/Wdc
Site Management	16,000 ZAR	0.36 ZAR/Wdc
Soft Costs	295,406 ZAR	6.65 ZAR/Wdc
Developer Fees	273,362 ZAR	6.16 ZAR/Wdc
Pre-COD OpEx	N/A	N/A
Total CapEx (All-In)	1,881,612 ZAR	42.38 ZAR/Wdc
Total CapEx (All-In)	100,801 USD	2.27 USD/Wdc

Taxes

No tax payments were assumed for this analysis.

Legal Review

Relevant Documents

A Legal review was performed in the Project's available documentation. The most relevant documents are listed below:

1. Power Purchase Agreement;
2. EPC Contract.

Contracts Summary

Power Purchase Agreement Summary

Contract	Power Purchase Agreement (PPA)
Execution Date	August 29 th , 2023
Parties	The Sun Exchange (SA) Bewind Trust – As Seller Cape Peninsula Organization for the Aged – As Buyer
Term	20 years from the Signature Date
Object	Seller will install the Solar Facility at the Premises to supply electrical energy generated by the Solar Facility to the Buyer.
Premises	25 Atlantic Rd, Muizenberg, Cape Town, 7945
Solar Rate	ZAR 2.00 per kWh
BESS Usage Fee	Monthly feed payable by the Buyer for use of the Battery Energy Storage System ZAR 10,600 per month
BESS Payment Period	10 years
PPA Start Date	Date communicated by the Seller to the Buyer upon which the use of the Solar Facility will begin
Escalation Rate	CPI+2%
VAT	Buyer is liable for the payment of VAT in relation to the Solar Fees and BESS Usage Fees
Escalation Frequency and Date	Annually on the anniversary of the PPA Start Date
Payment	Monthly, within 14 (fourteen) days of receipt of each monthly invoice
Late Payment	Interest of 2% (two per cent) per month
Currency	South African Rand
Insurance	Seller shall insure the Solar Facility from the PPA Start Date for an amount equal to the full insurable value of the Solar Facility, the premiums and any increases payable in respect of such insurance being for the account of the Seller.
Buy-Out Option	Buyer has the option to purchase the Solar Facility (and all its components and parts) from Seller during a period of 90 (ninety) days, commencing on each 5 th (fifth) anniversary of the PPA Start Date, and terminating 90 (ninety) days after such anniversary in each instance.
Termination Buy-Out	In case of termination pursuant to the Buyer's breach, Seller is entitled, in its sole discretion, to exercise the Termination Buy-Out Option, as a consequence of which the Buyer shall be compelled to pay the Seller the Buy-Out Price.

Remedy of Buyer	Buyer's remedy against the Seller for a breach of any obligation is to claim specific performance. Buyer is precluded from cancelling the PPA pursuant to Seller's breach.
Dispute Resolution	Arbitration

EPC Contract

Contract	EPC Contract including Long Term Performance Tests
Date	September 20, 2023
Parties	Sun Exchange (PTY) LTD – As Customer R.E Design Engineering (PTY) LTD – As Contractor
Object	Technical planning, design, the procurement and delivery of all necessary components, manufacture, assembly and construction services as well as the installation and connection to the Client's electrical reticulation and where grid tied, to the local grid, which is necessary for delivery and transfer from the Contractor to the Customer of a fully operational, turnkey Solar Plant, with a total electrical capacity of 44.4 kWp of the installed modules and 80kWh battery energy storage system, which is suitable for safe and continued operation for a period of at least 20 years after it is connected to the electrical reticulation.
Construction Contract Price	R 1,589,220.84 (exclusive of VAT)
Rate Fluctuation	Should the ZAR/USD forex rates fluctuate by more than 5% before NTP, the Contractor shall be required to reprice the Construction Contract Price in accordance with the forex rate fluctuation, provided that the fluctuations have directly impacted the Contractor's costs.
O&M Scope of Works	The Contractor shall provide Operation and Maintenance Services, from COD until the achievement of Final Completion.
O&M Contract Price	R 33,000.00 (exclusive of VAT), to be paid on a quarterly basis (at the end of each quarter).
Delay Liquidated Damages	If Contractor fails to complete the works by the due date, the Contractor shall pay the Customer Delay Liquidated Damages.
Performance Liquidated Damages	If the guaranteed performance ratio or guaranteed availability is not achieved, the Contractor shall pay the Customer Performance Liquidated Damages.
Warranty Period	2 years starting from the date of issuance of the COD Notice
Performance Guarantee	As a condition to achieving the COD, the Contractor shall obtain and deliver (at its cost) to the Customer a Performance Guarantee as security for its proper performance of its obligations, in an amount no less than 5% (five percent) of the Construction Contract Price.
Governing Law	South Africa
Disputes Resolution	Arbitration

Documentation Checklist

Design and Application	Bills	X
	Helioscope Reports	X
	Meter Data	X
	Site and Roof Assessment	X
	Self-Consumption Analysis	X
Interconnection Application	Interconnection Application	X
	Permission to Install Letter	X
Offtaker	Offtaker Credit Analysis	X
	Lease Agreement	X
	Insurance Documents	X
EPC	Construction Set*	X
	Equipment Warranties	X
	Equipment Purchase Order	X
	Equipment Datasheet	X
	EPC Contract	X
	EPC Insurance	X
Asset Management	O&M Agreement	X
	Asset Management Agreement	X
Investment	Project Model	X

The Investment Committee members have reviewed the Project Memorandum and hereby approve the investment on the CPOA Eventide Project.

Signatures:

Mike Silvestrini
Partner

Dave Rutty
Director of Construction

Isabella Mendonça
General Counsel

Arthur Issa
Financial Analyst

Exhibit I

Income Statement, Cash flow Statement and Balance Sheet

CPOA EVENTIDE PROJECT
CONSOLIDATED BALANCE SHEETS

		December 31,										
		2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	
Assets												
Current assets:												
Cash and cash equivalents	R	20,426	R 21,695	R 23,045	R 24,481	R 26,009	R 27,634	R 29,364	R 31,204	R 33,162	R 35,247	
Accounts receivable		0	0	0	0	0	0	0	0	0	0	
Prepaid expenses and other current assets		0	0	0	0	0	0	0	0	0	0	
Total current assets		20,426	21,695	23,045	24,481	26,009	27,634	29,364	31,204	33,162	35,247	
Property and equipment		1,881,612	1,881,612	1,881,612	1,881,612	1,881,612	1,881,612	1,881,612	1,881,612	1,881,612	1,881,612	
Depreciation		(125,441)	(313,602)	(501,763)	(689,925)	(878,086)	(1,066,247)	(1,254,408)	(1,442,570)	(1,630,731)	(1,818,892)	
Tax credits		0	0	0	0	0	0	0	0	0	0	
Other assets		0	0	0	0	0	0	0	0	0	0	
Total assets	R	1,776,597	R 1,589,705	R 1,402,894	R 1,216,169	R 1,029,536	R 843,000	R 656,568	R 470,247	R 284,044	R 97,967	
Liabilities and stockholders' equity												
Current liabilities:												
Accounts payable	R	0	R 0	R 0	R 0	R 0	R 0	R 0	R 0	R 0	R 0	
Short-term debt		0	0	0	0	0	0	0	0	0	0	
Accrued expenses and other current liabilities		0	0	0	0	0	0	0	0	0	0	
Total current liabilities		0	0	0	0	0	0	0	0	0	0	
Tax payable		0	0	0	0	0	0	0	0	0	0	
Long-term debt		0	0	0	0	0	0	0	0	0	0	
Other liabilities		0	0	0	0	0	0	0	0	0	0	
Total liabilities		0	0	0	0	0	0	0	0	0	0	
Stockholders' equity:												
Additional paid-in capital		1,881,612	1,881,612	1,881,612	1,881,612	1,881,612	1,881,612	1,881,612	1,881,612	1,881,612	1,881,612	
Retained earnings		(105,015)	(291,907)	(478,718)	(665,444)	(852,077)	(1,038,613)	(1,225,045)	(1,411,366)	(1,597,568)	(1,783,646)	
Total stockholders' equity		1,776,597	1,589,705	1,402,894	1,216,169	1,029,536	843,000	656,568	470,247	284,044	97,967	
Total liabilities and stockholders' equity	R	1,776,597	R 1,589,705	R 1,402,894	R 1,216,169	R 1,029,536	R 843,000	R 656,568	R 470,247	R 284,044	R 97,967	