

EUROASIAN

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PROGRAM BGMC

The Provision of a Bank Guarantee to Secure your Lender's Loan Offer

Overview

If a Client has the capability to arrange project finance loan capital, but does not have the collateral to support the loan capital, we can arrange the collateral in the form of a cash backed Bank Guarantee or similar Instrument ("the BG"). Utilising this system the loan capital is repaid, together with interest and fees, and the Client's Project is funded without any liability on the Client's part.

How is this achieved?

The BG is pre-issued to the Lender for 110% of the loan capital value. The loan capital value is transferred to the Instrument Provider ("the Provider"). The Provider contracts to repay the loan and fund the Client's Project. The loan and project costs will be paid in 10 equal monthly instalments. The first payment should be made within 45 days of the receipt of the loan capital by the Provider. After the loan has been repaid the BG will be returned unencumbered to the Provider.

Financial structure

The Client will be expected to pay intermediary fees equating to 10% of the loan capital. The Client will be expected to pay the reasonable interest and fees of the Lender. We anticipate this to be approximately 10% of the loan capital. Both the intermediary fees and the loan interest will be paid by the Provider. As an example. Assume that the loan capital is 100 million. 20 million will be available per month to meet the contractual obligations, a total of 200 million. The Client will receive 8 million per month x 10 months = 80 million. The Intermediaries will receive 1 million per month x 10 months = 10 million. The Lender will receive 11 million per month x 10 months = 110 million (comprising 10 million per month x 10 months = 100 million loan capital + 1 million per month x 10 months = 10 million, interest). If the Client actually requires project finance of 100 million then it will require a loan value of 125 million supported by a BG of 137.5 million; giving 100 million in project finance, 12.5 million in intermediary fees and 112.5 in loan capital and interest. Should a Lender require more than 10% in interest and fees we will need to review this accordingly.

Where the Client is unable to interest a Lender to finance against the security of a BG

From time to time, Lenders may have restrictions which prevent them cooperating with the Client as set out above. In such circumstances, Euroasian is able to contact past Lenders which have participated in this Program. If they are interested to proceed, they will require to meet the Client and review the documentation that the Client has in support of the subject Project.

Therefore this Facility can

- i) fully fund a Client's Project*
- ii) no interest is charged*
- iii) the funds do not have to be repaid provided they are spent solely for the development of the Project which must create employment and/or be for humanitarian purposes*
- iv) relatively minor costs are incurred during the application process.*
- v) the closing takes place within weeks of the documentation being completed.*