


RENEWABLE ENERGY FINANCE[®]



AGENDA

- Overview of AFM
- Experience in social housing market
- Renewable Energy Finance[®]
- Features and benefits
- A worked example
- Conclusion & Questions



ABOUT AFM

- Asset Finance & Management Limited
- Technology finance specialist established in 1992
- Backed by some of the largest UK and European banks
- £50 million of assets currently under management
- Over 100 corporate and public sector customers
- £25 million turnover




Experience in the Social Housing market

- 1987 worked with a number of manufactures to deliver Heat Lease
- Operating lease for electric space heating equipment
- Supplied via Regional Electricity Companies (RECs)
- Tested with Glasgow District & Birmingham City Councils
- Upon roll out, £18M financed over a 10 year period
- 63,000 items of equipment




RENEWABLE ENERGY FINANCE[®] What is it?

- Facility to overcome budget restrictions & spread the costs
- Finance programme designed specifically for renewable energies
 - Ground source heat pumps
 - Air source heat pumps
 - Solar thermal
- Brings targets closer
 - Carbon reduction targets accelerated
 - Decent Homes standards come closer
 - Fuel poverty tackled sooner




RENEWABLE ENERGY FINANCE[®] Features

- Turn capital expenditure into instalments
- Finance terms up to 15 years
- On / Off balance sheet funding as required
- Expenditure is fixed over period
- Works in conjunction with LCBP2 and other grants
- Bespoke agreements to suit individual housing group issues



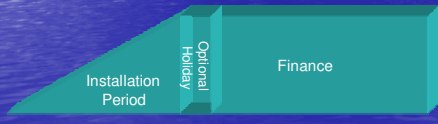

RENEWABLE ENERGY FINANCE® Benefits

- Whole project can be funded, including;
 - Consultancy / Installation / Commissioning
 - Ground works
 - Renewable equipment
 - Heat distribution system
- Finance payments tailored to match cash flow and future budgets
- Deferred payment options to ease current budgets
- Extends borrowing capability without tying up existing credit lines
- VAT can be deferred




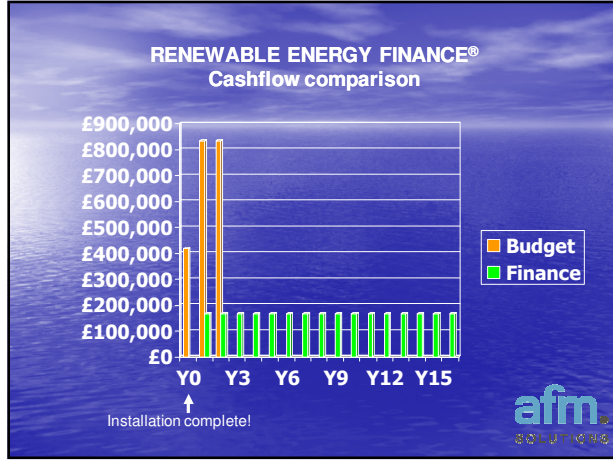
RENEWABLE ENERGY FINANCE® How does it work?

- Order placed upon installer & facility signed with AFM
- Installer delivers renewable energy solution
- AFM make payments to installer at predefined points so paid in full
- Grant funding is applied for and paid directly to housing group
- Optional holiday period can be taken
- Finance payments begin upon completion of installation

RENEWABLE ENERGY FINANCE® A worked example

- Housing association wishes to replace oil fired heating in 250 homes with GSHP
- Total project cost £2.5M
- Installation initially planned to be phased over 3 years due to budget constraints
- LCBP2 grant applied
- Finance secured from AFM for balance of £1.5m
- Project accelerated and completed in 9 months, therefore maximising LCBP2 grants before they disappear
- Cost spread over 15 year period

CONCLUSION

AFM's Renewable Energy Finance® programme;

- 100% of the project can be funded, or match funded as necessary
- Finance profile can be tailored to match future budgets
- Costs deferred into next budgetary period
- Extends borrowing capability without tying up existing credit lines
- Makes current budget go further/ used elsewhere
- Increases the number of warm homes with low running costs today

