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Financing of Large Commercial Renewable Energy Solar PV Systems Using an SE Rentals Operating Lease

SmartCom Consulting are recommending that our clients finance the installation of large PV solar systems using an Operating Lease from SE Rentals for the following reasons.

95% OF THE SYSTEMS OUR CUSTOMERS PURCHASE, ARE PAID FOR FROM THEIR EXISTING OPERATING POWER BUDGET WHICH WHEN REDIRECTED, COVERS THE COST OF THE REDUCED ELECTRICITY BILL PLUS THE COST OF THE OPERATING LEASE RENTAL PAYMENTS AND LEAVES CASH LEFT OVER.

RESULT - YOU GET A SOLAR SYSTEM OFFERING LONG TERM REDUCTION IN POWER COSTS, + CASH + ABLE TO WRITE OFF THE COST OF THE EQUIPMENT OVER THE TERM OF THE OPERATING LEASE.

The offer is for an operating lease enabling the client to rent the equipment up to a maximum 7 year term with an option from the supplier of the equipment for the client to own the equipment at the end of the lease for a nominal amount equivalent to 2 monthly rental payments.

The benefits of an Operating Lease over cash purchase or other financing methods are:

1. Known fixed monthly payments for the term of the agreement
2. Payments are made from their operating budgets, which is the same budget they are currently using to pay their electricity bills
3. Rental payments are generally 100% tax deductible as long as equipment is used for business purposes
4. Off balance sheet accounting, payments are recorded in profit and loss statement only
5. Can add equipment to the agreement as their business and energy requirements grow
6. Ability to upgrade during the agreement if new solar technology comes to market

Advantages of an SE Rentals Operating Lease rental V traditional banking lines.

Most banks will likely entertain leasing of solar for their clients however there are a number of things as a potential client you should be aware of:

1. Maximum term is likely to be 5 years, whereas SE Rentals can offer up to 7 years for certain clients
2. Whilst their bank may take the solar system as sole security for the lease, they will likely treat the borrowing as a "contingent liability" which can mean that when applying for future borrowings or increases in working capital lines, the contingent lease liability may be taken into consideration when assessing overall debt levels.

It therefore generally makes sense for business to fund their core capital business requirement from their bank and fund non-essential operating assets (such as solar) from a non-bank financier such as SE Rentals Pty Ltd.

For further details please contact Luke Hardy on 0414 366 866

NOTE SE RENTALS ONLY FUNDS TIER 1 HIGH EFFICIENCY PRODUCTS AND INSTALLERS

SmartCom Pty Ltd

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