

# ZEF

# Zero Equity Real Estate Development Financing

## Service presentation for partners

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20140131-006 V3.00

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# ZEF Agenda

- What is ZEF?
- The ZEF philosophy
- ZEF applied to Zero Equity Real Estate Development Financing (ZEREDF)
- The ZEREDF approach
- The ZEREDF methodology
- The ZEREDF implementation phases
- The ZEREDF costs
- The ZEREDF distribution model

# ZEF What is ZEF?

- ❧ ZEF stands for Zero Equity Financing. ZEF is a financing process which does not require equity to be put in place.
- ❧ ZEF is a project-oriented financing process.
- ❧ ZEF is dedicated to projects which generate significant added-value and/or which help to improve the human being's quality of life.
- ❧ ZEF can be applied at any stage of a company's lifecycle.
- ❧ ZEF is not only financing: it's a bundle of services and procedures which dramatically reduce investor's risks and project's uncertainty.
- ❧ Zero equity does not mean free to setup. The ZEF business model includes fixed costs, variable costs and in some cases success fees.

# ZEF The ZEF philosophy

- ZEF is isolating the project to finance from existing company's structure, processes and activities. ZEF captures and controls assets and flows.
- ZEF always includes a project transfer phase (dedicated financing is raised to move its assets and liabilities to an isolated structure).
- While estimating if ZEF can be applied for a project, different types of funding and financial partners will be evaluated and presented.
- ZEF responsiveness is key: prior to establish ZEF needed documents and application forms, financing experts will estimate whether ZEF can be applied within a 3-business days period.
- ZEF is easy to understand, simple to apply for and seamless to integrate.

# ZEF applied to Zero Equity Real Estate Development Financing (ZEREDF) (I)

The ZEF methodology can be applied to following types of projects:

- Real Estate (developments, renewals, ...)
- Power projects (power stations, solar plants, ...)
- Commodities oriented projects (refineries, mining, ...)
- Mobile assets (planes, ships, super tankers, rigs, ...)
- Infrastructures (harbors, airports, highways, railways, ...)

The contractors can be:

- Private or public companies / funds
- Governments
- Banks / Insurance companies



- Financing projects through ZEREDF process is put in place using ADN Group Ltd's unique ZEF methodology.
- A project-centric 0-equity loan is provided through a bond issue (minimum amount to finance USD 500 M, no upper limit).
- The fixed compounded interest rate is fixed from day 1 for 5 to 25 years. No intermediaries interests have to be paid.
- Prime international funding partners are involved in the bond issue.
- ZEREDF bonds are issued in USD, EUR or CHF.

ZEREDF allows to finance the following projects' components:

- Existing assets' buyback or transfer (including studies, concept, ...)
- Land acquisition / lease
- Construction and development costs
- Marketing campaigns, advertisement
- Management costs
- Fees, taxes, soft costs, overheads, ...
- Assets' commercialization related costs (excl. running costs and variable costs)
- Assets' exploitation related costs (excl. running costs and variable costs)

# ZEF The ZEREDF approach

## The ZEREDF approach is project-centric.

The projects must be simply, shortly, clearly and precisely defined.

Projects' financials have to follow international standards.

Projects' assets and project's financial flows are transferred to individual ZEF isolated structures (they will belong to, and will be fully controlled by the ZEF isolated structures until the bond is fully redeemed).

## The ZEREDF approach is a mid-/long-term relationship.

Projects are developed and exploited within ZEF process environment.

Controls are strict. Project's management is shared.

Exit procedures are flexible and defined from day 1.

Obligations are defined from day 1.

Default conditions are defined from day 1.



# ZEF The ZEREDF methodology

- ZEF is focused on the project (*what has to be achieved, which objectives have to be reached*) and always isolates it and transfer it into ZEF environment (*made of SPVs, controls, policies and reporting*) to ease investors' involvement and understanding and to let the promoters concentrate on their added value.
- The ZEF methodology is innovative: ZEF process always tends to manage project's impacts by balancing value and success generation while improving project's key factors.
- ZEF delivers more than financing related services, ZEF mainly intends to generate highly-rated investor-grade opportunities.

# ZEF ZEREDF implementation phases

(I)

## Phase I: ZEREDF as a possible solution?

Every project cannot be financed using ZEREDF methodology. A quick project evaluation allows to determine whether it's worth starting a ZEREDF process for such or such project. The estimation is conducted by project's domain specialists and financing experts.

Results: No warranty is given, just YES or NO.

Requirements:

- Project's description
- Objectives to reach
- Most up-to-date project's documentation
- Project's assets' related titles, description, contracts, ...

Delay and costs: 3 BD / CHF 7'500 (upfront excl. VAT, free if ZEREDF executed)

# ZEF ZEREDF implementation phases

(II)

## Phase II: ZEREDF is a solution – Which model to use and how?

For each project, a specific ZEREDF implementation is evaluated and built. Phase II analyzes which funding models will be used and what is the amount of service that has to be put in place to achieve the fundraise. The estimation is conducted by project's domain specialists, financing experts, tax specialists and experienced accountants.

<u>Results:</u>	ZEREDF Scenario with LOI ZEREDF setup service firm offering
<u>Requirements:</u>	Complete project's documentation Contact person
<u>Delay and costs:</u>	5 BD / CHF 20'000 (excl. VAT) – Upfront payment

# ZEF ZEREDF implementation phases

(III)

## Phase III: ZEREDF fundraise setup

Phase III executes what phase II has described. The ZEREDF application documents and environment creation are performed. The funding sources are confirmed.

The services are conducted by domain specialists, domain market players, financing experts, tax specialists and experienced accountants.

### Results:

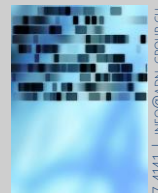
ZEREDF application documents, LOI and LOC  
ZEREDF fundraise service firm offering  
Optional ZEREDF rating service firm offering

### Requirements:

Complete project's documentation. Specific needed docs.  
Contact person and project's team

### Delay and costs:

Variable (depend on the project and the funding model)





## Phase IV: ZEREDF rating service

Phase IV lets a leading rating agency to issue a rating for the fundraising process attached to the project. The services are conducted by the rating agency's specialists and our team.

Results:

Rating

Requirements:

Complete project's documentation.  
Specific needed documents.  
Contact person and project's team

Delay and costs:

Variable (depend on the project and its geography)



# ZEF ZEREDF implementation phases

(V)

## Phase V: ZEREDF fundraise and ZEREDF environment's setup

Phase V executes what phase III has described. The ZEREDF fundraise is achieved through confirmed funding partners. The services are conducted by bankers, fund managers, domain specialists, domain market players, financing experts and needed consultants.

Results: Funded and operational ZEREDF structure to execute, manage and control the project.

Requirements: Complete project's documentation. Specific needed docs.  
Contact person and project's team  
Access to project's assets and partners

Delay and costs: Variable (depend on the project and the funding model)

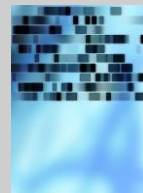
## Phase VI: ZEREDF execution phase

Phase VI executes what the funds were raised for. ZEREDF environment's procedures control and manage the project's mile stones, funds' draws, debt services and redeem as well as surplus management and payout. The services are conducted by project's promoters, bankers, fund managers, domain specialists, domain market players, financing experts and needed consultants.

Results: Project achievement or default conditions  
Financial objectives / Redeem  
Remaining assets transferred to project's promoters (if any)

Requirements: Project's promoters team

Delay and costs: Variable (depend on the project and the funding model)



# ZEF The ZEREDF costs

(1)

ZEREDF costs are split into three different natures:

- 🌀 ZEREDF process service setup fees (to be paid upfront)  
(from 0.10 % to 0.50 % of total amount to raise)
- 🌀 ZEREDF bond omission fee (to be paid at bond's placement)  
(4.00 % of total amount to raise through bond's placement)
- 🌀 ZEREDF bond compounded interests  
(see interest table on next slide)

# ZEF The ZEREDF costs (interests)

(II)

USD

Years	Tot. amount to pay back	Equiv. flat int. Rate	Minimum margin
		Equiv. comp. int. Rate	Disc. redem. rate
5	139.18%	7.8351%	28.15%
		6.8347%	71.85%
6	147.53%	7.9210%	32.22%
		6.6952%	67.78%
7	156.38%	8.0539%	36.05%
		6.5956%	63.95%
8	165.76%	8.2200%	39.67%
		6.5210%	60.33%
9	175.71%	8.4118%	43.09%
		6.4629%	56.91%
10	186.25%	8.6248%	46.31%
		6.4166%	53.69%
15	249.24%	9.9495%	59.88%
		6.2775%	40.12%
20	333.54%	11.6771%	70.02%
		6.2081%	29.98%
25	446.35%	13.8542%	77.60%
		6.1664%	22.40%

EUR

Years	Tot. amount to pay back	Equiv. flat int. Rate	Minimum margin
		Equiv. comp. int. Rate	Disc. redem. rate
5	142.49%	8.4978%	29.82%
		7.3387%	70.18%
6	151.75%	8.6251%	34.10%
		7.1984%	65.90%
7	161.61%	8.8021%	38.12%
		7.0984%	61.88%
8	172.12%	9.0149%	41.90%
		7.0234%	58.10%
9	183.31%	9.2564%	45.45%
		6.9651%	54.55%
10	195.22%	9.5222%	48.78%
		6.9185%	51.22%
15	267.47%	11.1648%	62.61%
		6.7788%	37.39%
20	366.46%	13.3230%	72.71%
		6.7091%	27.29%
25	502.08%	16.0832%	80.08%
		6.6672%	19.92%

*This table is not contractual.*



# ZEF The ZEREDF distribution model

- ❧ ZEREDF services are distributed through a network of registered international highly-skilled financing partners.
- ❧ ZEREDF services are directly sold only in very specific rare cases.
- ❧ The projects are submitted by partners. A link is established between a partner and a project to protect partner's interests.
- ❧ The projects under ZEREDF review are attached to partners who relay questions and answers to ZEREDF evaluation team.
- ❧ The ZEREDF fixed consulting services can also be charged directly by the partners (included in global consultancy, for example).



# ZEF About us

- ADN GROUP LTD IS A SWISS PRIVATELY-HELD COMPANY LOCATED IN LAUSANNE (GENEVA LAKE AREA) FOUNDED IN 2011. PREVIOUSLY FOCUSING ON THE FOOD INDUSTRY, IT'S TURNING INTO A RAPIDLY GROWING COMPETENCIES CENTER DELIVERING CONSULTANCY SERVICES TO LOCAL AND INTERNATIONAL SMBs.
- ADN GROUP LTD IS TARGETING POTENTIALLY ALL THE INDUSTRY MARKET BY FOCUSING ONLY ON INNOVATIVE PRODUCTS AND SOLUTIONS WHICH RELY ON WIDELY SPREAD STANDARDS AND WHICH ARE EASILY INTEGRABLE AND MAINTAINABLE PROVIDING IMMEDIATE AND MEASURABLE BENEFITS TO THE CUSTOMERS.
- PRIMARILY ACTIVE IN EUROPE, THE COMPANY IS SEEKING FOR OPPORTUNITIES IN RAPIDLY-GROWING ECONOMIES AS WELL AS IN ESTABLISHED MARKETS.
- TOP SERVICES: COMPLEX PROJECT MANAGEMENT; MULTI-SECTORIAL EXPERTISE SERVICES; BUSINESS STRATEGY CONSULTANCY; 0-EQUITY PROJECT FINANCING; BUSINESS CONTROL; RISK DETECTION, TRACKING AND MANAGEMENT; TIME USAGE OPTIMIZATION AND SHARED RESOURCES PLANNING; BUSINESS AUTOMATION PLATFORM.

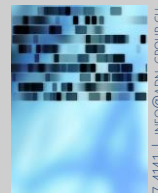
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