



## **Guidance Notes: Local Investment**

### **Introduction**

When investing in large energy projects IM Power PLC will set up a local operating company.

The equity in this company will be shared with local investors. This guidance note sets out the criteria to be used to value that equity share.

### **Local investment**

Local investors or Governments will make preliminary investments into infrastructure projects and make land, licenses and approvals available at the start of the project development.

The value of the local investment is made up with:

1. Funds invested, to be confirmed by the last audited accounts.
2. Land valuation, based on average of the survey report from three independent valuers.
3. License and approvals, based on the cost of issuance plus an agreed process fee.

Where the desired percentage is higher than the valuation, IM Power can agree to an earnout of equity against future earnings.

Notional dividends are withheld and credited in a share account until the amount earned equals the agreed percentage of the operating company at which point the shares are released to the local investor.

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