



Project: Key Review Areas

“We refrain from disclosing the results of our project assessments and the reasons for project rejections in individual cases to safeguard proprietary and confidential information, in alignment with our corporate policy.”

When conducting due diligence for projects, a wide range of areas are reviewed as seen below (to assess the viability, risks, etc.).

Below is a comprehensive list of essential project data typically reviewed during the due diligence process.

Project Overview

- Description of the project, its objectives, and scope.
- Location and site details.
- Project timeline and milestones.

Legal and Regulatory Aspects

- Permits, licenses, and regulatory approvals.
- Environmental impact assessments and compliance with environmental regulations.
- Zoning and land use regulations.

Financial Information

- Historical financial statements of the project sponsor(s).
- Projected financial statements, including income statements, balance sheets, and cash flow statements.
- Cost estimates and budget for the entire project.
- Breakdown of project costs (construction, equipment, permits, etc.).
- Sources and uses.

Principals' Equity Commitment and Financial Capacity to Execute the Project

Market and Demand Analysis

- Market analysis detailing demand for the project's products or services.
- Competitive analysis.
- Pricing strategy.



Technical Aspects

- Engineering and technical studies.
- Technology and equipment specifications.
- Construction plans and progress reports.

Management and Team

- Qualifications and experience of the project management team.
- Key personnel resumes.
- Organizational structure.

Risk Factors

- Identification of potential risks and challenges.
- Risk mitigation strategies.
- Insurance coverage details.

Contracts and Agreements

- Construction contracts.
- Supply (feedstock) agreements.
- Offtake agreements (for the sale of the project's output).
- Power purchase agreements (for energy projects).

Operational Considerations

- Operating and maintenance plans.
- Staffing requirements.
- Long-term operational costs.

Intellectual Property

- Patents, trademarks, copyrights, or other intellectual property assets related to the project.

Taxation and Legal Issues

- Tax implications and strategies.
- Legal structure of the project entity.
- Outstanding litigation or legal disputes.



Sensitivity Analysis

- Sensitivity analysis of key project variables (cost, revenue, interest rates) to assess the project's resilience against market fluctuations.

Compliance and Ethics

- Compliance with ethical standards and corporate governance practices.
- Anti-corruption and bribery policies.

Documentation

- All legal documents related to the project, including contracts, permits, and agreements.
- A thorough review of these essential project data points allows lenders and investors to make well-informed decisions regarding project financing, helping them understand the project's feasibility, risks, and potential rewards.



Key Factors: Project Finance Rejection

Some of the Key Factors that lead to project finance rejection for overall projects, in the project review process, are outlined in this guide process.

We refrain from disclosing specific reasons for rejection in individual cases to safeguard proprietary and confidential information, in alignment with our corporate policy.

Understanding the Key Factors Leading to Project Financing Rejection (Overall Projects)

Securing project financing is a complex process influenced by a multitude of factors, unique to the lender, investor, or financial institution involved. The primary reasons projects face rejection during requests, shedding light on the critical elements that contribute to the decision-making process are outlined below.

Poor Business Plan

A project's business plan serves as its roadmap, outlining its viability and market relevance. Unclear, unfeasible, or inadequately justified plans deter financiers, highlighting the necessity of a meticulously crafted business proposal to attract lender investors.

High Risk Factors

Projects marked by high risk, whether due to market volatility, technological uncertainties, regulatory challenges, or other variables, often face rejection. Capital sources are naturally cautious about ventures that carry uncertainties, potentially jeopardizing their investments.

Insufficient Collateral

Projects lacking substantial assets or collateral may struggle to meet this requirement, leading to project denial.

Weak Creditworthiness

A history of poor credit can raise concerns about an applicant's financial reliability. Lenders assess creditworthiness to gauge the ability to meet loan obligations, making a strong credit history imperative for securing financing.

Lack of Financial Commitment and Risk Sharing

The active involvement and financial commitment of project principals are crucial. Capital sources look for evidence of personal investment and a willingness to share risks, indicating confidence in the project's success.



Not Shovel-Ready Projects

Projects that are not prepared for immediate implementation upon securing financing often face rejection. Investors favor initiatives that can swiftly progress from planning to execution, minimizing delays and accelerating revenue generation.

Technology Risks

Technology-driven projects carry inherent risks related to innovation and implementation. Capital sources assess these risks, emphasizing the need for thorough risk assessments and mitigation strategies.

Inadequate Cash Flow

Demonstrating a robust cash flow forecast is vital to ensure the project's ability to cover operational costs and repay loans. Lenders seek a clear and sustainable path to repayment, making cash flow projections a critical aspect of project proposals.

Market Demand and Unique Selling Proposition

Projects must address a genuine market need and present a unique selling proposition. Capital sources prefer ventures that offer something distinct, ensuring a clear demand and competitive advantage in the market.

Lack of Experience

Inexperienced management or leadership teams pose challenges in securing financing. Investors are inclined towards projects led by individuals or teams with a proven record of successful project management or relevant industry experience.

Unrealistic Valuation

Overvaluing a project or business can raise concerns among capital sources. Unrealistic valuations may lead to rejection, prompting the importance of grounded and justifiable valuation methods.

Political or Economic Instability

Projects situated in regions marked by political instability, economic uncertainty, or unfavorable business environments face heightened risks. Investors often shy away from ventures in such areas due to the increased potential for financial and operational challenges.