

Rental-Reward Option

Ideal for long-term projects where the Client does not want an Asset or Liability to sit on their balance sheet, but wants the ability to generate capital value in the Asset through a flexible Rental agreement with a residual value (“Reward”) payout for the equipment at the end of the rental period, with the Reward increasing the longer the rental continues.

Key Benefits

- Off Balance Sheet
- Will not breach any bank financing covenants
- Short-term rental commitment (minimum 6 months, maximum 11 months)
- Upside through payment from Jaxar to our clients of an increasing capital amount at the end of the rental period, increasing in value the longer the rental continues
- All rental payments are tax deductible
- Flexible risk-based pricing solutions, with pricing based on typical rental periods of 1 to 5 years
- Ability to hand back the Asset at the end of the initial rental period if the project does not extend longer
- Jaxar can manage Asset maintenance, or this can be managed by the Client

How It Works

- Client provides specification for equipment required
- Client can source equipment or Jaxar can source the equipment on behalf of the Client
- Once equipment is identified, Jaxar will purchase the equipment with Client and Jaxar entering into a Rental Agreement which will include:
 - > Initial Rental Period, typically 6 to 11 months in duration; and
 - > Extended Rental Periods, typically 3 to 6 months each in duration; and
- If the Client wants to hand back the equipment at the end of the Initial Rental Period, this is acceptable and no further charges will apply
- If the Client rents the Equipment continuously for the Initial Rental Period together with a number of Extended Rental Period(s) (these periods can be tailored for each Client depending on circumstances), Jaxar will make an increasing Reward payment to our Client, which increases as the rental extends

Worked Example

- Asset Purchase Price \$100,000 + GST
- Expected Project Life 2 Years
- Initial Rental Period 6 Months
- Extended Rental Periods of 6 Months, 12 Months, 18 Months
- Interest Rate of 10% Per Annum
- Client rents for the Initial Rental Period, and then continues to rent for 1, 2 or 3 continuous Extended Rental Periods of 6 Months each

Daily Rental Rate	\$100,000 @ 10% per annum = \$164.38 per day
Total Rental for Initial Rental Period	\$164.38 * 6 Months = \$30,000.00 + GST
Total Rental for Extended Rental Period 1	\$164.38 * 6 Months = \$30,000.00 + GST
Total Rental for Extended Rental Period 2	\$164.38 * 6 Months = \$30,000.00 + GST
Total Rental for Extended Rental Period 3	\$164.38 * 6 Months = \$30,000.00 + GST
Residual Value at end Extended Rental Period 1	\$2,500
Residual Value Reward at end Extended Rental Period 2	\$11,250
Residual Value Reward at end Extended Rental Period 3	\$20,000

Notes

- There is no obligation to extend the rental beyond the Initial Rental Period