Invitation to purchase intellectual property rights for invisible thermal heating system

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*Traditional solar heating system

*ITS – invisible system from HelioPower A/S



Information Memorandum from LMM Partners

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With ITS, your roofin becomes part

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Over the past 3 years, the Danish development company HelioPower A/S has developed and patented the world's first invisible solar heating system – Invisible Thermal System (ITS) – for residential properties. It is now possible to acquire the intellectual property rights.

> This folder is a presentation of the invisible thermal system (ITS), and is intended to serve as a preliminary decision-making platform for potential buyers.

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Market

The market for solar thermal systems is seeing strong growth globally. The UK analysis and research institute Frost & Sullivan writes the following in a report from 2009:

"The European market for solar thermal systems is in a transition phase. Over the past 4 years the market has undergone considerable

MMPARTNERS Corporate Finance



ng technology of a growth market

changes, as the interest it receives from policymakers, industry players and end-users is ensuring strong growth trends in the coming years.

The market was estimated to be worth EUR 958.9 million in 2008, and is expected to grow at 15% CAGR between 2008 and 2014 reaching EUR 2.2 billion in 2014."

Technology

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Traditional solar heating systems are installed on top of the roofing. They require regular maintenance, and are vulnerable to wind and weather. Above all, they are unsightly elements in relation to a building's architectural and aesthetic appearance.

After installation, ITS is completely invisible. It is installed beneath the roofing material, countersunk in the insulation. Nevertheless, from an economic point of view, the amount of energy produced from an ITS solution is comparable to that from conventional systems.

The end-customer's investment is therefore quickly recouped. At the

same time the following advantages are offered:

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- Cleantech roof
- Invisible full integration with architecture
- Low (no) maintenance
- Low payback time for end-customers
- For installation in new and old buildings

Today, HelioPower AS generates a profit of approx. 50% through its

sales and installation of ITS, which has been successfully installed in a small number of homes.

Offer

The offer involves the right to manufacture and sell ITS in Europe and the USA. The purchase model must be based on either a combination of an upfront sum with royalties, or just a 100% upfront payment.

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Company behind ITS

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HelioPower A/S is a development company based on the expertise possessed by its owners regarding solar power applications, building construction and roofing materials.

The invisible solar heating system was invented by a Danish EU researcher, Per Stobbe. For 25 years, he has conducted research within a wide range of energy-related subjects in Europe. In 2006, Per Stobbe received the Descartes Research Prize, and he has registered a total of 75 patents over the years.

Per Stobbe contacted Erik Johansen, owner of the company Kongebro Natursten, which specialises in the import and use of natural slate for buildings. Together they developed a prototype of the invisible solar heating system.

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Subsequently, Niels Johansen came on board, who for 25 years has run Hovedstadens Bygningsentreprise A/S, a company which specialises in roof constructions.

Armed with Niels Johansen's knowledge about roof constructions, the final development of ITS speeds up, and in 2007 HelioPower A/S is established, with Erik Johansen, Niels Johansen, Flemming Petersen and civil engineer Per Stobbe as owners.

As early as the following year, HelioPower was granted its first patent within solar thermal heating. This was subsequently sold to a large European group.

Next, HelioPower develops the present patent for ITS (patent no. WO2009_076954), and the system is tested in relation to sales and production. Today, more than 15 complete solutions have been installed. The installations have all been problem-free, and the systems have run smoothly and required no maintenance.

HelioPower A/S continues to focus on the development of energy-saving solutions for the building sector.

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Given its desire to remain a development company, HelioPower A/S wishes to sell the sales and production rights for ITS in connection with roof constructions based on roofing felt. The rights can be purchased for the EU and/or the USA.

HelioPower's management group, from left to right: Niels Johansen, Per Stobbe, Erik Johansen and Flemming Petersen.

Corporate Finance



Niels Johansen, CEO

Independent contractor from 1982 to 2007 (Hovedstadens Bygningsentreprise A/S). Sold the company in 2007, when it had 130 employees. Owner of Ringsted Bygningsentreprise A/S from 2006 to 2007 . Sold the company in 2007 when it had 80 employees.

Both companies were engaged exclusively in the renovation of roofs and facades as well as roof conversions, and had their own specialist employees within insulation, carpentry, brickwork and plumbing.



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Flemming Petersen, CFO

Flemming Petersen (Graduate in Business Administration) has more than 15 years of experience as CFO in SMEs. He is in charge of finance and administration in HelioPower.



Per Stobbe, R&D

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Per Stobbe is a high-tech entrepreneur and inspired inventor (75 patents) with broad R&D experience from university environments as well as from the field of entrepreneurial and operational management with emerging companies. The outstanding results he has achieved are due to his technical background, his strategic vision and his ability to make the right decisions in an uncertain business climate.

Over the past 20 years, this has led to participation in various projects financially supported by the European Commission, the Danish government and the German government.



Erik Johansen, S&M

Erik Johansen is the founder and co-owner of Kongebro Natursten A/S (www.kongebro.com), which is Scandinavia's biggest supplier of slate for roofs and facades. Kongebro is owned 50:50 by Erik Johansen and the Spanish company Cupa Group (www.cupa.es), which is the world's biggest producer of natural roofing slate.



From 1987 until the present day, Per Stobbe has managed the following projects:

Danish Department of Energy's Research:

R&D project for scientific studies of porous structures for diesel particulate filters and hot gas dust filters with a budget of EUR 2 million.

Danish Department of Industry:

Development project for ceramic hot gas filters with a budget in excess of EUR 1 million.

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European Commission sponsored research programmes:

- Hotgasys budget EUR 1.9 million project manager and initiator
- Cerfil budget EUR 2.7 million project manager and initiator
- SolAir budget EUR 2.7 million Solar Thermal **Electrical Power Plant development**
- NanoSponge budget EUR 3 million project manager and initiator
- CelSiC development of ceramic membranes together with Saint-Gobain – project manager and initiator
- HydroSol 1 budget EUR 3 million hydrogen production
- FlameSOFC budget EUR 7 million SOFC-based household heater
- HydroSol 2 budget EUR 3 million hydrogen production
- Atlantis budget EUR 6 million

Invisible Thermal – invisible so

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ITS is an invisible solar heating system mounted under a roof clad in roofing felt. ITS makes it possible to benefit from solar heating without marring the overall architecture of the building.

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Black roofing felt efficiently absorbs heat from the sun. The heat is naturally conducted to the underlying material, which consists of a modular panel system with circulating water, whereby it is possible to utilise this sustainable energy in the best way possible.

The principle is based on the fact that the solar heating panels are integrated in the roof between the roofing felt and the underlying insulation, either in 50 mm of additional insulation or in the existing roof insulation. A 25 mm channel is cut into the existing insulation, into which the solar panels are laid. Then, 170 mm wide aluminium sheets are laid on each side of the panels. The entire system is held in place with traditional insulation pegs which are mounted through the 'aluminium wings', thereby securing the system to the underlying sheathing. The solar heating panels are connected







System blar heating

in series, and the water is led to the technical installations room, where it is connected to the building's pumps and hot water tank.

The roofing felt can then be laid as normal.

The consistent use of materials made of aluminium, stainless steel or plastic ensures a service life on a par with roofing felt or longer.

Free and renewable energy from the sun can thereby be used for heating domestic water, heating rooms, underfloor heating or for heating a swimming pool in the garden.

ITS - effect

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An invisible solar panel system on a 20-square-metre roof for a singlefamily house can supply 5-7 kW when the sun is shining. Under optimum conditions, a roof covered in roofing felt can reach temperatures as high as 70°C.

On a modest basis of 1,200



hours of sunshine where the system produces only 5 kW, this equates to 6,000 kWh a year. Given an electricity price of DKK 1.8 per kWh, this equates to approx. DKK 11,000. The real saving depends on the possibility of using the energy at the same time as it is produced.

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(57) Abstract: A solar energy collector panel intended for invisible incorporation behind and in thermal contact with a climate shield (94) of bituminous roofing felt or tar board on a building, said panel being made of a heat-conducting material and having at least one through- going fluid-impervious duct (91) embedded in said panel for passing a thermal energy carrying-capable fluid through it and having or being attached to a flat member (93) of heat-conducting material and substantial surface area intended to be mounted in direct physical contact with said climate shield. The solar panel provides excellent exploitation and transmission efficiency of sun radiation to an energy carrying-capable fluid in the fluid-impervious duct.

System	Unit of measurement	Value
Panel use per/m roof surface	Lbm/m ²	~2
Weight panel	Kilo/lbm	3
Spring pressure	Bar	>20
Conduction tubes inside dimension	mm	18,4
Conduction tube tab	Pa/lbm/500l/h	400
Panel width	mm	370
Panel weight incl. fittings	Kilo/m ²	~6
Fluid circuit system difference pressure (120 lbm. Ø18) kPa/500l/h excl. fittings	kPa/500l/h	48
Max. system pressure	Bar	3
Panel fitting, thread type and conduction	BSPT	1/2"
Efficiency*	%	25
Max. effect	W/m ²	250
Lifespan – water/30% glycol	year	>30
Roof pitch angle	degrees	0-60

Standard construction and estimated yearly energy yield for single family house

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Installation	Unit of measurement	Value		
Used roof surface area (south facing, 45° angle)	m²	~25		
Effective panel area	m²	19,98		
Panel weight incl. fittings	Kilo	120		
Panel amount	Piece X length in mm.	18 x 3000		
Yearly energy yield	kWh/m²/year	250		

A growing market

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In March 2009, the international research institute Frost & Sullivan prepared an in-depth market analysis based on the European market for solar heating systems.

Key market trends

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The European market for solar thermal systems is in a transition phase. Over the past 4 years, the market has undergone considerable changes, as the interest it receives from policymakers, industry players and end-users is ensuring strong growth trends in the coming years. The market was estimated to be worth EUR 958.9 million in 2008, and is expected to grow at 15% CAGR between 2008 and 2014, reaching EUR 2.2 billion in 2014.

Despite the fact that the market possesses all the potential growth factors and is ready to take off, it is currently impacted by global economic conditions and the major construction crisis that has hit most European countries. Therefore the market is forecast to decline between 2009 and 2010. It is, however, expected to pick up between 2011 and 2014. This forecast is based on the assumption that the global economy will recover in 2010.

While Germany has the largest share in terms of both installed capacity as well as revenues, the market is also set to grow in relatively young markets such as Spain, the UK, Italy and France. Government support in the form of regulatory

frameworks, local subsidies, financial incentives and/or tax credits is the most important driver for the solar thermal systems market, particularly in new markets such as Spain, Italy, France and the UK.

Main conclusions

The primary conclusions of the Frost & Sullivan report are as follows:

1. The market for solar thermal systems relies to a considerable extent on government subsidies and financial incentives. This legislative support is not ongoing - at some point it will gradually be phased out. In order to achieve the industry goal of a free market capable of thriving without government support, market participants will need to make the most of the opportunities offered now and to try and establish themselves by achieving economies of scale as quickly as possible.

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2. The largest market opportunity is the sector for small domestic single-family systems, which accounts for almost 88% of the market. The sector for commercial and large collective systems is likely to expand but will not be able to grow as much as the









Market forces

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Total Solar Thermal Systems Market: Market Engineering Measurements (Europe), 2008				
Measurement name	Measurement	Trend		
Market age	Growth stage	Increasing		
Revenues (2008)	EUR 958.9 million	Increasing		
Potential revenues (2014)	EUR 2.2 billion	Increasing		
Base year market growth rate	40%	Decreasing		
Forecast period market growth rate (CAGR)	15 %	Increasing		
Installed capacity in 2007 (million m2)	22.3	Increasing		
Replacement rate (average period of unit replacement)	20 years	Increasing		
Price sensitivity	Medium	Stable		
Competitors (active market competitors in base year)	30+	Stable		
Degree of competition (scale of 1 to 10)	6	Increasing		
Degree of technical change	Medium	Increasing		
Average price of system (EUR/M2)	300	Stable		
Customer loyalty	5	Stable		
Market concentration (% of base year market controlled by top three competitors	20%	Increasing		
Note: All figures are rounded off: the base year is 2008. Source: Frost & Sullivan				

small domestic systems segment. This is based on lower levels of opportunity even though commercial systems are generally larger in size and value. As the market has been growing rapidly over the past few years, it has attracted a large number of participants from adjacent sectors such as energy efficiency firms,

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The fact that the ITS installation is invisible is helping to break down resistance among the group of 'reluctant installers'.

utilities, conventional heating equipment suppliers, tiling and roofing professionals, facade and construction companies. These new entrants are transforming the distribution network and increasing the overall market penetration level.

4. Benefiting from the low level of expertise, particularly in less established markets, professional installers are the most significant group in the market, they are realising the highest profit margins and are still considered the largest buyer group.

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- 5. In order to diversify their distribution channels and become less reliant on professional installers, proactive STS manufacturers are providing training programmes for conventional installers and plumbers.
- Independent solar thermal system manufacturers are losing market share to large OEMs, and the market is moving rapidly towards concentration.
- 7. (Source: Frost & Sullivan, M342-19, March 2009)

Buying process

If a potential buyer decides to proceed with the process, the following steps and time schedule must be followed.

- After receiving this presentation, potential buyers can email any questions up until 16 July 2010.
- 2. Indicative offer based on this management presentation and further questions must be sent to LMM PARTNERS (by 30 July 2010 at the latest).
- The offer must be either a combination of up-front and royalties payment or only 100% up-front. Any offer based only on earn-out/royalties will not be considered. The deal will be a 100% asset deal.
- The offer can be based on either the rights to manufacture and sell the product in the EU or the USA or both.

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5. Having received the offers from potential buyers, the Seller decides who it will meet for a management presentation and site visit.

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- 6. Potential buyers review their offer
- Exclusitivity is granted to one buyer
- Having obtained exclusivity, a potential buyer is invited to Due Diligence and a review of a draft Assets Purchase Agreement (APA)
- 9. After Due Diligence, the APA is finalised
- 10. Signing and Closing no later than end of September 2010

For further information please contact:

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Email: lacour@lmmpartners.dk Mobile: +45 2628 6949 Direct contact to the Management or any HelioPower employee is not permitted. All communication and enquiries relating to this presentation or to a possible transaction must be made directly via LMM PARTNERS without exception. Failure to adhere to this rule may lead to exclusion from this process.

Case





The first end-user to have ITS installed in Denmark says:

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The whole family is delighted with our new HelioPower solar heating system. We have just had the first full day of sunshine, and the system worked beautifully. Our neighbours look at our roof with astonishment when we say that we have solar heating because it cannot be seen at all. Also, there is no need to maintain it, which is a clear benefit.

So we are looking forward to many years of wonderfully hot water from our invisible solar heating system.





Testimonials

Steen Elsted Andersen from the internationally renowned Danish firm of architects Henning Larsen Architects says the following about ITS:

As a project manager, it is important to be up to date with new technologies, and in this connection I came across HelioPower and its product – invisible solar power.

As one of our objectives is to be a green company, we are obviously interested in sustainable energy. However, given the emphasis we place on the architectural design of our projects, traditional solar heating solutions can often appear unsightly.

As HelioPower's solar heating system is not visible, it means we can achieve our objective of sustainability without compromising the overall architecture. We plan to use the product for a building project in Saudi Arabia, where we had basically decided against solar heating because of the stormy climate and the risk of damage to a traditional system.

As HelioPower's product is installed beneath the roofing material, it is not vulnerable in any way to climatic conditions. We are now only awaiting the customer's acceptance before implementing the system.

I am very much looking forward to completing the project and collaborating with HelioPower.

Steen Elsted Andersen Henning Larsen Architects

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As an architect, it is very important for me to be able to express a building's lines as regularly and harmoniously as possible. In my view, it is the building – and the materials used in its construction – that should be expressed, and not disruptive elements.

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When planning a new



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sports hall in Rungsted north of Copenhagen, I had no doubts about using HelioPower's invisible solar heating system. The product ties in very well with my views on incorporating such systems in the building itself.

Christian Tranberg Tranberg Arkitekter

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LMM PARTNERS is an independent Danish corporate finance company owned by three operational partners with many years of experience from within the sector. The company was established in November 2008.

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LMM PARTNERS provides consultancy within company transfers as well as the injection and provision of capital.

LMM PARTNERS also provides related services such as valuations and assistance with financing.

LMM PARTNERS enters into long-term relations with its customers based on strategic and financial sparring as well as consultancy based on extensive knowledge of the sector combined with a high degree of specialisation.

Disclaimer

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Working as an exclusive financial advisor to the owners of HelioPower A/S on the sale of HelioPower's invisible collector (CleanRoof), LMM PARTNERS ApS has prepared the present confidential presentation for potential buyers/investors.

The presentation is based on information supplied by HelioPower and other parties. The information herein has been prepared to help potential buyers in making their own assessment of the Asset as described herein and may not contain all information required, for which reason potential buyers should prepare their own survey and analysis of the Asset.

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No information provided herein has been verified by LMM. We guarantee no representation or warranty as to the accuracy or completeness of this management presentation and shall accept no liability for any representations.

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The material is strictly confidential and must only be used in accordance with the confidentiality agreement concluded between the potential buyer/investor and HelioPower.

