

Tuesday, December 27, 2016

Dear Partners,

I'd like to update you regarding the developments in the fund raising for EGM. We are about to face a situation where we may be in the disadvantageous position of negotiating a large funding arrangement while being financed by a bridge loan from the same source. We think it is in everyone's interest for existing shareholders to provide a bridge of around \$250,000 while we finalize the deal. Bad things happen when you are negotiating with a gun to your head and we would like to turn down the bridge loan being offered.

As you know from my previous updates, we have been negotiating a funding deal with Mr. David Brady from Australia for quite a long time. Mr. Brady knows EGM very well for more than two years, and with him, we have met utilities in the UK, Australia and India. Mr. Brady has a long history of arranging global finance deals. About 6 months ago, David told me about a fund he was founding, and asked about investment in EGM as part of that fund. A critical part of his interest in investing in EGM at the agreed upon value of \$22.5MM pre-money is that we will provide his companies with exclusive representation agreements in India, S. Korea, Malaysia, and Indonesia in addition to Australia and UK.

**He has informed us that he expects his funding to be finalized in the next 10 days and upon finalization would provide a \$250,000 bridge loan.**

The following are the main terms of the deal that have been agreed upon:

1. Investment of US\$7.5MM in EGM at a \$22.5MM pre-money.
2. Two board members.
3. Standard rights i.e. tag-along; bring-along etc.
4. Investment agreement will be concluded and signed within 60 days.
5. The articles of the company will be changed to reflect the investment agreement.
6. Upon signing the term sheet, David will transfer a bridge fund US\$250k to EGM.
7. In case the investment does not close, the US\$ 250K will be returned from the nearest investment and or by allocation of 10% of any income until return of the \$250,000.
8. First refusal rights to finance the deals in his territories.

Despite these favorable terms, we think it is in the best interest of the company to raise \$250,000 from investors immediately and turn down the bridge load. This investment would be made at the \$12 MM last valuation. These funds will allow us to negotiate with both Brady and with a backup funding source without being locked in and finding that the informally agreed upon terms have suddenly shifted in Brady's favor.



We look forward to being fully funded in 2017 and finally being able to take advantage of the many opportunities we have in front of us and we truly want to finalize the Brady deal from a position of strength so we urge you to invest this additional money.

Please call me at +972-54-8181-822 with any questions or for investment forms.

Sincerely,

Amir Cohen  
[amir@egm.net](mailto:amir@egm.net)