

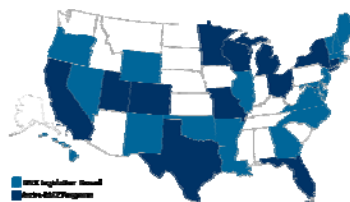
About CleanFund Commercial PACE Capital, Inc.

- Founded in 2009 by PACE pioneers
- Focus only on **commercial** PACE
- More than 25 professionals with deep expertise in commercial real estate, finance, government policy, construction, energy efficiency and solar
- Track record of originating PACE transactions across the country through multiple municipalities
- Direct capital provider
- Partnerships with several solar and efficiency contractors in Colorado and working on \$20M+ worth of projects in market

Introduction to PACE Financing

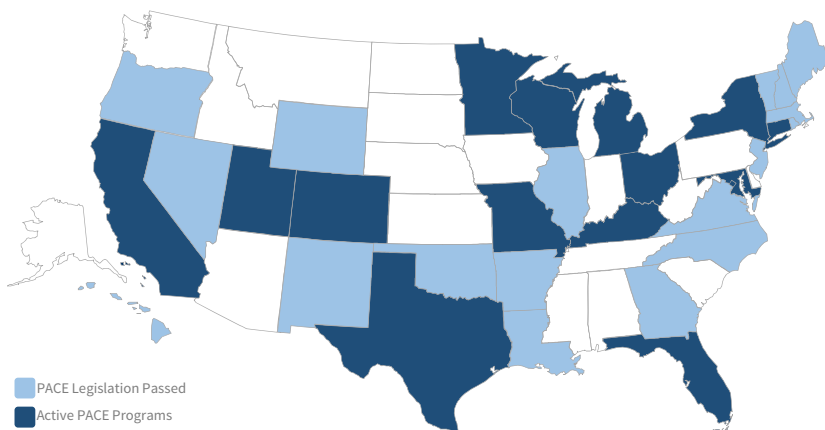
- PACE was conceived for:
 - **Public Good:** Benefit society through lowering buildings' environmental impact
 - **Better Financing:** Better match the financing term with the useful life of property upgrades
 - **Equalized Incentives:** Provide a mechanism for property owners and tenants to share in the cost and benefits of property upgrades
 - PACE is *not a government program but a legal framework* that allows for private financing of property assessments

- PACE has achieved strong growth nationwide
 - Legislation passed in 33 states & D.C.
 - 45 active PACE programs nationwide



CleanFund's Geography


PACE is enabled in 33 states and DC



Source: PACENation

What can be financed?

Energy Efficiency




- Air Sealing & Ventilation
- Insulation
- HVAC Systems
- Lighting

- Envelope
- Water Heating
- Refrigeration
- Compressed Air

- EV Charging Stations
- Elevator Modernization
- Building Controls


Water Conservation




- Low Flow Fixtures
- Grey/Black Water
- Rainwater Harvesting
- Irrigation & Controls

- Solar
- Wind
- Fuel Cell
- Cogeneration

Renewable Energy



Most Soft Costs



- Permits
- Architectural & Engineering Plans
- Measurement & Verification

10/19/2016 | Page 5

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What Problems Can PACE Solve?

<u>Barrier</u>	<u>Solution</u>
Upfront project costs/lack of funds	→ 100% 3 rd party financed
Tendency only “low-hanging fruit” projects to get done	→ Up to 30-year financing enables deep retrofits to be accretive
Inability or unwillingness to take on additional debt	→ Property assessments = operating expense (not debt)
Split incentives	→ Tenants share cost/savings in NNN leases
Owner might sell building	→ Transfers to next owner

CleanFund's Financing Adds Value

Across many property strategies and situations

- Routine Improvements for Single or Multiple Properties**
- Recent Property Acquisitions**
 - Base Building Capital Improvements
- Large Tenant Improvement Projects**
 - Tenants > 50,000 sq. ft.
- New Construction and Redevelopment**

10/19/2016 | Page 7
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Typical PACE Process: Close in 45-90 Days

Project Assessment and Scope

- Initial evaluation
- Execute letter of intent

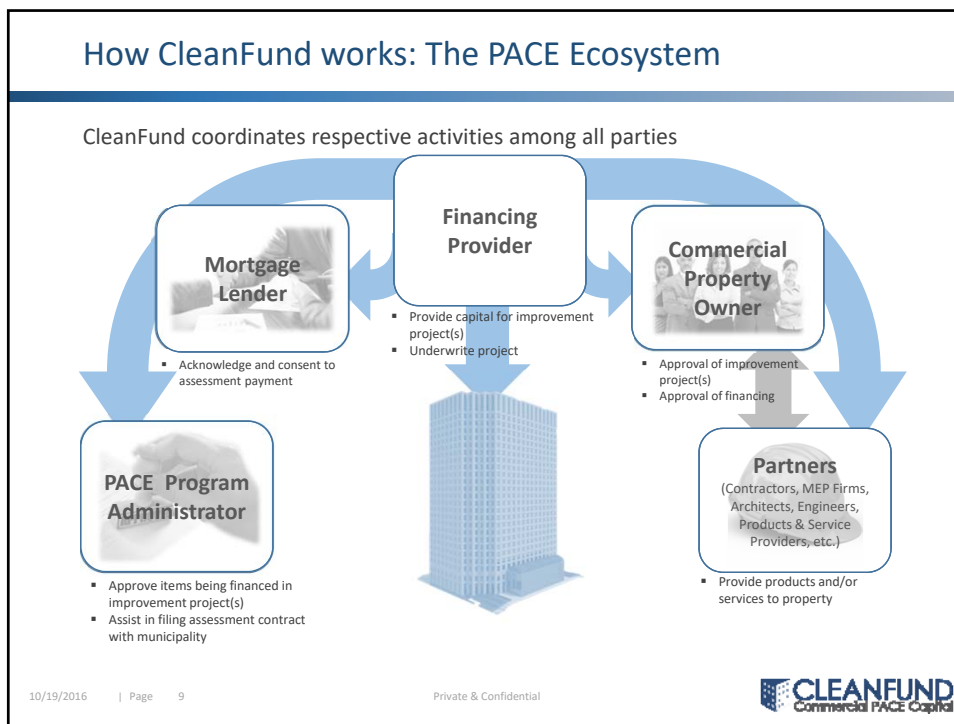
Approvals and Underwriting

- Initial kick-off and document request
- Verification of estimated savings
- Mortgage lender approval
- Municipality approval
- CleanFund issues commitment to fund

Funding and Construction

- Closing documentation
- CleanFund funds escrow
- Owner and contractor request draws upon completion of construction milestones

10/19/2016 | Page 8
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CleanFund's PACEDirect™ Financing Program

Project Size:	\$150,000 – \$40 million
Terms:	20-30 years, fixed-rate, with no guarantees or covenants required
Property Types:	Most commercial and non-residential real estate
Eligible Improvements:	Commercial property retrofits or new construction related to energy efficiency, water conservation, renewable energy and seismic strengthening
Type of Financing:	Special assessment recorded on the subject property, paid back via property taxes
Geography:	Nationwide in active PACE jurisdictions
Approvals:	CleanFund facilitates mortgage lender acknowledgement and manages the program approval process

10/19/2016 | Page 10 Private & Confidential

PACE Benefits

- **Higher Property Value**
 - Higher Cash Flow Resulting from Lower Operating Costs
 - Faster Lease-Up and Stronger Tenant Retention
 - Easier Marketability When Selling Property
 - Mitigates Risks of Failing Equipment
- **Lower Cost**
 - Lower Rates Compared to Mezz Debt or Equity
 - Lower Effective Rates than Bank Financing because of Tenant Pass-Through of Property Tax Payments
- **Capital Preservation**
 - Conserve Equity
 - No Payments for up to 2 Years (capitalized interest)
 - No Repayment Required Upon a Sale (can transfer to new owner)
 - Less Debt

10/19/2016 | Page 11



Case Study: Prologis Headquarters, Pier 1

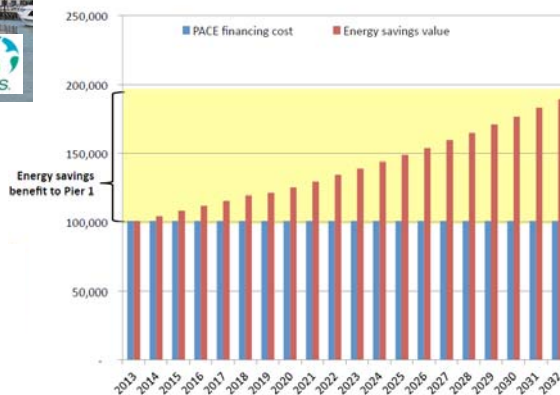


CleanFund provided financing for a holistic retrofit of Prologis' HQ, the largest owner and operator of industrial real estate.

PACE Improvements:

- ✓ Solar
- ✓ LED lighting & controls
- ✓ HVAC overhaul
- ✓ Retro-commissioning

Annual Savings: \$98,000 (Increases with inflation)
Annual PACE Assessment: \$101,000
NPV of energy savings: \$351,000
Avoided energy inflation: 3.5% per year



10/19/2016 | Page 12

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Case Study: State House Square

PACE financing:	\$8.4 million
Term:	25 years
Projected Energy Savings:	90%
Address:	10-90 State House Square, Hartford, CT
Type:	Commercial Office
Size:	100,000 sq. ft.
Year Built:	1920
Year of Project:	2015

Eligible Projects:
 New central Heating & Cooling plant, including chillers, natural-gas fired condensing boilers, steam boilers, cooling towers, and a plate-and-frame heat exchanger.



10/19/2016 | Page 13



Project Synopsis:

CleanFund closed on financing for the largest known commercial PACE project to date. The \$8.4 million PACEDirect™ financing by CleanFund enabled State House Square, one of Hartford's premiere, Class A office buildings, to significantly lower its energy and operating costs.

CleanFund originated, underwrote, and closed the 25-year financing.

The improvement project involved the design and installation of a new central heating and cooling plant consisting of premium-efficiency chillers, natural-gas fired condensing boilers, steam boilers, cooling towers, and a plate-and-frame heat exchanger. The property has achieved nearly 90% cost savings by eliminating its reliance upon steam and chilled water purchased from a local utility.

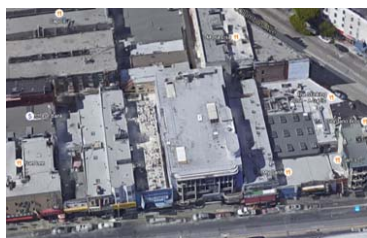
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Case Study: 644 Broadway

PACE financing:	\$1.8 million
Term:	20 years
Projected Energy Savings:	24%
Address:	644 Broadway, San Francisco
Type:	Mixed-Use
Size:	45,000 sq ft
Year Built:	1984
Year of Project:	2014-2015

Eligible Projects:
 HVAC Replacement, LED lighting, building controls, cool roof, envelope improvements (insulation, high performance windows), low flow water fixtures



10/19/2016 | Page 14



Project Synopsis:

CleanFund financed a \$1.8 million PACE bond that paid for a retrofit for the mixed-use four-story building located at the crossroads of Little Italy, Chinatown, and the Broadway District.

The building was acquired several years ago by Cypress Properties Group, a Bay Area based real estate developer, who intended to redevelop it into a modern complex with office, theater, and retail space.

CleanFund's PACE financing paid for a range of energy efficiency upgrades that turned the property into a highly desirable space for the tenants. PACE financing was especially attractive for the owner because it replaced equity otherwise needed for the energy efficiency component of this renovation.

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How to Identify a Potential PACE Project

The Checklist:

- Does the project involve energy efficiency, water efficiency or renewable energy?
- Is the property type "commercial" (e.g. all property types (including non-profits!) with exception of residential or government-owned)
- Is the property free of any major environment issues? (e.g. chemical plant or gas station)
- Is there a "Live" PACE program in place (current CO counties include: Adams, Arapahoe, Boulder, Broomfield, Denver, Eagle, Jefferson, & Pitkin)

Thank You!

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