



Date: October 25, 2014

Re: Return Variance and Sharpe Ratios with Solar Investments in the Mid-Market Space

Exhibit 1 – Return Variance via Stress Tests

The Partnership underwrites to an underwriting box whereby the standard deviation of returns is less than 1.0, cash on cash returns are over 4.0% (on an individual project basis) and the unlevered IRR, which includes the tax benefits of the portfolio, that is above 7.5% for the life of assets in the portfolio. We ran a number of stress tests which suggest that the standard deviations are low and the yields can be relatively high. The base case assumes a 20-year project life without any debt or buy-outs resulting in capital gains.

Specifically, the analysis considers 20 individual assets in a portfolio as a whole, in light of various adverse events. Monte Carlo analysis was used to simulate both normal and critical events so that we could measure the impact of those events on the portfolio. Inputs included downtime, credit failures, expense inflation, annual solar production degradation and solar production variances to help JJR Power to determine both short and long-term return cash flow and IRR annual variances over the test period. JJR ran each analysis with 1,000 simulations for a portfolio of twenty, 400 kW projects over a 20 year period, using a \$0.20/kWh fixed priced PPA acquisition cost of \$2.50/Watt, 30% ITC and accelerated depreciation. Below is a chart describing the results of our analysis.

Cash on Cash Yields for a Base Case and Low End Cases with One and Two Standard Deviations of Yield

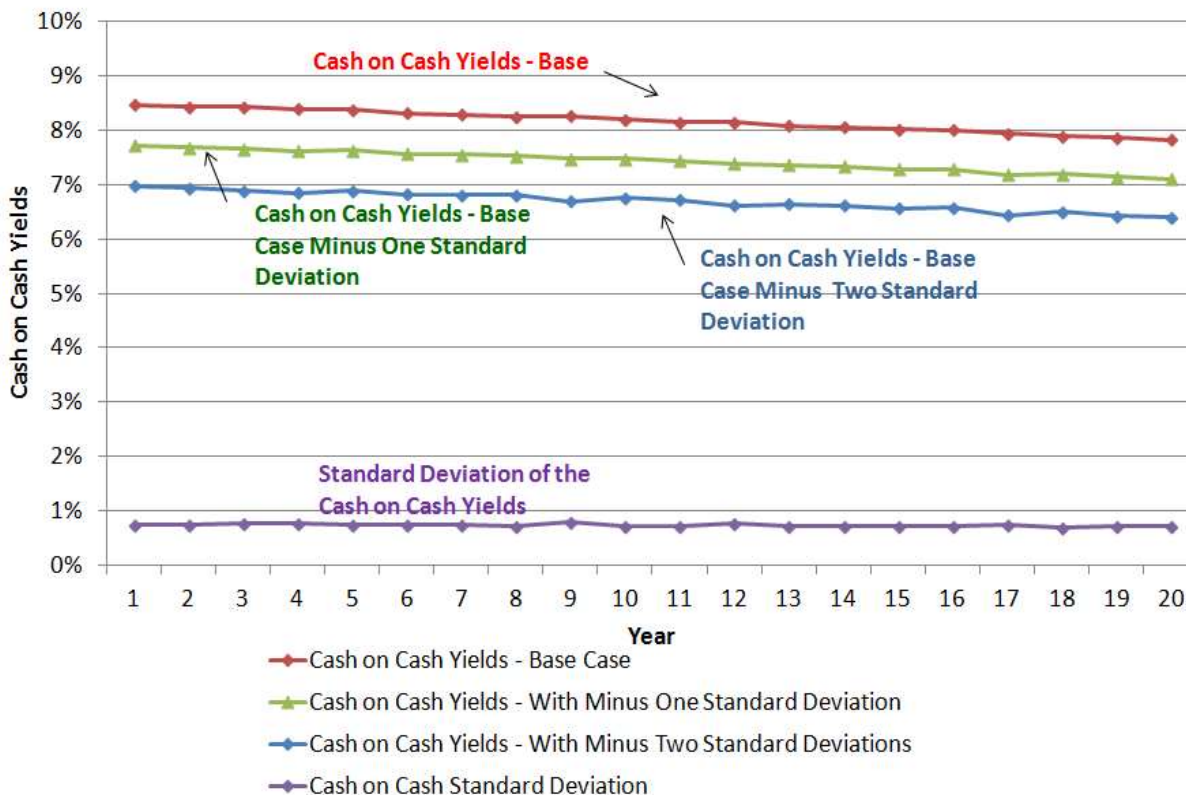




Exhibit 2 – Current Yield, Standard Deviation and Sharpe Ratio Comparisons

The table compares various asset classes by a current yield, standard deviation return and Sharpe Ratios. Solar investments provide higher, risk-adjusted returns (Sharpe Ratio) and lower volatility (standard deviation). We believe that solar investments offer an excellent base return to a portfolio.

Notes for table:

- The source for the 3-Year section for Standard Deviation and Sharpe ratios data was Yahoo Finance
- Vanguard and Morningstar were the sources for other financial returns and statistics
- Some trade estimates were used for the Energy MLP statistics
- PV Solar statistics are JJR Power estimates with certain projects in mind
- Standard Deviation is the variance or dispersion of prices over an average or mean
- Sharpe Ratio: expected return for asset less benchmark return divided by standard deviation of those excess returns
- The S&P 500 Index was the benchmark asset used for equities analysis

	Current Yield	Standard Deviation	Sharpe Ratio
PV Solar	8.1%	0.51	2.50
S&P 500 - Index	2.05%	13.31	1.00
Value ETF - Vanguard	2.04%	13.45	1.26
High Dividend Yield ETF - Vanguard	3.05%	10.76	1.71
Enterprise Products Partners -Energy MLP REITS - Vanguard	4.60%	7.59	1.34
	3.92%	16.74	1.08
High Yield Corporate - Vanguard	5.0%	6.24	1.54
Intermediate Term Investment Grade - Vanguard	2.78%	4.09	1.22
Intermediate Term Treasury - Vanguard	1.32%	5.22	0.92