PACE-101

What is PACE?

Property assessed clean energy (PACE) is a financing mechanism that provides real estate owners low-cost, long-term funding for energy efficiency and renewable energy projects.

PACE covers 100% of eligible improvements and self amortizes over the loan term (20 to 30 years).

PACE is secured and repaid by a special assessment attached to the property. PACE assessment are generally limited to 20 to 30% of the property's value.

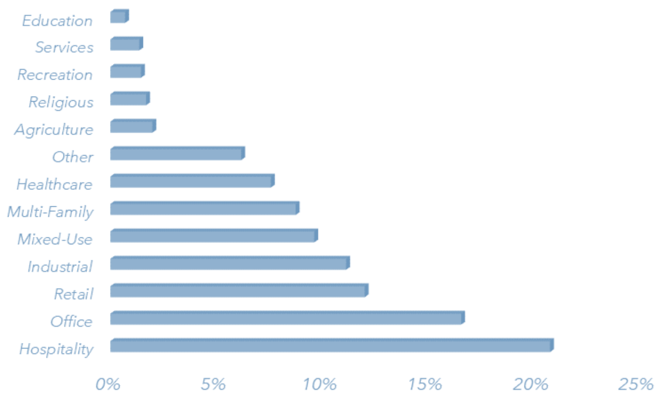
$2.4BB

Financed Amount

2,750+

Projects

PACE Financing by Property Type

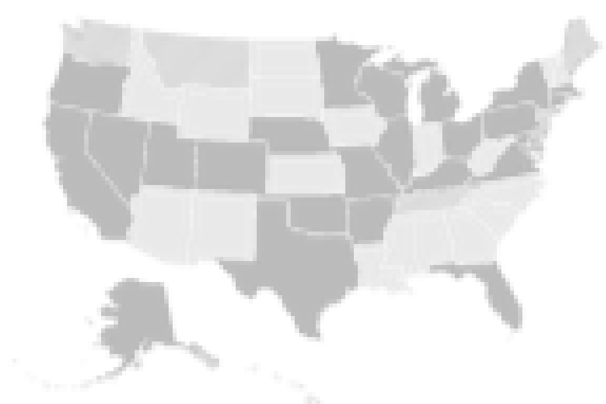


Where is PACE?

PACE is legislated on a state-by-state basis. Currently, 39 states and the District of Columbia have passed PACE legislation. The Following State are PACE eligible, indicated in the map on the below:

Alaska	Nevada
Arkansas	New Jersey*
California	New York
Colorado	Ohio
Connecticut	Oklahoma
Delaware	Oregon
Florida	Pennsylvania
Illinois	Rhode Island
Kentucky	Tennessee
Maine	Texas
Maryland	Utah
Massachusetts	Virginia
Michigan	Washington
Minnesota	Washington DC
Missouri	Wisconsin
Montana	Nebraska

coming soon



C5 Energy Partners
Connecting bottom line to bigger picture

PACE-101

Why PACE?

Cash flow generation. No upfront costs or down payment generates immediate cash-flow for property owners and investors.

Decreased maintenance costs. Clean energy retrofits that equip buildings with sustainable amenities decrease ongoing maintenance costs that positively impact NOI.

Lower cost of capital. PACE displaces expensive mezzanine debt in the capital stack.

Fills gaps in the capital stack. PACE closes the gap with non-recourse and non-accelerated financing.

ESG Targeting. Enables sustainable design and expands investor universe to include ESG focused funds and clients.

Improves marketability. An ever-growing investor and tenant base is focused on environmental impact as well as its perception. Offering solutions to these demands is not only financially rewarding but is becoming a corporate obligation.

Savings to the bottom line. Lowering operating expenses, improving system longevity and building reliability all while growing the bottom-line NOI.

Environmental Impact. To date PACE Projects are projected to save an estimated 29.7Billion kWh and abated 7.4Million metric tons of carbon.

NO OUT-OF-POCKET 25YR SOLAR+ROOF

You buy the solar energy, not the system

CleanEnergy PPA® + Re-Roof

System Cost	
946kW Solar System PPA	$1,797,000
Pre-Solar Utility Cost	$.152/kWh
New Solar PPA Cost	$.107/kWh
Yr.1 Savings (no payments)	$ 205,463
Solar Savings Yr2.	$ 210,506
Solar PPA Payment Yr2.	$ -150,285
Net Savings Yr.2	$ 60,221
Re-Roof	
160k sqft. Re-Roof	$ 560,000
Roof Payment Cost/yr	$ -43,892
Solar PPA + Roof	
Solar PPA + Roof Cost	$ -194,177
Solar Savings	$ 210,506
Net Savings Yr2.	$ 16,329
Cumulative Cash Flow Yr. 5	$ 288,775
Cumulative Cash Flow Yr. 25	$ 1,631,060

* 1st yr carried interest included
** Utility Specific Costs
***Utility 2.85% / PPA 2% Escalator

Example: PACE as a Bridge Equity for Construction

A developer had building permits to construct a 95-unit multifamily project. A locally based bank committed to provide mortgage construction financing for 70% of the overall project cost and the developer planned to use equity for the remaining 30% of the project cost. However, when their Project Manager identified over $3mm of PACE eligible costs they decided to pursue PACE financing.

Their Bank was familiar with PACE financing and consented to an approximately $3mm PACE assessment which reduced their equity requirement from $6.2mm to $3.2mm.

PACE financing was able to structure the loan with a 2-year interest only period (with capitalized interest) and amortized the balance of the loan over the remaining 23 years. Since the developed either planned to sell or refinance the property at stabilization, structuring the prepayment penalty to match their business plan.

Results
CLTC: 85%

C-PACE Eligible Improvements:
HVAC system, windows, domestic hot water, high-efficiency water fixtures, high-efficiency lighting systems and controls.

WITHOUT PACE

Sources	*Dollars*	*LTC*
PACE	--	
Mortgage	$14,822,500	71%
Equity	$ 6,200,000	30%
TOTAL	**$21,022,500**	**100%**
NOI	**$ 1,542,435**	
Gross Sale Price	**$23,729,774**	
Profit	**$ 6,448,233**	
Equity Multiple	**2.04x**	
Equity at Risk	**$ 6,200,000**	

WITH PACE

Sources	*Dollars*	*LTC*
PACE	$ 3,000,000	14%
Mortgage	$14,822,500	71%
Equity	$ 3,200,000	15%
TOTAL	**$21,022,500**	**100%**
NOI	**$ 1,542,435**	
Gross Sale Price	**$23,729,774**	
Profit	**$ 5,597,318**	
Equity Multiple	**2.75x**	
Equity at Risk	**$ 3,200,000**	

IRR ANALYSIS

Sources	*Without PACE*	*With PACE*
Stabilized NOI Year 3	$1,512,043	$1,512,043
Senior Debt Service	(667,013)	(667,013)
PACE Debt Service	--	(238,394)
Cashflow After Debt Service	$845,031	$606,637
Cash on Cash Return	**13.6%**	**19.0%**
Equity at Risk	$6,200,000	$3,200,000
Profit	$12,648,233	$8,797,318
IRR*	**18.1%**	**27.5%**

assume PACE paid off at sale

Example: PACE Replaces Preferred Equity

An experienced hotel operator had the opportunity to renovate and reflag a hotel property in California. In additional to the property improvement plan, the property required additional structural strengthening for seismic approval.

The operator had an equity partner that would provide Preferred Equity for 20% of the project cost behind a mortgage loan for 65% of the cost.

Solution
PACE financing could replace the preferred equity completely. Lowering the project's cost of capital by more than 150bps and saved over $1.3mm per year in interest costs.

PACE Eligible Improvements:
Building envelope and structural upgrades, high efficiency lighting and controls, electrical systems, HVAC upgrades.

WITHOUT PACE

Sources	*Dollars*	*LTC*	*Rate*
Common Equity	$15,000,000	15%	--
PACE	--		
Mortgage	$65,000,000	65%	6.50%
Pref Equity	$20,000,000	20%	12.00%
TOTAL	**$100,000,000**	**100%**	
Blended Cost of Capital		**7.79%**	
Debt Service		**$6.625mm**	

WITH PACE

Sources	*Dollars*	*LTC*	*Rate*
Common Equity	$15,000,000	15%	--
PACE	$20,000,000	20%	5.50%
Mortgage	$65,000,000	65%	6.50%
Pref Equity	--		
TOTAL	**$100,000,000**	**100%**	
Blended Cost of Capital		**6.26%**	
Debt Service		**$5.325mm**	
Savings			**$1.300mm**

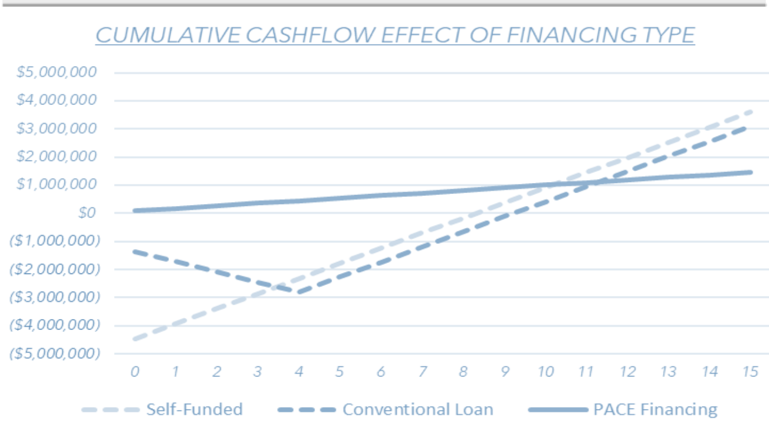
Example: PACE for Building Upgrades

A Class-B office owner is considering systems upgrades in the face of accumulating annual deferred maintenance. The retrofit budget to replace windows, new roof and HVAC and electrical upgrades totals $5mm. Below are 3 options; cash, traditional loan or PACE.

COMPARISSION SUMMARY	Self-Funded	Conventional Loan	PACE Financing
Debt Financing	$0	$4,000,000	$5,000,000
Equity Contr.	$5,000,000	$1,000,000	$0
Energy Savings /Yr.	$537,415	$537,415	$537,415
Annual Debt Service	$0	$898,508	$446,241
Free Cash Flow Yr1	($4,462,582)	($1,361,093)	$91,174
Year to B/E	9.1	10	Immediately
Cost of Capital	20%	7.20%	6.29%

IMMEDIATE IMPACT
- ✓ NO EQUITY REQUIRED
- ✓ NO OUT-OF-POCKET COST
- ✓ UP TO 2YR NO PAYMENT (CI)
- ✓ CASHFLOW POSITIVE DAY 1.

LONG-TERM
- ✓ REDUCED MAINTENANCE EXP.
- ✓ INCREASED PROPERTY VALUE (NOI)
- ✓ NO IMPACT TO BORROWER DEBT CAPACITY



Working with C5 Energy Partners

C5 makes PACE financing simple. Our experience navigating this marketplace and our hands-on approach ensure fast, reliable results you can count on.

Services:

- Initial project analysis and financial review
- Energy engineering validation to eliminate potential roadblocks and ensure max financing available
- Streamlined application process
- PACE district approvals
- Assist with Lender Approvals
- Provide customized PACE solutions
- Source, negotiate and standardize all contracts, termsheet and vendor proposals

We handle the details, so you don't have to.

Process:

Step-1. Submit Project for Feasibility Analysis
Step-2. Upon Approval Submit Construction/Renovation Budget including Proforma/Narrative
Step-3. C5 will deliver proposed termsheet outlining the eligible project measures and Loan Commitment
Step-4: Upon ownership's approval - Finalize underwriting review and document collection
Step-5: Submit Final PACE Assessment Contract and Funding Escrowed

Shovel ready projects can be funded within 45 days.

✓ *Close More Deals*
✓ *Finance Projects Faster*
✓ *Offer More Comprehensive & Complete Solutions*
✓ *Re-Capitalize Previous Project Expenses*
✓ *Improve competitive advantage*
✓ *Strengthen Customer Relationships*

Standard Program Parameters

Loan Size	\$500k-\$100+mm
Property Types	Commercial building including Office, Multi-family, Hotel, Senior Living, Self-Storage, Mixed-Use, Specialty-Use, Retail
Project Type	Gut Rehab, Adaptive Reuse, New Development, Seismic Retrofit, Efficiency Upgrade
Eligible Improvements	Energy Efficiency/Renewable, Water Conservation, Flood Mitigation, Seismic Retrofit
Loan Term	Generally 20-30years, location and project specific
Targeted Rate	m5-l6%, asset and location specific
Fee Structure	Generally 2-3% origination fee
Maximum Leverage	35% of appraised value, location specific
Prepayment	No lockout, but subject to existing prepayment penalties
Recourse	Non-Recourse, No Personal Guarantees