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## True Green Capital Management Update

**Funds I & II** fully deployed into a 107.3 MW operational portfolio.

### Fund III Committed to Projects

All \$352.74 million of committed capital has been called and fully allocated.

### Fund III Solar Assets

~270 MW of operating projects.

~220 MW of under construction and pre-construction projects.

### Fund III Cash Distributions

\$33.5 million of operating cash flow distributed to Limited Partners during the Investment Period.

### Project Pipeline

\$1.4 billion of projects in our active pipeline.

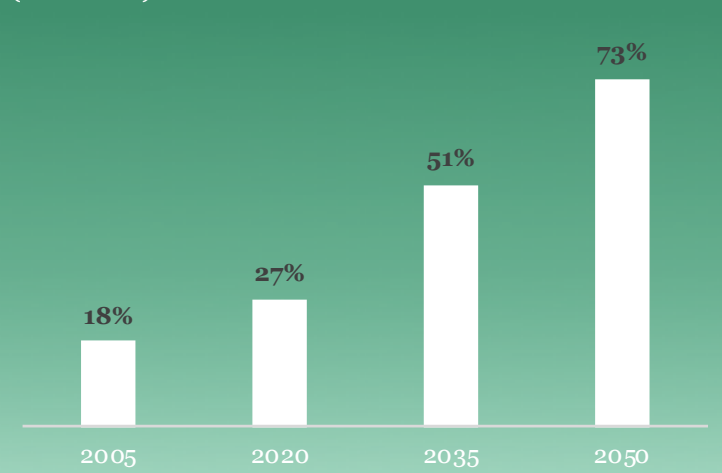
## Renewables' Share of Electricity Generation to Surpass 50% by 2035

Since 2000, approximately 1,800 GW of renewable generation capacity from sources including solar, wind, hydro and others has been installed globally.<sup>1</sup> Excluding large hydro, ~12,382 GW has been added in the 10-year period between 2010-2019. Today, renewable technologies combined account for ~25% of global power generation.<sup>3</sup>

According to McKinsey Energy Insights' 2019 Global Perspective report, renewables' share of global electricity generation is expected to continue growing at an accelerated pace, surpassing 50% by 2035.

Technological advances, especially in the storage sector, are expected to foster continued attractive economics for renewables. In the U.S., wind and solar are projected to remain competitive with fossil fuels even after federal subsidies are fully removed in 2023.

### Global Renewable Power Generation (% of Total)



Meanwhile, electricity demand growth is expected to continue primarily due to increasing living standards in non-OECD countries and sustained demand for non-fossil fuel energy in OECD countries. As a result, renewables are anticipated to continue displacing more

expensive carbon-emitting gas, coal and oil power generation. Although currently total solar MW globally are less than that of wind or hydro, solar is expected to be the fastest growing renewable technology at 13% CAGR<sup>4</sup> eventually surpassing both wind and hydro in size.

## Continued Expansion of the U.S. Distributed C&I Solar Market Segment—TGC's Focus

### Price Declines Continue to Drive Growth of the Sector

Since 2016 we have seen a significant acceleration of corporate solar capacity growth, with half<sup>5</sup> of all solar corporate installations built in the last 3 years, a sign of a bright future for distributed C&I solar.

Factors driving C&I growth are:

- **Resiliency**—The market potential for solar power has increased dramatically in the past few years, mainly because of improvements in battery storage, which allows solar customers to be off-grid and store excess energy produced for use at night and during emergency periods. Recent forest fire-related events in California have reinforced the value of this technology.
- **Commitment to Reducing Carbon Footprint**—Following state and local trends, corporations are increasingly making commitments to reduce their carbon footprint. Thus far, over 2006 companies have pledged to use 100% renewable electricity according to RE100, a global corporate leadership initiative bringing together influential businesses committed to this goal.
- **Growth in Off-Site Production**—A third of all distributed C&I solar installed since 2014 is off-site.<sup>7</sup> Economies of scale of larger projects and innovative multi-party financing arrangements have opened market opportunities for new companies and a greater variety of offtakers to participate.

*Local businesses and households who enroll as members of a community solar farm can access clean energy credits that offset up to 100% of their electricity costs*

*TGC's 120 MW Community Solar Portfolio in New York will ultimately serve approximately 14,000 households*

*The New York Community Solar Program has created hundreds of local construction jobs and has contributed funds to over 40 Clean Energy Partners*

## NY Community Solar Program

Community solar is a new market opening up across the U.S. and one of the most important areas of growth in the solar industry.

In the forefront is New York, wherein TGC's Community Solar Portfolio, which we believe is the largest in the state, will serve households from Buffalo to Binghamton. The program enables renters, homeowners, low-income residents, and local businesses to access clean energy credits that can offset up to 100% of their electricity

costs without the need to install rooftop panels and the inconvenience of construction.

As of October 31, 2019, our portfolio comprised four operating projects expected to produce approximately 47,000 megawatt hours of electricity annually. Together with the eight additional projects currently under construction, the resulting 120 MW portfolio will produce enough clean power to provide electricity to over 14,000 households.

Beyond providing clean power, our investment has created meaningful value for upstate local communities. We have created hundreds of local construction jobs and contributed funds to over 40 local partners including volunteer fire stations, libraries, towns, nonprofit organizations and local municipal activities. In turn, these activities have created value for TGC by accelerating our customer acquisition program and facilitating future project development activities.

## NY Community Solar Project—TGC Example

### Ground-mount Solar Farm in Spencer, NY

TGC's Community Solar farm is located in Spencer, NY. The project utilizes approximately 74,000 panels and generates approximately 29,000 megawatt hours per year, enough electricity to power approximately 2,900 homes.



*Learn more about the NY Community Solar Program in this [video](#).*

## ITC Step Down—Safe Harboring of the ITC

### The Investment Tax Credit

The ITC has been a significant driver of growth for the U.S. solar business. It allows solar project investors to receive 30% of the eligible project capital expenditures in the form of a tax credit available beginning in the first year an asset begins operating. The ITC was enacted in 2006. Although the cost of solar installations has declined significantly since, this credit remains a key driver of returns for solar investors due to the competitive dynamics of this sector.

### ITC Sunset

The ITC is scheduled to step down to 10% gradually from 2020 to 2023.

However, the IRS has provided guidance that allows the better capitalized sponsors such as TGC to lock in the current ITC level of 30% through 2024 by purchasing equipment in 2019, representing a small portion of the cost of solar installation.

### TGC Safe-harboring Strategy

TGC has developed a strategy to safe-harbor its future investment portfolio through 2024. TGC believes such safe-harboring represents a competitive advantage relative to other investors without this capability.

For more information on the ITC and TGC's Safe-harboring Strategy please email Patricia Ter Heun at [pterheun@sms-mv.com](mailto:pterheun@sms-mv.com)

*By incurring at least 5% of eligible costs of future projects in 2019, well-capitalized and experienced sponsors like TGC can continue to monetize ITCs at the current 30% level provided that projects are operational by 2024*

## U.S. States' Regulatory Update—New Solar Programs Coming Online Beginning in 2020

In 2019 Connecticut, New York, New Jersey, Maryland, Illinois, Colorado and Oregon all approved critical policy elements for new community solar programs, bringing new markets online in 2020.<sup>8</sup> For example, New York State, one of the most active community solar markets in the country and home to our ~120 MW portfolio, issued an order requiring utilities to provide billing services for community solar providers such as TGC. Consolidation of billing represents an important opportunity to simplify the subscription process and reduce overhead costs associated with community solar, which is expected to foster more efficient development of this important sector.

Meanwhile in Maryland, legislators passed the Clean Energy Act in May 2019, to promote renewable energy. The new law establishes ambitious solar carve-out targets for the state. To achieve these goals, Maryland will need to install 600+MW of solar projects per year, representing an attractive opportunity for new solar development.

*An increasing number of states are approving policies that support community solar*

## Attractive Renewable Energy Exit Market with Diverse Pool of Buyers

A diverse group of investors and buyers representing a deep pool of low-cost capital are active in renewable energy, particularly in U.S. solar production asset investment. Recently announced transactions suggest this demand is driving premium valuations; required return rates remain near historic lows—and given a scarcity of institutional-quality assets of scale, successful buyers are making increasingly optimistic assumptions, notably on uncontracted power and renewable energy credit prices, asset life and re-contracting.

In mid-2019, TGC engaged a financial advisor to explore the sale of its pre-Fund III portfolio of operating solar assets, corresponding to 107.3 MW of capacity located across Massachusetts, New Jersey, Idaho, Connecticut, Rhode Island, Vermont, New York and Tennessee.

The universe of potential purchasers of this portfolio is large, particularly given the limited number of such opportunities in the market. The buyer pool includes utilities & independent power providers, strategic aggregators, infrastructure funds, insurance companies, pension funds, and others seeking long-term, high quality cash flows. TGC has received bids from numerous prospective buyers at attractive valuations. TGC continues to actively pursue and evaluate these offers relative to the economic benefits and exit valuation that could potentially be achieved by continuing to scale its portfolio.

*Institutional buyers continue to seek U.S. renewable exposure through ownership of large, diversified distributed solar portfolios*



## About True Green Capital Management

True Green Capital Management LLC ("TGC") is a specialized energy infrastructure firm based in Westport, Connecticut. Having developed the capabilities of an operating solar company, TGC has invested into a distributed solar power generation portfolio across thirteen U.S. states including Vermont, Massachusetts, Rhode Island, Connecticut, New York, New Jersey, Delaware, South Carolina, Tennessee, Idaho, California, Maryland, and Colorado. The firm was founded in July 2011 and is led by a team of professionals with a proven track record and a demonstrated capacity to originate, finance, construct, and operate distributed power generation projects.

TGC believes the continued increase of power prices and decreasing entry costs of distributed power generation technology will continue to lead to compelling investment opportunities that provide a stable cash flow stream with little to no correlation to the broader markets.

TGC is currently focused on the approximately \$2 trillion distributed power generation market with an emphasis on the sub-utility scale solar power segment. Thanks to rapid advancements in technology, the cost of distributed power generation, including solar, is now in many markets on par with traditional electricity generation sources. In many U.S. states it represents one of the few sources of new power generation infrastructure that can be added to the power network quickly, reliably and cost efficiently.

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### Sources:

NREL: "Valuing the Resilience Provided by Endnotes"

1 Morgan Stanley, Decarbonization: The Race to Net Zero.

2 FS-UNEP Collaborating Centre, Global Trends in Renewable Energy Investment 2019 Report.

3 McKinsey Energy Insights 2019 Global Perspective Report.

4 See note 1.

5 SEIA 2018 Solar Means Business Report.

6 RE100 (<http://there100.org/>)

7 See note 5.

8 Coalition for Community Solar Access (<http://www.communitysolaraccess.org/>)

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