



TRUE GREEN CAPITAL

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Fund III Partial Portfolio Exit Announced



On January 3, 2023, TGC announced a binding agreement to sell a portfolio of ~220 megawatts (MW) of distributed solar assets from its third fund, True Green Capital Fund III, L.P. (“Fund III”), to Altus Power, Inc. (“Altus Power”)



The transaction is expected to close in early 2023 for a purchase price of ~\$293 million

Portfolio Composition, Collaboration, and Remaining Assets



Portfolio Composition

- The portfolio comprises ~207 MW of commercial scale, operating solar assets developed and constructed by TGC, and ~13 MW that are nearing construction completion



Location of Assets

- Most of the assets are in California, New York, New Jersey, and Massachusetts – all markets in which TGC has deep relationships and a track record of successful execution



Collaboration with Altus Power

- TGC’s relationship with Altus Power has facilitated the successful exits of our first & second funds and now a partial exit of Fund III
- Altus Power shares TGC’s belief that commercial scale, distributed solar is the most attractive segment of our industry



TGC will Continue to Target these Core Markets & Select New Ones

- With its recently closed \$660+ million fourth fund, TGC continues to target these core markets, as well as select new ones in the US, UK, and EU
- TGC believes these newer markets share attributes with TGC’s core markets, in which TGC has successfully realized its strategy, and will similarly provide it with a competitive advantage



Remaining Assets in Fund III Portfolio

- A small portfolio (~34 MW) of in-development distributed and community solar assets, located in Los Angeles and New York, remain in Fund III and are expected to be sold separately
- The ~180 MW SREC portfolio is expected to be monetized through the REC-traded markets, potentially through the end of Fund III’s life in 2026

Keynote Interview with Infrastructure Investor



After Russia's Invasion of Ukraine, the Energy Transition Marches Forward – TGC's Perspective

In May 2022, TGC's Co-Founder and Managing Partner, Panos Ninios, discussed the Russia-Ukraine war's impact on global energy markets, and made the case for why renewables will win in the longer term

In the months following Russia's invasion of Ukraine, opinions differed as to whether the war would accelerate or hinder renewable energy growth. In TGC's view, we need to think about this question within different timeframes. For example, coal may be more attractive right now in the context of marginal electricity production as a power generation "stop-gap," and importing more coal from Australia or bringing back mothballed coal plants might be viable options for the next couple years. But distributed power generation is cheaper and cleaner for a long-term solution, so if we're looking beyond the immediate horizon, we think renewables will win.

Even before the conflict, the general outlook for distributed solar was very positive. There are long-term economic drivers that are continuing to improve over time. If you look at how you create value in distributed power generation, it is all about the price of delivered electricity and the levelized cost of solar energy. This spread has been increasing for several years, and during the pandemic, it increased further still. This is because although there has been some inflation affecting solar construction costs, it is not as significant as the inflation affecting the delivered electricity price, so the spread is much larger. TGC believes the Russia-Ukraine war will cause the cost of delivering electricity to increase even further.

As Europe moves away from Russian gas, there will be implications for electrification – affecting not only the power in your house, but transportation. The entire automotive sector will be affected, for example, including vehicle manufacture and the associated supply chain, as well as gas stations, refineries, and the infrastructure related to mobility. Most people drive a car – there is an entire section of the economy that will be impacted, and it will be a disruptive transition for everyone's lives. There may also be initial problems around energy independence, like power shortages, but on the positive side, the transition will create new economic activity both in Europe and the US.

Industry Insights – The Energy Transition Continues (1/3)

WAR, INFLATION, & THE IRA

- Triggered by Russia’s invasion of Ukraine, the global energy crisis prompted an increased focus on renewables
- Disruptions in fossil fuel supply highlighted the need for domestically-generated renewable electricity, inspiring many countries, including the US, to strengthen their support of renewables
- At the same time, fossil fuel price inflation increased the competitiveness of solar PV and wind generation
- As a result, renewable capacity expansion over the next five years is anticipated to be much faster than what was projected just one year ago
- In the US and Europe, the Inflation Reduction Act (“IRA”) and the REPowerEu plan, respectively, are the main drivers of these revised forecasts

Macro Environment & Regulatory Support Create Opportunity

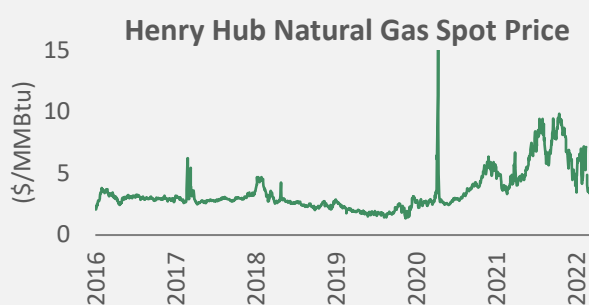


Consecutive interest rate hikes and surging natural gas prices

- In 2022, natural gas prices saw record highs. Even before the war in Ukraine, commodity prices were rising as the world recovered from Covid
- In the US, we saw seven consecutive interest rate hikes by the Federal Reserve to curb inflation. The Federal Funds Rate is now at 4.25% to 4.50%, with officials signaling an intent to lift the rate above 5% in 2023

TGC’s Approach to these Challenges:

- Our portfolio construction approach, which allows for an embedded inflation protection through exposure to spot power prices, provided us with a cushion against the US annual inflation rate.
- Also, over the past couple of years, because we believed the Covid-era cost of debt/capital was anomalous, we avoided stretching to transact, preferring to wait for the right opportunities at attractive risk-adjusted valuations. Now, we feel vindicated by our discipline. We believe that the return to a cost of debt mean reversion has resulted in: (1) reduced competition in the market for projects, since investors who deployed capital over the last two years are now projecting sub-par returns, and (2) a significant opportunity for us to deploy capital in our most recently-closed fund



Sources: (1) International Energy Agency (IEA), including e.g., (i) *What is the impact of increasing commodity and energy prices on solar PV, wind and biofuels*, 01 December 2021 and (ii) *Renewables 2022*, December 2022; (2) fred.stlouisfed.org/series/DHHNGSP; and (3) [wsj.com/market-data/quotes/bond/BX/TMUBMUSD10Y](https://www.wsj.com/market-data/quotes/bond/BX/TMUBMUSD10Y).

Industry Insights – The Energy Transition Continues (2/3)

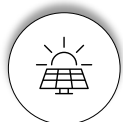


Regulatory support for solar is strong across the US and Europe

- The IRA provides unprecedented long-term policy clarity around solar PV projects and is viewed as a key driver for growing solar (and wind) capacity 2.5x today's levels by 2030. The availability of bonus adders to the investment and production tax credits is expected to provide meaningful upside for solar project developments in the medium and longer term
 - State level regulation also continues to support solar. For example, we are seeing an increasing emphasis on community solar across the US -- 22 US states and the District of Columbia have enacted policies to support community solar development, ranging from mandated levels, incentives for deployment, policies that facilitate deployment, or some combination of these
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- The REPowerEU plan proposes ending the region's reliance on Russian fossil fuels by 2027. Among other stated goals, the plan calls for an increase in the share of renewables in final energy consumption to 45% by 2030
 - Legally binding targets for net-zero by 2050 or earlier are driving market opportunity across the region, along with the transition to market-based (power purchase agreement ("PPA")) rather than Feed-in-Tariff ("FIT")-based regimes

Sources: (1) <https://www.iea.org/reports/is-the-european-union-on-track-to-meet-its-repowerEU-goals>; (2) <https://www.pv-magazine.com/2022/08/19/us-solar-industry-eyes-50-gw-of-manufacturing-capacity-by-2030/>; (3) World Energy Outlook 2022 – IEA; and (4) NREL (December 2021).

Industry Insights – The Energy Transition Continues (3/3)



“Customer paradigm” is changing, requiring vertical integration between customers & solar power plants

TGC views the evolution of the PPA in three phases (described by the below chart) and aims to be ahead of Phase 3 by:

- 1) capturing access to an existing PPA analogue through retail customer portfolios,
- 2) increasing customer access in the future via retail customer acquisition and management capabilities, and
- 3) creating vertical integration by matching portfolio power plants to retail customer portfolios



UK & EU power markets are moving to market-based regimes like those in the US

Current energy market dynamics across Europe, combined with growing regulatory support for solar and the evolution from government FiT programs to market-based regimes like those in the US, have increased the competitiveness of distributed solar across the region and created an attractive, cost-effective investing environment for TGC

| | Phase 1: Government-Induced Demand | Phase 2: Demand within Policy Frameworks | Phase 3: Demand within Market-Based Structures |
|-------------------------------|--|--|--|
| Economic Foundation | Renewables directly subsidized | Renewables partially & indirectly subsidized | Renewables competitive with brown power |
| Regulatory Framework | Utility PPAs / FiTs are government-mandated & managed | Bilaterally negotiated agreements | Increasingly market-based. Community solar programs emerge |
| Demand Source | Mandated | Corporates & residences can reduce costs by opting to access renewables on rooftops via policy frameworks | Corporate & retail customers desire renewables as part of ESG objectives -- price stability and resilience. Customers demand access to tangible renewable assets |
| Revenue Generation Instrument | PPAs / FiTs with utilities who manage customers as part of overall generation mix | Bilaterally negotiated agreements | Bilaterally negotiated commercial agreements with corporates. Retail customers enter into short-term fixed or floating contracts |
| Customer Acquisition | Renewable investors pay for customers via developers (who acquire PPAs through utilities or government auctions) | Renewable investors pay for customers via developers that negotiate PPAs and match them to individual projects | Renewable investors pay for customers via customer acquisition platforms |

Keynote Interview: The Case for Distributed Solar Power in Europe

In November 2022, TGC's Panos Ninios and Sam Salisbury shared their belief that Europe's centralized power networks need reimagining and that distributed solar power generation is the obvious answer.

For TGC, Europe has become a more interesting market for solar over the past few years, primarily due to the move away from FITs to more of a market-based framework. When FITs began to tail off in 2018, TGC started building a European presence in London and Zug and spending more time researching different European countries. TGC is particularly excited about the opportunity because we feel that, at least in the medium term, we have a competitive advantage. We know how to operate in this kind of market-based environment because, for the past 10 years in the US, we have faced certain issues associated with distributed solar – including site origination, customer access and acquisition, contract negotiation, credit-risk management, and commodity exposure.

There are two jurisdictions that particularly interest us, for different reasons: the UK and France. In the UK, which is a more market-based environment and has always been attractive to us, we think there is huge scope for commercial and industrial deployment, particularly in social housing.

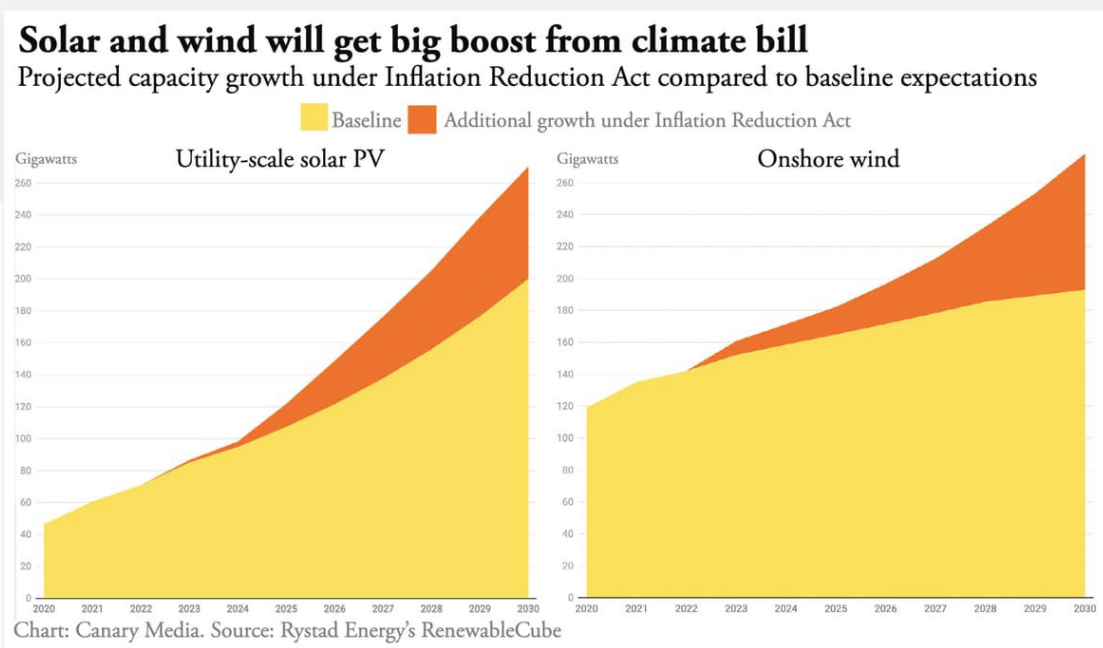
France, however, has historically had a centralized, regulated power sector through EDF, but gas price caps cannot last forever, and France needs solutions beyond nuclear plants, which take time to build and are expensive. Distributed solar generation, by contrast, can be rolled out quickly and affordably, so it makes sense from a high-level, economic perspective. At the micro level, meanwhile, what we find attractive about France is that there is already a regulatory framework around self-consumption in place that can be rolled out on a building-by-building basis.

We believe there is a huge amount of growth ahead of us in this industry; the trick will be in the execution. Those groups that succeed in capturing market share will be those that can execute best across a variety of risk environments and in a market that has become more complicated than it was during the FIT era.

Ultimately, TGC's thesis is that distributed solar with batteries makes enormous economic sense and that, over time, a large slice of the entire power generation base will move to a distributed solar with batteries model. Said differently, if we had to rebuild the power system today, we would never build a centralized power system. There are far more efficient and affordable options for producing power today, and TGC believes that we will see a generational shift in power generation from centralized to distributed models, just as we saw a generational shift from fixed telephony to cell phones.

Despite setbacks in 2022, the solar industry is booming, and TGC sees opportunity

After a series of setbacks in 2022, the US solar industry continues to grow, thanks to strong federal support reflected in the recently-passed IRA, a long-term trajectory of declining costs (despite price bumps over the past couple of years) and increasing demand for clean electricity.



Solar Industry Growing: Growth in solar is driven by decreasing prices. According to the SEIA, the cost to install solar has fallen by more than 60% over the last 10 years, prompting the expansion of solar into new markets and causing solar's share of new capacity to skyrocket. In 2022, 45% of all new electric capacity added to the grid came from solar, and its price competitiveness has enabled it to increase its share of total US electric generation from 0.1% in 2010 to over 4.5% today.

New Market Entrants Provide Opportunity: While California has historically dominated the US solar market, new state entrants continue to capture market share as demand for solar rises. In addition, a growing number of states with community solar programs is helping to diversify the market, resulting in significant pipelines and deployment opportunity over the next several years.

Corporate ESG Goals Drive Commercial Solar: Businesses are increasingly requiring that solar systems be paired with battery storage, and the growth in this area is projected to be meaningful over the next five years. By 2025, over 29% of all

new behind-the-meter solar systems will be paired with storage, compared to less than 11% in 2021. The commercial solar market is also expected to see future growth as businesses strive to meet their clean energy and resilience goals. With less than 1% of commercial electricity demand satisfied by on-site solar, there is tremendous opportunity for growth in this sector.

Supply Chain Challenges Resulting in Price Increases Viewed as Near-Term Problem: Although pricing and equipment difficulties have impacted deployment in 2022, a return to a steady state of supply in 2023 is anticipated. In addition, the IRA, with its key tax incentives and long-term certainty, is projected to spur unprecedented growth in the industry. According to the SEIA, in the next five years, the provisions of the IRA provide the market certainty needed to boost anticipated solar deployment by over 40% compared to pre-IRA projections. Though supply chain issues hinder its near-term benefit, the passage of the IRA creates enormous growth potential as new manufacturing capacity comes online and other supply barriers are addressed.

Sources: (1) SEIA, Industry Research Data; (2) SEIA, Market Insight Report 2022 Q4.

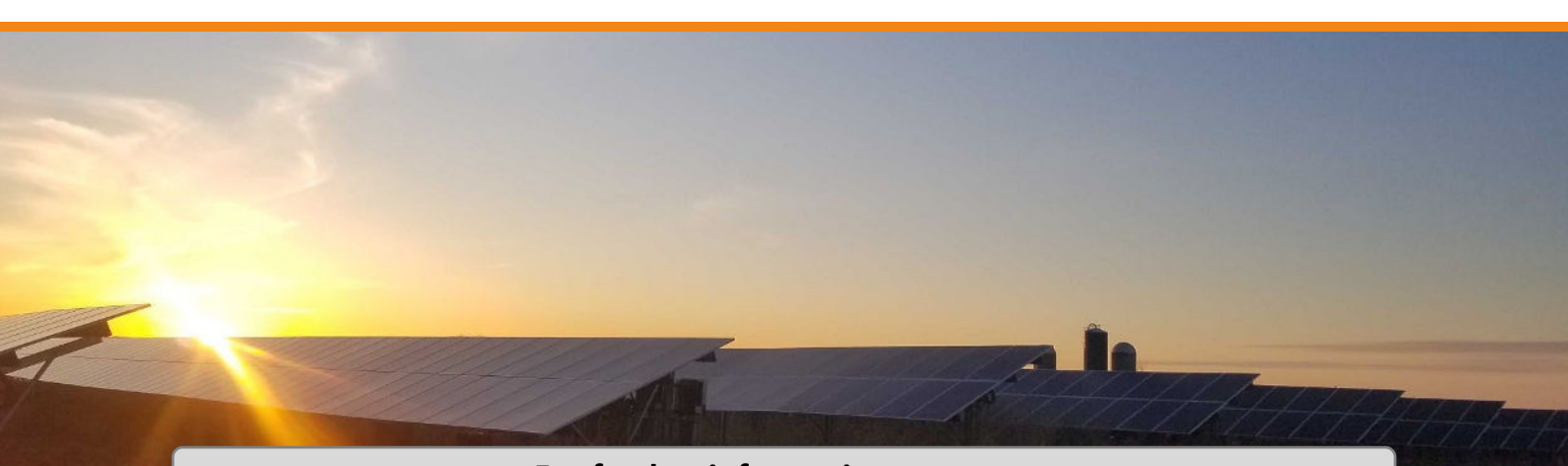
About True Green Capital Management LLC

True Green Capital Management LLC (“TGC”) is a specialized renewable energy infrastructure private equity firm based in Westport, Connecticut. 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 renewable power generation projects.

TGC believes the continued increase of power prices, decreasing entry costs of distributed power generation technology, and favorable regulatory environments in both the US and Europe will continue to lead to compelling investment opportunities which provide a stable cash flow stream with low correlation to the broader markets.

TGC is currently focused on the approximately \$1+ trillion distributed power generation market in the US and the approximately \$1+ trillion distributed market in Europe 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 on par with traditional electricity generation sources. In many US states and key European jurisdictions, 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.

In the U.S., to date, TGC has invested into a distributed solar power generation portfolio across fourteen US states, delivering clean, renewable energy.



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