


GREENWORKS
LENDING



GREENWORKS LENDING



Greenworks is a rapidly growing company that finances energy-saving upgrades in commercial, industrial, non-profit and multi-family buildings. Our mission is to improve the energy efficiency of our country by creating a new normal for financing energy upgrades in buildings.



ROADMAP

1 PACE BASICS

What is PACE?
Why does it matter?

2 SELLING WITH PACE

Why do owners love PACE?
Who is a good fit...and who isn't?
Where and what can I PACE?

3 GROWING PACE

Scaling up – the CT story
Scaling out – Greenworks and Pace
Financial servicing

The background is a vibrant green with a gradient from light to dark. It features several overlapping circles of varying sizes and opacities, creating a bokeh effect. A large, semi-transparent white circle is centered in the upper half of the image. Other smaller circles are scattered throughout, some appearing as bright highlights and others as softer, more blended shapes.

PACE BASICS



PACE IS TRANSFORMING ENERGY EFFICIENCY

Property Assessed Clean Energy (PACE) is a government financing policy that classifies energy-saving upgrades as a **public benefit** – like a sewer, road extension, etc.

100% of hard and soft costs are funded by private capital and repaid via a surcharge on the property tax bill.

Payback periods match equipment life (often 20+ years)...

...this makes **most projects cash flow positive from day one.**

MOST ENERGY AND WATER PROJECTS QUALIFY

- ✓ High efficiency lighting
- ✓ Automated building and HVAC controls
- ✓ Variable speed drives (VSDs) on motors fans and pumps
- ✓ High efficiency chillers, boilers, and furnaces
- ✓ High efficiency hot water heating systems
- ✓ Combustion and burner upgrades
- ✓ Fuel switching (ex. oil to gas conversions)
- ✓ Water conservation
- ✓ Heat recovery and steam traps
- ✓ Building enclosure/envelope improvements
- ✓ Building management systems
- ✓ Renewable energy systems
- ✓ **Associated permitting and other soft costs**
- ✓ Etc...



MOST COMMERCIAL BUILDINGS QUALIFY

Building Requirements

- ✓ Commercial, Industrial, Non-Profit, Multi-Family >5 Units
- ✓ Does NOT work for residential, government
- ✓ Located within operational PACE municipality
- ✓ Current on property taxes
- ✓ **Works in all OpTerra private markets** (hospitality, commercial, manufacturing, supermarkets, biotechnology, higher education, healthcare, data centers)

Financial Requirements

- ✓ Financed amount cannot exceed 35% of property value – may vary by state
- ✓ Total property debt (mortgage + PACE) cannot exceed 95% of property value
- ✓ Not in bankruptcy
- ✓ Meets other state statutory requirements

SELLING WITH PACE

PACE REMOVES BARRIERS



Lack of funding?
Plan to sell building?
Payback period too long?
Tenant pays energy bills?
Unsure if savings will appear?



100% upfront, 20+ year financing
Obligation transfers with property
Positive cash flow in year 1
Assessment/savings pass to tenants
Third party technical review

THE DAY 1 PAYBACK

Sample \$2M, Multi-Measure Project w/ ~6.25 Year Simple Payback

	Cash	Bank Loan	PACE Assessment
Down payment amount	(\$2,000,000)	15% - (\$300,000)	\$0
Loan amount	\$0	\$1,700,000	\$2,000,000
Loan term	NA	5 yrs	20 yrs
Interest rate	NA	4.00%	6.25%
Annual Cash Flow			
Annual payment	NA	(\$382,295)	(\$180,978)
Annual energy savings	\$320,000	\$320,000	\$320,000
Net annual cash flow	\$320,000	(\$62,295)	\$139,022
5-Year Financial Performance			
5-Year Net Cash Flow	(\$720,000)	(\$611,475)	\$695,110
5-Year NPV @ 6%	(\$840,766)	(\$530,574)	\$585,611
5-Year IRR	-16%	NA	Infinite

¹Assumes no utility cost escalation and no performance degradation to simplify case study

CT Green Bank Case Study

WHERE DOES PACE WORK BEST?

- ✓ Owners who lack good access to capital
- ✓ Owners who may sell their buildings
- ✓ Owners who are cash flow sensitive
- ✓ Owners who don't want to tie up their balance sheet
- ✓ Tenant or owner occupied buildings
- ✓ Owners looking to replace equity in new construction
- ✓ Low debt buildings

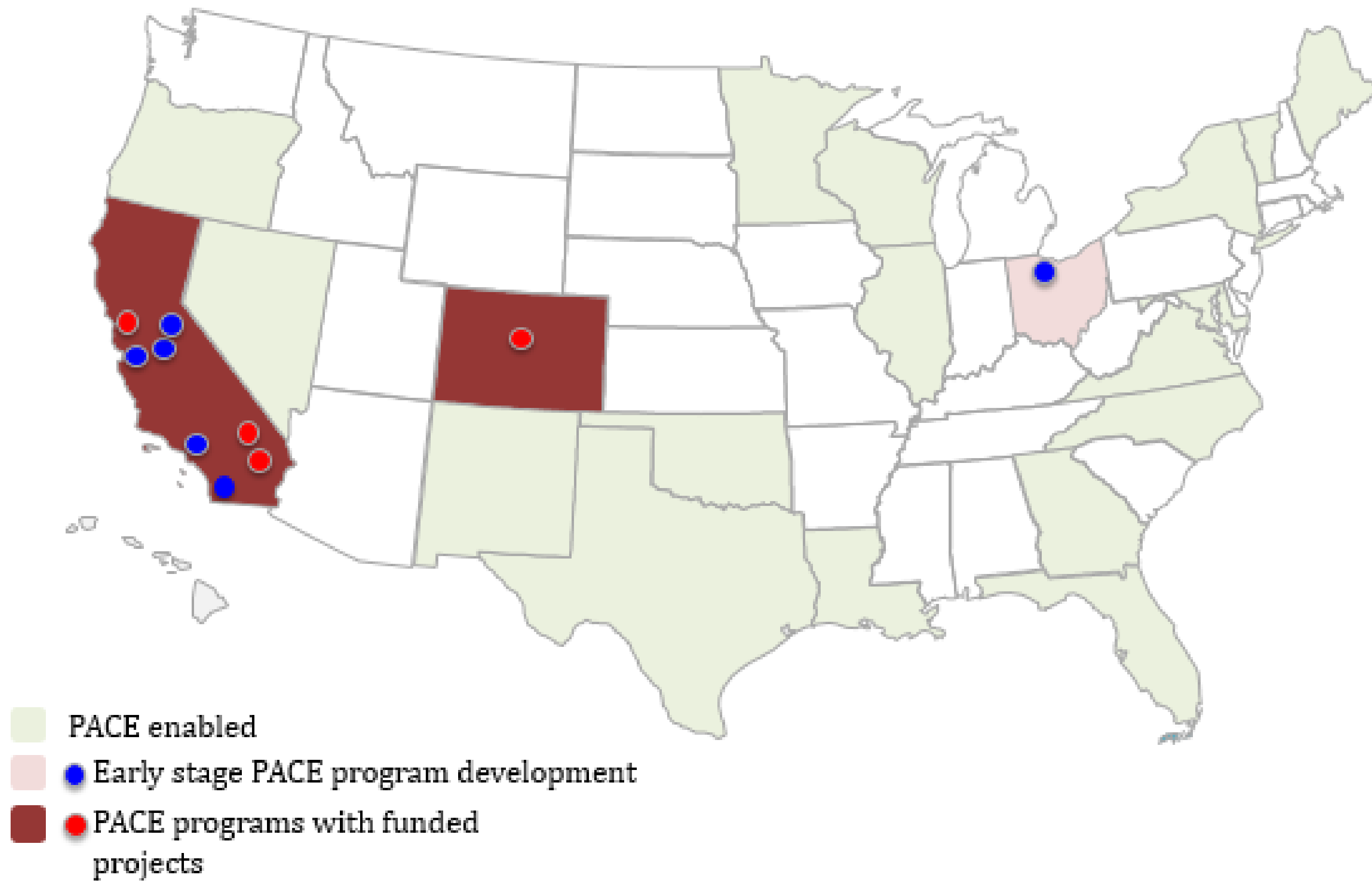
WHERE DOES PACE **NOT** WORK WELL?

- ✓ Government owned buildings
- ✓ Highly leveraged buildings
- ✓ Buildings in a CMBS mortgage
- ✓ Owners who don't pay utilities but can't pass tax assessments through to tenants
- ✓ Single-family residential
- ✓ Residential condos

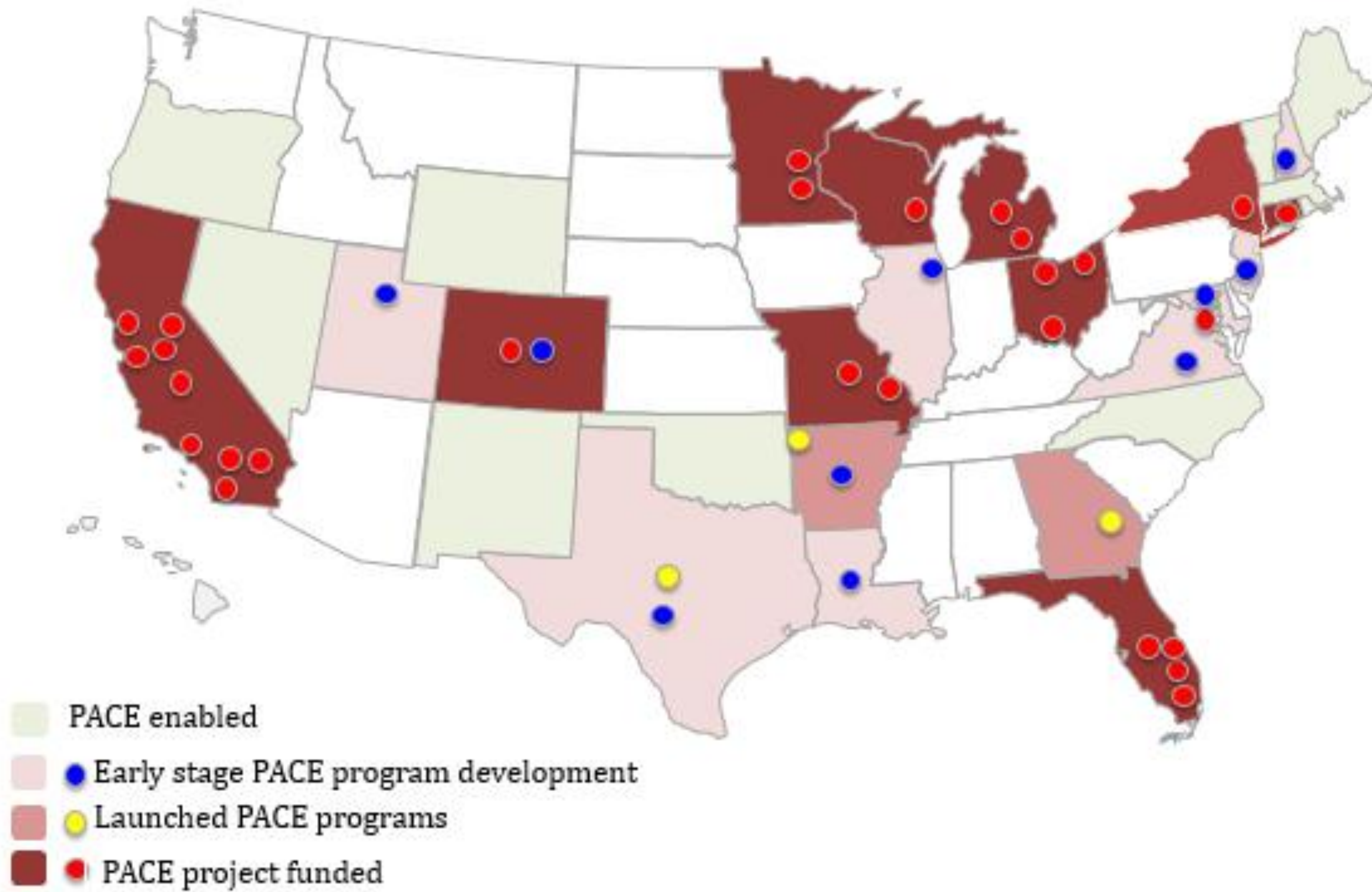
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GROWING PACE

PACE IN 2010



PACE IN 2016



THE CONNECTICUT STORY

- ✓ Single statewide program with CT Green Bank as named administrator, municipalities opt-in
- ✓ Open-Market – available and “on demand” capital
- ✓ Commercial, industrial & multi-family property
- ✓ Requires the consent of the existing mortgage lender
- ✓ Requires energy savings

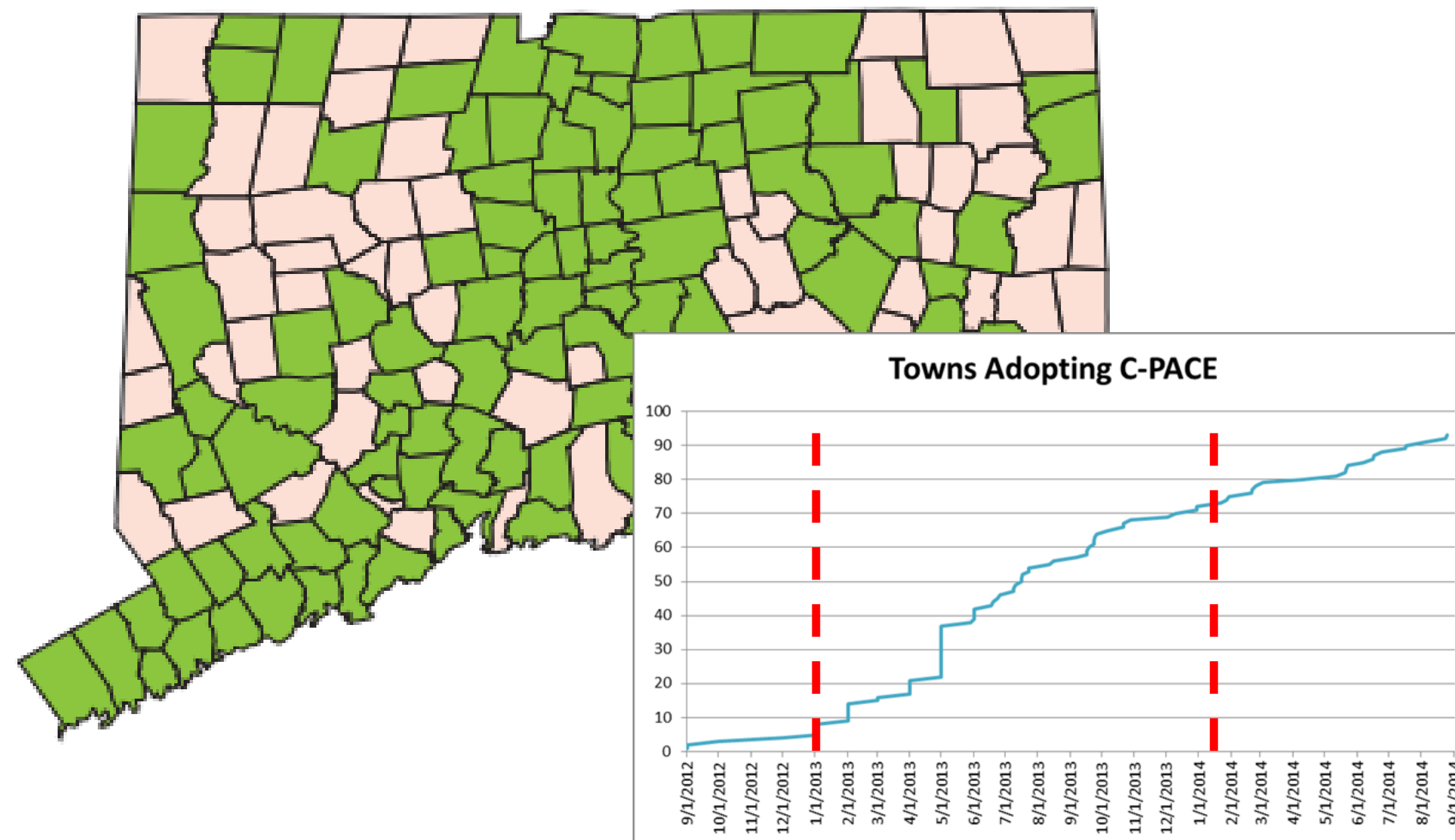
THE CONNECTICUT STORY...3 years later

➤ More Green Communities

112 participating cities and towns can use C-PACE to fuel economic development, make their community cleaner and help their citizens thrive.

➤ Making Green Work

With financing available for hard and soft costs, C-PACE contractors can design comprehensive projects and gain access to new customers.



50 contractors have completed at least one C-PACE project

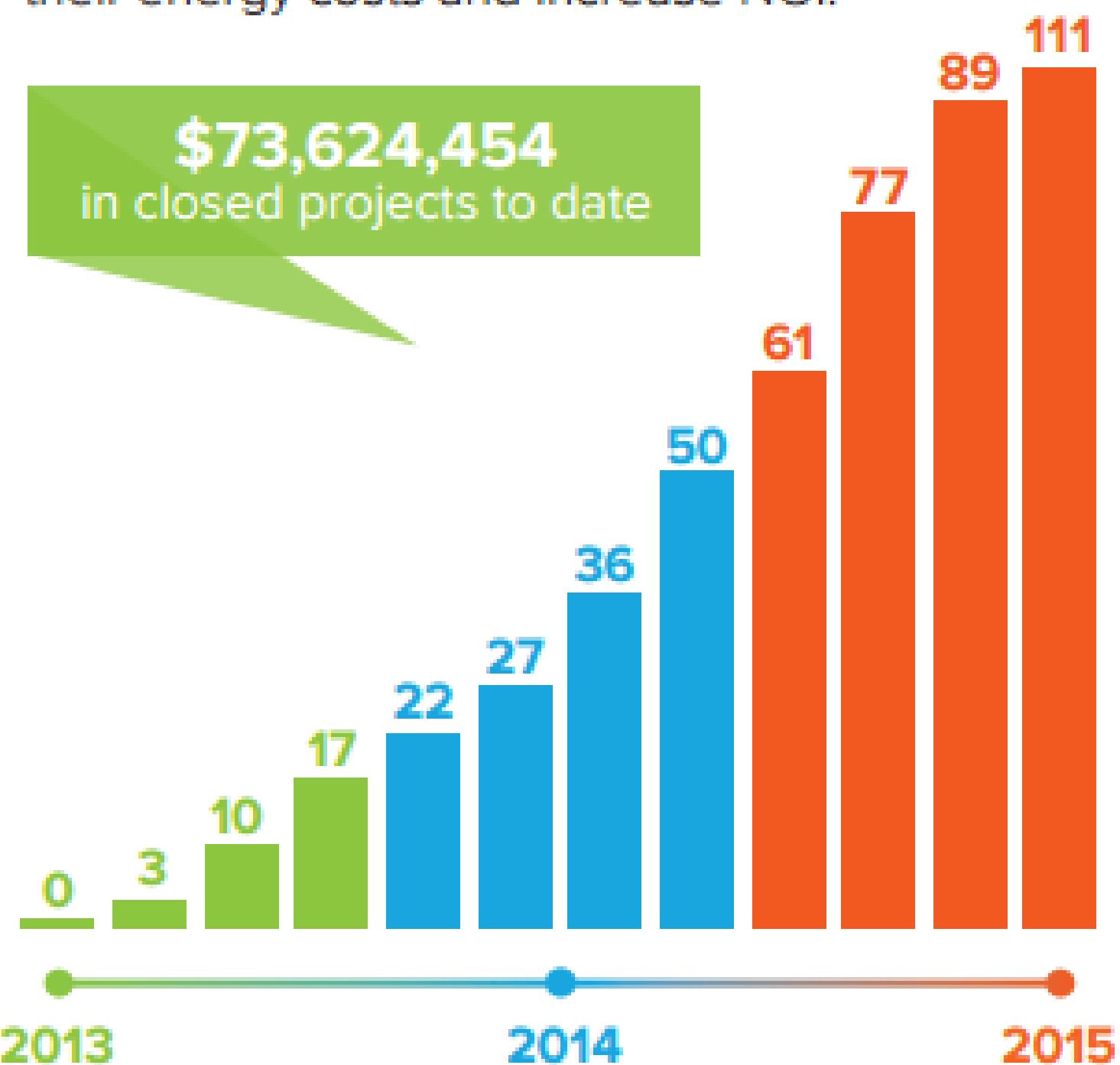


THE CONNECTICUT STORY...3 years later



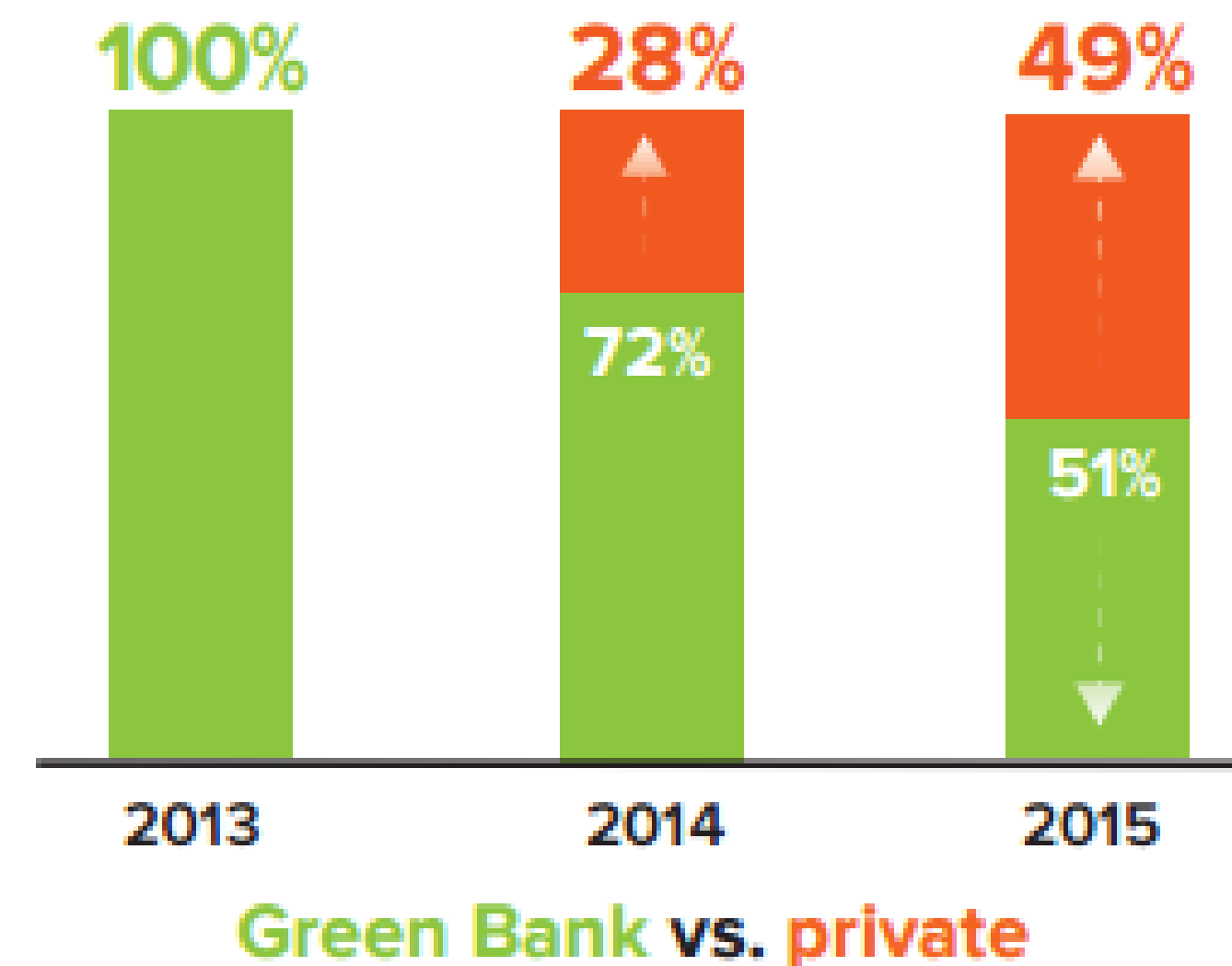
Closed Projects

Funded projects are increasing every quarter as more building owners take action to reduce their energy costs and increase NOI.



Total Capital Invested

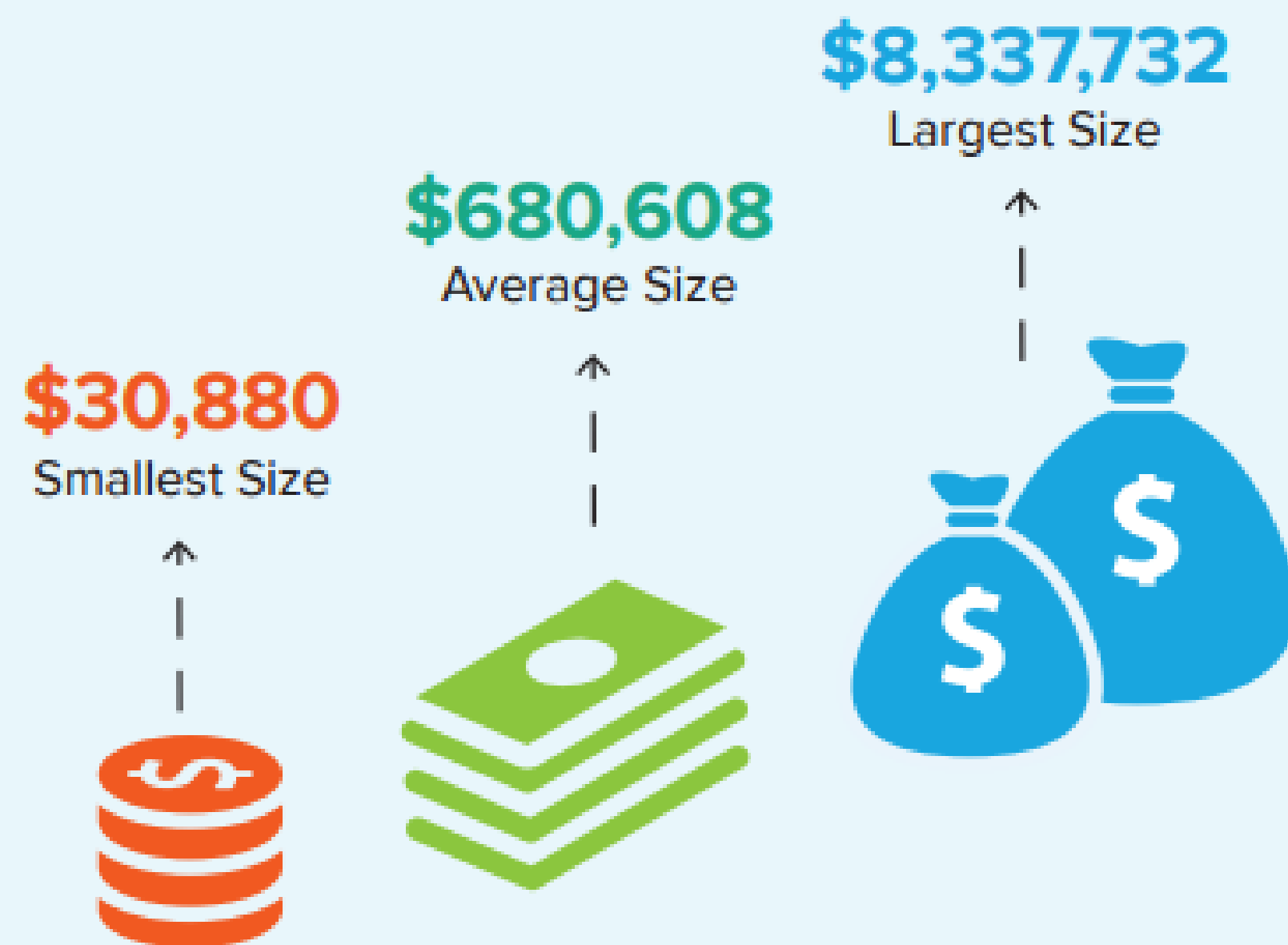
Since program inception, the Green Bank is using fewer of its dollars to attract a growing amount of private capital.



THE CONNECTICUT STORY...3 years later

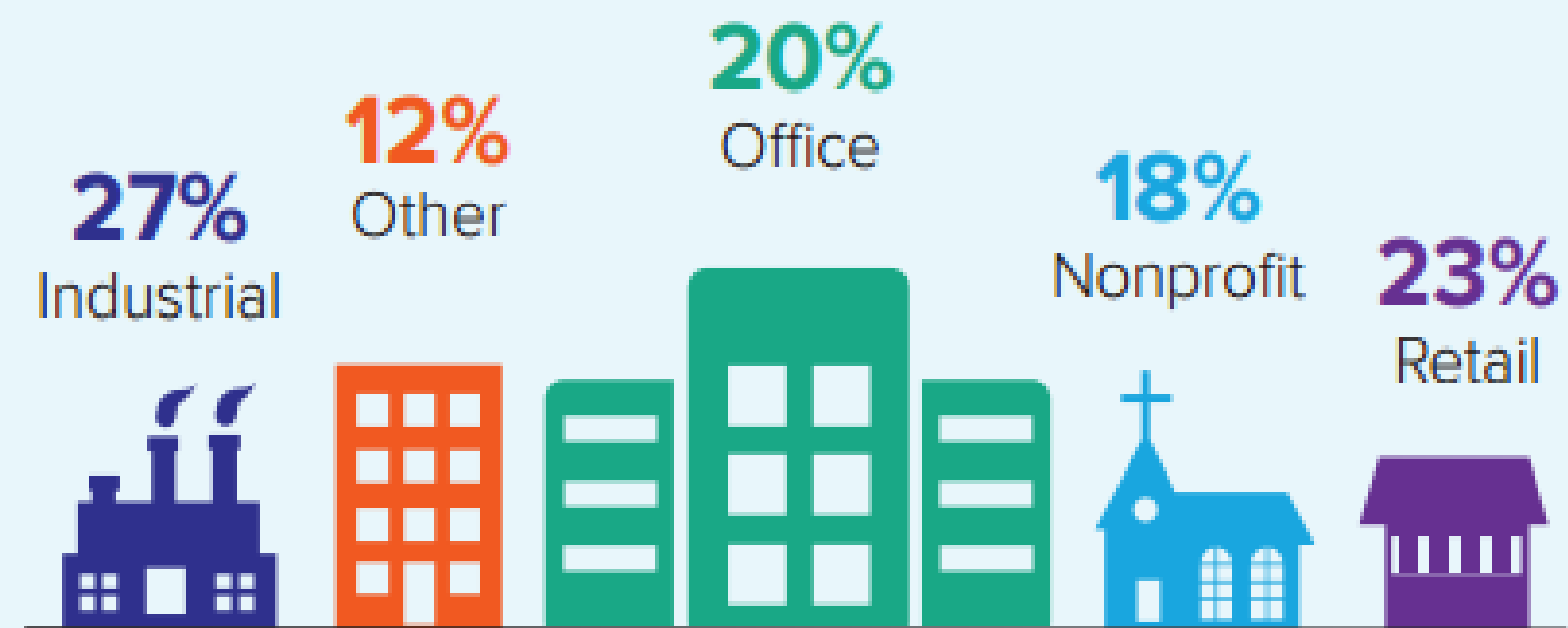
All Sizes of Projects

C-PACE can bring virtually any green energy project, small or large, from a vision to a reality.



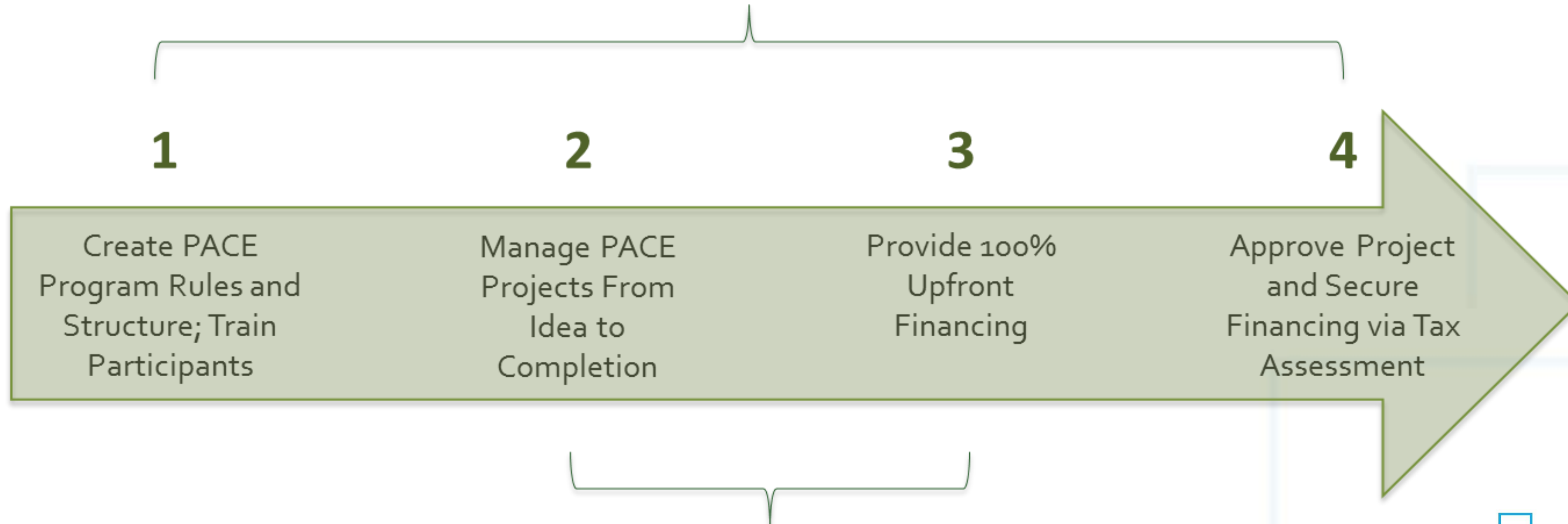
All Shapes of Properties

From manufacturing facilities to YMCAs all commercial properties are eligible to use C-PACE for an energy saving project.



WINNING FORMULA FOR PROGRAM SUCCESS

Local government opt in and work with single outsourced administrator that provides core administration services in a transparent and low-cost manner



Property owner, local contractors, and lenders partner together to originate, underwrite, and finance PACE projects



PACE FINANCIAL SERVICING PLATFORM

Outsourced PACE program administration

- No fee for county
- Collects regular, small fees from PACE projects to support administration

Open market administration

- Allows any capital providers to finance deals at a low application cost (structured either as an application fee or points on deal – with portion to cover county's expenses if required)

Online application for PACE approval

- Tracks applications for reporting volume to county
- Rapid response team reviews applications for PACE approval

Standardization

- Documents for applicants to submit (e.g. lender consent, risk disclosure form)
- Lien filing for counties or municipalities to file upon project approval

Technical Expertise

- List of eligible measures, based on relevant enabling state statute
- Partnership with engineer to confirm energy savings (added cost to applicant)

THE GREENWORKS PROCESS

1 **PRESCREEN**
Is the property eligible?
How much can we finance?

2 **DEVELOPMENT AND UNDERWRITING**
Financial underwriting
Mortgage lender consent
Technical review

3 **APPROVAL AND CLOSING**
PACE administrator approval
Closing
Construction!

PRESCREEN

You Need To...

Submit as much info as you have (at least an address) to:

www.greenworkslending.com/apply-for-financing

We Look For...

- ✓ Is property in a **PACE eligible municipality**?
- ✓ **Commercial** property (including industrial, multi-family >5 units)?
- ✓ How much financing is available? (typically **35% of property value**)
- ✓ Check for tax delinquencies, severe environmental issues, or other disqualifiers

We Help You...

Verify project is eligible - allowing you to pitch PACE with confidence

Create a cash flow calculator on request

Point out potential potholes or nuances

DEVELOP & UNDERWRITE

We Look For...

- ✓ Recent property appraisal (less than 5 years old) if available
- ✓ Two years of reviewed financials or two years of tax returns for the building owner
- ✓ Most recent mortgage statement with mortgage holder and principal clearly displayed
- ✓ Rent roll (if tenant occupied); if there is an anchor tenant (>50% square footage) we'll also need their financials
- ✓ Energy Audit or solar Feasibility Study
- ✓ Greenworks will engage our third party technical reviewer (review takes 5 business days) to verify that the project's savings outweigh the investment (SIR >1) over the weighted average life of the measures.

We'll Also Gain Mortgage Lender Consent

Mortgage holders must sign a consent form. We'll ask the owner to introduce us to their bank and we'll talk the bank through the consent process. We have many banking relationships that can speed up the consent process, but it's best to start early!

APPROVAL AND CLOSING

You Need To Send Greenworks...

- ✓ Final construction contract and draw schedule

We Collect...

Each PACE project must be approved by the program administrator. We'll submit the technical review, a title search, a borrower disclosure, lender consent form, etc. Administrator approval takes ~10 business days. We close on financing as soon as the project is approved by the administrator!

How We Help

Navigate the approval process
Compile and submit package for approval
Gather and prepare closing documents

WHY GREENWORKS

- We know PACE
- We support your sales process
- We operate at the speed of business
- Ready access to capital for project funding
- Low fees and rates
- Single point of contact for multiple states
- No fee to contractor

CONCLUSION

KEY LESSONS

- ✓ Statewide standardization is key
- ✓ PACE isn't just about the money.
- ✓ Work with banks early on consent
- ✓ Flexibility is critical.
- ✓ Volume drives everything.
- ✓ Keep it simple.
- ✓ PACE doesn't work for everyone.



BENEFITS OF PACE

- No money down and rates as low as 5%.
- Building owners stay cash flow positive.
- Long terms allow payments to stretch over life of energy measures.
- Structure allows benefit and cost to pass to tenant.
- No payoff on sale of property.
- Great service from Greenworks Lending.



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