

Panel

Corinne Smith, SCI (moderator)

Craig Braun, Renovate America

Laurence Pettit, Kramer Levin

Benji Cohen, T-Rex Group



Market evolution

Overview of the Renewables ABS sector

The solar perspective



PACE Financing

What is it?

- PACE Financing is a government-sponsored way to fund / finance energy efficient upgrades
- New way to pay for home energy products
- Property owners repay through property tax bill

Who Benefits?

- **Local Government** – Job growth, economic stimulus, lower energy and water consumption, reduce emissions
- **Home Owner** – Saves money; lower payments; transferable payments
- **Contractor** – Bigger, better projects

HERO Loans

- Renovate America's HERO program is the leader in PACE financing. 90%+ market share
- HERO provides access to contractor channel and consumers

PARCEL NUMBER: 123456-789
 BILL NUMBER: 001
 AGENT: 01
 BRANCH: 02
 PROPERTY LOCATION: 123 Sample Street, 2

SAMPLE COUNTY
 SECURED PROPERTY TAX BILL 2014-2015
 FOR FISCAL YEAR BEGINNING JULY 1, 2014 AND ENDING JUNE 30, 2015

JOHN SMITH
 DIRECTOR OF FINANCE
 TAX COLLECTOR

ANNUAL TAX BILL

*** ATTENTION ***

IMPORTANT INFORMATION

DIRE

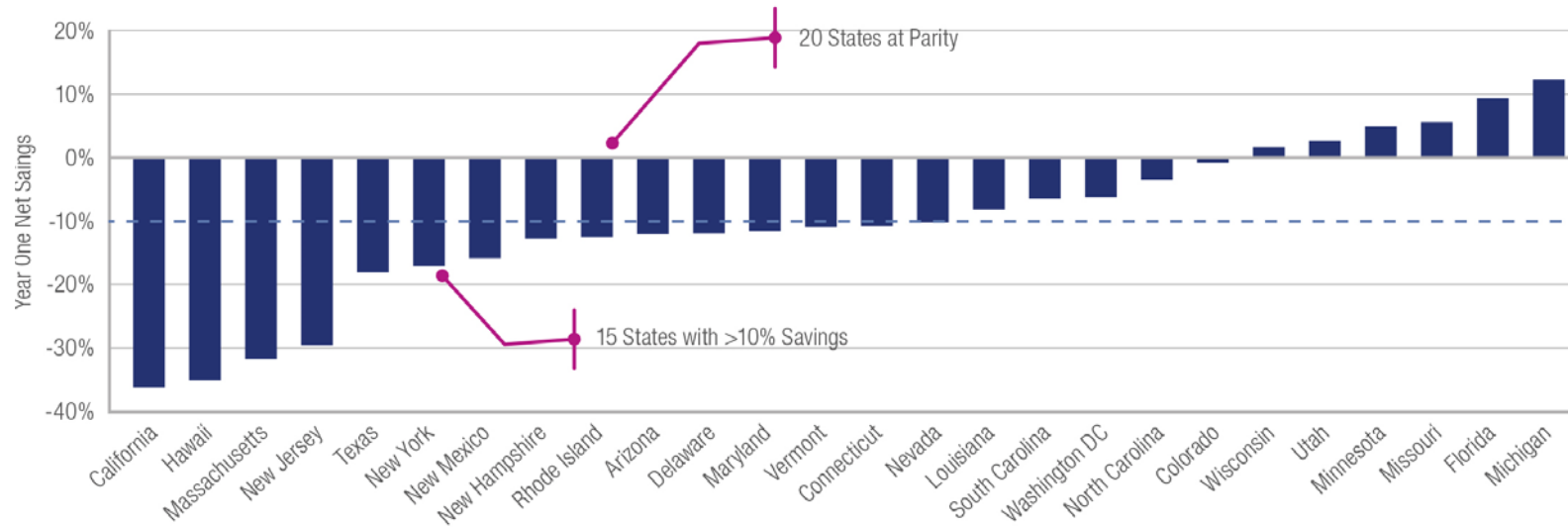
LEVY	TAX RATE AREA CODE	TAX BASE	TAX RATE
02	AD VALOREM TAXING AGENCY	1	1.00
01	COUNTY WIDE 1%	1	.019
00	COLL ABC		
04			

UNIFIED SCHOOL D
 COUNTY SEWER
 STREET LIGHTING M
 COUNTY PARAMEDIC
 PACE FINANCING

PHONE NUMBER: 000-000-0000

DIRECT LEVY TOTA

Residential Solar Value Proposition Varies by State



Source: GTM Research US Residential Solar Economic Outlook 2016-2020



Poll 1

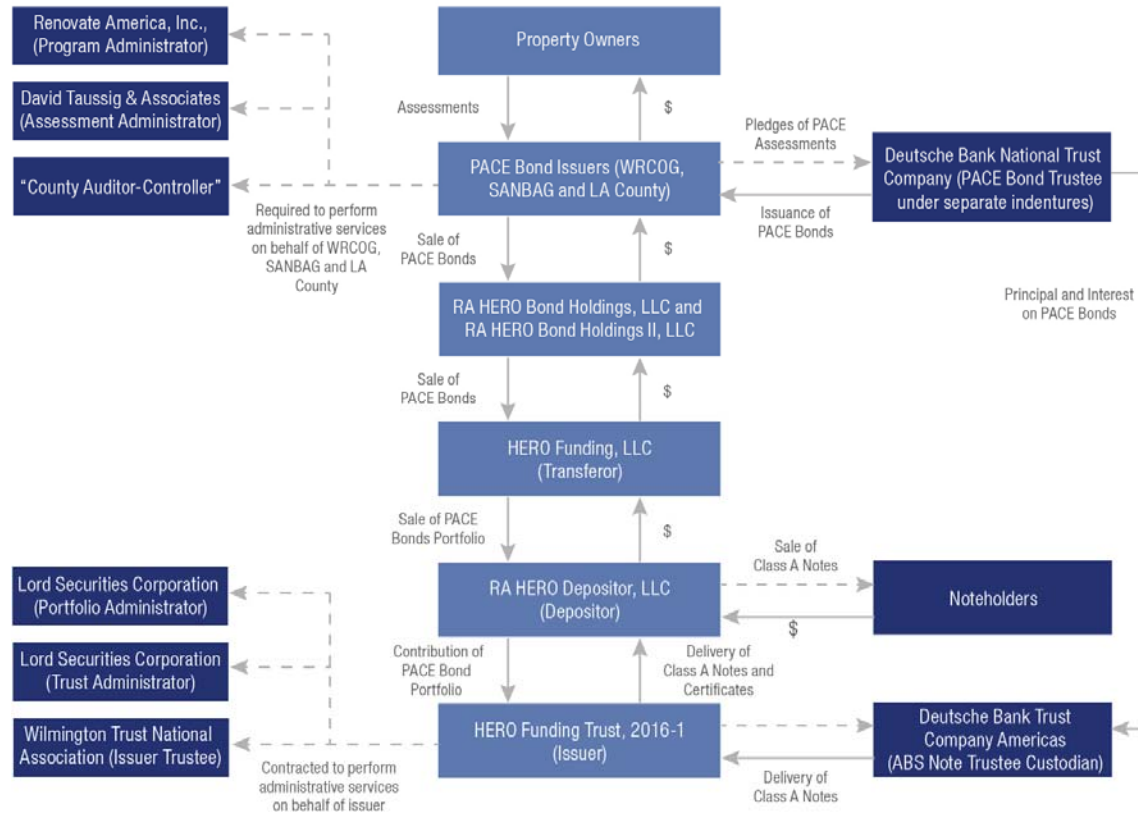


Structuring

Differences between PACE bonds & regular ABS



HERO Funding Trust 2016-1 Structure Diagram



Source: DBRS



Challenges

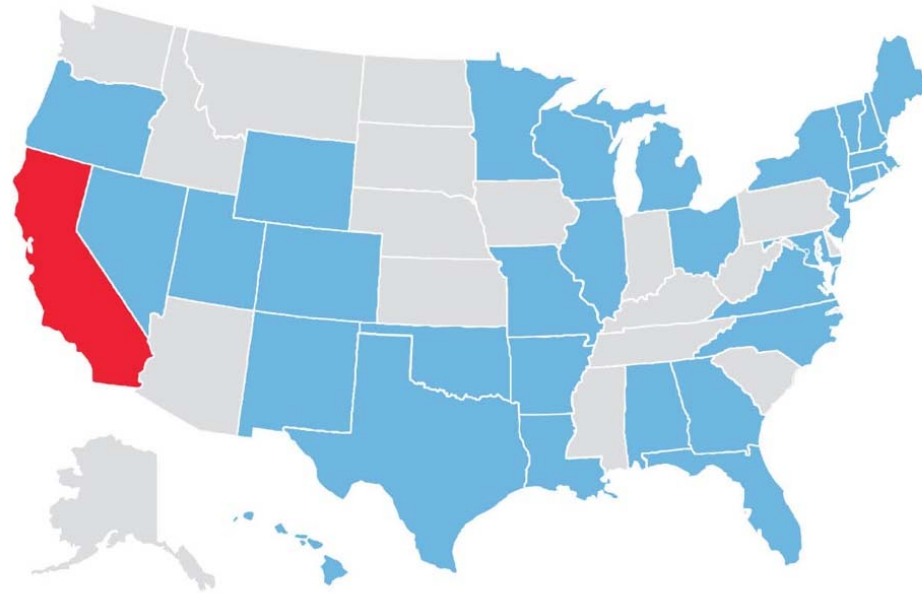
Expanding the PACE programme

Is the scalability of PACE platforms an advantage?



32 States (+DC) Have Passed PACE Legislation

- Represents over 75% of housing stock
- Non-partisan support



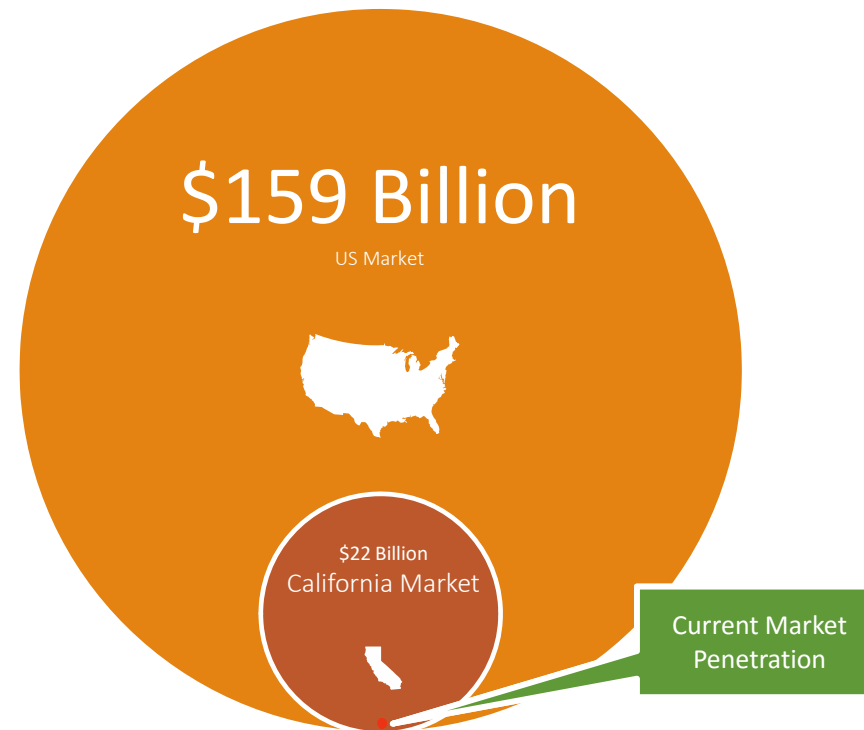
● HERO is Available

● PACE Enabled

● No PACE Legislation

Total Addressable Market – Short-term

- TAM in U.S.: Consumers finance \$159 billion in home improvements which reduce water or energy or create/store renewable energy
- TAM in California: \$22 billion of these products are financed in California
- RA's 2016 forecast of \$1.1 billion is equal to 5% of TAM in CA and 0.7% of TAM in the U.S.



Poll 2



Key Risks

How should investors evaluate risks in solar and PACE securitisations?



Poll 3



Track Record

How have PACE securitisations performed?
Have solar securitisations performed as well as expected?



Poll 4



Outlook

What impact will the recent extension of the investment tax credit have on the sector?

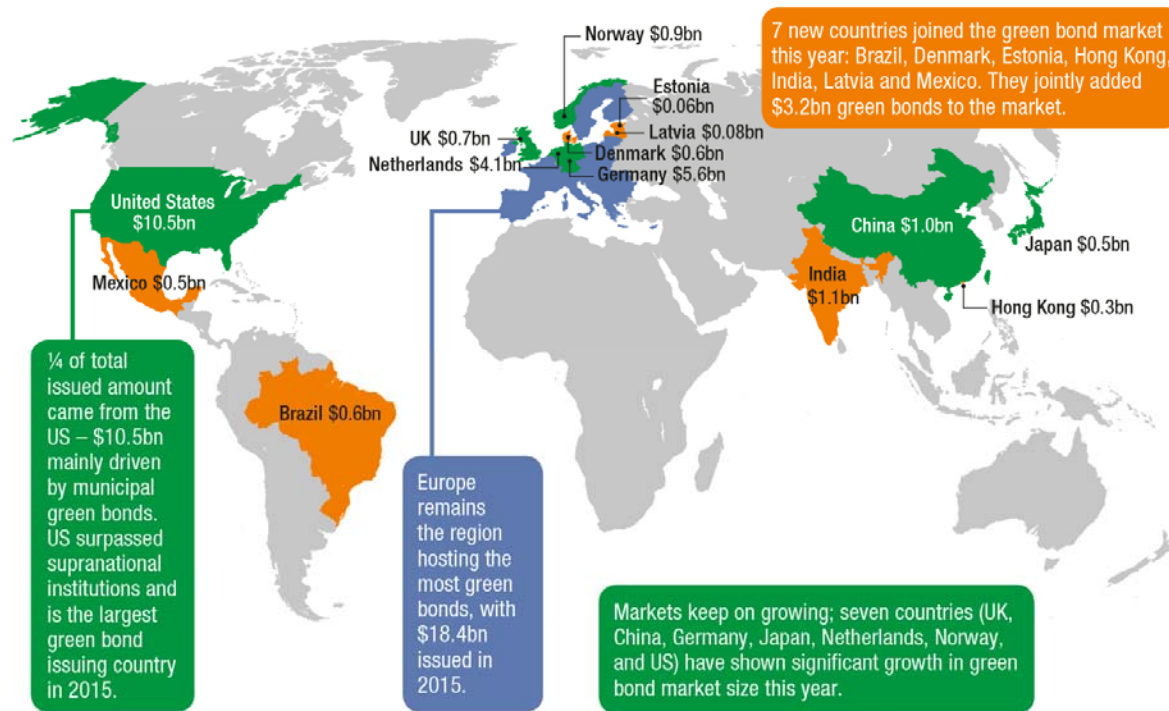
What are the prospects for PACE financings in Europe?



Green Bonds



Overview of Green Bond Activity in 2015



Source: Climate Bonds Initiative

Concluding Comments

Q&A

