



Municipal Solar Projects Offer Highly Rated Above Market Yield

AA and A Rated Municipality Contracted Solar Assets Yield 5.5% to 7.5%

Solar assets have yielded above market returns for leading institutional investors over the past decade and are increasingly held by investors ranging from Bank of America to CalPERS. The following is for informational purposes only and does not constitute an offering. If you are a qualified investor, contact a certified financial planner, CPA, or registered broker to see if solar income assets are suitable for you.

Solar Energy Assets on Government and Municipal Buildings Pay Annuity Type Income

Solar assets pay monthly, annuity-type income **for up to 20 years at above-market yields**. The following is a detail of the most common terms:

- Assets yield **5.5% to 7.5%** (annualized).
- Yield is paid as coupon monthly. Principal repaid at maturity.
- Early exit: Tenor can be structured to 18 to 60-month maturity, principal repaid on exit.
- Life of Contract: 20-year tenor, principal amortizes back to the investor over the life of ownership.
- Recent bond issuance based on like portfolios of solar assets have been issued at **A and AA rating**.

Solar assets are unlevered, reducing capital risk while providing above market rates of return. By comparison,

- 10-year treasuries yields offer exceptionally low returns that remain in decline.
- Investment grade corporate debt of similar quality to solar yields under 2.4%.
- Real estate levered yields typically yield cap rate of 4 or less with significant market risk.

Energy is essential, and solar energy pays annuity-type income earned under 20-year contracts from credit-worthy counterparties that do not have exposure to interest rates, the stock market, or real estate valuations.

(All statements made above are as of the date of this writing and will fluctuate.)

Market Volatility Makes Traditional Asset Investments Risky

Today, many real estate and other assets are overly exposed to volatility and market risk. **Investment property and equity values have been inflated by exceptionally low interest rates**, and commercial and residential income properties typically must be highly levered in order to achieve a cap rate of 3 to 4.



Commercial investment properties currently are exposed to substantial capital risk, due to a recent contraction in productivity and the revolutionary changes in working habits, office space demands, and unemployment. For example, a recent survey found that 40% of businesses will not be hiring laid off staff and many small businesses will not reopen, forcing retail closures and a change in shopping habits. These disruptions, combined with potential inflation due to unprecedented federal spending, create **significant asset risk** for certain types of assets.

Growth With Reduced Risk

To meet clean energy quotas, AA and AAA rated municipalities are entering into 20-year contracts to have solar installed on city-owned buildings, buying the solar energy produced for school districts and other government buildings. These contracts are held in dedicated LLCs that are owned by passive or active institutional investors, family offices, or individuals.

Clean Energy Is Essential and Turnkey

Regardless of economic uncertainty, **energy is essential**.

- These solar contracts are entered into with municipalities typically at a 7% or more discount to the cost of conventional energy, and they meet mandated reductions in CO₂. With this discount in the contracted price of energy, municipalities and consumers benefit from cost savings that are locked in for up to 20 years.
- All asset operation and maintenance is “turnkey” and contracted for the project. Unlike rental properties, there is no turnover, tenants, or a single payer.
- They key elements of a project are fully insured and covered by 20-year product guarantees from the manufacturers.

Solar assets provide stable income and the related tax benefits can reduce or eliminate the tax consequences of exiting 1031 exchanges or significant liquidity events. If a corporation or individual investor has paid substantial taxes over the past 5 years, under the CARES act they can recapture those taxes on an expedited basis.

Ask for Solar Tax Equity information to learn more.



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INVESTMENT RISKS

There are many risks associated with investing. Investing in stocks, bonds, exchange traded funds, mutual funds, and money market funds, asset acquisitions, partnerships and all other investment structures involve risk of significant financial loss. Loss of principal is possible. While we do not discuss leverage, some investments may use leverage and this creates additional risk, which will accentuate gains & losses. A security's or a firm's past investment performance is not a guarantee or predictor of future investment performance.