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YieldCos and Publicly Listed Funds

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Investment Bankers for
Global Energy and Infrastructure Markets

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YieldCos and Publicly Listed Funds Panel Discussion Materials

February 10, 2016



"Best Renewable Asset M&A Advisor" - Power Finance & Risk

Marathon Capital Overview

Overview

- Marathon Capital is a leading advisor and investment banker to investors, developers, owners and operators in the energy & infrastructure markets
 - Headquartered in Chicago with representative offices in San Francisco, New York, West Palm Beach and Canada
 - Experienced staff of 26 investment banking professionals
- Actively engaged on transactions across a range of sectors within renewable energy and power
- Closed more than 50 energy transactions in the past five years



Two-Time Recipient
"Best Renewable Asset M&A Advisor"
 Power Finance & Risk



Power Asset M&A Advisor Rankings

SNL Power Asset M&A Transactions from 2011-2015

Rank	Firm	# of Deals
1	Marathon Capital, LLC	26
2	Citigroup Global Markets Inc.	23
3	Morgan Stanley	21
4	Barclays Capital Inc.	18
5	Credit Suisse (USA), Inc.	15
6	Bank of America Merrill Lynch	11
7	J.P. Morgan Securities LLC	9
7	Goldman, Sachs & Co.	9
9	CIBC World Markets Corp.	8
10	Scotia Capital Inc.	7
11	RBC Capital Markets LLC	5

Source: SNL League Table Rankings – Power Asset M&A in North America from 2010-12-30 to 2015-12-31

Select Recent Marathon Capital Solar Transactions

September 2015

RET Capital

Sale of
Equity Interest in the 240 MW_{AC}
Panoche Valley Solar Farm
to

conEdison Development

September 2015

SUNLIGHT FINANCIAL

\$300,000,000 in Funding Commitments
Growth Capital of up to \$80,000,000
Senior Secured Credit Facility of up to \$120 million
Loan Origination Programs of up to \$100 million

Provided by

Tiger
Infrastructure Partners

HUDSON
CLEAN ENERGY

CIT **SVB** **techCU**
Silicon Valley Bank

September 2015

CORONAL **Panasonic**
A Panasonic Eco-Solutions Partner

Investment in

BLUE OAK ENERGY

July 2015

Kruger
Energy

Sale of
50 MW Seville
Solar Power Projects
to

DUKE ENERGY

March 2015

MAIN STREET POWER
EMPOWERING AMERICA

Sale of
Company and
Development Pipeline
to

AES
we are the energy

February 2015

HELIO SAGE

Sale of
Company Platform
and Portfolio
to

CORONAL **Panasonic**
A Panasonic Eco-Solutions Partner

December 2014

element **POWER**
A Hudson Energy Company

Sale of
Platform and 1.9 GW
Renewable Portfolio
to

Capital Power

YieldCo White Paper

The Future of the YieldCo

- Last November Marathon published a White Paper exploring the position of U.S. YieldCos in the U.S. renewable energy M&A markets
 - YieldCo Primer: Fundamentals, organizational structures, history and investors
 - Summer Shock: Key drivers behind the summer 2015 market crash
 - Accretive Acquisitions Review: History of YieldCo acquisitions, acquisition cost of capital, flaws in current acquisition reporting and recommendations for improving acquisition transparency
 - Future of the YieldCo: Long-term outlook for YieldCos and their position in the renewable asset M&A universe
- Available for download on Marathon Capital's website:
www.marathon-cap.com

MARATHON CAPITAL

Investment Bankers for Global Energy
and Infrastructure Markets

THE FUTURE OF THE YIELDCO

Marathon Capital Publishes White Paper Exploring the Impact of YieldCos on Renewable Energy M&A

CHICAGO, IL — November 23, 2015 — Marathon Capital is pleased to announce the publication of *The Future of the YieldCo*, a White Paper that both explores the drivers of the YieldCo market crash which began in the summer of 2015 and examines the position of public YieldCos in the North American renewable energy M&A market.

"Over the past two and a half years, the rise of YieldCos has been the most impactful change to the long-term asset ownership model in the renewable energy industry," said Terry Grant, Managing Director at Marathon Capital and White Paper Co-Author. "However, the 'Summer Shock', during which YieldCo shares fell by 50% from the market peak, has produced widespread investor concern over the function, transparency and durability of these investment vehicles."

"Marathon Capital recognized that as the leading independent advisor to North American renewable energy developers, we could convey the institutional investor perspective on the fundamental quality of the renewable energy assets held by YieldCos to the public," said Josh Cornfeld, an Associate at Marathon Capital and White Paper Co-Author. "Our goals for this White Paper are to argue that public YieldCos, despite the current market pressures, are still the most efficient investment vehicle to hold contracted renewable assets in the long-term and to help YieldCos better communicate their value proposition to public investors."

In *The Future of the YieldCo*, Marathon Capital uses its unique position as the leading independent advisor in the North American renewable energy M&A market to demystify the future of the YieldCo while exploring how M&A trends in the renewable energy industry continue to be impacted by their emergence. The White Paper offers a variety of insights including the following four key findings:

1. The Vivint Solar acquisition by SunEdison and TerraForm Power triggered widespread investor concern about both the fundamental nature of the public YieldCo investment vehicle and the valuation of the underlying renewable assets fueling their growth
2. Despite the market turmoil, public YieldCos are still the optimal long-term ownership vehicle for passive, contracted, cash-flowing renewable energy assets
3. However, YieldCos must do a better job educating public investors about their value proposition, including modifying their acquisition reporting metrics so investors can determine if dropdowns and acquisitions actually create real shareholder value
4. Since the summer of 2015 return requirements for YieldCos have materially increased; As a result, other categories of renewable asset investors will likely acquire the majority of offered renewable assets until YieldCos regain the trust of the capital markets

The White Paper represents Marathon Capital's commitment to helping renewable energy developers, investors and other market participants better understand the renewable energy

Find the full text of this and thousands of other resources from leading experts in dozens of legal practice areas in the [UT Law CLE eLibrary \(utcle.org/elibrary\)](http://utcle.org/elibrary)

Title search: YieldCos and Publicly Listed Funds

Also available as part of the eCourse

[Financing and Project Planning in the Renewable Energy Market](#)

First appeared as part of the conference materials for the
2016 Renewable Energy Law session

"Yieldcos Update"