

TYPICAL MEZZANINE FINANCING STRUCTURE

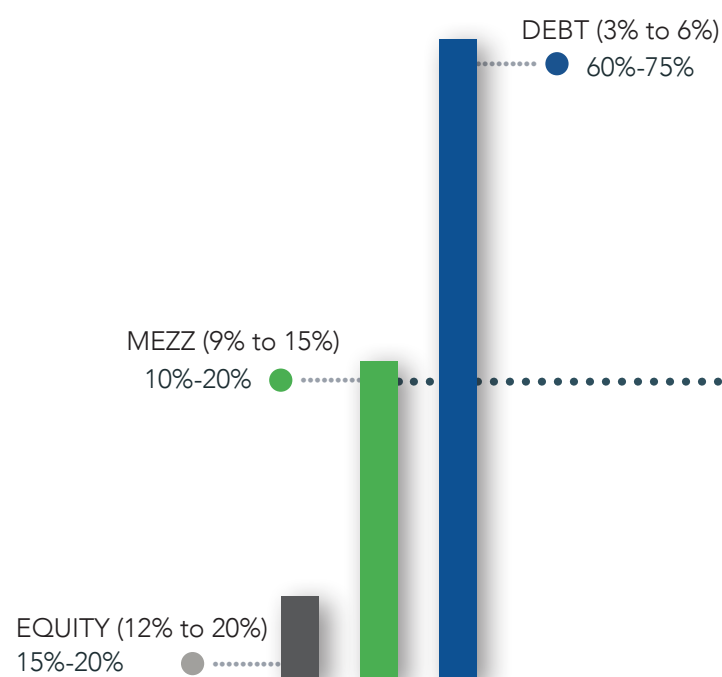
Expensive (high interest rate and fees), complicated, introduces a "lender" that may (want to) become the owner of the project, uncertain costs because of floating rate structure.

TYPICAL PACE FINANCING STRUCTURE

Significantly less expensive, fees and deferred interest can often be included in the financing - resulting in zero "out of pocket" expense to the Borrower. May be combined with mezzanine financing, transferable, pre-payment flexibility, fixed payments, and potential off-balance sheet treatment.

CONVENTIONAL CRE

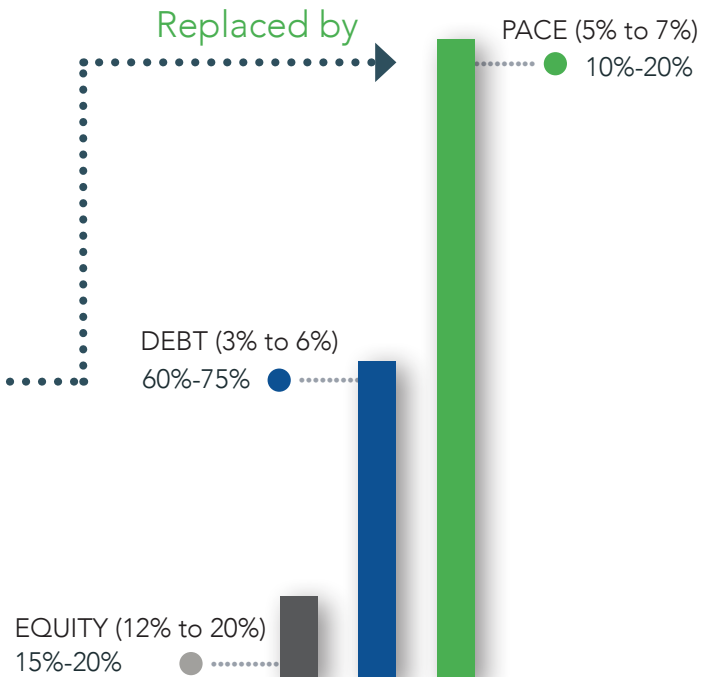
% of Cap. Stack



Allows increased leverage and "bridge" between debt and equity.

C-PACE FINANCING

% of Cap. Stack



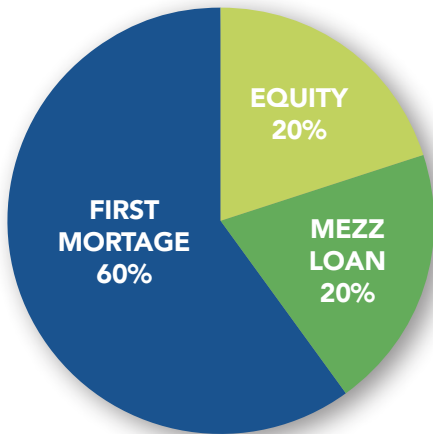
Only in select jurisdictions, less well-known and understood, requires first mortgage lender to consent to PACE financing.

Updated 4/1/2019

DELIVERING A REDUCTION IN THE OVERALL BLENDED RATE OF YOUR CAP STACK

SCENARIOS

The below scenarios demonstrate that PACE can be used as a substitute for, or addition to, mezzanine debt to: increase equity yields and/or reduce equity requirements. It is important to note that the below analysis does not contemplate the increased legal costs, or the interest rate risk with most mezzanine financing.

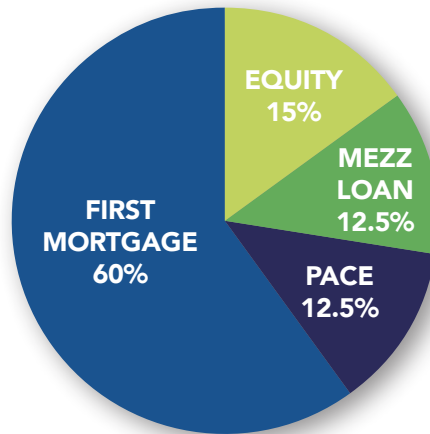


MEZZANINE

9.6%

CASH-ON-CASH RETURN

ASSUMPTIONS
L+400 bps IO
L+1300 bps IO

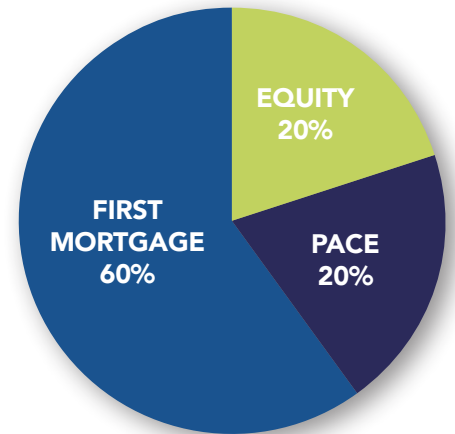


PACE WITH MEZZANINE

13.7%

CASH-ON-CASH RETURN

ASSUMPTIONS
L+400 bps IO
L+1300 bps IO
6.5 %@25 yr amt



PACE

16.8%

CASH-ON-CASH RETURN

ASSUMPTIONS
L+400 bps IO
6.5 %@25 yr amt