

## **C-PACE 101**

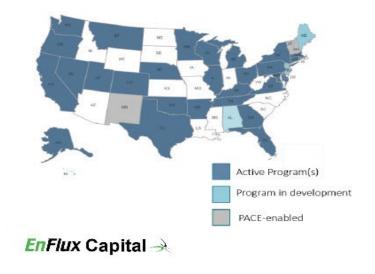
Building owners have for years struggled with the age old problem of finding the capital needed to fund building improvements such as HVAC upgrades, lighting retrofits, and renewable energy. They've had no choices other than their own equity or bank debt.

Because owners typically viewed capital as a precious commodity reserved primarily for their "core business," they put off necessary HVAC system upgrades, resulting in unnecessarily high energy costs, angry tenants or employees, and rising maintenance costs.

**As a solution to this problem,** C-PACE, Commercial Property Assessed Clean Energy, provides private capital for a broad range of energy efficiency and renewable energy improvements.

In addition, it provides debt-like capital which can be used in lieu of preferred equity or mezzanine debt for new construction or gut rehabs.

This is a snapshot of C-PACE today.



Since its formation, C-PACE has expanded dramatically and is now available in 33 states.

One of the reasons for C-PACE's growth is its unique structure:

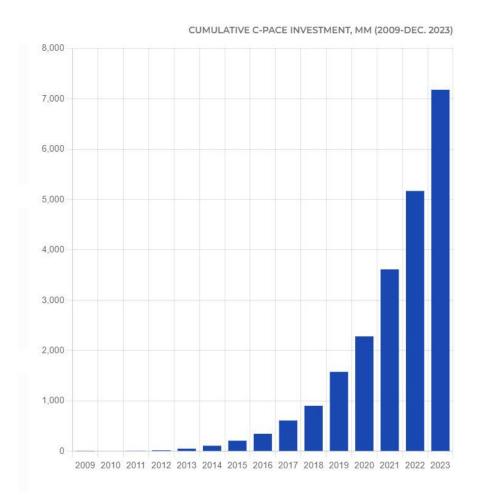
- C-PACE debt is repaid through a property assessment levied by statute at the state level or through local legislation.
- The assessment is attached to the property (not the owner) and is secured by a lien similar to other public benefit assessments for sewer and road improvements.
- Billing for terms up to 30 years is provided by the assessment, similar to a property tax bill.



Due to the nature of the lien, C-PACE lenders do not seek the protections required in the traditional debt market. As a result, C-PACE provides for a "borrower friendly" structure offering non-recourse 100% financing with terms of up to 30 years.

These structural benefits have caused building owners to embrace C-PACE, which has grown rapidly, especially in the last five years, with over \$7.2 billion invested in more than 3,400 projects.

Texas ranks third in the US with fundings of over \$600 million, of which almost \$200 million was funded in 2023.



The future for C-PACE's growth is bright as it is an important tool in helping building owners reduce their operating costs, increase the value of their building, and retain/attract new tenants.

Contact EnFlux Capital to talk more about how C-PACE financing can help your business today.