

ROOFTOP LEASING CASE STUDY

\$33M of new solar income across 13 industrial properties

Institutional owner wonders: how to monetize solar value?

Corporations increasingly commit to cut carbon. Yet with the complexity of utilities and overwhelming amount of energy technology, “how” can feel overwhelming. One institutional investment manager with a large, diverse portfolio knew that adding solar on certain empty roofs could generate new income. At the same time, they feared that solar was hopelessly complex and intimidating.

They needed a new approach to:

- 01 Systematically determine where solar is most practical & profitable
- 02 Secure the best prices through a competitive process
- 03 Streamline the transaction process

They chose Lumen Energy.
Here's what happened next:

- ✓ Every building was profiled to pinpoint where in their portfolio they could cut carbon and make money.
- ✓ Each site was rigorously vetted for policy eligibility, roof suitability, and tenant structure.
- ✓ The investment manager chose to secure new income through \$0-CapEx, community solar roof leases after seeing Lumen's side-by-side comparison of cash, loan, and 3rd party ownership options.
- ✓ Lumen ran a competitive bid process.
- ✓ The investment manager received levelized bids.
- ✓ Expert guidance on process and timing was provided to ensure the properties enter the incentive queue on schedule.

OUTCOME :

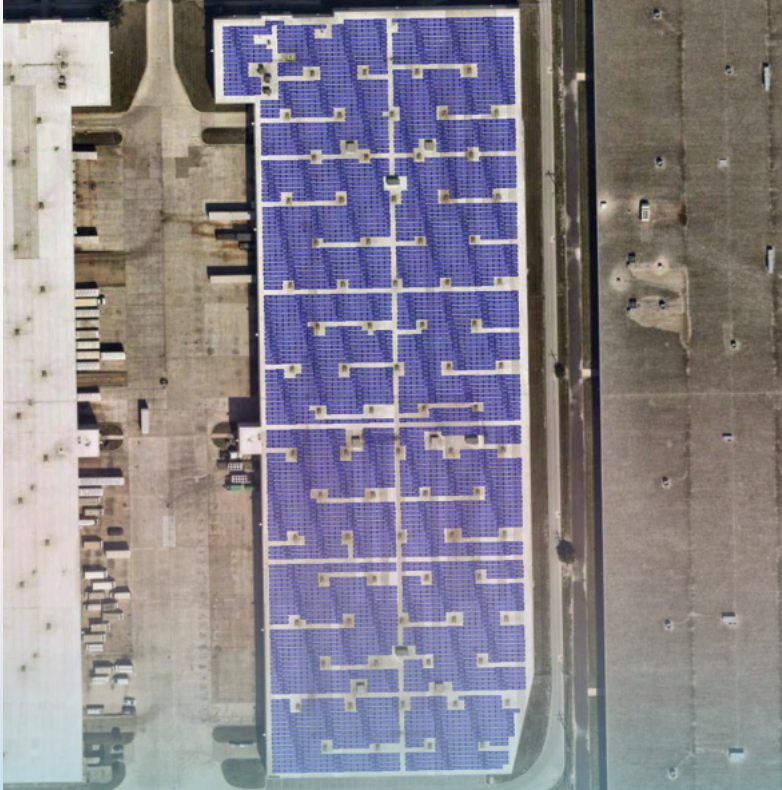
New solar income stream of

\$1.7M → **\$33M**
per year over 20 years

Competitive bidding process revealed price variability of 270% on average:

5 qualified solar developers, including public companies and private-equity backed firms, competed for the opportunity to sign roof leases with the investment manager. Lumen’s transparent bid levelization process used quantitative and qualitative criteria such as:

- Expected annual NOI per site.
- NPV of lease price.
- Bidder in-market track



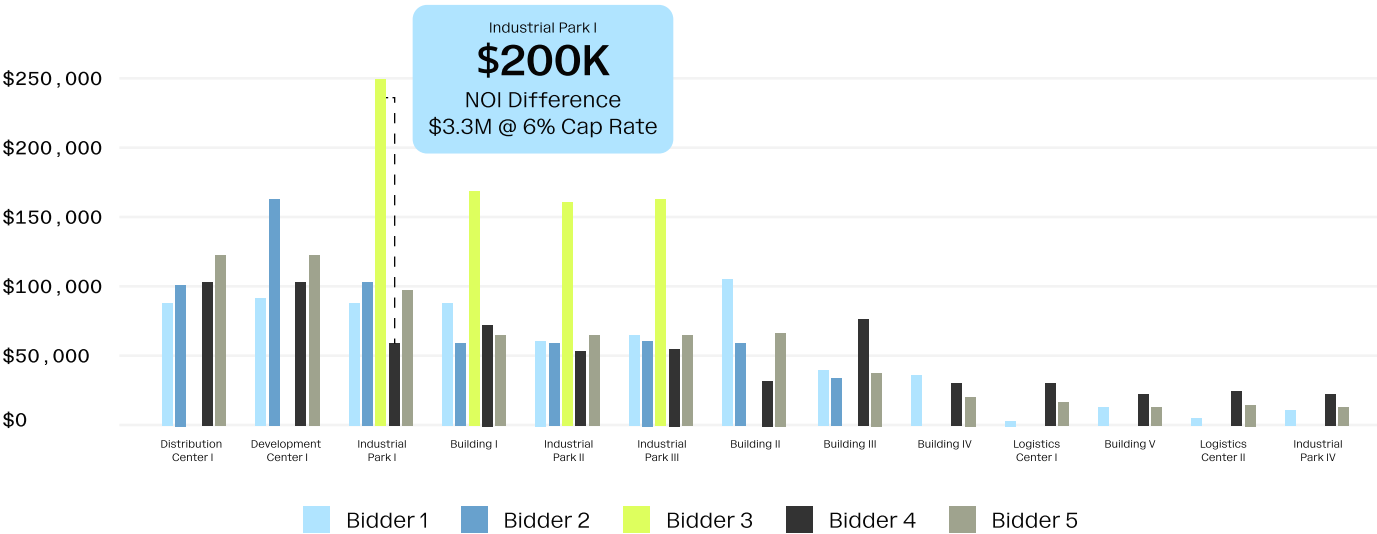
Price discovery: the highest bidder was 4.5x higher than the lowest bidder

Lumen enabled the investment manager to get an apples-to-apples comparison of developer offerings and lease terms. We found extreme variation between bidders. Some developers bid on all sites while others only bid on certain ones. For certain properties, the bid price ranged by nearly \$200K in annual NOI. At a 6% cap rate, this difference equates to over \$3.3M in property value.

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New Yearly Income per Site

20 year average contract length
\$200K NOI Difference



Rigorous process from desktop feasibility to signed contracts

The investment manager struggled to know where to start. Their portfolio included buildings in different locations, utilities, and asset types, all with roofs of varying ages. The challenge grew with the need to navigate different incentives and roof monetization methods. It was further complicated by developer bids that varied in lease rates, terms, and system sizes.

The investment manager received customized system designs for each of the 28 properties, showing a cumulative 51 MW DC capacity across 5.5 million square feet of roof space. Notably, ten properties offer capacities above 2.8 MW DC, and several buildings are optimally positioned with new or planned roof replacements. Additionally, nine properties were identified in Environmental Justice Communities, qualifying them for priority waitlist positioning in the selected community solar program.

When laying out a roadmap for the investment manager on where to start across 100s of properties nationwide, Lumen zeroed in on 28 community solar projects in an eligible state. The benefits include:

- 01 Significant incentives allowing for up to \$400K roof rent per year
- 02 Multiple roof-ready sites for solar
- 03 Multiple qualified developers ready to deploy
- 04 The option to participate as a subscriber in the hosted projects
- 05 No need to involve tenants, or invest CapEx, in the community solar model
- 06 GRESB score improvement

Scaling advantage for ease, rigor, and contracting consistency

The investment manager received bids on all 28 of their industrial properties in a major metro area. Based on roof condition and lease rate, an initial 13 had signed roof leases. The finalized agreement established 20 year roof lease terms, providing the investment manager with consistent, long-term revenue. By consolidating these sites, the investment manager avoided the complexities of managing 28 different bid comparisons and 13 individual transactions and negotiations. Instead, with Lumen's help, they implemented a standardized, repeatable process to expedite solar installations.



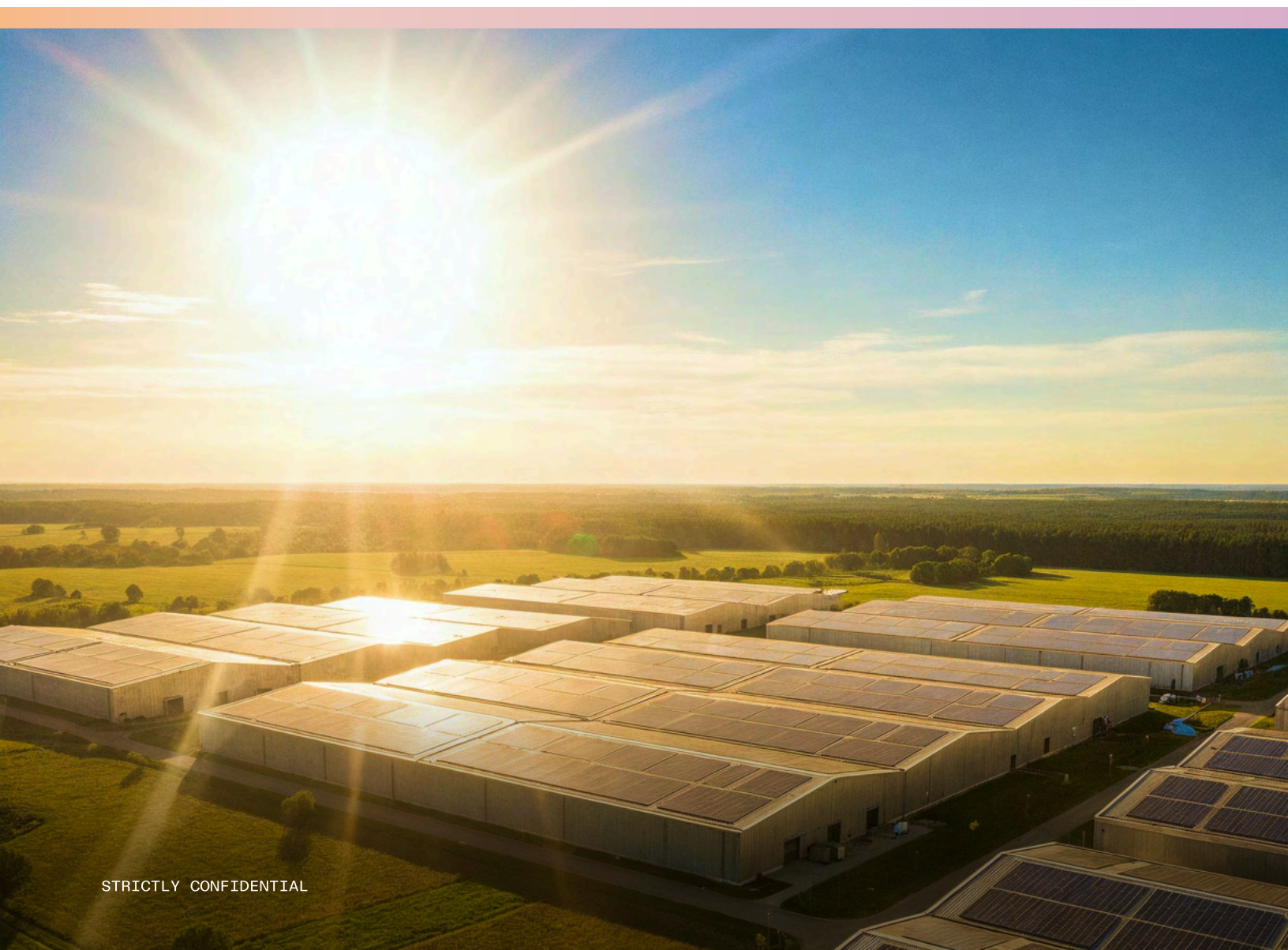
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Ready to discover how
solar could be accretive to
your real estate portfolio?

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