

Broker Intro and FAQ

Roof Lease in New Jersey



Nessel Energy provides sustainable energy solutions for real estate owners and developers. We leverage over 20 years of real estate experience across commercial, multifamily, and industrial properties to provide unparalleled energy advising and services.

nesselenergy.com | 775.387.2613



Dear Broker,

Help us identify roofs to lease for solar and earn commissions.

A combination of Federal and state-level incentives is creating a unique opportunity for property owners to earn high lease rates for solar while enjoying the benefits of lower priced electricity. Benefits include:

- ✓ **Rental income to property owner**
- ✓ **Lower costs of electricity for the building**
- ✓ **Broker commissions**

In order to expand solar energy adoption across the state, Nessel Energy is partnering with real estate brokers to find opportunities and advocate for our roof lease product. In return, we offer a lucrative commission structure.

The following document is an overview of how our product works, including answers to frequently asked questions from property owners. We hope that it forms the foundation for your partnership with Nessel Energy.

Nessel Energy is not a solar company, but rather a real estate company that offers energy solutions to help owners realize immediate benefits, including helping people and planet. Thank you for your time and we look forward to working with you.

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SOLAR IN NEW JERSEY

What property is the right fit?

Nessel Energy is currently seeking properties across the state of New Jersey to lease rooftops (or parking lot space) for solar energy. In addition to providing a lease revenue for property owners, we also connect the solar energy to the property and sell the electricity at a lower rate than the property would otherwise pay for grid electricity - creating a unique opportunity to reduce operational costs and increased NOI.

Why is this happening now?

Solar energy just had an explosive decade of growth across the United States due to decreasing costs and further emphasis from policymakers. While costs may continue to decline, they will be at a slower rate as solar energy is already the cheapest form of energy in many parts of the world.

In New Jersey, the state has a goal to supply 100% carbon-neutral electricity by 2050, including 17 gigawatts of solar energy by 2035. These targets are supported by a rich incentive program that, combined with the federal investment tax credit, makes now the best time to adopt solar energy.

IDEAL PROPERTIES

Where in New Jersey does this make the most sense?

New Jersey's Clean Energy Program serves Atlantic City Electric, Jersey Central Power and Light, Public Service Electric & Gas, and Rockland Electric Company. In addition, Nessel Energy is looking for the following:

- ✓ 30,000+ square feet of usable roof space
- ✓ "Creditworthy" status as a long term customer
- ✓ Relatively flat roof





BROKER INTRODUCTION

What are we looking for in brokers?

Ideal brokers have existing relationships with commercial and industrial building owners in New Jersey. They are willing to approach these owners to create additional NOI by utilizing a stranded rooftop asset.

What is the compensation?

Brokers get paid a referral fee that is paid at contract signing, construction start, and project completion. The specific payment structure and referral rate depends on your region and the terms of the contract with the customer. Typical referral fees are between 3 and 5 cents per watt. As an example, a 120,000 sf rooftop could fit approximately a 1 megawatt solar system, which translates to \$30,000 to \$50,000 for you as the broker.

What is the difference between us and community solar?

There are many solar development firms seeking space (including rooftops) for New Jersey community solar projects. In the case of community solar, all electricity is sent to the grid and the energy benefits are reserved for "subscribers", which might include households and businesses. This program is competitive and it is not guaranteed that projects will be accepted into the program due to capacity constraints.

Nessel Energy is offering both a roof lease and a lower electricity rate from the rooftop solar system. This increases the overall value to the property and tenants. Plus, we can adjust value across lease and energy portions to fit the needs of an individual property owner. Because solar energy is consumed on-site, our projects will be accepted by the state for incentives.

What is a typical contract?

Our agreements typically have a 25-year term with options to extend. These terms are necessary to create a return on investment for Nessel Energy for the upfront capital expense to build the projects.



POLICY

Why should property owners do this now and not later?

There is a unique opportunity in New Jersey for property owners to capitalize on a declining Federal solar investment tax credit and a high value incentive program called the Transition Renewable Energy Credit (TREC) program in New Jersey.

The result for property owners is a unique opportunity that offers high lease rates and/or low cost solar electricity for hosting a solar project. Nessel Energy is able to leverage these incentives to offer attractive rates for property owners.

What is the NJ state incentive?

In December 2019, New Jersey established the Transition Incentive Program ("TREC" program) to support renewable energy adoption. For each megawatt-hour of electricity produced, the owner receives an incentive. For rooftop and parking canopy systems, this currently amounts to \$152 per megawatt-hour over a 15 year period.



PROPERTY MANAGEMENT

How does this impact the roof?

We minimize building impacts by maintaining the roof warranty, specifying non-penetrating installations, and ensuring that electrical equipment can handle on-site electricity.

If the roof is in need of replacement or repairs, our team can potentially wrap any roofing and electrical costs into the lease rate or long term electricity rate. Unlike other tenants, we can absorb the tenant improvement costs if a property owner wants a turnkey service with no money out of pocket. Our solar installation will not impact the existing roof warranty. All work performed is compliant with existing roof warranties; inspected by the membrane warrantor both prior to and at the completion of the solar installation.

How much will you charge for electricity?

For commercial customers in New Jersey, the current cost of utility electricity is between 12 and 14 cents per kilowatt-hour. Nessel Energy ensures that property owners will pay a lower rate for solar energy in addition to receiving site lease income for solar as a tenant on the roof.

If property owners are looking to maximize lease revenue, they might accept a higher electricity cost. Likewise, they may want to consider the lowest possible electricity cost in exchange for a lower lease rate. Nessel Energy works with you to understand your goals to provide an option that suits your needs.

What if the building is master metered?

If an owner pays the electricity bill and passes energy costs through to their tenants, they can lower your overall cost to the utility through a Power Purchase Agreement to consume the solar energy from your roof. They can then absorb this lower cost and/or pass through a lower cost to tenants.

What if the building is sub-metered?

If tenants pay their own electricity bill, property owners can use the solar energy to reduce common area costs. There is also the option to export the electricity to the utility grid so that other businesses and even households can subscribe to it and save money.





SALES PROCESS

How does the process work as a broker?

We begin with a preliminary proposal to introduce the overall value to a property owner. This is typically a desktop analysis.

If a property owner is interested, we then develop a formal proposal with information obtained during a site visit. This visit would refer electrical components and roof quality to offer final lease rate and solar energy pricing.

The table below highlights the items that our team will need to verify during the major steps of the sales process, including a preliminary proposal, formal proposal, and contract signing.

Item	Preliminary Proposal	Formal Proposal	Contract Signing
Site Name and Address	✓	✓	✓
Verify Utility Company	✓	✓	✓
Inspect Electrical Equipment		✓	✓
Inspect Roof and Review Warranties		✓	✓
Review Energy Bills and Contracts		✓	✓
Credit History Check			✓
Site Lease Agreement			✓
Structural Analysis and/or Review		✓	
Property Rent Roll and Occupancy			✓
SNDA Agreement			✓



DEVELOPMENT

What do you need from the property?

Nessel Energy's sales and development teams will work with property owners and property managers throughout the process, ensuring that it is a seamless experience.

The first step is to analyze the solar energy suitability at the property. This requires access to your roof and electrical equipment for analysis, and a review of the 12 months prior electric bills. We simply want to see it firsthand to understand if any upgrades (i.e. tenant improvements) are needed. We then send a proposal that presents the varied solar energy options.

Once a property owner decides to move forward, we will then sign a long term lease agreement for solar energy at the property in addition to a power purchase agreement for the electricity that it will provide. Additional information may be required, such as an SNDA from your lender, financial documentation or credit rating, and information on third-party energy contracts.



Property
Inspection



Contract
Signing



Project
Development



Ongoing
Maintenance

Do you need an SNDA?

The Nessel Energy team includes experts at receiving a Subordination and Non-Disturbance Agreement (SNDA) from lenders. Lenders are open to property improvements like solar energy that actually support debt service coverage.

"An SNDA is an agreement entered into between a tenant and the lender of the landlord (and, ideally, the landlord) to establish the relationship between the tenant and lender (who would not otherwise have a direct relationship) and provide relative priorities between them. As the title of an SNDA suggests, the agreement has three main components: subordination, non-disturbance, and attornment."



SYSTEM

How much of the roof are you covering? Why not all of it?

A rooftop solar array is sized to meet building demands. A rooftop solar array typically utilizes about 70 percent of the rooftop space after accounting for required setbacks from parapet walls, vents, and HVAC equipment. We also size systems according to the building usage to avoid overproduction by the solar array. The value of net energy metering programs decreases when a solar array's production goes beyond annual usage.

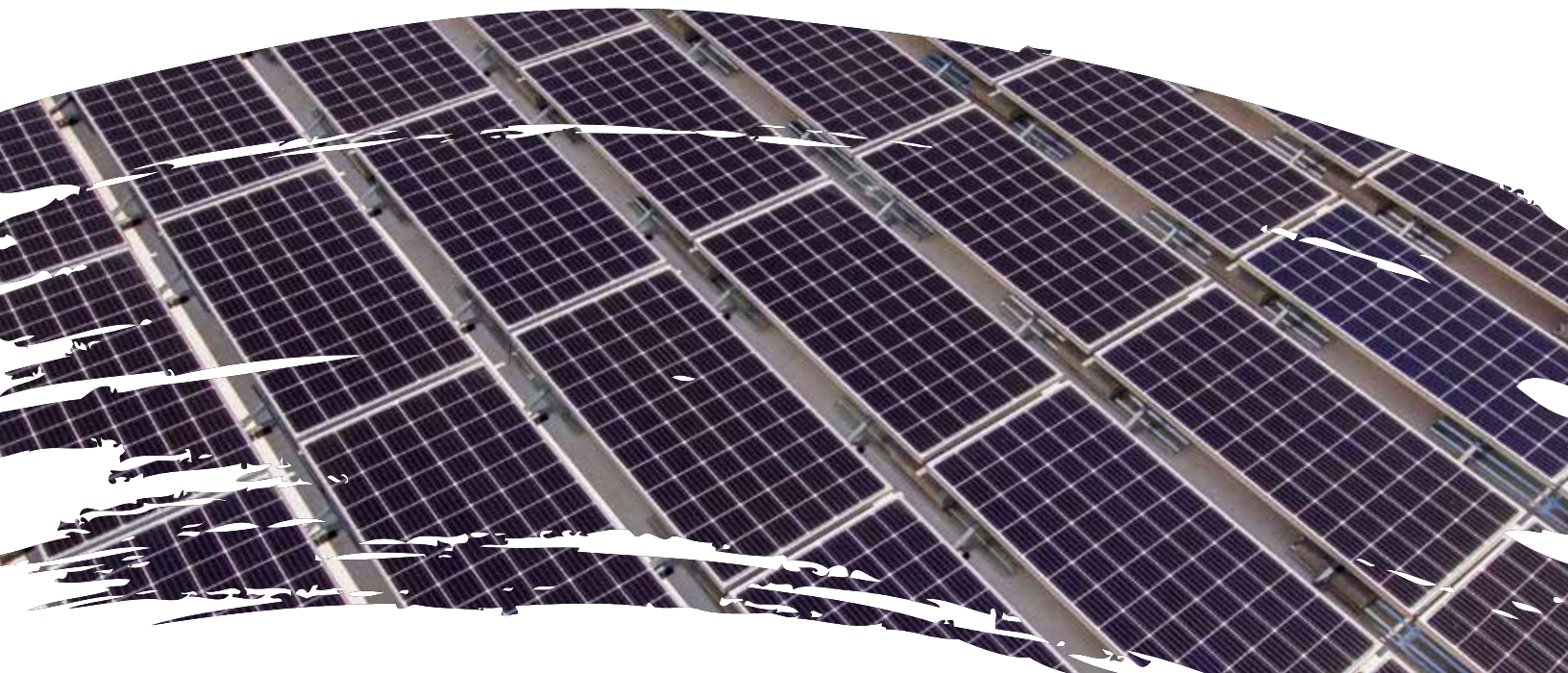
OPERATIONS

What modules do you use and how do you select them?

Nessel Energy utilizes Tier 1 high quality solar photovoltaic modules that will produce optimally even beyond your solar project's life. Our modules hold industry standard certifications for safety and potential degradation - including IEC 62804 and UL 1703.

What if an owner sells the building?

The addition of a roof lease combined with lower energy costs improve the building's NOI and should therefore lead to an increased appraised value. Plus, the solar asset is fully transferrable. Deals can also be structured to include a buy out option for property owners.





COMPANY

Why work with Nessel Energy?

Our parent company, Nessel Development, has over 20 years of real estate experience across commercial, multifamily, and industrial properties. We can assist in any lease modifications to ensure that you and your tenants reap the benefits of solar. Nessel Development owns over \$250M in real estate assets around the country and we share this experience with other property owners who are new to rooftop leasing and on-site solar.

Does Nessel Energy have funding for this project?

Nessel Energy works with some of the largest and most stable financiers to provide construction and long-term financing for local solar projects.

Why, would I as the property owner, not do this myself?

We offer a turn-key solution that minimizes the touchpoints necessary to complete projects. Our real estate entity, Nessel Development, already went through the process to learn how to best manage energy upgrades without burdening tenants or putting occupancy income at risk.

It is a long process to learn a new industry, select vendors, and manage potential lease contract amendments. Let our company manage this process for you because we know both the real estate and energy sides of the business. Plus, there are other pieces that take time to arrange, such as project financing and equity, procurement, construction, and ongoing maintenance partners.



We are a values-based organization, committed to sustainability.

Philanthropy

Environmental sustainability is a core component of Nessel's mission. Moreover, we believe in sharing our financial success with the community by donating half of our adjusted gross income to charities and causes each year.

Values

Our vision is a world where cultures are incubated to incline our transformation through outer and inner practices; growing us towards values of metta, wisdom, courage, compassion, and interbeing.



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- ✓ 20+ years of real estate experience
- ✓ \$250M current real estate portfolio
- ✓ \$500M+ real estate transaction experience
- ✓ 14 properties with rooftop solar