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Sunrun Prices Securitization of Residential Solar & Battery Systems

Transaction sets new records, with record low spreads against benchmark rates and 2.28% senior tranche yield

Securitization achieves the highest advance rates relative to the underlying collateral asset value in the company's history

SAN FRANCISCO, Sept. 22, 2021 (GLOBE NEWSWIRE) -- Sunrun (Nasdaq: RUN), the nation's leading home solar, battery storage and energy services company, today announced it has priced a securitization of leases and power purchase agreements, known as Sunrun's solar-as-a-service offering.

"The market increasingly recognizes the high quality of residential solar assets and our industry-leading performance," said Ed Fenster, Sunrun Co-Founder and Co-Executive Chair. "Fourteen years of strong performance, including through the financial crisis and Covid, has allowed us to continue to lower capital costs and increase advance rates. In this transaction, we achieved a weighted average capital cost below any prior transaction."

While the transaction was structured with both A- ("Class A") and BB- ("Class B") rated notes, only the Class A notes were sold to investors. The Class A notes have an initial balance of $447.1 million and were priced at a yield of 2.28%, representing a spread to the benchmark swap rate of 120 bps. This represents an improvement in the spread of 15 bps from the securitization issued by Sunrun in March 2021, which previously represented the lowest spread achieved by Sunrun or Vivint Solar, inception-to-date. The Class A notes represent an advance rate of approximately 75% of the securitization share of the aggregate discounted solar asset balance (i.e., contracted cash flows available for debt service) using a 5% discount rate. With a yield of 2.28%, the cost of debt for the Class A notes is approximately 160 bps below the average cost of the company's overall securitized notes. The Class A notes have an expected weighted average life of 6.3 years, an Anticipated Repayment Date of January 30, 2029, and a final maturity date of January 30, 2057.

As planned at the launch of the securitization process, an affiliate of Sunrun will retain the Class B notes. Sunrun is contemplating the entry into an additional subordinated financing (secured, in part, by the distributions from the Class B notes) after the securitization transaction closes, which would further increase the cumulative advance rate obtained by Sunrun with respect to the assets within the subsidiary funds.

The notes are backed by a diverse portfolio of 34,068 solar rooftop systems distributed across 23 states and territories and 74 utility service territories. The weighted average customer FICO score is 747. The transaction is expected to close on September 29, 2021.

This is the first securitization transaction that Sunrun has entered into where the advance rate is calculated using a 5% discount rate. Using a 6% discount rate, consistent with prior

transactions, the Class A advance rate is over 82%.

Deutsche Bank Securities was the sole structuring agent and served as joint bookrunner along with Credit Suisse and BofA Securities. Truist Securities, KeyBanc Capital Markets, RBC Capital Markets and Citigroup served as co-managers for the securitization.

This press release does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

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