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Sunrun Closes $715 million Senior Securitization of Residential Solar & Battery Systems and Raises $253 million of Additional Subordinated Financing

SAN FRANCISCO, Sept. 28, 2023 (GLOBE NEWSWIRE) -- Sunrun (Nasdaq: RUN), the nation's leading provider of residential solar, storage and energy services, today announced it has closed the securitization of leases and power purchase agreements, known as Sunrun's solar-as-a-service offering, and raised additional subordinated non-recourse financing.

"We are pleased with Sunrun's record-setting transaction, placing the largest ever residential solar securitization for the industry and subsequently raising additional non-recourse financings, " **said Danny Abajian, Sunrun's Chief Financial Officer.** *"Sunrun's execution demonstrates our non-recourse, asset level financing strategy provides attractive capital to fuel growth, with strong advance rates, allowing unit-level cash generation over time without increasing leverage at the parent level."*

The securitization transaction was structured with two pari passu tranches of A- rated notes (the "Class A-1" and "Class A-2", respectively and together the "Class A") and a single class of BB+ ("Class B") rated notes. The $440mm Class A-1 notes were marketed in a public asset backed securitization whereas the $275mm Class A-2 notes were privately placed. The Class A-1 and A-2 notes were both priced with a coupon of 6.60%. Strong investor demand for the Class A-1 notes resulted in a spread of 240bps and a yield of 6.78%, while also enabling the Class A-1 notes to be upsized by $100mm to $440mm. The spread of 240bps represents an improvement of 25bps from Sunrun's 2023-1 asset backed securitization in May 2023. The Class A-1 and A-2 notes represent an advance rate of approximately 67.4% of the securitization share of the aggregate discounted solar asset balance (i.e., contracted cash flows available for debt servicing) using a 6% discount rate. The Class A-1 and A-2 notes have an expected weighted average life of 6.53 years, an Anticipated Repayment Date of July 30, 2030 and a final maturity date of January 30, 2059.

Similar to prior transactions, Sunrun raised an additional subordinated subsidiary-level non-recourse financing totaling $253mm (secured, in part, by the distributions from the Class B notes), after the securitization transaction closed, which increased the cumulative advance rate obtained by Sunrun.

The terms associated with the securitization and subsequent subordinated non-recourse financing, taken together with related tax equity proceeds, upfront incentives, and customer prepayments, net of transaction fees and required cash reserves, are equivalent to a cumulative advance rate that is consistent with the company's prior commentary of

approximately 79% to 84% of the company's contracted Subscriber Value metric using a 6% discount rate. Sunrun obtained actual net proceeds that slightly exceeded this range in the most recent series of transactions, with the debt sizing benefiting from approximately a quarter of the assets in these financings being seasoned as they have been placed in service over 6 years ago. In connection with including these seasoned assets in the financing, Sunrun also repaid $255 million in total debt, including senior and subordinated term loans maturing in 2024 and 2029, respectively.

Deutsche Bank Securities was the sole structuring agent and served as joint bookrunner along with Atlas SP Securities, BofA Securities, and MUFG Securities Americas. Citigroup Global Markets, Credit Agricole Securities, ING Financial Markets, J.P. Morgan Securities, SG Americas Securities, TD Securities, and Truist Securities 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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About Sunrun

Sunrun Inc. (Nasdaq: RUN) is the nation's leading home solar, storage, and energy services company. Founded in 2007, Sunrun pioneered home solar service plans to make local clean energy more accessible to everyone for little to no upfront cost. Sunrun's innovative home storage solution brings families affordable, resilient, and reliable energy. The company can also manage and share stored solar energy to provide benefits to households, utilities, and the electric grid while reducing our reliance on polluting energy sources. For more information, please visit www.sunrun.com.

Forward Looking Statements

This communication contains forward-looking statements related to Sunrun (the "Company") within the meaning of Section 27A of the Securities Act of 1933, and Section 21E of the Securities Exchange Act of 1934 and the Private Securities Litigation Reform Act of 1995. Such forward-looking statements include, but are not limited to, statements related to: the Company's financial and operating guidance and expectations; the Company's business plan, trajectory, expectations, market leadership, competitive advantages, operational and financial results and metrics (and the assumptions related to the calculation of such metrics); the Company's momentum in its business strategies including its ESG efforts, expectations regarding market share, total addressable market, customer value proposition, market

penetration, financing activities, financing capacity, product mix, and ability to manage cash flow and liquidity; the growth of the solar industry; trends or potential trends within the solar industry, our business, customer base, and market; the Company's ability to derive value from the anticipated benefits of partnerships, new technologies, and pilot programs; anticipated demand, market acceptance, and market adoption of the Company's offerings, including new products, services, and technologies; expectations regarding the growth of home electrification, electric vehicles, virtual power plants, and distributed energy resources; the Company's ability to manage suppliers, inventory, and workforce; supply chains and regulatory impacts affecting supply chains; the Company's leadership team and talent development; the legislative and regulatory environment of the solar industry and the potential impacts of proposed, amended, and newly adopted legislation and regulation on the solar industry and our business; the ongoing expectations regarding the Company's storage and energy services businesses and anticipated emissions reductions due to utilization of the Company's solar systems; and factors outside of the Company's control such as macroeconomic trends, bank failures, public health emergencies, natural disasters, acts of war, terrorism, geopolitical conflict, or armed conflict / invasion, and the impacts of climate change. These statements are not guarantees of future performance; they reflect the Company's current views with respect to future events and are based on assumptions and estimates and are subject to known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from expectations or results projected or implied by forward-looking statements. The risks and uncertainties that could cause the Company's results to differ materially from those expressed or implied by such forward-looking statements include: the Company's continued ability to manage costs and compete effectively; the availability of additional financing on acceptable terms; worldwide economic conditions, including slow or negative growth rates and inflation; volatile or rising interest rates; changes in policies and regulations, including net metering, interconnection limits, and fixed fees, or caps and licensing restrictions and the impact of these changes on the solar industry and our business; the Company's ability to attract and retain the Company's business partners; supply chain risks and associated costs; realizing the anticipated benefits of past or future investments, partnerships, strategic transactions, or acquisitions, and integrating those acquisitions; the Company's leadership team and ability to attract and retain key employees; changes in the retail prices of traditional utility generated electricity; the availability of rebates, tax credits and other incentives; the availability of solar panels, batteries, and other components and raw materials; the Company's business plan and the Company's ability to effectively manage the Company's growth and labor constraints; the Company's ability to meet the covenants in the Company's investment funds and debt facilities; factors impacting the home electrification and solar industry generally, and such other risks and uncertainties identified in the reports that we file with the U.S. Securities and Exchange Commission from time to time. All forward-looking statements used herein are based on information available to us as of the date hereof, and we assume no obligation to update publicly these forward-looking statements for any reason, except as required by law.

Citations to industry and market statistics used herein may be found in our Investor Presentation, available via the "Investor Relations" section of Sunrun's website at https://investors.sunrun.com.



Source: Sunrun Inc.