

Federal Reserve
Bank of St. Louis –
Green Finance

September 22, 2009

Innovations in Green
Financing



SJF Ventures

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SJF invests in and assists high-growth companies that positively impact the world





- **Founded 1999, \$45MM under management**
- **Offices in NC, NYC and San Francisco, invest nationwide**
- **Strategy and Sectors:** Targeting high growth, positive impact companies
 - Clean technologies
 - Web and business services
 - Green and sustainable consumer brands
- **Investment Stage:** Expansion stage companies with revenues of \$1MM to \$20MM at an inflection point for growth
- **Investment Size:** \$1MM to \$5MM of equity, independently or with a syndicate
- **SJF's 29 investments to date:**
 - Aggregate revenues of \$500 million
 - 128 facilities, 4,600 employees





'Positive Impact' investing, such as clean energy and cleantech, is a strategy for maximizing financial returns

- Market drivers: Energy and commodity prices, globalization, climate change, aging infrastructure, healthy and natural consumer demand, corporate sustainability strategies
- Positive impact business advantages: Recruit, retain & engage best talent, win more loyal customers, achieve higher margins, displace inefficient, wasteful incumbents
- Positive impact venture capital: Deal access due to alignment with management teams, industry and market expertise, synergies with LPs and portfolio, strong investment team



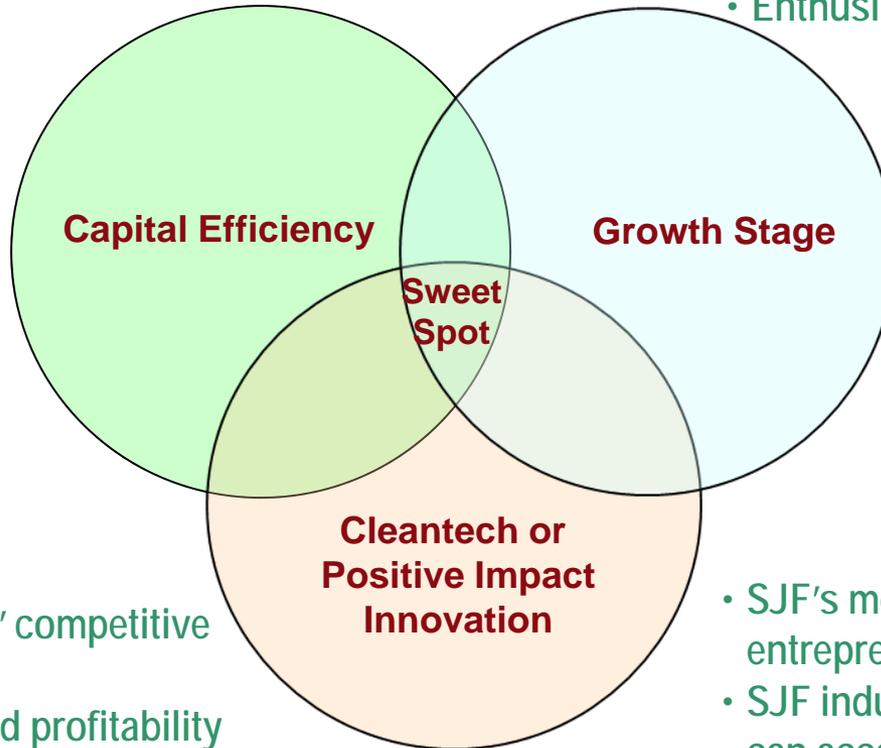


INVESTMENT TARGETS

Capital efficient, growth stage, positive impact companies

- 5x to 10x returns on most probable exit valuations
- Companies requiring less than \$10 million
- Reasonable entry value

- Risks wrung out; at inflection point of growth
- Enthusiastic validation from customers
- More than \$1 million in sales



- Source of companies' competitive advantage
- Boost to revenues and profitability

- SJF's message attracts leading entrepreneurs
- SJF industry, LP, portfolio networks can accelerate success



Cleantech: More with Less

Ubiquitous
Global
Applications

CLEANTECH encompasses knowledge-based technology products/services that:

- Provide superior performance at lower costs
- Greatly reduce or eliminate negative ecological impact
- Improve the productive and responsible use of natural resources



ENERGY: Includes Energy Generation, Storage, Infrastructure and Efficiency



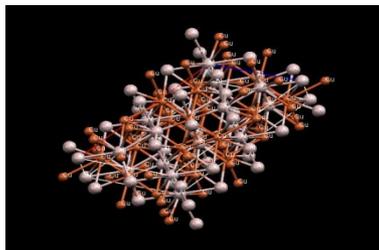
TRANSPORTATION: Includes vehicles design, fuels and logistics



WATER: Includes filtration, purification, water conservation and wastewater treatment



AIR & ENVIRONMENT: Includes remediation, emission control, trading and offsets



MATERIALS: Includes environmental friendly nanotech, biotech, chemical materials



MANUFACTURING/INDUSTRIAL: Includes monitoring/control appliance and smart production industries

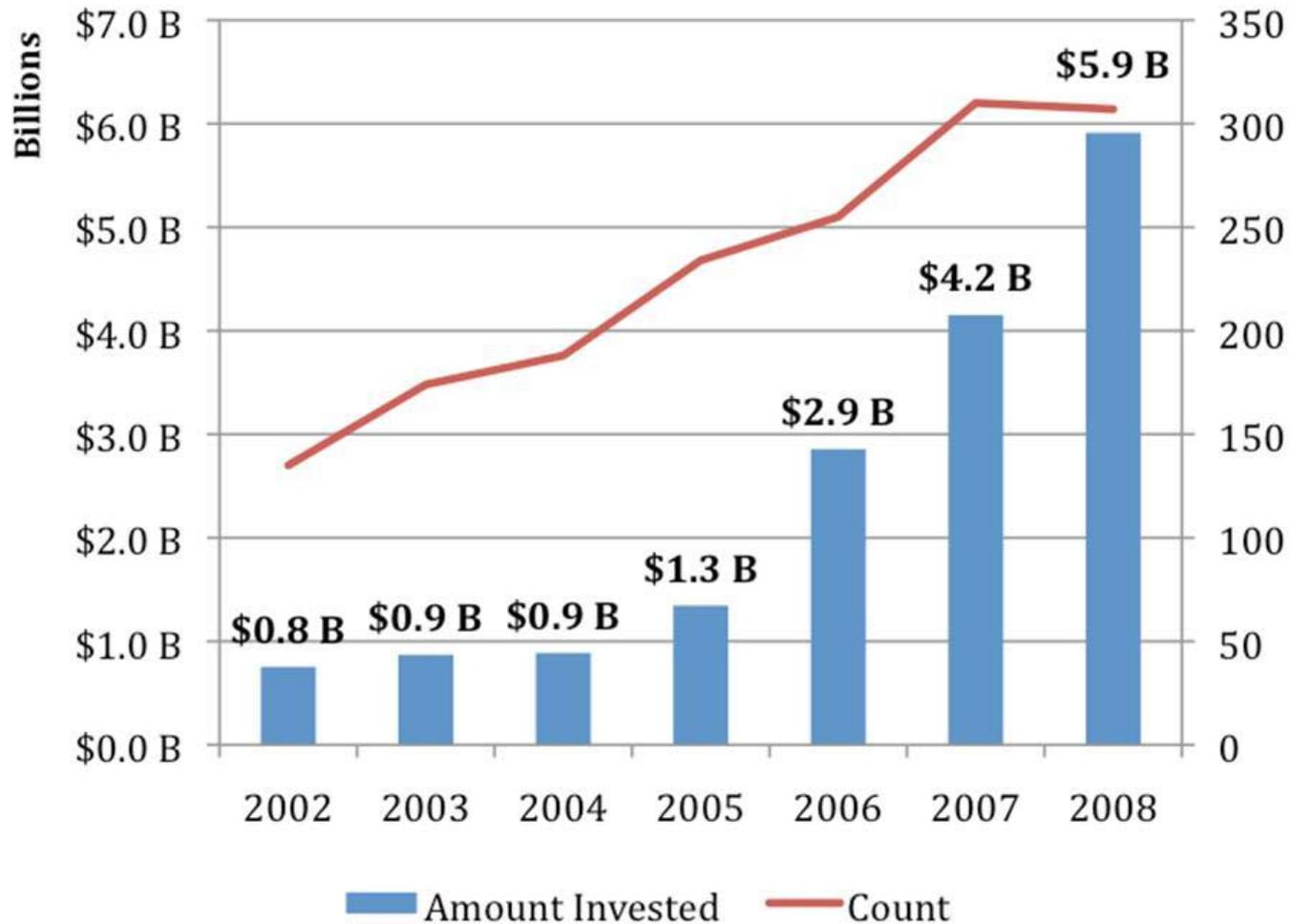


AGRICULTURE: Includes land management, natural pesticides, natural fertilizers, irrigation



RECYCLING & WASTE: Includes various recycling services and waste treatment services.

Cleantech VC Investments in North America

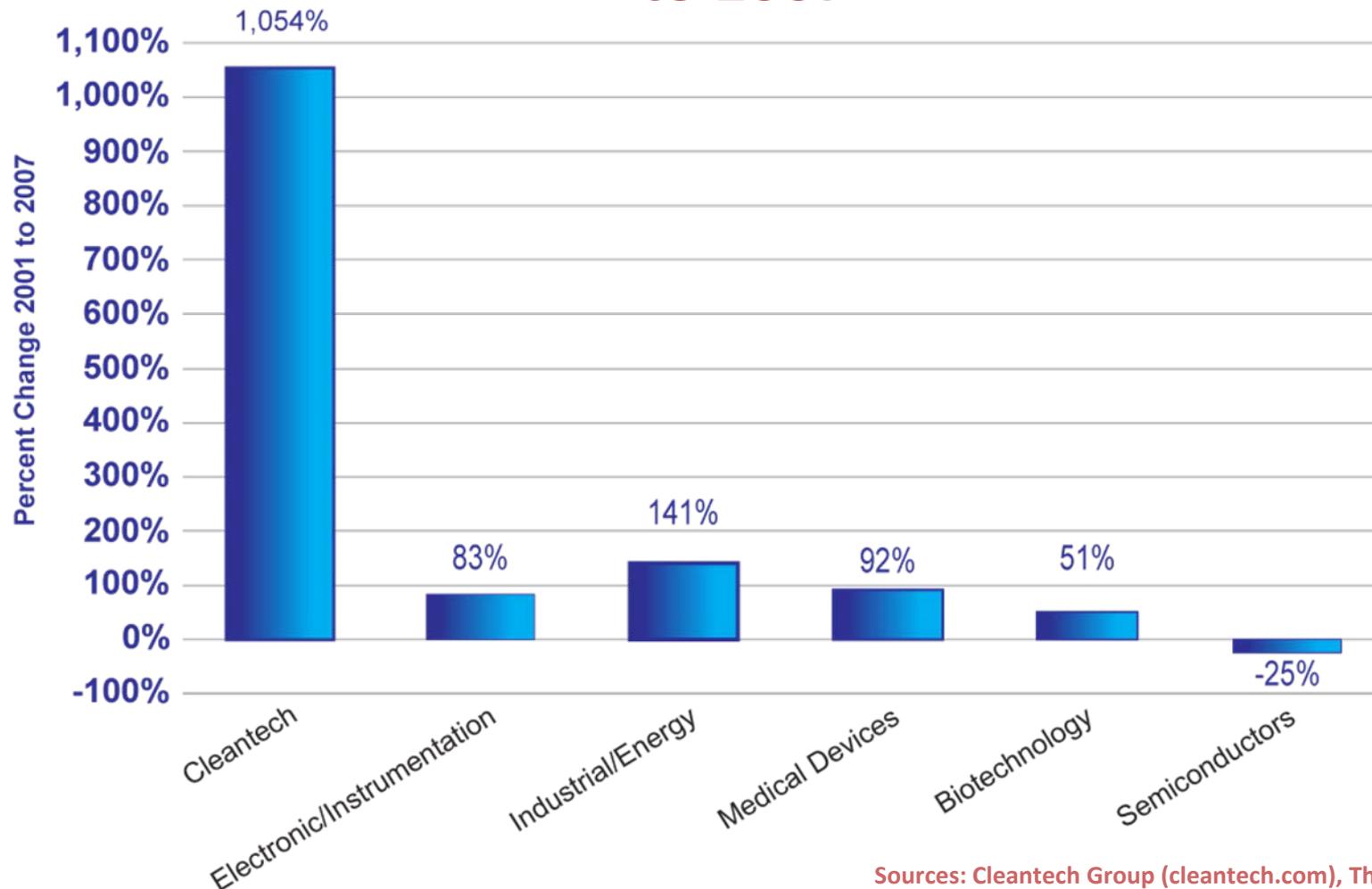


Source: Cleantech Group, LLC



Relative Growth of Cleantech Investing

Top 6 U.S. Venture Capital Industries, Percent Change 2001 to 2007



Sources: Cleantech Group (cleantech.com), Thomson

Cleantech: An innovation theme to apply across sectors

Example sectors

Innovation themes

	ENERGY	BUILDINGS	TRANSPORT	WATER	MATERIALS
Central plant to distributed production, mgmt.	Solar	Energy mgmt. and controls	Smart community design	Infiltration control	Resource recovery
Increasing utility while minimizing resource use	Negawatts	Day lighting, LED lighting	Car sharing	Drip irrigation	Lightweight materials
Tapping consumer demand for health, sustainability	RECs, green energy	Green buildings	Bio-fuels Electric vehicles	Water purification	Recycling incentives
Internet, IT, wireless innovations	Utility demand mgmt.	Intelligent building systems	Traffic monitoring	Trenchless infrastructure repair	Salvage auctions
Biotech, nanotech inventions	New crops for biofuels	Cradle to cradle design	Pollution control	Biological WWT	Advanced materials

SJF Portfolio Company: Downstream solar



Locations:	VT HQ; MD, OR, CA, NY, MA, CO & Ontario
Business Description:	groSolar is a national integrator, installer, and distributor of solar photovoltaic and hot water systems.
SJF Investment:	SJF led \$2.25MM A round with Calvert, Allco Financial in Oct. 2006, closed \$11MM Series B with NGP Energy Technology Partners in Nov. 2007
Cleantech Innovation:	National brand, install and distribute multiple solar technologies, building loyal national dealer network with marketing, supply chain logistics, training and technology advantages, acquisitions in key markets
Highlights:	<ul style="list-style-type: none">➤ 6x revenue growth from 2006 to 2008, one of the largest US solar integrators➤ Closed acquisitions: Energy Outfitters in OR, Chesapeake Solar in MD and recently Borrego Solar residential in Feb. 2009➤ 33 jobs at inception, 110 current jobs with strong benefits, implementing broad-based stock-option plan

SJF Portfolio Company: Recycling collections



Locations:	Seattle, WA, Portland, OR, San Francisco, CA
Business Description:	Provides Beyond Waste™ Collection Services to municipalities as well as dumpster free alley streetscape services
SJF Investment:	SJF invested \$1.6MM in \$10MM Series A round on Oct. 2008
Cleantech Innovation:	Integrated recyclables, organics and waste collection; partner with municipalities on incentives for homes and businesses to minimize waste, have raised bar for other regional waste haulers to improve sustainability practices
Highlights:	<ul style="list-style-type: none">➤ Won Seattle and Shoreline contracts with \$40MM annual revenues➤ Recruited strong management and collections team from large waste management firms➤ 94 jobs at investment 263 current jobs; engaged, unionized workforce

SJF Portfolio Company: Ag and water efficiency



Locations:

Darlington, SC and Palmetto, FL

Business Description:

Designs and installs high efficiency drip irrigation, fertigation, and on-site waste water systems.

SJF Investment:

\$1.1MM, November 2004.

Cleantech Innovation:

Southeast leader in serving providing systems for high value crops & nurseries, increasing yields while reducing inputs

Highlights:

- Delivers water and nutrients efficiently directly to the plants
- Growing through expansion into new geographic markets
- 35 quality jobs in distressed rural areas
- Strong benefits, implementing broad-based profit-sharing plan

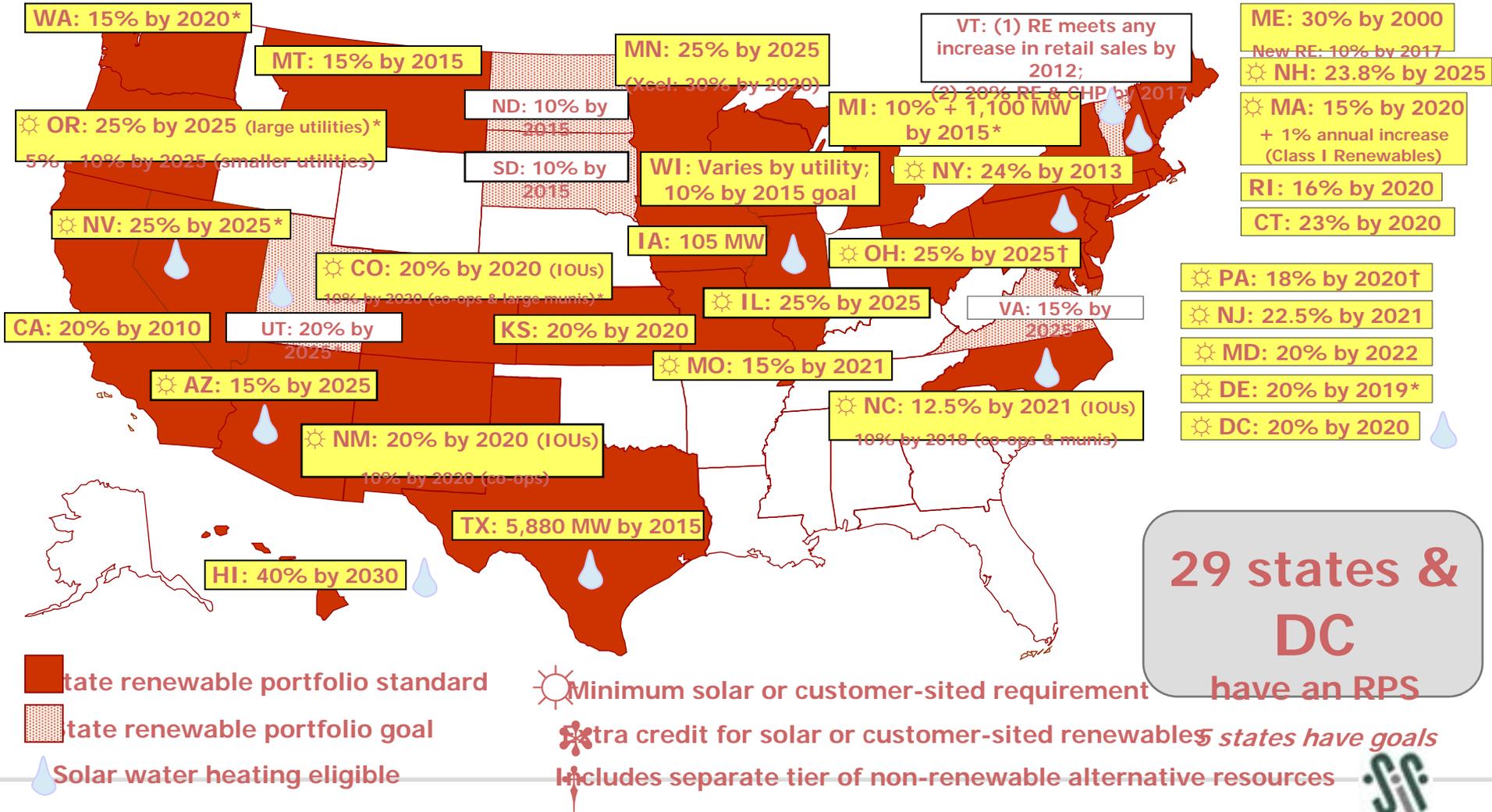
Cleantech Outlook

- Drivers for cleantech are here to stay ...
 - volatile energy prices, energy demand and supply
 - climate change
 - national security and economic competitiveness
- Recession and capital markets turmoil have created headwinds but have resulted in **strong green jobs stimulus programs**
- **Policy still plays a key role** in influencing private cleantech investment
 - Clear price signals
 - Long-term and consistent
 - Performance standards



Renewable Portfolio Standards

www.dsireusa.org / September 2009



29 states & DC have an RPS

5 states have goals

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Resources:

Cleantech Group: www.cleantech.com

Database of Incentives for Renewables and Efficiency:

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