Altus Power, Inc. Business Combination with

CBRE Acquisition Holdings, Inc.

Investor Conference Call Transcript

July 13, 2021

Operator

Good morning, and welcome to the Altus Power and CBRE Acquisition Holdings, Inc., or CBAH, investor conference call.

I would like to first remind everyone that this call may contain forward-looking statements including, but not limited to, Altus Power and CBRE Acquisition Holdings, Inc.'s expectations or predictions on financial and business performance and conditions, expectations or assumptions in consummating the business combination between the parties, and product development and performance. This includes, but is not limited to, the timing of development milestones, competitive and industry outlook and the timing and completion of the business combination. Any statements made on this call that are not statements of historical fact may be deemed to be forward-looking statements. Forward-looking statements are inherently subject to risks, uncertainties (some of which are beyond the control of the parties) and assumptions that may cause actual results or performance to be materially different from those expressed or implied by these forward-looking statements and they are not guarantees of performance. I encourage you to read the press release issued today and to review CBRE Acquisition Holdings, Inc.'s filings with the SEC (which include a copy of the investor presentation) for a discussion of the risks that can affect the business combination, Altus Power's business, and the business of the combined company after completion of the proposed business combination.

CBRE Acquisition Holdings, Inc. and Altus Power are under no obligation and expressly disclaim any obligation to update, alter or otherwise revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws. I will now turn the call over to Bill Concannon, CEO and Director of CBRE Acquisition Holdings, Inc. Please go ahead.

Bill Concannon – CEO, CBRE Acquisition Holdings, Inc.

Thank you operator, and good morning to everyone listening.

It's my great pleasure to be here today to discuss CBAH's proposed combination with Altus Power. When CBRE Acquisition Holdings started looking at companies to combine with late last year, after the IPO, we were focused on finding a company that met three investment criteria. First, the company would benefit from secular tailwinds. Second, the company's growth would clearly benefit from CBRE's scale, extensive client base and operational strengths. And finally, a company that would be attractive to the public markets and be "public company ready" with great leadership.

We are very excited because we found that company in Altus Power, which comes out on top in all three criteria.

At CBRE, we serve the largest companies in the world every day and advise clients on meeting their real estate needs, including their sustainability objectives. We have over 7 billion square feet of commercial and industrial real estate under management worldwide. So we asked ourselves, where can CBRE bring our scale and our client access to clean energy? Then we met Altus Power. Altus Power is our clients' answer to ESG questions in a pure-play way, because it puts the client's real estate assets at the center of the solution. But the real kicker is that Altus' model works beyond the commercial and industrial space, for municipalities and communities as well, to bring local, lower-cost, reliable solar power to increasing numbers of people.

We believe Altus Power will lead the industry in creating customer-sited solar generation, and see Altus Power as a category-defining company, with few, if any peers, in the vertically-integrated, commercial and industrial solar power segment. Importantly, it is already a real business, with an 11-year track record of deploying assets, generating project backlog, and following a straightforward path to achieving its projections. Altus' operating business model provides long-term recurring revenue in a business that will generate almost $40 million of EBITDA in 2021, and is projected to generate $153 million of EBITDA in 2023. They will achieve this by taking what is already one of the largest independent solar power generation businesses in the U.S. and growing market share through geographic and market segment expansion, as well as by leveraging technology.

The total addressable market – or TAM – for Altus Power is also growing due to government regulation, local carbon accounting methodologies, and mandates from corporations themselves to meet renewable energy and net zero carbon emission targets. Over 300 companies worldwide have to-date committed to 100% renewable energy use, and it is estimated that meeting 2030 corporate sustainability goals will require investment of nearly $100 billion. At the same time, the commercial and industrial solar market remains largely untapped, with only 5% penetration, in a market that is expected to grow 290% in terms of cumulative megawatts installed to 2030. Altus is also expected to scale rapidly with this growth, increasing revenue to $336 million to 2024, with EBITDA of $228 million.

In addition to the businesses, we were impressed by Altus' management team. Lars Norell and Gregg Felton, the Co-CEOs, each come from backgrounds in credit and capital markets, and they have both been a bigpart of guiding Altus Power to its current exciting phase of growth, and the combination with CBAH.

The Board we have put together for the combined company is equally impressive with a highly skilled group of independent directors. Christine Detrick has over 35 years of experience in financial services, and held several senior positions at Bain and Company. Richard Peretz had similar deep financial experience as CFO of UPS. Sharon Daley has served in senior roles at both Blackstone and GE during her 34 year career. And Rob Horn leads renewable energy and sustainable resource investments for Blackstone. So, it is a diverse and talented group and one that will ably guide Altus as a public company.

Under the terms of the transaction, CBAH will merge with Altus Power in a $1.58 billion equity deal, and, upon completion, the combined company will be armed with up to $678 million of proceeds, which includes funds from cash in trust and a $275 million PIPE.

Importantly, Altus' existing shareholders, composed of the existing management team and Blackstone, are not only rolling 100% of their equity in the transaction but also investing new capital into the business, reflecting their ongoing confidence in Altus and in support of its business.

Before I turn the call over to the Altus team, I'd like to say a few words about our deal's highly differentiated SAIL structure. Unlike traditional SPAC incentive structures, CBRE receives no upfront sponsor shares but indeed instead earns its incentive as Altus Power shares appreciate in value over time. So CBRE is highly aligned with all shareholders to ensure that this merger is a tremendous long-term success.

With that it's my great pleasure to turn it over to Lars Norell, the Co-CEO of Altus Power.

Lars Norell – Co-CEO, Altus Power, Inc.

Thanks a lot Bill, and thanks to everyone for taking the time to hear our story this morning.

Altus Power is a clean electrification company that operates customer-sited solar power assets to provide electricity for customers in the commercial, industrial, municipal and community solar segments. We built the company in a way where we could keep the customers and the assets in the company for the term, and where the attractive unit economics of solar PV lead to attractive portfolio economics, and ultimately, a profitable company. We deliberately structured Altus Power as an operating company, rather than the more traditional asset management structure favored by most of our peers. In the beginning, this meant that we had to grow more slowly, but, this structure has also allowed us to grow without ever having to sell any assets, and to retain every commercial customer that we've ever originated.

In the beginning, starting in 2009, we built Altus Power out of the firm belief that the industrial revolution in clean electrification would occur – we just didn't know when. As such, we built the business to position ourselves in the middle of that ecosystem as it arrived and scaled – and that moment we think is now.

We have positioned Altus to be a one-stop shop for commercial, industrial, municipal, and community solar customers, who sign 20-plus year contracts with us for power generation, but with whom we can scale and extend our services, into battery storage, and potentially other services such as electrical vehicle charging stations supplied by clean power. All of these systems, for all of these types of customers, we at Altus originate, design, construct, fund, own, monitor, and operate for term, delivering the output, the savings, and the environmental benefit to our corporate and community solar customers.

Taking this structure, and the assets, and these long-term customer relationships, how do we make money?

The core of our business is selling the power generated from our solar assets to commercial, industrial, and public clients. Additionally, we earn revenue from building large solar arrays on commercial buildings, and selling the power generated from those assets to households and residential consumers, in an arrangement called community solar. This growing segment pools customers into a shared power purchase agreement, and generally benefits end users by accelerating access to both cheaper and greener electricity.

Aside from solar power generation, we site, design, construct and interconnect energy storage systems, basically large batteries, that we will operate on a fee for use model. Our customers will rely on these systems for grid stability, demand response, peak shaving, and resiliency when the grid goes down. The growth in demand for these large-scale systems is forecast to occur most strongly in locations where the demand for electricity is the strongest – in commercial and industrial locations – exactly where Altus already operates.

Lastly, we are currently prepared to design, source, install and interconnect electrical vehicle charging stations for our customers, that we will also charge a fee to use.

Altus' differentiator from grid power in these applications is that we provide power more reliably, at lower overall price, and do so using renewable solar energy generated near the point of use. It's a trifecta of advantages we have seen resonate strongly with customers who are willing to sign up to long-term power purchase agreements and tie themselves to Altus for the most critical input to their operations – electric power.

To better collect and analyze data, track, plan, and troubleshoot our assets, Altus has also developed GAIA. GAIA is a proprietary software system that allows us to manage our assets throughout their development and operations lifecycle. We started to build GAIA in-house two years ago, as we were not impressed with the capabilities of off-the-shelf solutions that were available. With the CBAH and CBRE combination, we are looking at opportunities to scale GAIA in two different ways – operationally, for use with artificial intelligence-enabled predictive maintenance of assets and systems, and also developing a customer interface that we could use to originate both commercial and community solar customers.

Our relationship with CBRE will transform the speed and scope of this buildout, as Altus will be able to leverage CBRE's existing asset data, analytics capabilities, and automated business case development for use in customer origination. This will allow Altus to leapfrog the competition in terms of technology and data analytics capabilities, and is yet another reason we value our partnership with CBRE.

Now, I'd like to turn the call over to my Co-CEO, Gregg Felton.

Gregg Felton – Co-CEO, Altus Power, Inc.

Thanks Lars.

I'd now like to discuss how Altus intends to grow our business. Our growth strategy is through four vectors.

First is to expand through the reputation of our strong operating platform to get the first look at new development opportunities when, for instance, a solar construction company needs a partner.

Second, is the conversion of existing customers into *programmatic* customers, for whom we will be a long-term provider of clean energy for several sites, across multiple portfolios. This is a key area of focus for Altus, as solar power has allowed us to land customers with long-term power purchase agreements.

This brings me to the third vector, which is the opportunity to expand our relationships into storage and clean EV charging, where we have really only begun to scratch the surface. Many customers are already asking Altus to solve their broader electrification needs and we fully expect our "Land and Expand" business model to accelerate with CBRE as our partner.

Lastly, are our strategic relationships with CBRE and Blackstone, and their sizable portfolios of real estate that they manage or own as well as the energy consumption data that they possess. This will allow Altus to be the clean electrification enabler of choice to large portions of corporate and industrial America.

Altus' pipeline of existing opportunities, not to mention those we expect to be provided by CBRE, which are not included in our forecasts, give us great confidence in our financial outlook. We have already seen economies of scale from our growth, and we expect our margins to continue to increase over time.

Since our contracts are long dated, the recurring revenues and cash flows that we receive provide a strong foundation for our growth forecasts. As assets come online throughout the year, we can look at annualized EBITDA at year-end as a baseline for the following year. For example, while we expect to report calendar EBITDA of $38 million in 2021, we would expect to end 2021 with $57 million of annualized EBITDA. In this way, our increasing wins with long-term contracts throughout the year serve to support and increase the base for each successive calendar year's EBITDA.

Importantly, the predictable, long-term nature of our cash flows provides a solid foundation for our financial projections. Further, we expect the proceeds from our business combination with CBAH to fully-fund our forecasted growth into 2024.

With that, I'd like to turn things back to Bill.

Bill Concannon – CEO, CBRE Acquisition Holdings, Inc.

Thanks Gregg.

There are no perfect comps for this business, which is one of the reasons why our team is so excited. Altus is a category-defining opportunity, in an underinvested asset class. As part of our search process, we evaluated businesses in multiple sectors, and there are very few companies with Altus' growth and margin profile, let alone the positive ESG impact potential.

To provide some context on the broad potential peer set, and emphasize Altus' unique business, we would highlight three groups. First, residential solar is the most similar from a basic business model standpoint, but there are significant differences, both financially and operationally. Second, solar tech firms have the same end market, but these companies manufacture products. And finally, as Altus power begins to expand its products and services, the energy transition sector will become more comparable. For the comp set across these three categories, Altus is valued at a 65% discount to median peer trading multiples on an enterprise value to EBITDA basis.

While there are many strong businesses in this space, not one of them has the potential that Altus Power has to truly define a category by itself. Altus is doing that with clean electrification, and we are looking forward to working with them.

Thank you to everyone for listening, and for your interest. Operator, you may now disconnect.