



March 2022

Letter to Shareholders

Overview

For Greenbacker Renewable Energy Company LLC (“GREC”), 2021 was a watershed year. We built out considerable foundations for future growth and financial returns through the continued execution of our strategy of building and operating a diversified portfolio of high-quality renewable-energy, energy-efficiency, and sustainability projects throughout North America. As we’ll discuss below, GREC will close to new equity capital on or about March 15, 2022, which will enable us to pursue strategic alternatives for the business that we hope will provide even greater long-term value for our shareholders.

We are pleased to report that we recorded record results in some key areas during the year. We raised approximately \$928 million of new equity capital during 2021, almost tripling the size of the company. Moreover, we set new company records for both the number of projects acquired and number of pre-operational projects put into full service. Our total project count as of December 31, 2021, was 404.¹ While our business was not immune from the supply chain issues that are still plaguing the US economy, we were able to continue to build and complete new projects—projects that we expect to produce strong financial results for many years to come.

Performance

Relative to our long-term average annual performance, GREC’s investment performance was down this year. Including cash distributions, the total annual return to common shares based on net asset value for 2021 ranged from 3.3% to 5.5%, compared with the annual return in 2020, which ranged from 8.5% to 10.2% for the individual share classes.²

Our 2021 annual performance was largely driven by three factors. First, a rapid increase in new equity inflows early in the year led to a significant cash drag, as it required us to recalibrate our investment activities. That is, it took time and diligence to identify, negotiate, and acquire suitable renewable energy investments to absorb the additional capital. Second, the industry experienced an unexpected increase in solar panel and racking costs resulting from global supply chain disruptions in the second half of the year. We were no exception. Finally, as was the case in 2020, much of our new investment activity was directed toward pre-operational assets. While we believe such assets offer the best long-term returns for investors, they do have an expected initial drag on performance, since they don’t generate or sell electricity during the construction period, but they do incur holding costs. However, these assets have been accretive to overall performance, as they have allowed GREC to capitalize on more than \$100 million of unrealized gains over the last few years. Additionally, once these pre-operational

¹ Total assets and megawatts statistics include those projects where we have contracted for the acquisition of the project pursuant to a Membership Interest Purchase Agreement (“MIPA”). The financial and portfolio metrics set forth herein are unaudited and subject to change.

² Past performance is not indicative of future results.



projects are put in service, we anticipate a meaningful uplift in financial performance, as the new assets become steady income producers.

During 2021, we maintained our highly disciplined investment approach, and I'm happy to report that we continued to find exceptional opportunities from a risk/reward perspective. In a sense, our approach was a factor contributing to the performance outcome for the year. However, because we were able to maintain the overall high quality of our portfolio and refrained from compromising our investment standards, we expect this discipline will deliver significant long-term upside. We firmly believe that the renewable sector represents a unique investment opportunity—one in which we can keep adding to our portfolio of transactions with long-term contracted cash flows from mostly investment-grade-rated counterparties and, at the same time, earn hundreds of basis points more than we could if we were to buy a bond issued by those same counterparties.

Operational Growth

As of year-end 2021, the fair value³ of GREC's investments in renewable energy facilities and development loans was \$1.4 billion, representing 2.6 gigawatts (GW) of operating and pre-operational assets across 32 states, Washington DC, Puerto Rico, and Canada.⁴ About 89.8% of our portfolio assets are, or will be, selling power to investment-grade counterparties, including utilities, municipalities, and corporations. The portfolio had approximately 16 years of contracted cash flows associated with these power purchase arrangements. This number is largely consistent with 2020, indicating that we continued to maintain our contracted cash flows even as the assets we purchased in prior years began to lose their contracted life.

We're also proud to say that:

- During 2021, we put 472 MW of renewable energy assets into service, growing our overall operating fleet by 80%.
- Of that total, 317 MW went into service in the fourth quarter, which will enable us to benefit from power sales from those projects for the full year 2022.

As our growth accelerated meaningfully in 2021, we continued to grow the scale of our investments and operations. Today, our near-term investment pipeline of renewable energy projects remains very robust, as we look to deploy available capital in the short term. With our fleet increasing further in size, our investors will likely benefit from even greater economies of scale throughout our operations. Moreover, we believe market conditions will remain favorable to our investment strategy, especially given the renewed focus on climate change at the federal and state levels, as well as across corporate America.

Our Continuing Impact

During 2021, Greenbacker Capital Management ("GCM"), our external advisor, increased its contributions to organizations focused on community initiatives. GCM's Corporate Social Responsibility (CSR) Committee partnered with Global Citizenship Experience Labs School (GCE) to substantially expand the school's professional development program. Together, GCE and GCM successfully trained over 30 educators across four countries. At

³ Fair value figures reflect the fair value of the asset type as reported in GREC's latest quarterly financial statements. These figures are unaudited and subject to change.

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the 2021 Venice Biennale international exhibition, the two groups also co-hosted a three-part series of global conversations based on the GCM sustainability-based STEM curriculum they co-created in 2020. An estimated 3,180 students around the globe downloaded the material they presented. The CSR Committee also expanded GCM's student impact to include Spelman College, a historically black college in Atlanta, Georgia, working with the college to sponsor a four-year scholarship and establish an internship program for Spelman students.

In addition to these initiatives, the Committee donated over \$120,000 and volunteered for more than 100 hours with local charities in New York, Vermont, and Maine, supporting food pantries, veterans, arts initiatives, beach and trail cleanups, winter clothing drives, and more. GCM has also established a formal CSR policy statement that can now be found on our website www.greenbackercapital.com.

We also met significant climate and environmental milestones over the course of 2021:

- Our renewable fleet has now abated 2,683,575 metric tons of CO₂e since 2016 (when compared with a similar amount of power generation from fossil fuels).⁵
- It would have taken roughly 3,272,652 acres of US forest to absorb the amount of carbon emissions that we've avoided since 2016.
- Our business activities will sustain over 4,600 green jobs.

Plans for the Future

In consultation with our Board of Directors, we determined that we would close GREC to new equity capital on or about March 15, 2022. We decided to take this step as a continuation of our efforts to keep faith with our investors and execute on the business plan laid out in our initial registration statement when we started the company in 2011. When we initially launched GREC, we targeted to raise approximately \$1.5 billion of equity capital at which point we would close to new equity capital, allowing us to evaluate strategic alternatives for our portfolio, especially given the expected strong growth of institutional interest in sustainable infrastructure as an investment strategy.

As we've highlighted in this and other public financial reports, the process of raising and deploying capital, especially in pre-operational assets, can lead to a near-term underperformance and a mismatch in terms of distribution coverage and other financial metrics, all in the service of creating a high-quality portfolio and building longer-term performance. During this close, we intend to focus on stabilizing GREC's portfolio, bringing more of our construction assets online, and optimizing the financing of our portfolio. We believe that these actions will help highlight the true earnings power of our strategy and create opportunities for maximizing investments on behalf of our valued shareholders. We anticipate providing more information about this strategy in public documents later in the year. We're extremely excited about the future potential for our business, and we're grateful to you for helping us get to this point.

Let me take this opportunity to thank you for your investment in GREC and your continued support of our mission. We take the trust you place in us very seriously and aim to adhere to the highest standards of care and best

⁵ Carbon abatement is calculated using the [EPA Greenhouse Gas Equivalencies Calculator](#) which uses the AVoided Emissions and geneRation Tool (AVERT) US national weighted average CO₂ marginal emission rate to convert reductions of kilowatt-hours into avoided units of carbon dioxide emissions.



practices on behalf of our investors. If you have any general questions regarding your investment, please don't hesitate to contact us at (833) 404-4104 or visit www.greenbackercapital.com.

Sincerely,

A handwritten signature in black ink, appearing to read 'C. Wheeler', written in a cursive style.

Charles Wheeler
Chief Executive Officer
Greenbacker Renewable Energy Company, LLC

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