SolUnesco

Randolph Solar Option Overview and Frequently Asked Questions

Note: Capitalized words refer to defined terms in the Option Agreement.

Option Agreement Overview

- The Company makes a modest annual payment during the option Term for the right to lease or purchase the Property in the future.
- The Company is purchasing the rights to i) conduct the development activities, and ii) exercise the Option thereby leasing or purchasing the Property to construct and operate the solar facility. During the development phase, the Company is:
    - evaluating the land to determine where to locate the solar facility;
    - evaluating transmission interconnection costs;
    - developing engineered drawing used for the construction of the facility and used by regulatory entities to assess the facility; and
    - obtaining the required local, state, and federal permits
- The Company takes all responsibility and risks associated with the development activities. Landowner(s) bears no risk or responsibility for these activities.
- Suppose SolUnesco is successful in developing the project to the point where it is ready for construction. In that case, the Company will lease or purchase at a significant premium to the current land value. The Company will lease or purchase the Property before the start of construction of the facility.
- If the project is successful in this arrangement, the Landowner will financially benefit but will not need to take risks to achieve this outcome.

Frequently Asked Questions

1. <u>When will I get paid for the Lease or the Purchase?</u>

While the land is under Option, the Landowner will receive modest option payments. If the Company successfully develops the project such that it is ready to be constructed, the Company will exercise the Option during the Option term – up to five years. Before commencement of construction, the Company will either i) lease the Useable Property at $800 per useable acre per year (2% annual escalator, in the second year of the Lease the rent will be $800 plus 2%) or ii) purchase the Property at $9,500 per useable acre.

2. <u>What is Useable Property?</u>

The land where the Company places any component or feature of the project – panels, other electrical equipment, stormwater features – meaning the Company has not eliminated this land from use due to wetlands, slope, other environmental constraints, or regulatory constraints.

Additionally, the Useable Property shall include areas containing buffers or setbacks imposed on the Solar Facility by the local zoning ordinance or permit.

3. What is the difference between the Useable Property in a Lease and the Useable Property in a Purchase?

The definitions are the same. Useable Property in the Lease term sheet will determine acreage leased at the $800 per acre rate. Useable Property in the Purchase term sheet will determine the purchase price for the parcel.

4. What are my rights to my timber?

At the exercise of the Option, the Company provides the Landowner six months to remove the timber. After six months, the Company has the right to harvest any remaining timber and provide the Landowner the value, if any, received for such timber. If the Company timbers and fails to Lease or Purchase the Property, the Company will pay the Landowner $500 per acre of timber removed. Once the Option is signed, the agreement prohibits the Landowner from harvesting timber in any area constrained by environmental, zoning conditions, or other constraints imposed on the Solar Facility.

5. How does decommissioning work? Will the Company remove the panels?

At the end of the solar facility's life, the Company will remove all solar equipment to a depth of 36 inches from the Property's entirety. Under a Lease, the Company will pay the Landowner a monthly rent until the Decommissioning is complete and the land is restored. Before commencing construction, the Company will post financial security with the local government sufficient to guarantee the Property's decommissioning and restoration.

6. Why can the Company cancel at any time, but Landowner cannot?

The Company is paying for the Option right and investing time and money to enhance your land's value. The Landowner has zero cost or risk associated with the development of the land. Suppose the Company is successful, and the solar facility achieves the permits / entitlements required for construction and operations. In that case, the Company will be leasing or purchasing the land at several multiples to the current property value. The Company will not invest the required time and resources if the Landowner can back out of the agreement at any time.

7. Can a landowner exclude areas of a parcel from the Leased Premises?

Yes, the Landowner can exclude an area within the parcel. The Company will work with the Landowner to define the area to be excluded and include a description of the excluded area in the Option.

8. Can the Landowner negotiate the price per acre?

No, the Company is providing all the landowners the same purchase price or rent per Useable acre.

9. How do I determine how many Useable acres I have?

Once the Company has conducted initial site due diligence, the Company can provide the Landowner an estimate of the Useable acres. The Company will perform multiple rounds of site due diligence – wetlands identification, slope analysis, the avoidance of cultural resources, and related engineering. During the development period, the Company will be updating the useable acreage up to the final engineering and site plan used to construct the project. In a Lease, the Company will define the Leased Premises' final boundaries before the Lease's execution.

10. Since the Company only pays for useable acres, does the Landowner retain ownership or use of the non-useable acres?

The Company will work with the Landowner to determine whether excluding an area would make sense. In some cases, releasing a particular area(s) from either a Lease or Purchase Option will make sense for both the Company and Landowner. The land utilized for the buffers or setbacks required by the local zoning permit will be included as leased or purchased Property. Under a Lease agreement, the Landowner may use these buffers and setbacks if the uses comply with the local zoning permit and with the Lease.

11. To what land does the $100 per acre rate apply?

Under a Lease, if the Company strands any land – land that is neither useable nor accessible by the Landowner – the Company will pay $100 per acre escalated at 2% per year.

12. Can I have a lawyer review?

The Company encourages Landowners to obtain an independent legal review.

13. Can I use a real estate broker?

The Option agreement stipulates that there are no brokerage arrangements. The Company includes this No Brokers term in the agreement to ensure there are no hidden fees to be paid in the future. However, if a Landowner requests the use of a real estate agent or broker, the Company will incorporate the specific details of that arrangement into the Option.

14. Why is there a Transmission Easement Term Sheet in the Option?

The Company will employ an Easement if development activities determine some or all of the Property is not suitable for panels, and a portion of the Property is needed to connect to other project areas. The Company will pay the Landowner for the Property under Easement.

15. Is logging timber included as an allowable agricultural activity?

Yes, logging timber is considered an agricultural activity, and the Landowner may log the timber consistent with Virginia law and the Department of Forestry regulations. The Option allows landowners to conduct agricultural activities during the Option term, before the exercise of the Option.