



ALTERNATIVE ENERGY SOLAR FUND #1, LLC

INVESTMENT SUMMARY AND BUSINESS PLAN

PREFERRED PARTICIPATION INTERESTS

2017

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DESCRIPTION OF INVESTMENT AND BUSINESS PLAN

Alternative Energy Solar Fund #1, LLC (AESF) is an Arizona limited liability company that has been formed to match investor funds with solar financing projects in the Southwest USA.

The focus of operations will be to develop or acquire solar projects for organizations that are unable to finance their solar projects from internal cash and or have no applications or use for the tax benefits that accrue to the owners of solar projects.

Alternative Energy Finance Corporation (AEFC) is the managing member and an investor of Alternative Energy Solar Fund #1 LLC. AEFC has been in business since 2010. AEFC is a wholly owned subsidiary of ABCO Energy, Inc., a public Company trading on OTC markets under the symbol "ABCE". AEFC provides funding for leases of photovoltaic systems and finances its own leases from its own cash. The Company has developed and financed solar projects since the early stages after incorporation. We are a mission-based for-profit financier and developer whose goal is to create economic opportunity through the development of solar projects and services.

WHAT ARE OUR REVENUE STREAMS AND INVESTOR BENEFITS

AESF expects to raise \$5,000,000 from the sale of **Preferred Participation Interests (PPI)** for the development and acquisition of solar produced revenue streams and distribute the earnings to our investors from long term investments.

The main benefits and revenue streams we plan for our investors are:

- Cash flow from the sale of electricity from owned projects
- Earning fees for the placement of financing
- Tax credits from owned projects – Federal 30%
- Maximum depreciation benefits to the investor owners – section 179 up to \$1,000,000 and accelerated depreciation (MACRS) on the balance for 5 years.
- Proceeds from the sale of solar projects to cash flow buyers or customers (off-takers)

We plan to invest all of the investor funds to purchase and develop solar projects that provide the revenue streams described above and to distribute those earnings in both guaranteed returns (8%) and bonus variable returns to our investors and managers. We are projecting investor returns in excess of 12% per annum for long term (longer than 5 years) ownership of solar projects.



The investors acquiring these Preferred Participation Interests (PPI) shares agree and understand that the tax codes concerning federal energy tax credits and depreciation deduction tax benefits are an integral part of the return on investment described in this offering. The 30% federal tax credits that will be passed through to investors as distributions from the purchase of investment projects are required to be held by the investor for a period of five years. If sold or otherwise disposed of before the required holding period has been completed, the investor will be required to refund the credit to the US treasury on a prorated basis. The depreciation and section 179 depreciation benefits



passed through to the investor also requires a repayment to the Treasury department if disposed sold or disposed of on a prorated basis. We highly recommend the investor discuss the subject matter of this paragraph in detail with your accountant or tax advisor. In order to provide protection from this recapture of tax benefits, we require the investor to hold his PPI certificate for a minimum of five years. The Company will consider hardship and unusual circumstance in certain cases, but the Company assumes no obligation to acquire an investor's shares prior to the end of the five-year minimum holding period.

FINANCIAL AND FEASIBILITY REVIEW – INDEPENDENT CONSULTANT

AESF #1, LLC will use an outside financial and project feasibility consultant to assure our investors that each project is selected on its stand-alone merits and that the contractors used and projects selected meet the criteria for return on investment, financial feasibility and product application. Each project will be subjected to independent review for fairness and potential for achievement of our financial objectives. The independent review will be respected for all go or no go decisions for each project in order to achieve the highest possible investor returns available in the industry.

The consultant selected by our Board of Directors is as follows:

DAVID CHITTLE, CPA, NED Enterprises Inc.

Mr. Chittle currently serves as a finance consultant in renewable energy industry and he has established a network of contacts within the energy efficiency and energy finance industries nationwide. He has developed a pipeline of over \$300 Million of solar and green projects since 2015 and has established strong connections with EPC's, Developers and Energy Product and Services Sales Groups throughout the USA.

Mr. Chittle has a Bachelor of Commerce Degree *University of Windsor* and a Business Administration Diploma from *St. Clair College*. His business and home are located in Castle Rock Colorado.

WHAT KIND OF PROJECTS WILL WE DEVELOP?

Our history and the experience of AEFC is in the development of solar projects for residential and smaller commercial customers. Even though we can develop utility scale projects we feel we can grow into the size of project based upon our experience, assessment of risk and availability of cash. Therefor we will finance and develop:

- Small to medium commercial and industrial solar projects
- Residential solar projects
- Solar projects containing multiple generation from solar and gas
- Landfill and other properties solar projects for municipal customers
- Air conditioning systems containing solar power such as "Perfectly Green Products"

HOW DO WE SHARE REVENUES AND PROFITS

The Fund will issue 1,000 Class A Preferred Participation Interests at \$5,000.00 USD per interest (UNIT) to Investors and provide a guaranteed current return of 8% prior to any distributions to the Solar Project Developer. It is the intent of this fund to raise \$5,000,000 with this offering.

The Fund will issue Class B Participation Interests to the Solar Project Developer (AEFC) in exchange for the Solar Project acquisition and "build to suit" contracts and an agreement with the Fund to manage,



market and develop these solar projects.

CLASS A PPI INVESTORS RECIEVE

The proceeds from the sale of the Class A Preferred Participation Interests will be utilized to acquire and build the solar projects designated by the Solar Project Developer. The Class A Preferred Participation Interests will receive

- The Investor will receive a guaranteed minimum 8% annual return
- The Investor will receive 80% of all cash proceeds from sale of electricity, rents or leases after deducting payments of guaranteed 8% annual return
- The investor will receive 100% of all depreciation and federal tax credits.
- The Investor will receive 80% of all additional sales events like the sale of a project to an outsider or any partial liquidation of the assets owned by the Fund.

CLASS B PPI MANAGERS RECEIVE

The Class B Preferred Participation Interests (held by AEFC) interests will receive:

- The Managers will receive 20% of all cash proceeds from sale of electricity, rents or leases after deducting payments of guaranteed 8% annual return
- The managers do not receive any depreciation and federal tax credits.
- The manager's will receive 20% of distributions of other all additional sales events like the sale of a project to an outsider or any partial liquidation of the assets owned by the Fund.
- The Managers will receive a fee of 2% of all managed revenue. This amount is to be deducted before the 80% - 20 % split described above
- The Managers will receive a fee of .05% (1/2 of one percent) per quarter of all managed assets calculated and payable quarterly on total assets reported to Investors.

OUR HISTORY

Our ability to manage all aspects of a deal creates enormous efficiencies and cost savings for our investor members and partners. We have an 8-plus-year management experience with solar investments and we provide for promising returns at the top end for our investors. AEFC is committed to long-term successful solar developments. We have never been in business to "build and sell." Our business model is to build and hold.

We are unique in that we provide an all-encompassing experience and perspective on all sides of the solar and investment businesses. At AEFC, we are developers, syndicators, investors, construction managers and asset managers, who work diligently to ensure our investors and partners experience minimum risk and maximum success.

Of all the core competencies that AEFC exhibits, the strongest is our emphasis on preserving dynamic long-term strategic partnerships. This goal continues to be realized today and is evidenced by the longevity of the many existing AEFC relationships.

There are many factors and entities that must work together to build a solar array that produces higher than average cash flows for an investor group. Our 8 years of solar development experience, relentless attention to detail, and our ability to manage costs, and structure has allowed us to avoid financial issues. Our Construction Management Team and Asset Management Team constantly monitor projects under



construction and after completion to address issues before they become a problem.

DEVELOPMENT FOR THIRD PARTY INVESTORS

AEFC develops solar income properties for third party investors and maintains the developments through long term warranties. Our experience on both the ownership side and the development services side makes AEFC a valuable asset to third party investors. Our services help to mitigate risk for investors, including construction management, asset management and developments services. AESF#1 will receive development and management fees from these third-party financing arrangements.

AESF investors are usually seeking a long-term investment strategy, a long-term partnership with a solid company, a reduction of federal income taxes and a conservatively structured investment that hold minimal debt with assurances of compliance and due diligence on every deal. AEFC will bring these attributes to our investors-partners.



This church and school in Phoenix, Arizona agreed to a third-party solar investor program that is projected to save the entity \$1,205,000 over a thirty-year period and the investor cost was \$275,000. After 15 years the church will “own their own power.” The investors overall return on investment is approximately 12.5% per annum on this project.

Our track record is due to our emphasis on quality, compliance and due diligence in every step of the process. We are proactive at spotting potential issues and resolving them before they ever affect a project. We invest in both people and technology to ensure every project develops as planned, and investors benefit from their investment.

As with any investment, past performance is not a guarantee of future results. We know our investors are the lifeblood of our business, and we treat them as such.



RESIDENTIAL



COMMERCIAL



UTILITY-SCALE

**AEFC BRIDGING
THE GAP BETWEEN
DEVELOPERS
CUSTOMERS AND
INVESTORS**

Our depth of experience on both the investor and developer side as well as our background in representing both parties to customers, gives us tremendous insight into what each side needs and wants out of a transaction. We are able to identify areas of conflict and to minimize issues and are often able to negotiate deals that are pleasing to all parties. Our investors and customers often choose to partner again on future deals. Future projects are easier to agree upon and are more efficient and effective for all.



MEET OUR TEAM

This is your Alternative Energy Finance Development Team. These are the people who will know your project, answer your questions, and do everything possible to ensure you have an excellent experience with us.

Charles O’Dowd, President

The Managing Member’s principal

Mr. O’Dowd has eight years of experience in the sales and installation of solar products and has spent the past 40 years in a marketing and sales career in real estate and business brokerage. He is well known in the business community throughout Arizona. From 1975 to 2003, Mr. O’Dowd worked in the real estate industry as a Broker (residential & commercial), Loan Originator, Sales Manager of a 100 person real estate office, Project Manager (6700 N. Oracle) and Land Developer. From 2003 through 2009 Mr. O’Dowd was VP of Operations and Director of the Southern Arizona Small Business Association. He has worked full time for ABCO Energy since 2009. He is a Graduate of the University of Arizona (BS, Political Science) and served as a City of Tucson Police Officer. He has previously worked for The Colorado College, Tucson Airport Authority Police, and the Arizona Air National Guard. He has vast personal contacts in our market area and is director of sales and marketing for ABCO Energy, Inc. the parent company of AEFC.

Patricia Blackman, Vice President of Sales

Patricia Blackman has extensive administration and sales experience. She was a self-employed contractor in New Hampshire, where she won an award for great customer service. After moving to Arizona, Patricia worked as an Energy Conservation Consultant designing active ventilation systems using radiant barrier insulation and German made attic fans. Patricia’s science background; a bachelor’s degree in Earth Sciences and a master’s degree in Hydrology, makes her an excellent fit for the Solar Industry. She has been with ABCO Solar for 5 years starting as a sales representative and promoted to Vice President of Sales. Patricia is NABCEP certified in PV Technical Sales.

David Shorey, Financial Consultant

Mr. Shorey has worked for the past 40 years in manufacturing, construction and the financial services management business during self-employment and management positions for various enterprises. Mr. Shorey is a Graduate of University of Oregon with a bachelor’s degree in accounting. Mr. Shorey has extensive experience with public and private companies for which has served in an executive position.

Personal and responsive service

Everyone at Alternative Energy Finance Corporation will be thoroughly familiar with all off the projects in our portfolio, so anyone you contact can answer your questions without passing you off to someone else. When you’re an Alternative Energy Finance investor, you always work with the boss. The principals of the Company, including the President, are always happy to take your calls or answer your emails.

Alternative Energy Finance has the financial strength, discretionary tax equity and utility development experience to execute on the solar projects. We have a proven track record of performance working with other project developers, purchasing projects at various stages of the development cycle and taking them across the finish line. We have executed and delivered on projects with some of the best in class in the industry, beating out competition by demonstrating our solar specific experience and low cost of capital.



Alternative Energy Finance focuses its acquisition prospecting efforts on projects that have a high probability of success; ensuring the project meets financial underwriting thresholds, conducting project level due diligence and working with project owners and brokers/bankers throughout the country to ensure we are securing high quality projects. Alternative Energy Finance will spend significant time on the front end of the acquisition process screening projects to ensure time and resources are spent effectively.

ALTERNATIVE ENERGY FINANCE INVESTMENT OPPORTUNITIES

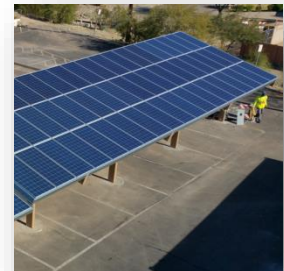
Residential solar projects



Residential solar projects are generally easier to finance with third party financiers and occasionally a third-party investor. The residential market is the most prominent in size and in the number of opportunities but it is also harder to manage once the deal is struck. However, the market is underserved, has good ROI and is available from many dealers in the AEFC network. We have financed deals in this market segment. AEFC has transferred two of its long-term projects to AESF#1, LLC for seed money. The incident of failure will have a higher likelihood in the residential market, but all failed projects will be stripped off the roof and sold on a very active secondary market. AEFC has experienced this in the past and feels they can handle any incidence with positive outcomes.

Commercial solar projects

Commercial projects are business to business transactions and are harder to get financed in the banking arena than residential projects. The term in business and expectations of continuation of business brings in a whole new set of due diligence material to research and many new circumstances to consider before we invest in a commercial operation for the long term. Since businesses ROI on solar is much greater than residential, the financing can be for a shorter period but our investment return is not less, it is just paid out sooner. Commercial projects have to be sold with our ROI in mind, so we set the terms. However, they are often more lucrative because business electric rates are much higher.



Solar powered air conditioner projects



AEFC affiliates are solar powered air conditioner dealers and they come across many home owners and small businesses that wish to finance these projects. They consist of the high seer air conditioning equipment and enough of a solar system to handle the needs of the customer. Generally costing about \$20,000 for the air conditioner and 4,000 watts of solar power, the financing can be done easily and the payback period is much shorter. The tax credits and interest factor are high because the deals are smaller and the customers are more often in need. Our experience in credit management and many years of dealing with solar projects for home owners, give us the ability to make this market a good place for investment. Solar air conditioning qualifies for the 30% section 179D energy credits and the 30% solar energy credits, but not both.

Solar lighting projects

Solar lighting projects are sold and financed for commercial and non-profit entities that do not have the cash and in the case of non-profits; they do not have use for the tax credits. Usually short terms and high interest rates are available and the tax credits will be available for the investors with the pass through to AESF. These projects are generally in the \$10,000 to \$100,000 range for several solar light fixtures and installation. Lighting often qualifies for the 30% section 179D federal tax credit but not the 30% energy credits.



OPPORTUNITY FOR LANDOWNERS TO GENERATE REVENUE

Demand for clean energy has created new opportunities for private and public landowners. Alternative Energy Finance evaluates land for its solar energy potential and the nearby demand for additional electric supply. If there is a good fit, we can discuss the option of a land purchase or long-term lease agreement. Either of these options can provide an opportunity to monetize your land and diversify its use to support a clean energy future.

SOLAR INVESTMENT

Why solar?

Solar energy is simple - energy powered by the sun. This energy comes in the form of solar radiation, which is harnessed by photovoltaic cells that produce electricity. Solar energy is obtained and generated from non-exhaustible, natural resources that are good for the environment and cost effective. Solar energy is a key component of sustainable development - development that meets the needs of the current generation without compromising the ability of future generations to meet their own needs.

Investing in a sustainable future

With over 10 years of development experience and millions of dollars of financing equity placed, Alternative Energy Finance Corporation has accumulated significant experience in the alternative energy investment industry, specifically relating to solar energy. Our team has experience on all sides of the transaction and can provide execution certainty in challenging economic and political environments. We have an in-depth understanding of each project and can efficiently execute while reducing risk through our underwriting and investment selection processes.

Solar as an Asset Class

Solar, as an asset class, has been established as highly desirable and low risk, deserving of institutional capital. Alternative Energy Finance offers the following opportunities for investors seeking exposure to this asset class:

- Traditional equity
- Tax equity

- Leasing debt or equity
- Power purchase agreements
- Solar service agreements



AEFC SOLAR INVESTMENT SELECTION PROCESS

AEFC actively pursues projects that generate superior risk adjusted returns for our investors and partners. Our Investment Selection Process focuses on key market drivers, regulatory frameworks, and structural issues that relate to solar energy investments.

Due diligence

We conduct extensive due diligence on every investment we make, covering all facets of the solar development process; land, interconnection, environmental, permitting, PPA, EPC, O&M and legal/title.

Investment committee approval

No one makes the investment decisions alone. Weekly meetings with Alternative Energy Finance's principals assure fully engaged involvement in making critical investment decisions. AEFC's track record of performance in a variety of tax equity structures utilizing institutional capital, project level debt and back leverage will be applied to all investment decisions by our Investment Committee members.

Construction execution

Our in house team of industry veterans will be overseeing the physical construction with industry leading EPC partners.

Personal and responsive service

Everyone at Alternative Energy Finance Investments will be thoroughly familiar with your project, so anyone you contact can answer your questions without passing you off to someone else. When you're an Alternative Energy Finance investor, you always work with the boss. The principals of the company, including the president, are always happy to take your calls or answer your emails.

Smart & efficient



We know the solar finance business from every perspective and can handle the entire transaction in-house. Our vast knowledge and experience in tax credit syndication, investments and development mean we can handle everything from compliance to closing in-house, saving all our partners' time and money.

Navigating the tax credit process

As a full service investor, syndicator, and developer, our team brings more to the table than most syndication firms. We have the unique experience of working on almost every side of the equation in the tax credit syndication and development process, including providing legal counsel to developers and investors. AEFC's solar specialty is in navigating the intricate Investment Tax Credit process required for solar investments.

Alternative Energy Finance Solar manages the process for investors by reducing transaction costs for tax equity placement and providing stability and execution in uncertain economic and political environments. We help to reduce risk through due diligence and underwriting

THE VALUE OF SOLAR INVESTMENTS

Solar tax credit incentives and depreciation reduce the project's taxable income in the first five years of operation, which increases the investor's after-tax earnings on the project. This is where the tax equity investor benefits. Even though the solar project generates enough taxable income by itself, the real value of solar tax credits and depreciation deductions is to reduce your taxable income.



FEDERAL INCENTIVES FOR SOLAR ENERGY

30 % Alternative Energy Tax Credit is scheduled to expire at the end of 2021. The rate is now scheduled to reduce by 10% per year to the pre-2005 rate of 10% after 2021. A Section 179 depreciation will currently allow the one year write off of up to \$1,000,000 of investment. The 5 - Year Modified Accelerated Cost Recovery Systems (MACRS) depreciation will be used for all remaining cost of Eligible Solar Equipment. Both credits and depreciation are subject to recapture if the Preferred Interest is sold prior to the end of the IRS imposed five year holding period. As long as a project is completed within the year, all credits and depreciation is applied at the rates in effect at the time of completion.



THE AEFC - AESF#1 INVESTMENT PROCESS

AEFC has prepared a number of documents on the proper and legal investment in the fund and to properly understand the entire offering. Please consult both your tax advisor and legal advisor to make sure that you are qualified to invest in the proper fund and to be completely informed of the legal and tax aspects of the fund.

Before you invest in the Fund, read and understand the following:

- ALTERNATIVE ENERGY SOLAR FUND #1, LLC OFFERING REG D PROSPECTUS
- ALTERNATIVE ENERGY SOLAR FUND #1, LLC SUBSCRIPTION AGREEMENT
- ALTERNATIVE ENERGY SOLAR FUND #1, LLC DESCRIPTION OF INVESTMENT AND BUSINESS PLAN

When all of the above has been absorbed and understood, please sign, date and send the subscription agreement with your check (minimum investment \$5,000.00 USD) to the following:

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