SG Preston

Helping Bioenergy Work Smarter

November 2018

Company Information

Founded in 2012 by Randy Delbert LeTang, S.G. Preston Company (the "Company") is an integrated, bioenergy products development company focused primarily on producing HEFA-based renewable jet and diesel fuels for the commercial and private aviation, marine, transportation and electric utility industries.

Corporate Information

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The time for smarter renewable energy is now

SG Preston has a plan to power the world with low carbon emitting fuels and energy for the next 100 years, while simultaneously getting rid of excessive and troublesome waste.

Tighter regulation of carbon-emitting industries, as well as restrictions on the growth of landfill signal a growing need to reduce CO2 emissions and reduce the amount of waste we produce. SG Preston addresses both of these concerns with one powerful business model.

Our ability to develop clean, scalable, affordable and flexible ways of producing power and fuel will be a fundamental driver of this evolution. Our goal is to fully integrate existing delivery systems into the energy supply and development value chain.

Our Foundation

SG Preston product growth opportunities are driven by longstanding relationships at the strategic level of its target client industries, globally

SG Preston was founded on seven core principles designed to ensure effective partnerships and to deliver powerful solutions:

① Business begins with people.

② People conduct business with other people that they know and like.

③ Responsible businesses establish a meaningful presence in every community in which they work.

④ The best businesses are built by matching the skills of intelligent and highly motivated people with the best tools and partners.

⑤ The best partners strengthen teams.

⑥ Smart businesses operate with integrity, discretion, humility, unwavering commitment, and powerful insight.

⑦ Truly effective solutions consider the perspectives of all affected stakeholders.

Our Brand Pillars

Industry know-how to lead

- Thought leadership
- Licensing of proven, cutting-edge 3rd party conversion technologies
- Driving industry standards
- Entrepreneurial spirit
- Continuous R&D, incorporating academia, industry and public opinion

Integrated, holistic eco-system

- Complete, vertical integration
- Logistical coordination
- Certified sustainable products
- Detailed understanding of diverse audience needs

Prosperous, local communities

- Local economic development
- Rebuilding communities
- Local partnerships
- Collaborative approach

Efficient problem solvers

- Steady and guaranteed supply of fuel stock
- Actionable, measurable solutions
- Efficient transportation
- Improved industry efficiency

Long-term environmental and economic harmony

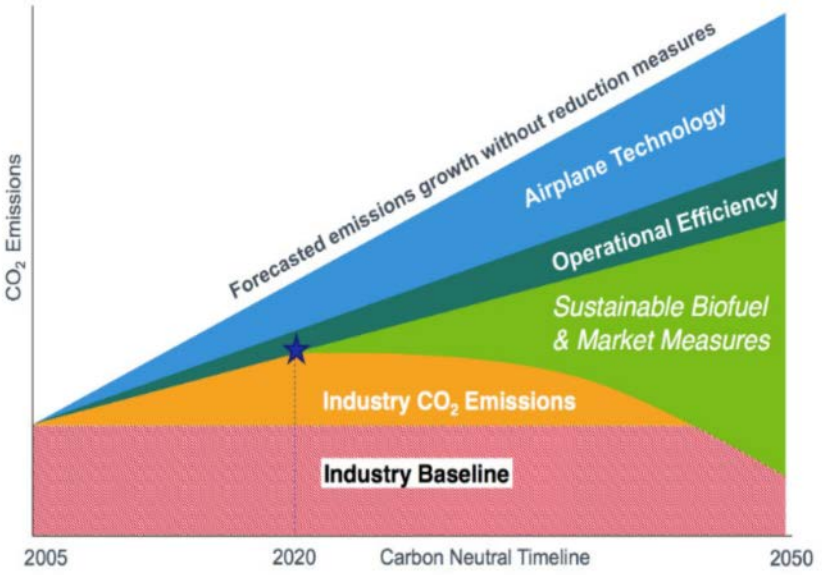
- Long-term contracts
- Long-term partnerships
- Reduced waste and emissions
- A natural cycle that results in a balanced world

A Growing, Global Market

Key Trends

- ✓ Currently, jet fuel is a 22 billion gallon per year market in the U.S. and about 80 billion gallons worldwide.
- ✓ Renewable Fuels have made permanent inroads into gasoline and diesel (transport and marine- 400 billion gallons worldwide) suppliers but are only now beginning to enter the commercial jet fuel market.
- ✓ Renewable Jet Fuel Blend Component ("RJFBC") describes fuel made from renewable, biologically derived raw materials and, once blended with Jet A, is ASTM and FAA approved for use in unmodified jet engines on commercial aircraft.
- ✓ 'Drop-in' Renewable Jet Fuel (blended directly with Jet A) reduces greenhouse gas (GHG) emissions by 50% to 80% compared to the current Jet A.

Strategy for Reducing Emissions



Industry Commitments

2010

1.5% p/a fuel efficiency

Working towards Carbon-Neutral Growth

2020

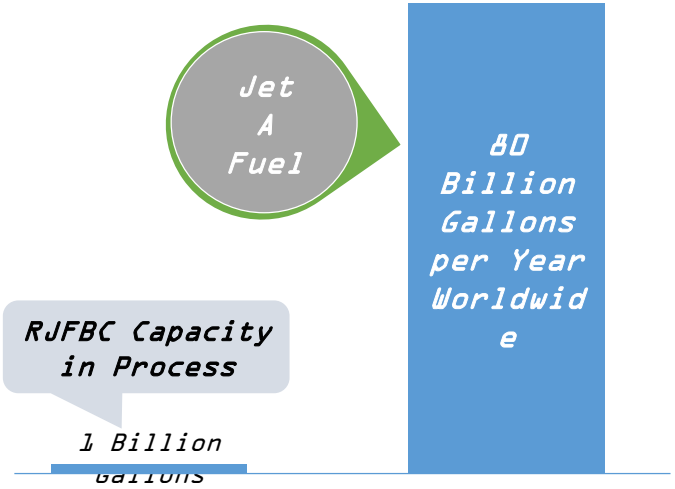
Carbon-Neutral Growth from 2020

Implementation of global sectoral approach

2050

50% reduction in net CO_2 emissions over 2005 levels

Global Fuel Market



Sources: Working Paper Series, EIA, Tony Radich, October 2015; Boeing; Biofuels Digest

SG Preston

The Bio-Fuel Development Challenge

Lack of integration of critical components results in projects that cannot deliver for all stakeholders

Delivering a price competitive and profitable renewable fuel requires command of all incremental input costs and mechanisms that result in the development of that final product. To-date, the lack of success in developing these renewable fuels has resulted from a lack of command where it matters most.

Feedstock:

- Overreliance on commodity brokers/suppliers whose pricing models are designed to erode incentives, such as RIN value, and therefore make finished products vulnerable to commodity price changes, and therefore unstable for the producer and unstable for the Offtaker.

Logistics:

- Lack of focus on integrating logistics platforms results in increased costs – the "where" still matters, and volume is paramount to pricing success

Technology:

- Overreliance on innovation and R&D dealing with technologies unproven at commercial scale, and lacking balance sheet support for errors.

Engineering & Construction:

- Unwillingness of major, credit worthy EPC contractors to offer guarantees for project performance.

Offtakers:

- Offtake agreements oftentimes do not match the terms of the feedstock and financing profile, and therefore makes financing and economics of these projects difficult.

The SGP Solution - An Integrated System

SGP's biofuel platform is designed with integration of critical components at its core, resulting in projects that are designed to deliver for all stakeholders

SGP's integrated platform considers all critical components of the development value chain that will deliver a price competitive and profitable renewable fuel.

Feedstock:

Un-coordinated agricultural supply chain for developing advanced biofuels and bioproducts from purpose grown, non-disruptive, non-food oilseeds presents a massive "blue-sky" opportunity for SG Preston to provide thought leadership, and to add value to their principle stakeholders by integrating and applying their resources and expertise to capture outsized market-share in the bioenergy industry.

Logistics:

- Keen focus on development as well as delivery logistics ensures a turnkey, non-disruptive solution to all clients. All sites are supported by road, rail, and in some cases, water transport access for feedstock and finished fuel.

Technology:

- SGP is not a technology company, but instead relies on licensing technologies proven at commercial scale and backed by significant balance sheet guarantees.

Engineering & Construction:

- Focus on credit worthy EPC with guarantees for project performance to focus on rapid replicability and deployment.

- **SUSTAINABILITY – A KEY FOCUS**
  - Must consider social, environmental and economic stakeholders

Project Summary

Sponsor: SG Preston Company is a leading bioenergy products development company based in Philadelphia, PA.

Project: A dual-train Renewable Fuels production facility located in South Point, OH designed to produce 260mm gallons per year of primarily "drop-in" Renewable Jet and Diesel fuel for the commercial aviation, marine, transportation and utilities markets as well as other marketable renewable products (351mm gallons per year total output). This will be first of a portfolio of facilities to be built over the next 5 to 10 years.

Certifications: The Company's HEFA-based Renewable Fuels are ASTM and FAA certified for use in unmodified commercial and private aircraft jet engines and auto / marine engines as well as being the only Renewable Fuel currently approved for pipeline transport.

Expected Investment: Approximately $1.05bn of project finance-like equity and debt capital, for the inaugural dual-train facility.

Timing: Lump sum, fixed price estimate is expected to be achieved by the end of q3 2019. Construction engineering and construction of the facility, off-site logistics, and other aspects of the project are expected to be completed in q2 2021. Intermittent volumes of Renewable Jet Fuel are expected to be developed by q4 2019.

Customer Commitments: Jet Blue and Qantas binding, 10-year agreements to purchase blended Renewable Jet Fuel from SGP. The Company expects to have similar contracts signed with other major airlines, cargo carriers, utilities, marine and refiners for the full amount of the production of the South Point facility by Q2 2019.

SGP Financing Fundamentals

- ✓ Highly Regarded Industry Partners
- ✓ Attractive Secular Tailwinds
- ✓ EPC Wrapped Technology Risk
- ✓ Business Model with Limited Reliance on Environmental Revenue
- ✓ De-risked Feedstock Strategy
- ✓ Experienced Management Team

Capital Considerations at Shovel-Ready

Overview

- SG Preston has been advised that it will be able to raise attractive non-recourse construction project debt
- Investment Grade ratings are realistic given:
  - Long-term fixed-price take-or-pay agreements with strong creditworthy off-takers;
  - Experienced EPC contractor;
  - No technology risk; and
  - Long-term relationship with an established feedstock partner.
- SG Preston's integrated business model will be an important input to enhancing the project's creditworthiness.
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Available Markets

(Investment Grade / Quasi-Investment Grade)

	Bank Market (Term Loan A)	Private Placement Bond Market
Size	$100mm to $5bn+	$100mm to $750mm
Tenor	7 years (can be up to 20 years)	Up to 30 years
Type	Floating Rate (Amortizing)	Fixed Rate (Amortizing)
Ratings	None	One
Documentation	Bank Book	Private Placement Memo
Prepayability	Par	Make-Whole
Delayed Draw	✓	✓
Recent Transactions	Freeport LNG[1] Sabine Pass LNG[3] Corpus Christi LNG[5] Carlsbad Energy[7] AES Southland	Freeport LNG[2] Sabine Pass LNG[4] Corpus Christi LNG[6] Duke Renewables ArcLight Hydro

Structuring Considerations

- Total debt based on ability to fully amortize over life of off-take contracts
  - 1.4x Debt Service Coverage Ratio ("DSCR") for investment-grade rating (4(2) private placement execution)
  - 1.15x-1.35x DSCR for bank market
- Refinancing risk acceptable if tenor of financing less then off-take contracts
- SG Preston's off-take contract floor price feature substantially increases the likelihood of achieving desired rating outcome
- Long-term relationship with an established feedstock partner further de-risks project cash flows and strengthens IG rating argument.

1 Original project TL in 2014 at L+200. **2** Subsequent private placement refis including most recently parts of Train 2 (T+215, T+190) and 144A issue to refi part of Train 3 (T+260). **3** Project TL in 2005 at L+275. Refi'd in 2006. **4** Multiple refis with bullets in the 144A market and an amortizing private placement (BBB-, T+235.5). **5** Project DD TL done in 2015 at L+225. **6** Subsequent refis included 144A bond (BB-,T+278) and DD TL at L+175. **7** Construction deal for power plant with tolling agreements (T+170).