“I was seldom able to see an opportunity until it had ceased to be one.”

Mark Twain

Aravaipa Ventures

CleanTech VC
We Invest in Early-Stage Technology

• Early
  – Product?
  – Market\Customers?
  – Margins\Profits?
• Normally Equity
• No Collateral

High Risk with potential High Return
VCs Expect FAILURE

- Portfolio approach – VC funds generally make 10 to 20 investments
- Expected failure rate of 75%
- Nearly all the return is generated by 10% of the investments

Aravaipa – 10 years into fund:
- Invested in 11 startups
- Sold 1 with 20% IRR
- Gradual exit from 1 – expected 6% IRR
- Distributed 1 to the LPs – negative return
- Shut down 2 with zero return
- 6 are still alive
- Expect strong exit from 3
CleanTech is Hard, but necessary

- VCs spent over $25B funding CleanTech from 2006-2010 and lost half their money
- Why? They expected a 5-to-7 year exit; Cleantech Startups will take 10-to-15 years to exit
- Funding this long gestation is a major challenge
- CleanTech innovation is necessary if we are to survive Climate Change!

Aravaipa:
- First 15-year fund
- Focus on leading fundraising for its portfolio companies: $160M to date
- Focus on Impact in addition to Return
VCs enable Electrification of Transportation

Without Tesla, there would be no electric cars on the road in the USA today.

Without companies like Lightning Systems there would be no electric buses & trucks.

The OEMs like the status quo: the Internal Combustion Engine.
An Alternative Infrastructure lender provided $1M equity + $20M loan
Bolder Industries
Recycling Tires

- True Tire Recycling: Pyrolysis + Finishing
- 35% EBITDA
- Capex: - proof of concept plant $30M
  - Industrial plants $50M
Leveraged VC Plant Development

- Development Fees
- Management Fees
- Brand Royalties
- ALL IP

Project Financing

- $5M equity
- 10%
- $1M

Bolder Industries LLC

Project Partnership

- 90%
- $30M

Proof of Concept Plant

- $1M equity owns 20% of BI and 2% of plant 1

BI Competitors

- $50M Equity

Most VC-funded Waste Conversion

Proof of Concept Plant

- $1M equity owns 2% of BI Comp and 2% of plant 1
Leveraged VC Plant Development

$7M equity

Bolder Industries LLC

Project Financing

Project Partnership 1

$1M

10%

$30M

90%

10% EBITDA

Proof of Concept Plant

Project Financing

Project Partnership 2

$1M

60%

$50M

40%

100%

Industrial Plant #1

Project Financing

35% EBITDA

$1M equity owns 14% of BI, 1.4% of proof of concept plant, and **8.6% of Industrial Plant #1**

Great Technologies can benefit from leveraging project financing
Aravaipa focuses on companies that create disruptive technology with a global environmental impact.