

Summary of the
Rating Report

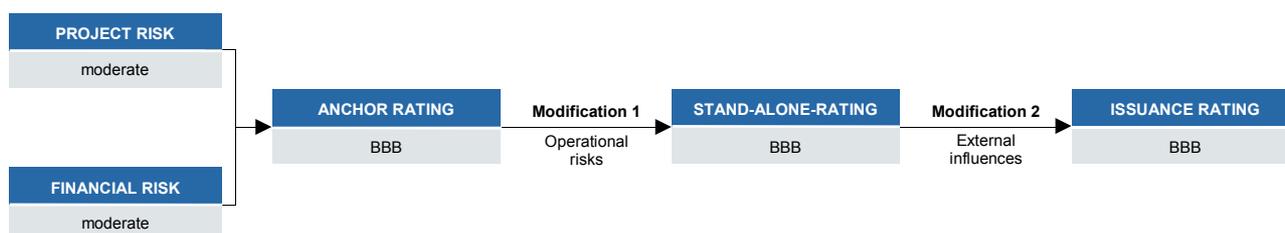
**Gode Wind 1 Investor Holding
GmbH (Project Fortuna)**
Senior Notes

05 October 2017



Issuance Rating

Gode Wind 1 Investor Holding GmbH (Project Fortuna) Senior Secured Amortising Registered Notes		05 October 2017	BBB
		Issuance rating	
		Outlook	stable
Industry	Offshore Wind Energy	Volume	€ 556 m



PROJECT RISK	moderate
<ul style="list-style-type: none"> Highly predictable revenue stream benefiting from low resource risk and the absence of price risk Stability of German regulation leads to low regulatory risk Moderate OPEX risks due to OEM warranty agreement and largely fixed O&M costs Offshore wind lacks competitiveness compared to other renewable energy sources 	

OPERATIONAL RISK	± 0
<ul style="list-style-type: none"> Construction and taking-over of GOW1 completed Operational risks consistent with the anchor rating 	

FINANCIAL RISK	moderate
<ul style="list-style-type: none"> Full amortization within the regulated income period Sufficient coverage ratios for debt service under conservative rating case assumptions Financial model sustains severe downside scenarios without making use of reserve accounts Robust short-term liquidity profile 	

TERMS OF ISSUANCE	± 0
<ul style="list-style-type: none"> Senior secured status Permitted financial indebtedness at OpCo level Adequate cash distribution mechanism, reserve accounts, covenants and termination rights Adequate liquidity facilities such as DSRA and MRA 	

Rating Rationale

Euler Hermes Rating confirms Gode Wind 1 Investor Holding GmbH's (Project Fortuna) senior notes issuance rating at BBB. The key factors underlying this issuance rating are a combination of moderate project risks, moderate financial risks and adequate terms & conditions for the € 556 million bond issue.

Moderate project risk due to high cash flow visibility, low regulatory risks and low operating risks

The **project risks** are moderate in our opinion. Key drivers of our assessment are a combination of highly predictable cash flows, low regulatory and operating risks. The elimination of price risks through regulated feed-in tariffs and the mitigation of resource risks through the application of independent energy yield studies both contribute to a highly predictable and stable revenue stream in our opinion. The cash flow quality is further supported by the operations & maintenance agreement with mostly fixed conditions guaranteed by DONG Energy Wind Power A/S (DONG Energy) and supported by a yield based service warranty agreement with Siemens. Risks associated with the market-/regulatory environment are generally low as the offshore wind industry will keep benefitting from strong regulatory support by the German government in our view. We further believe that the managing risks are low given DONG Energy's long standing track record and market-leading position in offshore wind, stable credit ratings, commitment to the project and high-quality project partners. Technical risks associated with the limited track record of the wind turbine (SWT-6.0-154), uncertainties regarding the variable fraction of the O&M-budget and lack of competitiveness compared with other regulated renewable energy sources have a negative impact on the rating of project risks.

Moderate financial risk due to sufficient coverage and robust short-term liquidity

Project Fortuna is exposed to moderate **financial risks** in our view. Key drivers in our assessment are conservative rating case assumptions and sufficient debt service coverage ratios which could sustain severe downside scenarios regarding energy yield, park availability, wake losses, total O&M budget or permitted indebtedness at OpCo level without making use of reserve accounts. H1 FY17 results were slightly negatively affected by grid outage related costs, poor wind conditions and curtailments. Additional grid outage costs are partially included in the increased construction price and partially considered as OPEX variable fees. Separately, the delayed final taking-over date and the increased final construction price have shifted the first repayment date and the feed-in tariff period by six months. As a result, debt capacity calculated with the updated financial model is reduced to € 536 million implying an excess amount of € 20 million. This amount is backed by a cash position on Investor HoldCo's balance sheet and will be repaid on the first repayment date. Due to the shift of the feed-in tariff period, the last debt service will be exposed to minor price risks. These uncertainties are mitigated by the regulated floor price in our view.

The assessment of operational risks and terms of issuance causes no modification of the overall issuance rating

Our assessment of the **operational risks** and the **terms of issuance** did not identify any relevant factors that would require a modification of the overall rating outcome. In particular, we tested for adequate terms and conditions regarding the cash distribution mechanism, reserve accounts, covenants and termination rights. The absence of financial leverage at project level, the eliminated construction risks, and the full amortisation within the regulated income period are positive factors in our view. A possible scenario that would permit financial indebtedness at OpCo level only has a minor negative impact on the risk assessment given the well-defined limits on priority claims.

Rating History

	13 October 2015	11 October 2016	05 October 2017
Rating	BBB	BBB	BBB
Outlook	stable	stable	stable

Execution

Analysts

- Torsten Schellscheidt, Senior Analyst / Project Manager
- Matthias Peetz, Senior Analyst

Rating committee

- Kai Gerdes, Director
- Dörte Mählmann, Director

Principal sources of information

- Financial Model of Project Fortuna as of 10 August 2017
- Annual Financial Statements as of 31 December 2016, Gode Wind 1 Offshore Wind Farm GmbH & Co. oHG, Norden
- Quarterly O&M / Financial Report Gode Wind 1 Offshore Wind Farm GmbH & Co. oHG, Q1 2017, 28 April 2017, DONG Energy
- Quarterly O&M / Financial Report Gode Wind 1 Offshore Wind Farm GmbH & Co. oHG, Q2 2017, 20 July 2017, DONG Energy
- Project Fortuna Acquisition Due Diligence, April 2015, prepared by SgurrEnergy
- Assessment of Energy Production of the proposed Gode Wind 1 offshore wind farm, 6 March 2014, prepared by GL Garrad Hassan
- Technical Due Diligence Review on the Project Fortuna in the German EEZ, 11 April 2014, prepared by GL Garrad Hassan
- Project Fortuna – Gode Wind 1 offshore wind farm (GOW1) yield estimate, 13 November 2013, prepared by DONG Energy
- Project Fortuna – Insurance Due Diligence Report – Update – V2. 25 February 2015, prepared by Willis
- Heads of Agreements, 15 April 2015, between Global Infrastructure Management, LLC and DONG Energy Wind Power A/S
- Preliminary Senior Bond Term Sheet, 18 May 2015
- Common Terms Agreement / Account Bank Agreement / Agency Agreement / Share Purchase Agreement
- Project Fortuna – Legal Review Report. 30 April 2015, prepared by Clifford Chance
- Project Fortuna – Draft Strawman Structure Report, 8 May 2015, prepared by Deloitte
- Investor HoldCo Account Pledge Agreement
- Direct Agreement SHA
- Security Trust and Intercreditor Agreement
- Direct Agreement CA
- Direct Agreement OMA
- Construction Agreement
- Operation and Maintenance Agreement
- Power Purchase Agreement I
- Equity Commitment Letter (CA Price)
- Equity Commitment Letter (Decommissioning)
- Shareholder Loan (HoldCo Partnership)
- Shareholder Loan Agreement (Parent to HoldCo)
- Parent Company Guarantee Rescission Amount Guarantee
- Parent Company Guarantee Shareholders Agreement Guarantee
- Shareholder Agreement
- Master Definition Agreement
- Subscription Agreement
- Project Fortuna, Conditions of Issue
- Equity Commitment Letter from Global Infrastructure Partners (GIP)
- Letter of Credit (National Australian Bank)
- GIP Portfolio Breakdown, 28 September 2012

Rating methodology

- Project rating General of Euler Hermes Rating GmbH of April 2017 (https://www.ehrg.de/seiten/Projektrating_2017.pdf)
- Issuance rating of Euler Hermes Rating GmbH of December 2014 (<https://www.ehrg.de/seiten/Methodology%20Issue%20Rating%202014.pdf>)

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Rating categories

Category	Explanation
AAA	In the opinion of EHRG, AAA rated entities demonstrate an excellent credit quality and the lowest default risk.
AA	In the opinion of EHRG, AA rated entities demonstrate a very high credit quality with a very low default risk.
A	In the opinion of EHRG, A rated entities demonstrate a high credit quality with a low default risk.
BBB	In the opinion of EHRG, BBB rated entities demonstrate a medium credit quality with a moderate default risk.
BB	In the opinion of EHRG, BB rated entities demonstrate a medium-low credit quality with a slightly increased default risk.
B	In the opinion of EHRG, B rated entities demonstrate a low credit quality with an increased default risk.
CCC	In the opinion of EHRG, CCC rated entities demonstrate a very low credit quality with a high default risk.
CC	In the opinion of EHRG, CC rated entities demonstrate a very low credit quality, an event of default is very likely.
C	In the opinion of EHRG, C rated entities demonstrate a very low credit quality, an event of default is imminent.
D / SD	D rated entities have defaulted, as defined by the rating agency. The rated entity is assigned an SD rating (Selective Default) if it has only defaulted on certain debt obligations.
PLUS (+) MINUS (-)	Rating categories from AA to CCC are modified by a PLUS (+) or MINUS (-), where required, in order to show their relative position within the rating category.

Definition of financial ratios

Annual Debt Service Coverage Ratio (ADSCR)

ADSCR
Numerator
Annual Cash flow Available for Debt Service (CFADS)
Denominator
Annual Debt Service (scheduled interest plus principal payments)

Loan Life Coverage Ratio (LLCR)

LLCR
Numerator
Discounted annual CFADS over remaining Loan Life
Denominator
Remaining Debt Balance

Adjusted Funds from Operations (FFO / Total Debt)

FFO/Debt
Numerator
Annual CFADS less scheduled interest payments (= adjusted FFO)
Denominator
Remaining Debt Balance

Disclaimer

Global Infrastructure Management, LLC (client) engaged Euler Hermes Rating GmbH to conduct a rating of the issuance (rated entity) of the Gode Wind 1 Investor Holding GmbH (issuer) on 27 April 2015. Interviews with the issuer were conducted between 01 August 2017 and 30 September 2017.

The Rating Committee of Euler Hermes Rating GmbH reviewed the rating process, issued the rating notation and approved the rating report in its current form on 05 October 2017. This rating report was given to the client on 30 October 2017, thereby concluding the rating process.

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Euler Hermes Rating GmbH

Hamburg, 30 October 2017

(Delivery date of final report!)