

Summary of the  
Rating Report

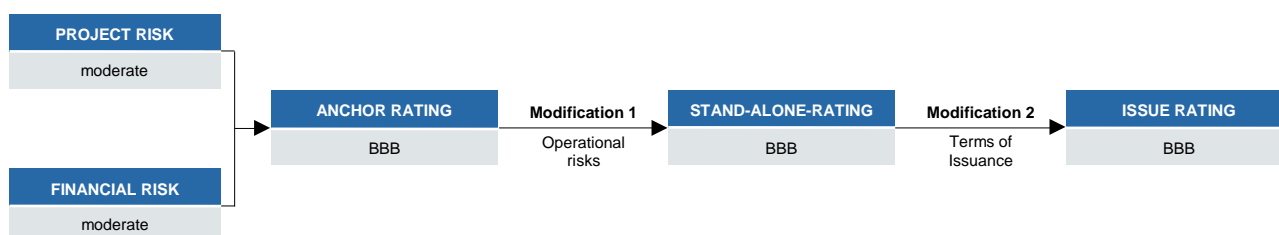
**Gode Wind 1 Investor Holding  
GmbH (Project Fortuna)**  
Senior Notes Issuance

27 September 2018



# Issue Rating

<b>Gode Wind 1 Investor Holding GmbH (Project Fortuna) Senior Secured Amortising Registered Notes</b>		27 September 2018	<b>BBB</b>
		Issue rating	
		Outlook	stable
Industry	Offshore Wind Energy	Volume	€ 556 m



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

<b>OPERATIONAL RISK</b>	<b>± 0</b>
<ul style="list-style-type: none"> <li>Operational risks are consistent with the anchor rating</li> </ul>	

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

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

# Rating Rationale

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

***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 and low regulatory and operating risks. The elimination of price risks through regulated feed-in tariffs and low resource risks confirmed by 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 Ørsted Wind Power A/S and a five-year yield based service warranty agreement with Siemens. Risks associated with the market-/regulatory environment are generally low in our view as the project benefits from a strong and long-termed FIT-regulation. We further believe that the operating risks are generally low given Ørsted'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. Full year 2017 results were negatively affected by grid outage related costs, poor wind conditions, curtailments and the delayed final taking-over date. Large parts of these effects were compensated by TSO payments. Some of these exceptionals still had an impact on earnings during the first six months of 2018. Nevertheless, revenues and operating profits exceeded our rating case assumptions, proving the very conservative assumptions initially made. Potential price risks stemming from a slight shift of the initially planned repayment period by six months at the end of the accelerated FIT-period are low due to the regulated floor price and the longer-termed project duration.

***The assessment of operational risks and terms of issuance causes no modification of the overall issue 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 and the scheduled note amortisation within the regulated income period are positive factors in our view. Scenarios testing for permitted financial indebtedness situations at OpCo level only have a minor negative impact on the risk assessment due to agreed limits on priority claims.

# Rating History

	13 October 2015	11 October 2016	05 October 2017	27 September 2018
<b>Rating</b>	BBB	BBB	BBB	BBB
<b>Outlook</b>	stable	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 13 August 2018
- Annual Financial Statements as of 31 December 2017, Gode Wind 1 Offshore Wind Farm GmbH & Co. oHG, Norden
- Annual Financial Statements as of 31 December 2017, Gode Wind 1 Investor Holding GmbH, Frankfurt am Main
- Gode Wind 01 Offshore Wind Farm GmbH & Co. oHG Budget 2018 & Estimate 2019-20
- Quarterly O&M / Financial Report Gode Wind 1 Offshore Wind Farm GmbH & Co. oHG, Q1-Q4 2017, Ørsted
- 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 Ørsted
- 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 Ørsted Wind Power A/S
- Common Terms Agreement (Execution Version as of 08 October 2015)
- Account Bank Agreement (Execution Version as of 08 October 2015)
- Agency Agreement (Execution Version as of 08 October 2015)
- 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 (Execution Version as of 08 October 2015)
- Direct Agreement SHA (Execution Version as of 08 October 2015)
- Security Trust and Intercreditor Agreement (Execution Version as of 08 October 2015)
- Direct Agreement CA (Execution Version as of 08 October 2015)
- Direct Agreement OMA (Execution Version as of 08 October 2015)
- Construction Agreement (Execution Version as of 08 October 2015)
- Operation and Maintenance Agreement (Execution Version as of 08 October 2015)
- Power Purchase Agreement I (Execution Version as of 08 October 2015)
- Equity Commitment Letter CA Price (Execution Version as of 08 October 2015)
- Equity Commitment Letter Decommissioning (Execution Version as of 08 October 2015)
- Shareholder Loan HoldCo Partnership (Execution Version as of 08 October 2015)
- Shareholder Loan Agreement Parent to HoldCo (Execution Version as of 08 October 2015)
- Parent Company Guarantee Rescission Amount Guarantee (Execution Version as of 08 October 2015)
- Parent Company Guarantee Shareholders Agreement Guarantee (Execution Version as of 08 October 2015)
- Master Definition Agreement (Execution Version as of 08 October 2015)
- Subscription Agreement (Execution Version as of 08 October 2015)
- Project Fortuna, Conditions of Issue
- Letter of Credit National Australian Bank (Execution Version as of 08 October 2015)
- Share Purchase Agreement

### Rating methodology

- Project rating General of Euler Hermes Rating GmbH of April 2017 ([https://www.ehrg.de/seiten/Projektrating\\_2017.pdf](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
<b>AAA</b>	In the opinion of EHRG, AAA rated entities demonstrate an excellent credit quality and the lowest default risk.
<b>AA</b>	In the opinion of EHRG, AA rated entities demonstrate a very high credit quality with a very low default risk.
<b>A</b>	In the opinion of EHRG, A rated entities demonstrate a high credit quality with a low default risk.
<b>BBB</b>	In the opinion of EHRG, BBB rated entities demonstrate a medium credit quality with a moderate default risk.
<b>BB</b>	In the opinion of EHRG, BB rated entities demonstrate a medium-low credit quality with a slightly increased default risk.
<b>B</b>	In the opinion of EHRG, B rated entities demonstrate a low credit quality with an increased default risk.
<b>CCC</b>	In the opinion of EHRG, CCC rated entities demonstrate a very low credit quality with a high default risk.
<b>CC</b>	In the opinion of EHRG, CC rated entities demonstrate a very low credit quality, an event of default is very likely.
<b>C</b>	In the opinion of EHRG, C rated entities demonstrate a very low credit quality, an event of default is imminent.
<b>D / SD</b>	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.
<b>PLUS (+) MINUS (-)</b>	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)

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

### Loan Life Coverage Ratio (LLCR)

<b>LLCR</b>
<b>Numerator</b>
Discounted annual CFADS over remaining Loan Life
<b>Denominator</b>
Remaining Debt Balance

### Adjusted Funds from Operations (FFO / Total Debt)

<b>FFO/Debt</b>
<b>Numerator</b>
Annual CFADS less scheduled interest payments (= adjusted FFO)
<b>Denominator</b>
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 2018 and 30 September 2018.

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 27 September 2018. This rating report was given to the client on 25 October 2018, thereby concluding the rating process.

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Euler Hermes Rating GmbH

Hamburg, 25 October 2018