

RATING REPORT  
(SUMMARY)

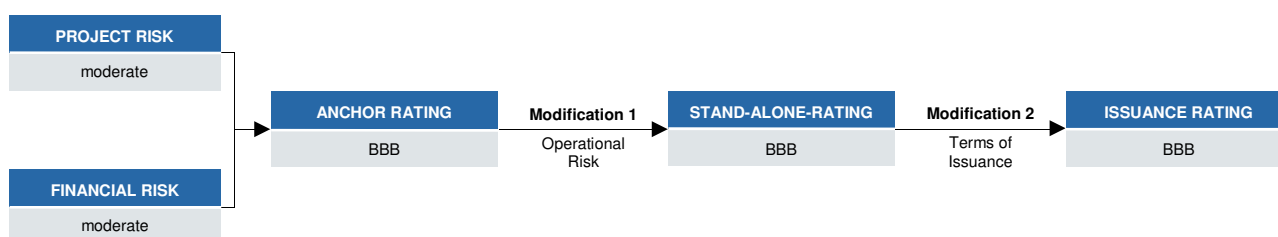
**Gode Wind 1  
Investor Holding GmbH  
(Project Fortuna)  
Senior Note Issuance**

30 September 2019



# Issuance Rating (Summary)

|   |                      |                          |               |
|---|----------------------|--------------------------|---------------|
| <b>Gode Wind 1 Investor Holding GmbH<br/>Senior Secured Amortising Registered Notes<br/>(Project Fortuna)</b> |                      | <b>30 September 2019</b> | <b>BBB</b>    |
|   |                      | <b>Issuance Rating</b>   |               |
|   |                      | <b>Outlook</b>           | <b>stable</b> |
| Industry  | Offshore Wind Energy | Nominal Volume           | € 536 m       |



|  |                 |
|--|-----------------|
| <b>PROJECT RISK</b>  | <b>moderate</b> |
| <ul style="list-style-type: none"> <li>Project site with comparatively low resource risk</li> <li>No merchant risk until note matures (high fixed FIT)</li> <li>Moderate sustainability of operating cash flow due to largely fixed-fee O&amp;M and a strong warranty agreement</li> <li>Low regulatory risks</li> <li>Moderate technical/operating risks</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>Expected recovery rate at least 60%</li> <li>Low and manageable refinancing risk</li> <li>Adequate cash distribution mechanism, reserve accounts, covenants and termination rights</li> </ul> |            |

# Rating Rationale

**Euler Hermes Rating confirms the BBB issuance rating for the senior notes issued by Gode Wind 1 Investor Holding GmbH. Key rating considerations are a combination of moderate project risks, moderate financial risks, low operational risks and adequate terms of issuance with adequate recovery expectations.**

***Moderate project risk due to moderate cash flow sustainability, low regulatory risks and moderate technical risks***

We assess the **project risk** profile as moderate. Key drivers are a combination of a moderate sustainability of operating cash flow, low regulatory risks and moderate technical risks. In our view, the project site benefits from very low wind related uncertainty and variability levels to the advantage of a comparatively high capacity factor. The project further benefits from priority dispatch for renewable energies, regulated high fixed feed-in-tariffs (FiT) for a period of 9 years and 10 months followed by a regulated floor price against downside risk until the end of year 20. Hence, merchant risks during the note tenor are practically eliminated in our view. Risks from typically very uncertain or highly volatile offshore operating expenditure budgets are mitigated to a moderate extent via an initial 5-year service and warranty agreement by Siemens Gamesa together with a largely fixed-fee 20-year operating and maintenance agreement by Ørsted. Potential counterparty risks regarding these service providers are low in our opinion, given their long standing track record, market position, credit standing and commitment to the project. Risks associated with the market/regulatory environment are generally low in Germany due to the established renewables act, legal security and a favourable political climate. Moreover we think that technical risks associated with the turbine model, or potential grid connectivity issues with the TSO, are mitigated to a moderate extent by the comprehensive warranty agreement and the established compensation mechanism with TenneT.

***Moderate financial risk due to robust performance and adequate future risk bearing potential***

We assess the **financial risk** profile as **moderate**. Key drivers are the robust financial performance during 2018 and the first half of 2019, and our future expectation on adequate debt service coverage ratios under conservative rating case assumptions. Despite struggling with notable energy curtailments, lower than expected wind speeds (HY1 2019) and unbudgeted extra costs, the actual revenues and operating profits slightly exceeded the initial rating case assumptions. The senior notes have been serviced according to schedule and we expect a very comfortable coverage for the next payment date (Dec 2019) considering the reported cash reserves and the expected operating cash flow during the second half of 2019. For future periods we expect an overall adequate risk bearing potential with adequate debt service coverage ratios of 1.32x on average over the remaining tenor of the senior note. Our expectations are based on conservative modelling assumptions (rating case) and additional stress test scenarios with variations of selected key input parameters, which demonstrated that the project could sustain prolonged downside scenarios on energy yield, park availability, wake losses or the OPEX budget without making use of the contractual debt service reserve accounts.

***Operational risks and the assessment of the terms of issuance do not trigger rating modifications***

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. Based on the terms of issuance we see a standard set of applicable creditor protection clauses with adequate financial covenants. Regarding the investment structure we value the senior secured ranking and the restrictive cash distribution order with strict priority for debt service, sufficient reserve account requirements and dividend distribution hurdles. In our assessment on the potential development of the net asset value of the project rights, we found that a hypothetical liquidation scenario would most likely result in recovery rates of at least 60%.

# Rating History

|                        | 05 October 2017 | 27 September 2018 | 30 September 2019 |
|------------------------|-----------------|-------------------|-------------------|
| <b>Issuance Rating</b> | BBB             | BBB               | BBB               |
| <b>Outlook</b>         | stable          | stable            | stable            |

## Appendix 1: Execution

### Analysts

- Matthias Peetz, Senior Analyst / Project Lead
- Silke Naused, Senior Analyst

### Rating committee

- Kai Gerdes, Director
- Dörte Mählmann, Director

### Principal sources of information

- Annual Financial Statements as of 31 December 2018 - Gode Wind 1 Offshore Wind Farm GmbH & Co. oHG
- Annual Financial Statements as of 31 December 2018 - Gode Wind 1 Investor Holding GmbH
- Budget 2019 & Estimate 2020-21 - Gode Wind 01 Offshore Wind Farm GmbH & Co. oHG
- Quarterly O&M / Financial Report Q4/2018, Q1/2019, Q2/2019 - Gode Wind 1 Offshore Wind Farm GmbH & Co. oHG
- Financial Model of as of 15 August 2019
- Bank statements 30.06.2019 - Gode Wind 1 Offshore Wind Farm GmbH & Co. oHG
- Bank statements 30.06.2019 - Gode Wind 1 Investor Holding GmbH
- 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, 11 April 2014, prepared by GL Garrad Hassan
- 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)
- 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 Operation and Maintenance 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)
- Shareholder Loan HoldCo Partnership (Execution Version as of 08 October 2015)
- Shareholder Loan Agreement Parent to HoldCo (Execution Version as of 08 October 2015)
- Letter of Credit National Australian Bank (Execution Version as of 08 October 2015)

### Rating methodology

- Euler Hermes Rating GmbH Project Rating Methodology (General) of April 2017 ([https://www.ehrg.de/seiten/Methodology\\_Project%20Rating\\_20171114.pdf](https://www.ehrg.de/seiten/Methodology_Project%20Rating_20171114.pdf))
- Euler Hermes Rating GmbH Issue Rating Methodology of December 2014 ([https://www.ehrg.de/seiten/Methodology\\_Issue%20Rating\\_20171114.pdf](https://www.ehrg.de/seiten/Methodology_Issue%20Rating_20171114.pdf))

### Euler Hermes Rating GmbH

Friedensallee 254  
22763 Hamburg  
GERMANY  
Phone: +49 (0) 40/88 34-64 0  
Fax: +49 (0) 40/88 34-64 13

info@eulerhermes-rating.com  
www.eulerhermes-rating.com

## Appendix 2: Rating categories

| Category                      | Explanation   |
|-------------------------------|---|
| <b>AAA</b>                    | In the opinion of EHRG, AAA rated entities or obligations demonstrate an excellent credit quality and the lowest default risk.  |
| <b>AA</b>                     | In the opinion of EHRG, AA rated entities or obligations demonstrate a very high credit quality with a very low default risk.   |
| <b>A</b>                      | In the opinion of EHRG, A rated entities or obligations demonstrate a high credit quality with a low default risk.  |
| <b>BBB</b>                    | In the opinion of EHRG, BBB rated entities or obligations demonstrate a medium credit quality with a moderate default risk.   |
| <b>BB</b>                     | In the opinion of EHRG, BB rated entities or obligations demonstrate a medium-low credit quality with a slightly increased default risk.  |
| <b>B</b>                      | In the opinion of EHRG, B rated entities or obligations demonstrate a low credit quality with an increased default risk.  |
| <b>CCC</b>                    | In the opinion of EHRG, CCC rated entities or obligations demonstrate a very low credit quality with a high default risk.   |
| <b>CC</b>                     | In the opinion of EHRG, CC rated entities or obligations demonstrate a very low credit quality, an event of default is very likely.   |
| <b>C</b>                      | In the opinion of EHRG, C rated entities or obligations 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 (+)<br/>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.                        |

## Appendix 3: Definitions and 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) |

### Note Life Coverage Ratio (NLCR)

|  |
|--|
| <b>NLCR</b>                                      |
| <b>Numerator</b>                                 |
| Discounted annual CFADS over remaining Note Life |
| <b>Denominator</b>                               |
| Remaining Net 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

On 24 April 2015 Euler Hermes Rating GmbH was engaged to provide regular ratings on the senior note issuance (rated obligation) issued by Gode Wind 1 Investor Holding GmbH (issuer).

Interviews with the issuer or its representatives were conducted between 26 August 2019 and 20 September 2019. 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 30 September 2019. This rating report was given to the issuer or its representatives on 01 October 2019, thereby concluding the rating process.

The rating is Euler Hermes Rating GmbH's opinion of the creditworthiness of a rated entity or obligation. It is not a statement of fact. Euler Hermes Rating GmbH is not engaged in buying or selling securities. Its rating report is neither a prospectus nor a substitute for information assembled and presented by companies or issuers for investors regarding the purchase of a security or for assessing the creditworthiness of a rated entity. The rating is not a recommendation to participate in certain facilities. All recipients of the information must conduct their own independent analyses, credit assessments and other verifications and evaluations that are customary and necessary in order to reach a final decision about participating in any facility.

The issuer is solely and exclusively liable for any errors and omissions in the documents and information openly and willingly provided to us in response to our requests for information. The issuer has reviewed the rating report and certified that all the information considered in the rating report is accurate and complete in all significant respects, no significant aspects have been concealed and any forward-looking statements are based on plausible, verifiable and current data and were prepared by the issuer exercising reasonable and commercial care. The issuer's representatives have issued a written certification of completeness to Euler Hermes Rating GmbH. However, the issuer cannot be held liable if actual results differ from the forward-looking statements presented in this document, particularly the projections. Forward-looking statements and projections may be adversely affected by unforeseeable events and changes in the economic environment. Euler Hermes Rating GmbH assumes no liability for the accuracy of the information it considers when issuing a rating and extends no guarantee whatsoever that the information is explicitly or implicitly correct, timely, complete, suitable for the market or fit for any particular purpose.

The rating is published on Euler Hermes Rating GmbH's website ([www.eulerhermes-rating.com](http://www.eulerhermes-rating.com)) or published for subscribers (e.g. on a portal) and will be followed by a subsequent one-year monitoring process. During this period, the issuance, the issuer and the sector and business environment in which it operates will remain under observation. The representatives of the issuer remain subject to a full disclosure obligation during this period. Any change in Euler Hermes Rating GmbH's rating assessment will result in a change in the published rating notation, meaning that this notation represents the current rating assessment at all times. The rating will only remain published after the end of the monitoring period if a follow-up rating is performed.

Please note that summaries of contracts, laws and other documents contained in the rating report cannot replace careful study of the complete texts. Euler Hermes Rating GmbH cannot guarantee that the information used to prepare this report has not changed since it was collected and is still accurate at the time of publication. Euler Hermes Rating GmbH is under no obligation to complete the information that it considered when issuing the rating.

The dissemination and use of this rating report may be prohibited by law in certain jurisdictions. Euler Hermes Rating GmbH therefore recommends that any persons who come into the possession of this information inquire about and comply with any prohibitions that may be in place. Euler Hermes Rating GmbH assumes no liability of any kind with respect to the dissemination and use of the rating in any jurisdiction whatsoever.

Euler Hermes Rating GmbH

Hamburg, 01 October 2019