

Wind Farm Financing

Structured and Mezzanine Finance Department BRE BANK SA



BRE BANK SA

Our people make the difference.

- BRE Bank - general profile
- Structure of a wind farm project financing
 - Key elements to secure financing
 - Selected terms and conditions
- Track Record
- Contacts



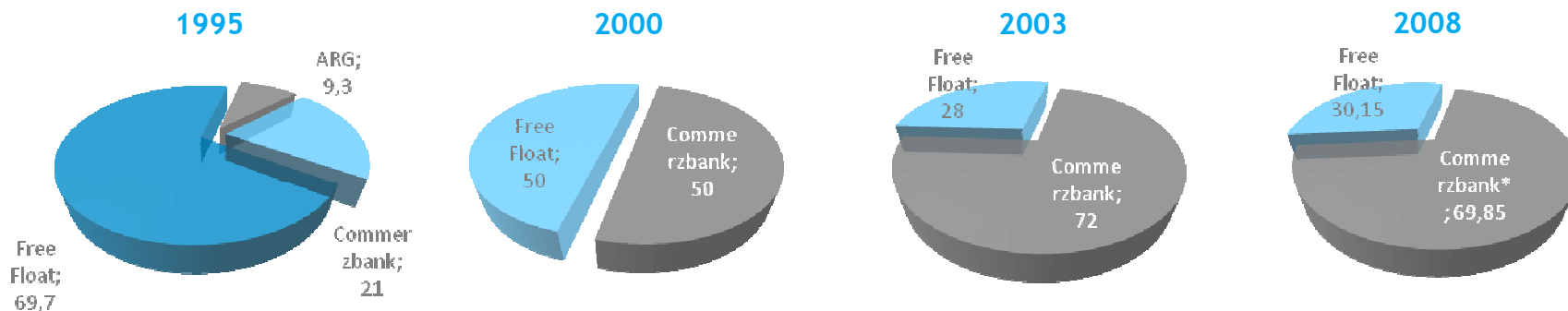
⟨BRE Bank - general profile⟩



- **Leading corporate bank in Poland**
3rd place in consolidated assets - PLN 88,9 billion (as of 06.2010)
- **A unique network** of 24 (fully operational) Corporate Branches and 21 Corporate Offices with the best and comprehensive services for enterprises
- **One of the most modern retail banks** (MultiBank)- service with the best quality in 133 branches
- **Leading internet banking** (mBank)- a unique combination with the network of 130 branches (the network is managed by Aspiro)
- **Banking services for affluent clients** (BRE Private Banking & Wealth Management)
- **awarded The Best Bank in Poland** by a prestigious Euromoney magazine (2009)

Relationship with Commerzbank Group

Evolution of Commerzbank's involvement in BRE Bank



COMMERZBANK



- BRE's strategic partner - Commerzbank holds 69.78% stake** in BRE Bank
- Poland remains Commerzbank's second home market
- Since October 2000, BRE Bank's financial results are consolidated with Commerzbank results
- Commerzbank has its representatives in BRE Bank governing bodies
- Close cooperation in implementing modern standards, and sharing of product and market expertise including also Renewable Energies

* Dilution of CB stake due to issuance of new shares under management option scheme

** as of 31.03.2010



BRE BANK SA

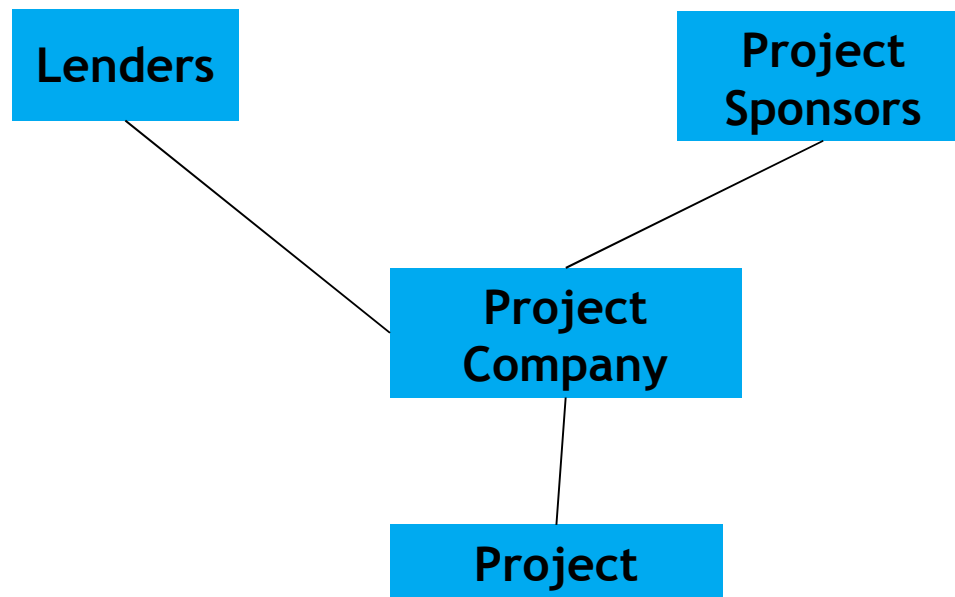
10-06-11

4

- BRE Bank - general profile
- Structure of a wind farm project financing
 - Key elements to secure financing
 - Selected terms and conditions
- Track Record
- Contacts



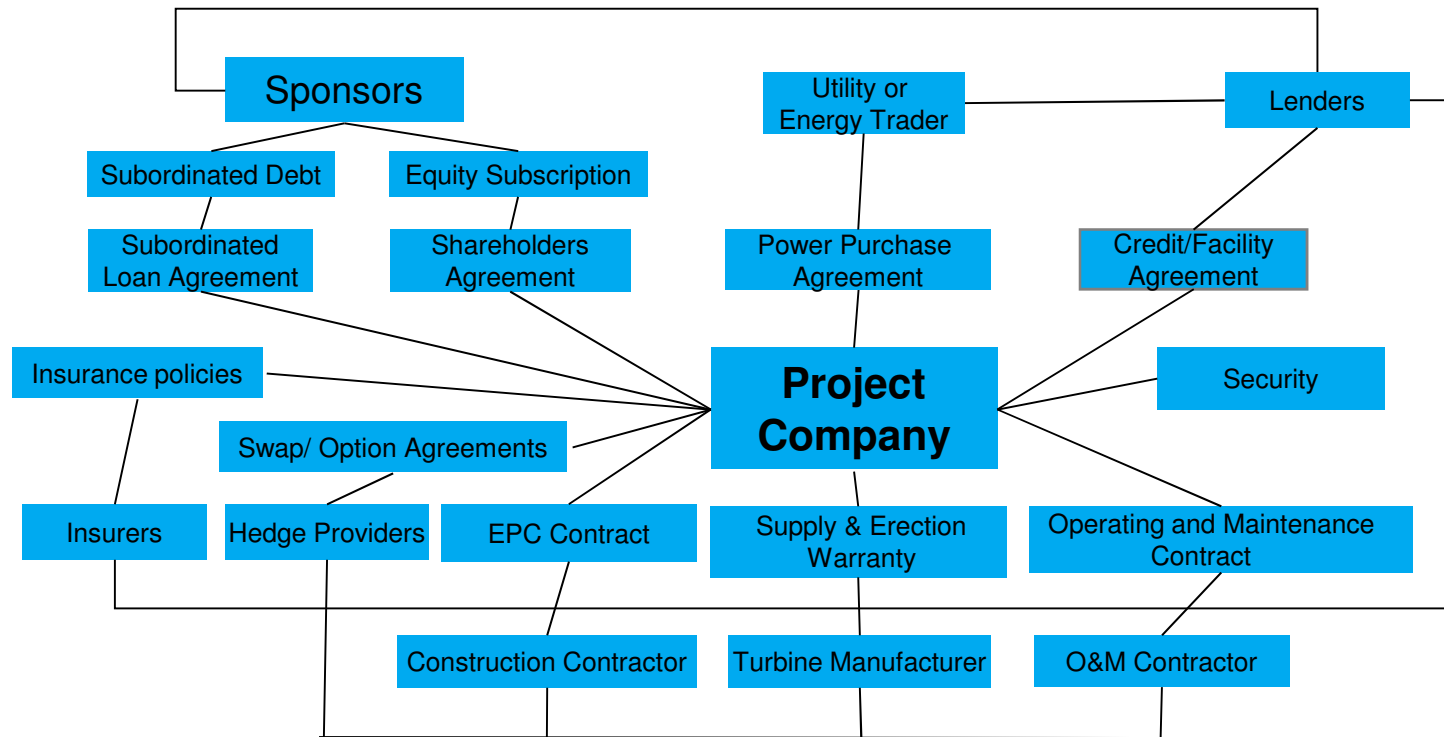
《Project financing: typical structure》



- Financing is provided through a special Purpose Vehicle (Project Company)
- Capital repayment from cash flow generated by the project
- Limited or non-recourse financing



《Financing of wind farms: typical structure》



《Typical project finance documents》

- Required Project Documents are inter alia:
 - Authorisations and Licenses
 - Constitutional Documents of the Project Company
 - Turbine Supply Agreement
 - Operations and Maintenance Agreement
 - Construction contracts (e.g. BOP and electrical works)
 - Power Purchase Agreement
 - Green Certificate Purchase Agreement
 - Land lease agreement(s)
 - Service and Management Agreement
 - Insurance Policies
 - Cost overrun and completion guarantees from the Project Sponsor

Final financing structure and terms and conditions will be dependent on the Due Diligence results and the concluded Project Documents



《Key elements to secure financing》

- Wind Study:
 - Measurement period of at least 1 year on the project site
 - Measurement at or near hub height (extrapolation possible)
 - Energy Production estimation at P50, P 75 and P90 levels
 - Wind study should be prepared by a reputable firm using high quality measurement equipment
 - Usually a second wind study and/or verification by a Lenders Engineer is required by the bank
- Power Purchase Agreement and Green Certificates Purchase Agreement
 - Tenor - should cover the financing period
 - Price
 - Penalties and termination rights
- Producer and type of turbines
 - Wind turbines with proven track record (no prototypes)
 - Leading producers - Enercon , Siemens, Vestas, GE, Gamesa, Nordex etc



Key elements to secure financing

- Turbines Supply Agreement and O&M Contract:
 - Price and Payment conditions; scope of works; warranties (availability, power curve) and penalties for non-fulfilment of warranties and other terms
 - Scope, price and tenor of O&M contract
- Land lease agreements
 - Tenor
 - Documentation
- Authorisations and Licences
 - Valid Building Permit and Zoning plan
 - Grid Connection Agreement
- Investment costs
 - Cost structure within range of comparable projects
 - Reasonable development or acquisition costs



Selected terms and conditions

- Facility Type (standard):
 - Senior Debt Facility [to cover partially investment cost of the Project]
 - VAT Facility [to cover the pre-financing of recoverable VAT connected with the construction of the Project]
- Amount
 - Debt Capacity for the Senior Debt Facility will be based on the revenues generated in different wind scenarios i.e. P50, P75, P 90 in combination with an achieved Debt Service Cover Ratio (DSCR) e.g. min 1,10x (P90)
 - Usually the amount of the Senior Debt Facility is in the range of 65-80% of the total project costs
- Currency
 - PLN as usually PPA generated revenues are in PLN, FOREX hedging solutions required for EUR payments during the construction phase
- Financial Covenants inter alia
 - $DSCR \geq 1.10$



Selected terms and conditions

- Tenor
 - Senior Debt Facility - depends on the Project cash flow but usually construction period plus up to max. 15 years (but not longer than maturity of the PPA/CPA)
 - VAT Facility - construction period plus up to 6 months
- Repayment
 - Senior Debt Facility - quarterly/semi annual payments based on an agreed financial model, linear or annuity type tailor-made schedules possible in combination with cash sweeps
 - VAT Facility - after reimbursement by the tax office
- Security inter alia
 - Pledge over shares in the Borrower
 - Pledge on the Project's assets
 - Assignments over rights and receivables/direct agreement related to all project documents and revenues streams
 - Pledge on the Projects's bank accounts
 - Etc.




- BRE Bank - general profile
- Structure of a wind farm project financing
 - Key elements to secure financing
 - Selected terms and conditions
- Track Record
- Contacts



◀ BRE Bank Group - Track Record in Poland ▶

Already over 145 MW in wind farms arranged and financed




BRE BANK SA


Senior Debt
◀ PLN 256,415,000 ▶

Mandated Lead Arranger
2010

brebank.pl



BRE BANK SA Our people make the difference.




BRE BANK SA


Senior Debt
◀ PLN 457,000,000 ▶

Mandated Lead Arranger
2010

brebank.pl



BRE BANK SA Our people make the difference.




BRE BANK SA

Senior Debt
◀ PLN 125,000,000 ▶

Mandated Lead Arranger
2010

brebank.pl



BRE BANK SA Our people make the difference.

- BRE Bank - general profile
- Structure of a wind farm project financing
 - Key elements to secure financing
 - Selected terms and conditions
- Track Record
- **Contacts**



《Contacts》

Ralf Hoetzel- German Desk

P: +48 61 856 86 71; email: ralf.hoetzel@brebank.pl

Adriana Adamiak - Structured and Mezzanine Finance
Department

P: +48 22 829 15 87; M: adriana.adamiak@brebank.pl

Martin Wenzler - Structured and Mezzanine Finance
Department

P: +48 22 829 71 29; email: martin.wenzler@brebank.pl



THANK YOU



BRE BANK SA

10-06-11

17