[x] is looking to invest in a wind developer with two primary business segments consisting of the following:

• A project-level equity investment for a ready-to-build Offshore Wind Project ("**OFSW Project'**)

• A platform-level equity investment to fund a pipeline of earlier stage wind projects ("**Development Pipeline**" and together with the OFSW Project, the "**Full Portfolio**")

To evaluate this opportunity, you need to build a high-level financial model and calculate the equity returns for the following:

• OFSW Project equity investment on a standalone basis

• Development Pipeline equity investment on a standalone basis

• Full Portfolio equity investment including both the OFSW Project and Development Pipeline

You have 3 hours to complete as much of this assessment as possible. The deliverable we would like you to produce for this exercise includes the following:

1. Financial Model with the following worksheets: a. Key Assumptions

b. Standalone OFSW project cash flows (construction period + operating period)

c. Standalone Development Pipeline cash flows

d. Full Portfolio/consolidated cash flows

e. Returns Summary (as described further below)

2. Slide Presentation (6-8 slides)

a. Summary of Key Assumptions

b. Results & Returns for three cases below – please include responses to any questions noted in the "Results & Returns Summary Overview" section of prompt: 1. Standalone OFSW Project

2. Standalone Development Pipeline

3. Full Portfolio

c. Full Portfolio Sum of the Parts Valuation

d. Key Sensitivities, including but not limited to:

• Standalone OFSW Project Investment:

1. Merchant Pricing +/- 20%

2. Capacity Factor +/- 10%

3. Operating Costs +/- 10%

4. Construction Costs +/- 10%

• Standalone Developer Pipeline Investment:

5. Conversion/Sales of Pipeline (MW) +/- 20%

6. Pipeline Sale Proceeds +/-20%

7. Annual carrying cost to develop Initial Pipeline +/- 20%

e. Summarize any qualitative risks or areas of optimization across a Full Portfolio investment

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FINANCIAL MODEL INSTRUCTIONS

1. OFSW Project Model Assumptions:

• **Timing Assumptions:**

o Assume a model start date of January 1, 2023 ("**Financial Close**")

o 24-mth construction period with a Commercial Operations Date ("**COD**") of December 31, 2024

o 15-year operating period from COD

o Model assumes fiscal years ending 12/31

o During construction period – cash flows modeled monthly (end of month)

o During operating period – cash flows modeled semi-annual (end of six-mth period)

• **Construction Cost Assumptions:**

o NTP payment of $50m is payable by Project to the developer at financial close ("**NTP Fee**")

o Project Capex of $540m is spread over 2 years: Months 1-12 = $25m per month

Months 13-24 = $20m per month

• **Capacity/Generation Assumptions:**

o Project's capacity is 200MW with 100% of capacity commissioned at COD

o Each turbine has a gross capacity factor (before adjusting for the turbine availability noted below) of 60% assuming 8,760 hours in a year

o Gross energy production (MWh) is calculated as Capacity (MW) * number of hours in the relevant period (hours) * capacity factor (%)

o The availability of the turbines will degrade over time as follows:

▪ To 95% in the initial 10 years of operations, and

▪ To 90% in the final 5 years of operations

• **Revenue Assumptions:**

o Off taker will pay for all electricity generated by the Project under a 10-year Power Purchase Agreement ("**PPA**")

o PPA is awarded 12/31/2018 ("**Award Date**") and contains a fixed price of $100 (real 2018 value) for each MWh of electricity generated ("**Contract Price**")

o Revenue is paid semi-annually on 6/30 and 12/31 of each year

o With respect to the Contract Price, 30% of the payment is subject to an annual adjustment for inflation at 2.5% p.a. (once per year calculated from Award Date) with remaining 70% of Contract Price fixed and not subject to inflation

o Merchant power prices (real 2018 value, subject to 1% increase p.a.) are as follows: ▪ Operating Year 1-5: $100/MWh

▪ Operating Year 6-10: $120/MWh

▪ Operating Year 11-15: $110/MWh

• **Operating Costs:**

o Annual opex of $25m (real 2018 value) during operations

o 75% of opex is subject to annual inflation of 2.5% a year with remaining 25% fixed

o No opex costs assumed during construction

o No income taxes assumed

• **Project Finance Debt:**

o [x] has put in place a Project Finance Term Loan ("**Term Loan**") to fund a portion of the NTP Fee, Capex, Debt Fees, and Interest During Construction ("**IDC**")

o Debt Fees:

▪ Upfront Fee of 2.0% is paid at Financial Close on Term Loan Commitment

▪ Commitment Fee of 1.0% is paid on undrawn balance of the Term Loan during construction

▪ Interest rate on the Term Loan is 5.0% per annum o Debt Service Timing:

▪ Interest and commitment fees are paid monthly during construction

▪ Interest and principal repayment are paid semi-annually during operations

o Debt Sizing Criteria:

▪ Term Loan should be fully repaid 10 years post COD assuming a 1.50x Debt Service Cover Ratio ("**DSCR Sizing**") for each 6-month period

▪ DSCR (for the relevant period) is calculated as CFADS/Debt Service:

• CFADS = revenue less opex

• Debt Service = interest expense + principal repayment

▪ Max loan-to-value (LTV) of up to 80% of the Project's total S&U

▪ Debt sizing for the Term Loan should be the lesser of (i) DSCR Sizing or (ii) LTV

• **Equity Assumptions:**

o Portion of NTP Fee, Capex, Debt Fees and IDC that is not funded by the Term Loan proceeds will be funded by [x] project equity investment

o Assume the funding required in each monthly construction drawdown is funded by the same proportion of senior debt and equity (pro-rata debt/equity drawdown)

o Assume 100% of cash flow available at the end of each 6-month period during operations post Opex and Debt Service will be distributed to equity

2. Developer Pipeline Assumptions:

• **Timing Assumptions:**

o Assume acquisition of the pipeline occurs simultaneously with Financial Close of OFSW Project A (January 1, 2023)

o For the initial 24-mth post Financial Close – cash flows of the Development Pipeline modeled on a monthly basis (end of month) and thereafter on a semi-annual basis (end of 6-mth period)

• **Pipeline & Cost Assumptions:**

o Total development pipeline at Financial Close is 1.5 GW (“Initial Pipeline") with no additional development projects assumed post Financial Close

o The annual carrying cost to develop the Initial Pipeline is $1,500 per MW (real 2023 value) and subject to 2.5% inflation adjustment p,a. (Devex Cost)

• **Pipeline Sale Assumptions:**

o Assume 300 MWs of Initial Pipeline projects are sold every 3 years post Financial Close with the first 300 MW sale occurring December 31, 2025

o Proceeds from sale of the Initial Pipeline projects is assumed to be $20,000 per MW (real 2023) and is not subject to any inflation adjustment

• **Equity Assumptions:**

o Assume equity funds the amount of any monthly or semi-annual cashflow shortfall of the Development Pipeline

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o Assume 100% of any cash flow available at the end of each semi-annual period is post Devex Costs will be distributed to equity

3. Full Portfolio Assumptions:

• No change to underlying assumptions for OFSW Project or Development Pipeline

• Recalculate required [x] equity investment/contributions based on the cash flows and funding requirements of the combined businesses

RESULTS AND RETURNS SUMMARY OVERVIEW:

• **Standalone OFSW Project Investment**

o Show a summary of Sources & Uses of Funds during construction

o Show a summary of Sources & Uses during operations

⌨ PPA Revenue and Merchant Revenue as Sources

⌨ Opex, Debt Service and Equity Distributions as Uses

o Show summary cash flows on an annual basis

o Show DSCRs and % of debt outstanding on an annual basis

o Calculate the IRR and the Money-of-Multiple (“MoM”) for the OFSW equity investment assuming [x] holds through end of useful life (or HtM) basis?

o In relation to the NTP Fee: ⌨ What discount rate does a $50m NTP Fee represent?

If [x] was targeting a 10.0% HtM IRR – what could we afford to pay the developer as an NTP Fee?

- **Standalone Development Pipeline Investment**

o Show a summary of Sources & Uses of Funds from Financial Close through full sale of the Initial Pipeline

Equity and Sales Proceeds as Sources

Devex and Equity Distributions as Uses

o Show summary cash flows on an annual basis

o Calculate the IRR of the Development Pipeline and MoM of the equity investment assuming [x] holds through sell-down of the Initial Pipeline (or HTM) basis?

- **Full Portfolio / Consolidated Investment**

o Show a summary of Cons. Sources & Uses of Funds from Financial Close through hold-to-maturity period

o Show summary cash flows on an annual basis

o What is the IRR of the Full Portfolio equity investment on a HTM basis

o Calculate the IRR of the Full Portfolio and MoM of the equity investment assuming [x] holds the investment through the earlier of (i) OFSW useful life or (ii) sell-down of the Initial Pipeline?

o Assuming no change to the $50m NTP Fee for the OSWF Project, what purchase price could we pay for the Developer Pipeline if [x] is targeting a 10.0% return on a Full Portfolio investment?

o Produce a Sum-of-the Parts Valuation for the full