RATING REPORT
(SUMMARY)

Gode Wind 1 Investor Holding GmbH (Project Fortuna)

Senior Note Issuance

30 September 2021

ScopeHamburg

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Issuance Rating (Summary)

Gode Wind 1 Investor Holding GmbH Senior Secured Amortising Registered Notes (Project Fortuna)		30 September 2021 Issuance Rating	BBB+
		Outlook	stable
Industry	Offshore Wind Energy	Nominal Volume	€ 556 m

PROJECT RISK	FINANCIAL RISK	ANCHOR RATING	Modification 1	STAND-ALONE-RATING	Modification 2	ISSUANCE RATING
moderate	moderate	BBB	Operational Risk	BBB	Terms of Issuance	BBB+

PROJECT RISK	moderate

- Project site with comparatively low resource risk
- No merchant risk until note matures (high fixed FiT)
- Moderate cash flow sustainability due to largely fixed-fee O&M and a strong warranty agreement
- Low regulatory risks
- Moderate technical/operating risks

OPERATIONAL RISK	± 0

- Operational risks are consistent with the anchor rating

FINANCIAL RISK	moderate

- Full amortization within the regulated income period
- Sufficient coverage ratios for debt service under conservative rating case assumptions
- Financial model sustains prolonged downside scenarios without making use of reserve facilities
- Adequate short-term liquidity profile

TERMS OF ISSUANCE	+ 1

- Senior secured status
- Decent recovery expectations (> 70%)
- Low and manageable refinancing risk
- Adequate cash distribution mechanism, reserve accounts, covenants and termination rights

Rating Rationale

Scope Hamburg confirms the BBB+ issuance rating for the senior notes issued by Gode Wind 1 Investor Holding GmbH. Key rating considerations remain a combination of moderate project risks, moderate financial risks, low operational risks and adequate terms of issuance with decent 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 the moderate cash flow sustainability, low regulatory risks and moderate technical risks. Despite unusually low wind speeds over the course of 2020/21, we generally think that the project site benefits from very low wind related uncertainty and variability through the cycle. 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 or 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 an acceptable extent by the comprehensive warranty agreement and the established compensation mechanism with TenneT.

Moderate financial risk due to sustainable performance and adequate future risk bearing potential

We assess the **financial risk** profile as **moderate**. Key drivers are the overall sustainable financial development since commissioning in 2017, and our future expectation on adequate debt service coverage ratios under conservative rating case assumptions. Our view is underpinned by the maintenance of annual debt service coverage ratios of > 1.175x over the last two contractual distribution dates (30 Dec 2020; 30 Jun 2021), which were achieved despite financially impaired conditions over the course of 2020/21 (unusually low wind speeds, non-compensable production losses). Looking ahead we expect adequate coverage ratios for the next scheduled debt service date (30 Dec 2021) backed by the reported cash balance and the expected operating cash flow during the second half of 2021. Nevertheless, due to the noticeable impact of the non-compensable amount of production losses (curtailments, grid outages or negative price events), we have adjusted our rating base case slightly as this was not accounted for in the initial model. As a result, we still expect an overall adequate risk bearing potential with adequate debt service coverage ratios of 1.25x (before: 1.32x) on average over the remaining tenor of the senior notes. Our expectations remain based on overall conservative modelling assumptions (p90 rating case) and additional stress test scenarios with variations of selected key input parameters. The analysis demonstrates that the project can sustain prolonged downside scenarios on energy yield, park availability, wake losses or the OPEX budget without making use of the contractual debt service reserve facility.

Operational risks do not trigger rating modifications

Issuance rating one notch higher than stand-alone project rating

Our assessment of the **operational risks** did not identify any relevant factors that would require a modification of the overall rating outcome. Our assessment of the **note issuance** results in a positive deviation by one notch, so that the issuance rating for the Gode Wind 1 senior notes is one notch higher than the underlying stand-alone project rating. 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 70%.

Upgrade / Downgrade Factors

Factors that could lead to an Upgrade

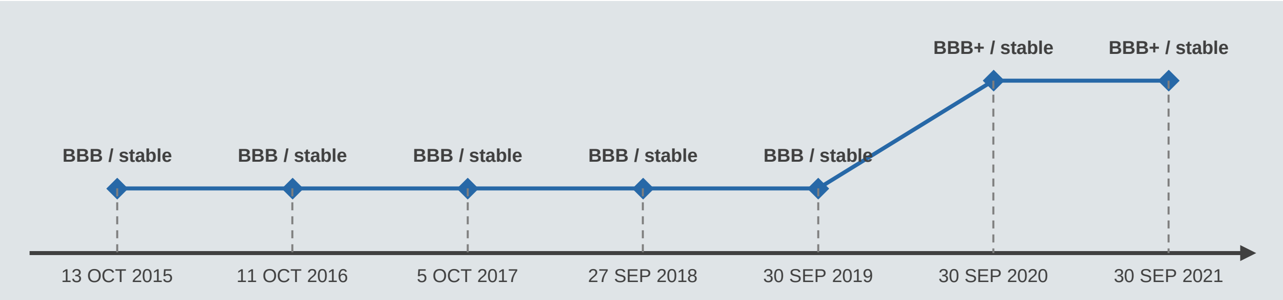
- Sustained improvement of the project's operating performance or significant reduction in debt with a positive impact on the stand-alone credit profile (ADSCR avg. > 1.55x; NLCR > 1.60x; FFO/Debt > 45%)
- Sustained improvement of the project's net asset value (e.g. through deleveraging or rising power future prices) with a positive impact on the expected recovery rate (> 90%)

Factors that could lead to a Downgrade

- Sustained deterioration of the project's operating performance as a result of e.g. shrinking (turbine) availabilities, declining capacity factors, more frequent non-compensable disruptions or cost overruns with a negative impact on the stand-alone credit profile (ADSCR avg. < 1.25x; NLCR < 1.35x; FFO/Debt < 20%)
- Sustained deterioration of the project's net asset value (e.g. through falling power future prices or revised expectations on the project lifetime) with a negative impact on the expected recovery rate (< 70%)

Rating History

Gode Wind 1 Investor Holding GmbH – Senior Note Issuance



Appendix 1: Execution

Notice

This rating report is a commented version of the rating report that provides more detailed information on the factors underlying the rating notation and the outlook of the rating.

Analysts

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Rating committee

- Dörte Mählmann, Director
- Kai Gerdes, Director

Rating, Solicitation, Principal Sources of Information

- This credit rating has been issued in accordance with the CRA Regulation.

[x] Solicited Rating

[ ] Unsolicited Rating
- [ ] No participation of the rated entity or related third party
- [ ] With participation of the rated entity or related third party
  - [ ] Access to internal documents
  - [ ] Access to management

- Prior to its publication the rating was disclosed to the rated entity. During this period, the rated entity had the opportunity to review the rating and to verify the underlying assumptions. Following this review, the rating was not amended.
- Principal sources of information:
  - Audited Annual Financial Statements as of 31 December 2020 (GOW1 – OpCo & HoldCo)
  - Bank statements 30 June 2021 (GOW1 – OpCo & HoldCo)
  - Budget 2021 & Estimate 2022-23 (GOW1 – OpCo) – provided by Ørsted
  - Quarterly Reports Q4 2020, Q1 2021, Q2 2021 (GOW1 – OpCo) – provided by Ørsted
  - Financial Model of as of 30 June 2021 provided by Glennmont Partners

Rating methodologies and definitions

- Methodology: Project Rating (Renewable Energy) as of April 2018
- Methodology: Issue Rating as of November 2017
- Basic Principles for Assigning Credit Ratings and Other Services as of July 2020
- Guidance Regarding the Consideration of ESG Factors in Scope Hamburg Credit Ratings as of March 2020

Scope Ratings GmbH and Scope Ratings UK Limited apply the same methodologies/models and key rating assumptions for their credit rating services, while Scope Hamburg GmbH's methodologies/models and key rating assumptions are different from those of Scope Ratings GmbH and Scope Ratings UK Limited.

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Appendix 2: Rating categories*

Category	Explanation
AAA	In the opinion of Scope Hamburg, AAA rated entities demonstrate an excellent credit quality and the lowest default risk.
AA	In the opinion of Scope Hamburg, AA rated entities demonstrate a very high credit quality with a very low default risk.
A	In the opinion of Scope Hamburg, A rated entities demonstrate a high credit quality with a low default risk.
BBB	In the opinion of Scope Hamburg, BBB rated entities demonstrate a medium credit quality with a moderate default risk.
BB	In the opinion of Scope Hamburg, BB rated entities demonstrate a medium-low credit quality with a slightly increased default risk.
B	In the opinion of Scope Hamburg, B rated entities demonstrate a low credit quality with an increased default risk.
CCC	In the opinion of Scope Hamburg, CCC rated entities demonstrate a very low credit quality with a high default risk.
CC	In the opinion of Scope Hamburg, CC rated entities demonstrate a very low credit quality, an event of default is very likely.
C	In the opinion of Scope Hamburg, C rated entities demonstrate a very low credit quality, an event of default is immi-nent.
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.

* For more explanations and definitions please refer to:
Basic Principles for Assigning Credit Ratings and Other Services as of July 2020

Appendix 3: Definitions and 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)

Note Life Coverage Ratio (NLCR)

NLCR
Numerator
Discounted annual CFADS over remaining Note Life
Denominator
Remaining Net 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

On 24 April 2015 Scope Rating GmbH (formerly: 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).

Relevant information was obtained from the issuer or its representatives between 06 Sep 2021 and 20 Sep 2021. The Rating Committee of Scope Hamburg GmbH reviewed the rating process, issued the rating notation and approved the rating report in its current form on 30 Sep 2021. This rating report was given to the issuer or its representatives on 30 Sep 2021, thereby concluding the rating process.

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Scope Hamburg GmbH

Hamburg, 30 September 2021