

WORLD BANK LAUNCH: PHILIPPINES OFFSHORE WIND ROADMAP

Financing Offshore Wind

April 2022



**Green
Giraffe**

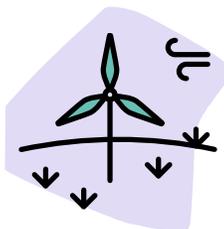
We focus on renewables, working with people we believe in. We will get your deals done



>**EUR 32 bn** funding raised
>**12 yrs** of specialised advisory



>**120+** professionals globally
>**8** offices in 8 countries on
4 different continents



>**245** transactions or projects
>**180 GW** total capacity

A specialised financial advisory firm launched in 2010

- Proven track record in renewable energy
- Operating from Boston, Cape Town, Hamburg, Madrid, London, Paris, Singapore and Utrecht
- Multi-disciplinary skillset, including project & corporate finance, M&A, tendering, contracting, and legal expertise

An ambition to provide high quality, specialised advice

- We only work on projects where we can actually add value
- We build long-term relationships with our clients
- We foster a shared approach to transactions and risks

Green Giraffe follows a simple strategy

- Provide a holistic approach, coupling sector-specific tasks and traditional debt or M&A advisory services
- We continue to outperform the competition in Europe whilst growing in developing markets on other continents
- We are committed to the industry, we believe in the countries we are active in and we have the skillset it takes to **get deals done**

Asia Pacific – a local approach backed by international competence

Asia office opened in Singapore in 2020

- Awarded a capital markets license in 2021
- Dedicated local team of eight professionals
- Ability to offer our full scope of services

Growing track record in the region

- Ongoing debt raise for a rooftop solar portfolio in Vietnam
- Ongoing sale of a solar & hydro development platform, with a focus on Indonesia
- Ongoing modelling, equity, debt & tender advisory mandates in Japan and in Taiwan for offshore wind projects in development
- Debt restructuring for a distressed project in Taiwan (2021)
- Equity raise for a 500 MW floating offshore wind farm in South Korea (2019) and sale of equity stake in offshore wind farm in Japan (2021)

Helping lead the way in a fast-growing renewable energy sector

- Complex local conditions (deep waters, typhoons, nascent supply chain, etc.) require innovative solutions, where we are at our best
- Native Chinese, Indonesian, Japanese and Vietnamese speakers in our teams
- Strong network in the region enhanced due to our links with Daiwa



Navigating local challenges

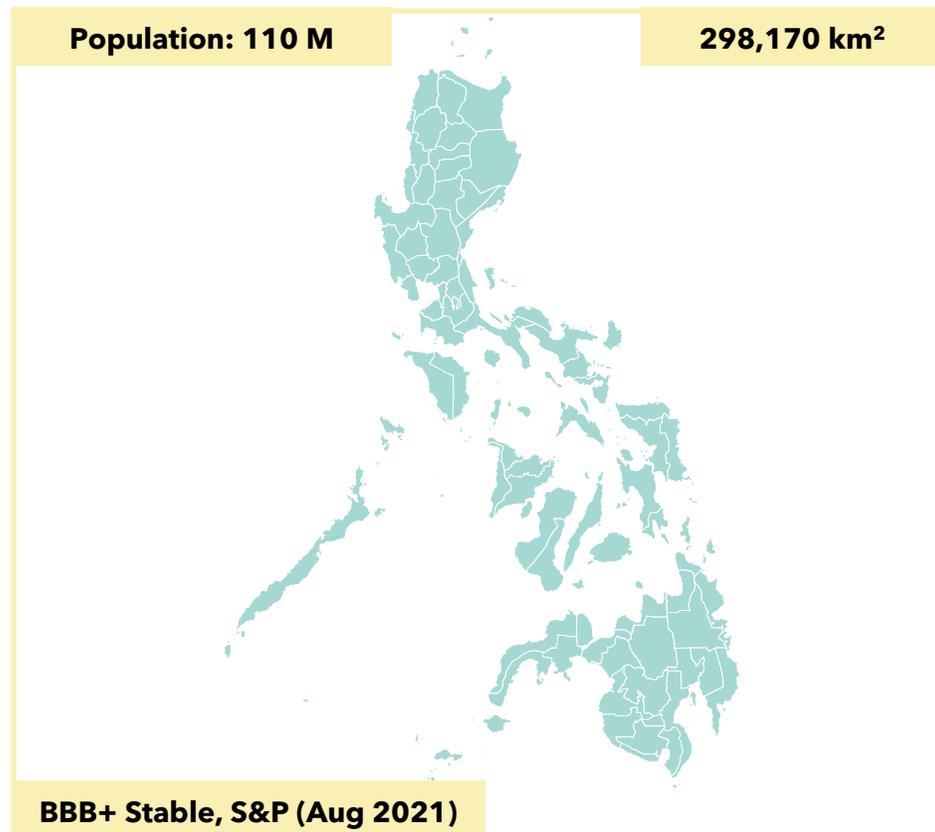


Office in Singapore



Innovative technology solutions

The Philippines market - key country features



Source: World Bank, ESMAP, Trading Economics

Economy - main features

- Experienced rapid growth of 6.4% p.a. from 2010 to 2019
- 32nd largest economy in the world (2019)
- Services sector dominates the economy (61% of GDP)

Geographical landscape

- Archipelago with more than 7,000 islands in three groups (Luzon, Visayas, and Mindanao), population concentrated in eight islands
- Mountainous country surrounded by deep seas, located on the Circum-Pacific "ring of fire"
- Natural disasters common with typhoons (5-6 cyclonic storms per year), landslides, active volcanoes (>10 known to be active), earthquakes, and tsunamis

Renewable energy potential

- World Bank's offshore wind roadmap projects between 3.2 and 20.5 GW of offshore wind installed by 2040 (differentiating between the low and high scenario)
- The DoE projections of energy need outpace the offshore wind growth projections with 43 GW additional capacity

“Balance sheet” (equity) vs. “non-recourse” (debt)

Large projects are typically developed through a standalone project company

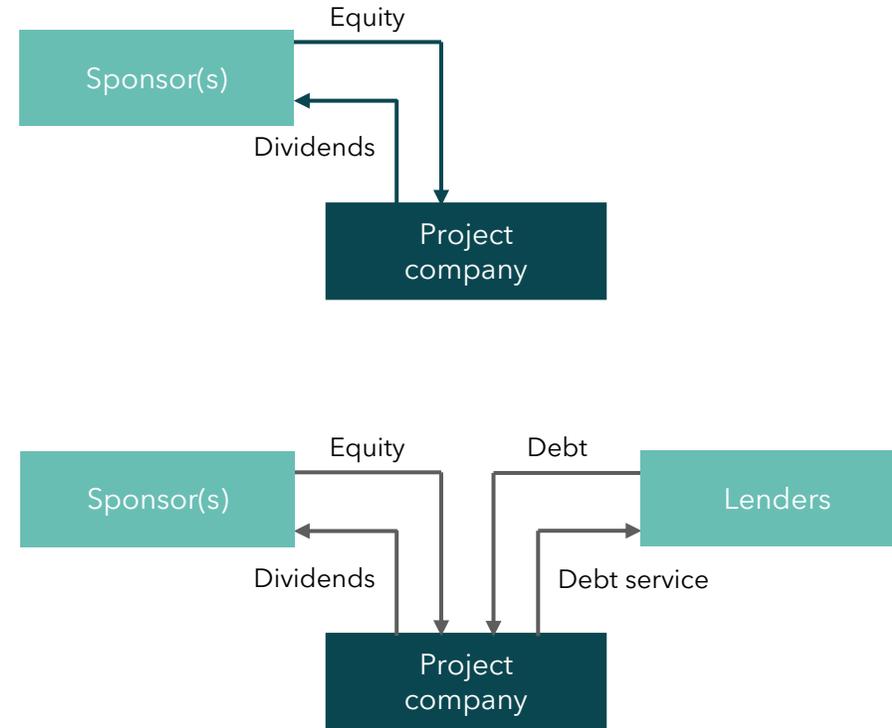
- Owned by the project investors
- With its own revenues & balance sheet and thus the ability to raise debt on its own merits

There are only two discrete sources of funding

- By the owners (directly via equity or shareholder loans, or indirectly via guarantees). Mezzanine belongs here as a form of preferred equity
- By banks without recourse to the equity investors - this is “project finance”

The way a project is funded will have a material impact on how it deals with contractors

- In a project finance deal, you need to deal with the senior lenders’ requirements!
- Tax, accounting, consolidation and rating issues



All parties have a direct incentive to understand who will be funding the project

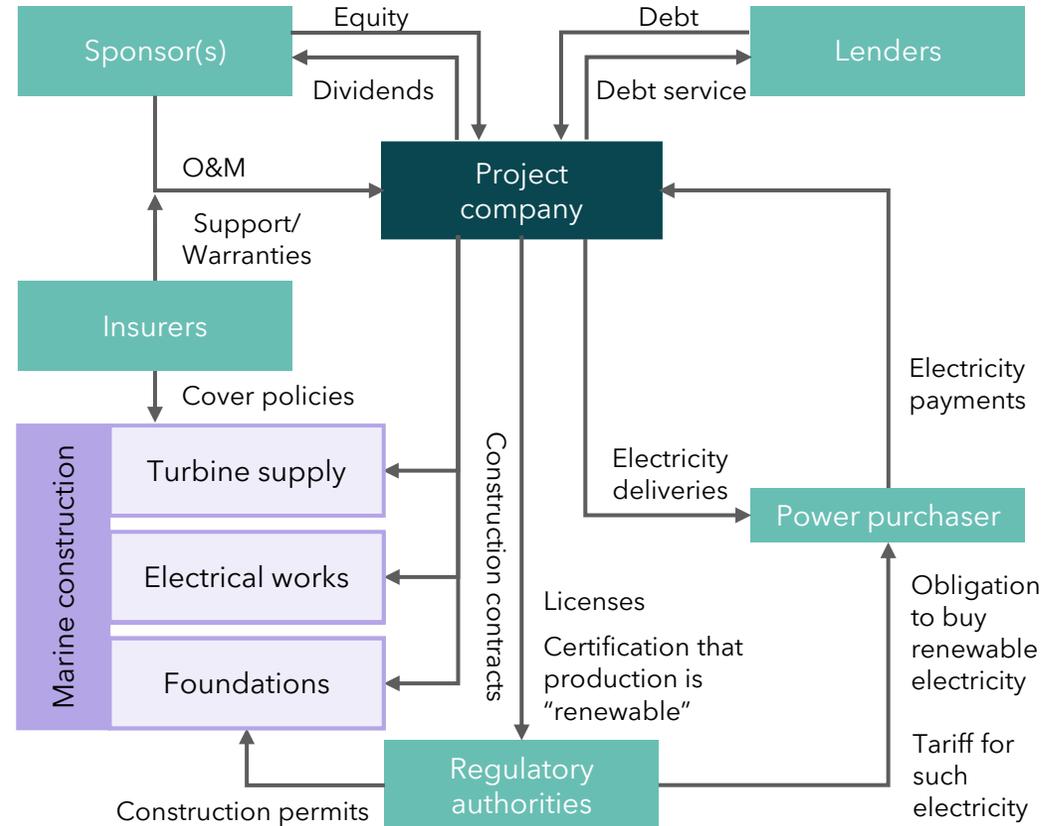
Offshore wind transactions are heavily contracted

Major contracts include

- Permits, licenses, authorisations, etc.
- Construction/supply contracts
- Electricity sales contracts (and, if applicable, green certificates/RO contracts)
- O&M contracts
- Insurance
- Financing documents
- Direct agreements with key contractors, enforced by lenders in case of project default

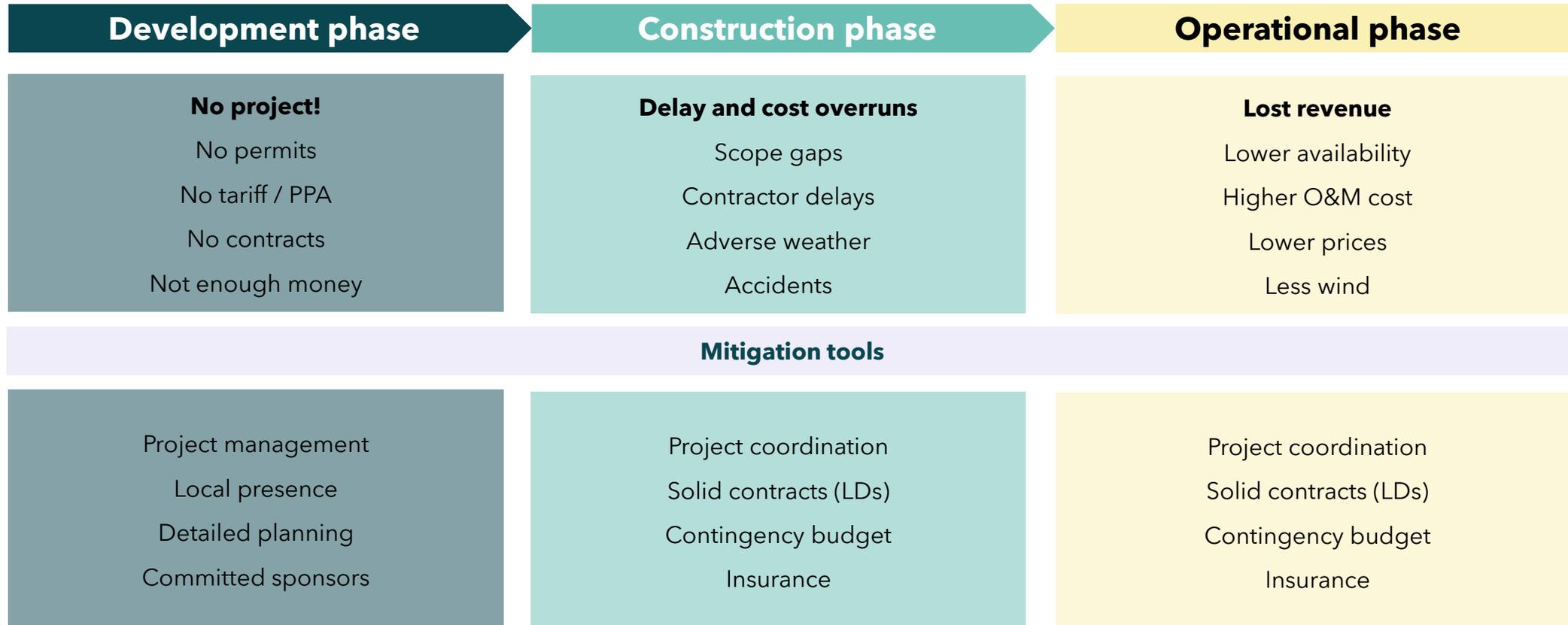
Parties with a stake in the financing and a say on the overall project structure may include

- Sponsors/investors
- Lenders (and their advisors)
- Contractors
- Insurers (and their advisors)

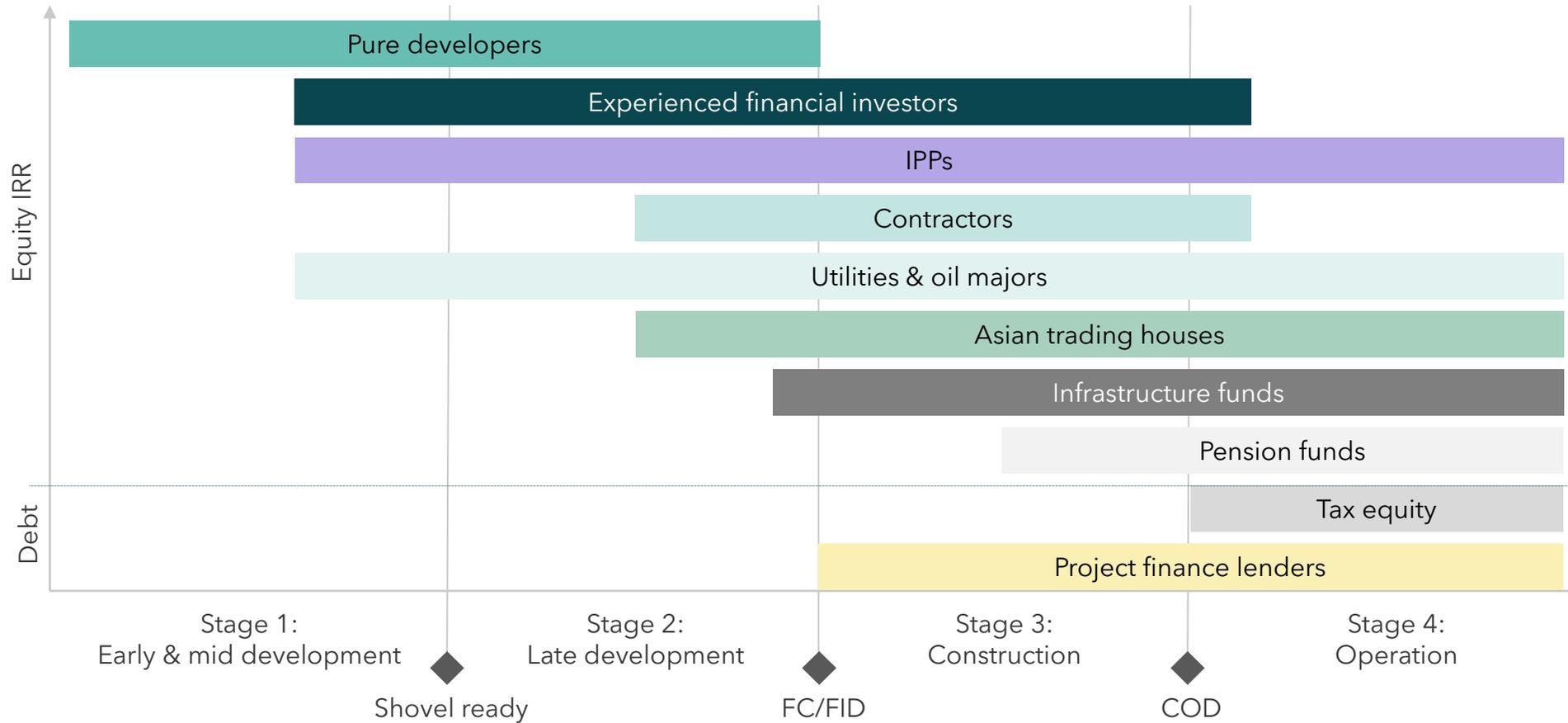


Offshore wind is a quintessential example of a comprehensive contractual structure

Risks are different in each project phase



Investor profiles and appetite depending on the stage of development



Global trends and local experiences in offshore and their application in the diverse APAC region



Emergence of global energy heavyweights into offshore



A true LCOE success story?



Let's remember these are major infrastructure assets

Offshore wind's scale make it a unique opportunity

- Large number of very aggressive players chasing relatively few (compared to other technologies) opportunities
- OW's characteristics resonate particularly strongly with those active in conventional energy
- Many of these players have large and relatively patient balance sheets

LCOE has come down tremendously but at what cost?

- Technology evolution has been phenomenal, especially on WTGs
- Is supply chain (and developers?) making a reasonably profit?
- Local content obligations in parts of APAC add additional pressure
- Transmission, ports and vessels can be another key focus area

Following some early challenges, OW has been extremely successful

- For good reason, and project finance has played an important role
- Experiences, particularly in Taiwan are a stark reminder though; these are major infrastructure projects
- Deep pockets and perseverance can be needed



Green Giraffe

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