



BONHEUR ASA

Fred. Olsen Renewables – UK wind farm portfolio

Background

Reference is made to the notice to the Oslo Stock Exchange as of 19 June 2015, whereby it was announced that Fred. Olsen Renewables Limited (“FORL”), a 100% subsidiary of Fred. Olsen Renewables AS (“FORAS”) which is owned 50/50 by Bonheur ASA and Ganger Rolf ASA, was in final stage of negotiations with the UK based infrastructure fund The Renewables Infrastructure Group Limited (“TRIG”) to acquire a significant minority interest in FORL’s 433 MW installed capacity UK onshore wind farm portfolio.

The process has since progressed and negotiations with TRIG have now concluded in a final agreement which will see TRIG acquire ownership of 49% of the abovementioned portfolio (“the Transaction”).

The Transaction

The Transaction will see TRIG subscribe for £ 142 101 230 in new shares in Fred. Olsen Wind Limited (“FOWL”), a 100% owned subsidiary of FORL, providing TRIG with a 49% ownership of the new total issued share capital of FOWL. At the same time, TRIG will provide FOWL with two loans. The first is a mezzanine loan of £ 88 900 000 providing TRIG with cash flows ranking in priority to cash flows available to the shareholders in FOWL. The second is a shareholder loan of £ 14 998 770 issued at terms identical to a pari passu shareholder loan from FORL. The total cash consideration for the Transaction is £ 246 000 000, implying an Enterprise Value for FOWL of approximately £ 752 million, or £ 1.74 million per MW.

TRIG will finance the Transaction through available cash and credit lines. Settlement date is expected on or about 25 June 2015.

The cash proceeds to FOWL resulting from TRIG’s share subscription and loan issuances will be used to repay existing shareholder loans provided by FORL and to pay a special dividend to FORL. Consequently, net cash proceeds distributed from FOWL to FORL will be £ 246 000 000.

The UK wind farm portfolio

FOWL is a holding company for FORL’s operational UK wind farms. The company has no employees, and its assets are managed and operated through agreements with the Fred. Olsen Renewables group of companies and Natural Power Consultants Limited, and its subsidiaries. Such agreements will remain in place following the Transaction. The Transaction contains no agreements providing special privileges for members of the board of FOWL.

FOWL will continue in its present form as a holding company for the 433 MW operating onshore wind farm portfolio covered by the Transaction. FORL and TRIG will enter into a shareholders agreement setting out the principles for ownership. TRIG will have shareholder rights appropriate for a 49% interest. The board will comprise four persons where the chairperson, designated by FORL, will have a casting vote. FORL and TRIG will be represented by two board members each.



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Subject to certain conditions, the agreement includes a possibility for the shareholders to jointly perform a redevelopment and continue ownership of the assets at the end of their current expected lifetime. Such redevelopment will provide FORL with an enhanced return on investment.

The UK wind farm portfolio – Financials and operations

The wind farms comprised by the Transaction are as follows:

Project	Crystal Rig 1	Rothes 1	Paul's Hill	Crystal Rig 2	Rothes 2	Mid Hill
Location	Scotland	Scotland	Scotland	Scotland	Scotland	Scotland
Commercial Operation Date (COD)	Oct 2003	May 2005	May 2006	Jun 2010	Jun 2013	Jun/Nov 2014
Turbines	Nordex 25 x 2.5 MW	Siemens 22 x 2.3 MW	Siemens 28 x 2.3 MW	Siemens 60 x 2.3 MW	Siemens 18 x 2.3 MW	Siemens 33 x 2.3 MW
Gross Capacity (MW)	62.5	50.6	64.4	138.0	41.4	75.9
Generating Capacity (MWs)	62.5	50.6	64.4	138.0	41.4	75.9
PPA counterparty and expiry	E.ON May 2020	E.ON Jan 2020	E.ON Jan 2021	EdF Jul 2017	Statkraft Mar 2027	Statkraft Mar 2027

Crystal Rig 1, Rothes 1 and Paul's Hill receive revenue based on fixed power prices while the remaining wind farms receive revenue based on floating (market based) power prices. In addition, all the wind farms take part in the UK support scheme for renewable energy and receive Renewables Obligation Certificates ("ROC"). This scheme is being replaced by a competitive auction based scheme, or Contracts for Difference ("CFD"), but the latter will not have an effect on the wind farms comprised by the Transaction.

FOWL has two long term project financing debt packages in place. The first, financing Crystal Rig 1 and 2, Paul's Hill and Rothes 1, had approximately £ 203 million of debt outstanding per 31 December 2014. The second, financing Rothes 2 and Mid Hill, had approximately £ 136 million outstanding. Total long term project financing per 31 December 2014 was thus approximately £ 339 million. The financing amortizes in various tranches up to 2027.

Key financial, operational and transaction valuation figures for the UK wind farm portfolio are as follows*:

(Amounts in GBP)	2014	2013	2012
Revenue	72.1 million	70.2 million	53.0 million
EBITDA	52.3 million	53.1 million	36.5 million
EBIT	18.4 million	24.2 million	9.1 million
Net profit after tax	-3.7 million	4.6 million	-8.9 million
Total assets	503.2 million	500.3 million	397.1 million



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Generation (MWh)	972 000	905 000	761 650
Revenue (£ per MWh)	74.2	77.6	69.6
EBITDA (£ per MWh)	53.8	58.6	47.9

Enterprise Value ("EV")	751.9 million
Enterprise Value per MW	1.737 million
EV / EBITDA 2014	14.4
EV / EBIT 2014	40.9

* The wind farms currently under ownership by FOWL were prior to the Transaction owned by two separate holding companies, FOWL and Fred. Olsen Wind Holdings Limited ("FOWHL"). The figures for 2014 and 2013 in the table above are gathered from FOWL's financial accounts for 2014. These were prepared using merger accounting presenting all comparatives as if all entities were included in the company. The figures for 2012 are gathered from FOWHL's financial accounts for 2013, and include all wind farms in operation at that time. The accounts have been prepared in accordance with UK Accounting Standards and applicable law ("UK GAAP") and have been subject to audit. The Commercial Operation Date ("COD") for the wind farms Rothes 2 and Mid Hill were June 2013 and June/November 2014, respectively, from which time the wind farms' operations were reflected in the financial accounts of FOWL.

FORAS and FORL have successfully secured, developed and installed over 500 MW of onshore wind generating capacity over the last 15 years, and has a significant development pipeline. FORL is one of the largest independent power producers in the onshore wind arena in the UK. FORL's main office is located in London, UK, and FORAS' main office is located in Oslo, Norway.

FORL's investments in its UK onshore wind farm development pipeline outside its remaining 51% ownership in FOWL will continue to be owned by FORL on a 100% basis. FORAS' investments in Norway and Sweden are not part of the Transaction. Proceeds from the Transaction will in part be utilised for projects reaching final investment decision in the foreseeable future. Renewable energy is a key part of the investment activities for Bonheur ASA and Ganger Rolf ASA, and the Transaction will enable the Renewable energy segment to continue investing in its pipeline of onshore wind farm developments.

Impact on Bonheur ASA and Ganger Rolf ASA

Bonheur ASA's and Ganger Rolf ASA's engagement in onshore wind energy is made up of their 50/50 ownership in FORAS, which constitutes the Renewable energy segment in their consolidated financial statements. Going forward, FORAS will be treated in the same way as was the case prior to the Transaction in the consolidated accounts of Bonheur ASA and Ganger Rolf ASA. The Transaction will affect the value of total assets for Bonheur ASA and Ganger Rolf ASA, with no direct impact on their consolidated income statements. The Transaction will be recognized in the companies' 2Q 2015 financial statements.