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## Largest European Offshore Wind Financing To Date

# Project Gemini Reaches Financial Close

*Amsterdam – May 14<sup>th</sup> 2014 – Project Gemini reaches financial close.*

- At €2.8 billion, it is the largest-ever project financing to date for an offshore wind farm;
- Strong equity consortium consisting of Northland Power Inc., Siemens Financial Services, Van Oord Dredging and Marine Contractors BV and N.V. HVC;
- Two-contract structure for turbine supply and project construction;
- Strong revenues through Netherlands sustainable energy subsidy (SDE) program;
- Project will play an important role in achieving European Union's Renewable Energy Directive which calls on Member States to reach a 20% share of energy from renewable sources by 2020; and
- Gemini will be the largest offshore wind farm in the North Sea, which has one of the strongest and most reliable wind resources in the world.

Project Gemini is pleased to announce that it has placed all of the €2.8 billion of equity and debt required for the project. More than 22 parties, including 12 commercial creditors, 4 public financial institutions, 1 pension fund together with Northland Power Inc. as subordinated debt lenders and the 4 members of the equity consortium were involved in the signing of the financing contracts. 70 percent of this budget will be provided on the basis of project financing, making Gemini the largest-ever project financed offshore wind farm.

“Today’s announcement is a significant milestone for Gemini,” noted John Brace, CEO of Northland Power Inc. “As the largest project financing to date in the offshore wind sector, today’s results demonstrate the high quality of the project and the confidence of the financial community. This confidence can be attributed to the solid structure of the project, stemming first from the Netherlands’ SDE subsidy program, and second, from the turbine supply and maintenance contracts with Siemens and the project construction contract with Van Oord, which together, provide a stable and solid investment opportunity. We are very pleased with the extraordinary effort put forth by the projects financiers, as financial close was achieved in record time for a project of this nature.”

The 600 MW Gemini wind farm will be located approximately 85 km from the Dutch coast of Gronigen in the North Sea. Although it will not be visible from land, it will make a



significant contribution to the future of sustainable energy production in the Netherlands. The offshore wind farm will be one of the largest in the world; it will produce approximately 2.6 TWh per year, meeting the annual energy needs of one and a half million people and reducing the annual CO<sub>2</sub> emissions of the Netherlands by 1.25 million tons. Gemini will play an important role in helping the Government of Netherlands achieve renewable energy targets under the European Union's Renewable Energy Directive, which calls for all member states to reach a 20% share of energy from renewable sources by 2020.

Gemini is owned by a consortium consisting of Canadian independent power producer Northland Power Inc. (Northland - 60%), Siemens Financial Services (SFS - 20%), Van Oord Dredging and Marine Contractors BV (Van Oord - 10%) and N.V. HVC (HVC – 10%). HVC is a leading utility company of and for 48 Dutch municipalities and six water regulatory authorities. Their mission is to help the participating authorities achieve their goals in the field of energy, climate, waste and raw materials. SFS is a division of Siemens, one of the world's leading providers of eco-friendly technology. Van Oord is a leading Netherlands-based international marine contractor with an excellent track record in offshore wind farm construction and a leading position as EPC contractor in offshore wind projects.

Northland Power Inc., SFS, Van Oord and HVC have provided combined equity of more than €400 million. In addition, Northland Power Inc. and the Danish pension fund PKA have provided subordinated loans totalling €200 million.

### **Non-Recourse Financing**

Approximately 70% of the project's required financing has been provided via €2 billion of "non-recourse" senior secured construction and term debt financing from twelve international commercial creditors, three export credit agencies and the European Investment Bank. This type of financing requires a strong project contract structure and entails a comprehensive due diligence process. Reflecting the strength of the project, the Gemini senior financing was oversubscribed and attracted a number of institutions that have not previously lent to the offshore wind sector. The interest rate for the project has been hedged over the full loan amortization period with an effective interest rate of approximately 4,75%.

The international commercial lenders for the project are based in North America, Asia and Europe and consist of ABN AMRO Bank as Account Bank and LC Issuing Bank; BNP Paribas Fortis as Documentation Bank; Bank of Tokyo-Mitsubishi UFJ as Technical and Modelling Bank; Deutsche Bank as Syndication Bank; Export Development Canada; Natixis as Market Bank; Sumitomo Mitsui Banking Corporation as Facility Agent, Security Agent, and Euler Hermes Agent Bank; Bank of Montreal; CIBC World Markets; Bank Nederlandse



Gemeenten; Banco Santander and CaixaBank. The three export credit agencies are Eksport Kredit Fonden from Denmark, Euler Hermes from Germany, and Office National du Ducroire/ Nationale DelcredereDienst from Belgium. The European Investment Bank also provided credit for the project.

## **Gemini Team**

Northland Power Inc. has taken a lead role in completing the remaining outstanding development activities since its participation announcement in August 2013, and intends to continue its active leadership role in the consortium during construction and operations. As the original developer of the Gemini project, Typhoon Offshore also played an instrumental role in bringing the project to financial close. “We wouldn’t be here today without the vision and leadership of the Typhoon Offshore team,” added John Brace. “On behalf of the Gemini consortium, I would like to offer our sincere appreciation to Typhoon Offshore for their continued diligence, commitment, and support.” With financial close complete, Typhoon Offshore’s role in the project has officially concluded.

The project has now commenced construction, and is expected to reach full commercial operations in 2017. Implementation of the project is led by Matthias Haag, CEO of Gemini, and his team. Concurrent with financial closing, Gemini’s major construction and supply contracts became effective. The project will be built under a two-contract structure, with Van Oord responsible for construction and Siemens supplying the turbines. This approach minimizes risk by reducing the number of interfaces in the construction of the project to just one. In addition, Siemens will maintain the turbines over the first 15 years of the project’s life.

“With project financing in place, our focus has already shifted to the construction phase,” added Matthias Haag, CEO of Gemini. “We have assembled a team of experts in the offshore wind industry, and will be working closely with Northland Power and consortium partners Van Oord, Siemens and HVC to make offshore wind power a vital and significant part of the Netherlands’ electricity supply.”

Project Gemini was advised by Green Giraffe Energy Bankers (financial advisor), Clifford Chance LLP, Amsterdam (legal advisor), AON Risk Solutions (risk management and insurance), Loyens & Loeff (tax) and Chatham Financial (hedging). The lenders were advised by Mott MacDonald (technical), Allen & Overy (legal), Poÿry Management Consulting (market), Benatar & Co Ltd (insurance), and Corality Financial Group (model audit). Additionally, the EIB was advised by Freshfields Bruckhaus Deringer LLP (legal), EKF and Delcredere|Ducroire were advised by Kromann Reumert (legal), and Euler Hermes was supported by EY/AHB acting as independent Chartered Auditor for the Federal German Government.



## About Gemini

Gemini is a 600 MW wind farm to be built in the North Sea, 85 km from the coast of Groningen. Gemini will be positioned at a unique location, combining excellent wind conditions, manageable water depths, and ideal soil conditions. Construction will start in 2014 and is anticipated to be completed in 2017.

With an estimated production of 2.6 TWh per year the wind farm will be one of the biggest in the world. The produced renewable energy will be enough to meet the needs of over 785,000 households, or 1,540,000 persons. Gemini will reduce the CO2 emissions in the Netherlands by 1,250,000 tons per year.

Gemini is owned by four shareholders: Northland Power Inc., Siemens Project Ventures GMBH (part of Siemens Financial Services), N.V. HVC and Van Oord Dredging and Marine contractors.

Not for publication

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