

Offshore Wind Farm

Wind energy together with solar energy is the future of our power supply. Clean and green energy is becoming increasingly important in times of pollution and species extinction. Most people want clean energy without having to live with the idea of being indirectly responsible for the destruction of our planet. What could be better than investing in the future in form of clean energy?

1. *The current situation:*

The expansion of wind turbines off the coast of Germany has been a dominant topic in newspapers in recent years. Germany is the European leader in wind energy with 50,018 megawatts, third in the world, and the expansion is progressing. The awareness of the population for the environment is increasing, making such wind farms increasingly attractive. Wind energy is a constant electricity supplier with nearly 80 terawatt hours last year, supplying more than 12% of German electricity.

In 2016, this industry was able to invest more than 9.18 million €, which is due to the fact that the market is rapidly growing. The production and profit differentials between offshore and onshore are severe, which can be associated to the higher wind load on the open sea. Germany has a total of 28,217 wind farms, of which only 947 are offshore. The construction and prior approval of such facilities are associated with many hurdles, because there are many conditions to consider. As a result, the constructions of new facilities are delayed or even canceled. This also means, already built offshore wind farms are becoming more attractive.

However, this project has taken this hurdle years ago and has been producing reliable and sustainable electricity for two years now. It produces more energy than originally estimated. Now investors are searched for to invest in a part of this offshore wind farm. The potential investors are offered two investment options.



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2. Which financing is needed?

The wind farm requires € 135 million in capital:

Needed Capital, purchase price of the shares	€ -135.000.000
+ 10% interests for 3 years	€ -13.500.000
Payback shareholders loan	€ 80.900.000
Returns supererogation, -10% interests	€ 37.800.000
Return of capital increase, -10% interests	€ 10.800.000
Final debt:	€ -19.000.000

Two possible investment types are offered:

- A long-term loan over 12 years where the wind farm shares serve as collateral and the lender receives at least 10.956% interest,
- or shareholding more than 49% of the wind farm.

Variant 1: The long-term loan:

Expenses for Payback Loan incl. Interests, 12 years	€ -2.090.000
Expenses Windpark, p.y.:	€ -945.000
Expenses total, p.y.:	€ -3.035.000
Minimum rate of return, p.y.:	€ 12.150.000
Surplus of Windpark, p.y.:	€ 9.115.000
Total Surplus to Investor after 12 years:	€ 43.980.000

Variant 2: Shareholding

Expenses Windpark, p.y.:	€ -945.000
Minimum rate of return, p.y.:	€ 12.150.000
Surplus of Windpark, p.y.:	€ 11.205.000
49% of the surplus to Investor:	€ 5.490.450
Investors surplus (49%) after 5 years:	€ 27.452.250
<u>Compendium</u>	
Final debt:	€ -19.000.000
Forecast Selling price 49%:	€ 80.000.000
Surplus of selling 49%:	€ 61.000.000
Investors surplus (49%) after 5 years	€ 27.452.250
Total Surplus to Investor after 5 years:	€ 88.452.250

3. Profitability and amortization:

The plant has been producing electricity for two years, with a surplus of € 42 million. The running costs amount to just under € 3.5 million, which are covered by the annual income before taxes of € 12.15 million.

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