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RENEWABLES YIELD AG

Pacifico Renewables Yield AG secures exclusive access to a landmark 51.8 MW wind farm project in Poland

Gruenwald, November 12, 2020 – Yesterday, Pacifico Renewables Yield Group (the parent being Pacifico Renewables Yield AG, ISIN: DE000A2YN371) (the "Group") secured exclusive access to a 51.8 MW wind farm portfolio in Poland. The wind parks are currently under construction and once fully operational are supposed to produce approximately 191 GWh of purely green electricity per year, saving more than 154,000 tons of CO_2 per year. Initially, the Group intends to refinance existing subordinated debt at the target company. Later on, after successful completion of the construction phase, the Group aims at finalizing negotiations to acquire equity ownership of the project.

The 51.8 MW project developed by Pacifico Energy Partners GmbH, the Group's strategic partner, comprises three wind energy parks with a total of 20 Vestas wind turbines. The construction of the wind parks is at an advanced stage with no significant delays so far, despite the global COVID-19 pandemic. It is expected that the first electricity can be generated by the end of 2020. Full commercial operation is scheduled for March 2021. Total initial P50 electricity production for all parks once fully operational, is expected to be approximately 191 GWh p.a. This electricity is supposed to be marketed through a combination of a 15-year inflation-linked public support mechanism, 3-year fixed price power purchase agreements and electricity sales on the open market.

The three project companies, each wholly-owned by the target company, have senior debt financing and ancillary facilities in place which were provided by Bayerische Landesbank. The term loans in total amount to PLN 225,150,000 (approximately EUR 50 million)[1] and are scheduled to mature on June 30, 2037. All-in (incl. hedging costs), the weighted annualized financing costs for the term loans amount to approximately 3.6% p.a. for the operational period. Interest rates for the full debt repayment profile of the senior term loans are hedged through interest rate derivatives.

The target company holds subordinated debt of approximately EUR 38.7 million[2], which the Group intends to refinance with the net proceeds from a rights issue. The Group and the target company agreed on an indicative term sheet regarding the intended refinancing. The loan shall have a term until the end of 2024 at an interest rate of 6.45%, provide for market standard covenants (including a prohibition to pay dividends prior to full repayment of the loan) and be secured through a first-ranking pledge over the shares in the target company. The refinancing paves the way for a potential later acquisition of the wind farms following their commercial operation date in the financially most attractive way for the Group.

[1] Using an exchange rate of 4.4870 PLN per EUR as of November 9, 2020, as published by the Polish central bank (Narodowy Bank Polski).
[2] Including expected accrued interest on December 31, 2020.

In addition, the Group and the seller set out certain key commercial terms in a non-binding letter of intent and agreed on exclusivity of negotiations through the end of 2021. Based on an enterprise value of approximately EUR 103 million[3] for a hypothetical full acquisition of the project as of November 30, 2020 an expected levered equity IRR over the lifetime of this project of approximately 7% was estimated[4].

"Once again we demonstrate our ability to structure acquisitions and debt instruments efficiently and for the benefit of our shareholders. With this potential gradual take-over we mitigate risks and ensure that proceeds will be invested immediately", highlights Co-CEO Dr. Martin Siddiqui.

After a successful completion of this potential acquisition in 2021 and the successful closing of the recently announced 15.6 MW onshore wind transaction in Germany, the Group's portfolio would increase to a total capacity of 148.4 MW, which means the Group is on track to complete phase 2 of its growth strategy.

Entering the Polish market provides additional geographical and technological diversification and attractive opportunities for the Group. Co-CEO Christoph Strasser highlights: "With excellent wind conditions and comparably high electricity prices, the Polish market offers strong fundamentals. In addition, we see substantial further growth opportunities for renewables in the European Union's second most CO_2-intensive economy."

Sullivan & Cromwell LLP has been acting as German law legal counsel to the Group. Dentons Europe Dąbrowski i Wspólnicy sp. k. provided legal due diligence services to the Group. DNV GL Poland Sp. z o.o. was mandated as technical advisor. An international financial services firm acted as tax advisor to the Group. An international professional services network firm acts as fairness opinion provider to Pacifico Renewables Yield AG's supervisory board.

About Pacifico Renewables Yield AG

Pacifico Renewables Yield AG is an independent energy producer listed on the open market of the Dusseldorf Stock Exchange with additional requirements (*Primärmarkt*) (ISIN: DE000A2YN371) with the aim of building up a gradually growing portfolio of plants for energy generation from renewable sources. With operational wind and photovoltaic power plants spread across Europe, the Company offers a clear and diversified profile with stable and predictable earnings.

[3] Using an exchange rate of 4.4870 PLN per EUR as of November 9, 2020, as published by the Polish central bank (Narodowy Bank Polski).

[4] In addition to the enterprise value, this estimation is based on certain other assumptions related to, i.a., production, power price, exchange rates, inflation, operational expenditure, key tax items, asset lifetime, interest rate and electricity marketing split. However, investors should not rely on this internal estimation as it may turn out to be inaccurate, e.g. due to inaccurate modelling, inaccurate assumptions or subsequent changes to assumptions.

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