

KROMANN REUMERT



ENERGY
LAW

GREEN ENERGY
KROMANN REUMERT LEADS
THE WAY FOR INVESTORS

KROMANN
REUMERT

GREEN ENERGY...

During the past few years we have seen an increasing focus on the reduction of CO2 emissions through reduction in energy consumption and further investments in renewable energy capacity and renewable energy technology development. Some investors and governments have further been motivated by a wish for less dependency on fossil fuels.

IS HERE TO STAY!

The market for wind energy, solar power, hydropower and biomass investments has therefore boomed in recent years. New technologies have emerged, and major technological advances continue to be made within both new and existing technologies. In 2008, more than EUR 25 billion was invested in new renewable energy production capacity in Europe alone and that figure rose to an estimated EUR 35-40 billion in 2009 and 2010. (in spite of the financial crisis).*

In step with the growth of the market, suppliers have also become more professional – and the technological risks have generally diminished. Parameters that have also played a role in the attraction of new investor classes to the renewable energy market.

* These figures are based on new capacity installed in Europe within the traditional renewable energy technologies as provided by the various European and national technology organisations. The conversion of capacity figures into EUR is (as examples) based on an average capacity cost of EUR 1.2 million per MW for on-shore wind energy and EUR 3.4 million per MWp for solar PV. The figures do not include secondary investments in the secondary market.

THE FUTURE OF GREEN ENERGY

EU member states have agreed that by 2020, 20% of all EU energy consumption must come from renewable energy sources – this means that the share of energy generation based on renewable sources must rise from the 2005 level of 8.5% to 20% by 2020.

Many member states are lagging behind in reaching their individual goals. Because of this, it is expected that there will be many more opportunities to invest in green energy in these countries in the coming years, as member states will step up investments to catch up within the deadline.

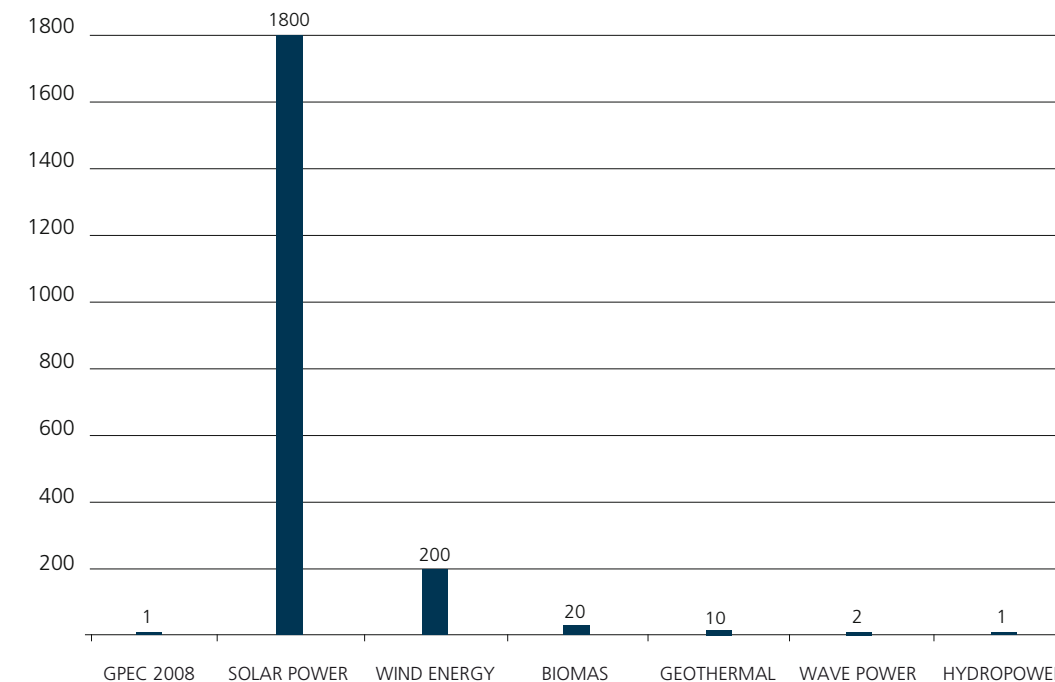
In 2008, renewable energy capacities took up around 57% of the EU's total accumulated new installed electricity generation capacity. As shown in the figure on the opposite page, this covers a variety of energy sources, of which wind energy and solar (PV) power are currently the largest contributors.

CAN RENEWABLE ENERGY MEET OUR REQUIREMENTS?

Many question whether existing renewable energy sources can meet our collective energy requirements. According to data collected by Deutsches Zentrum für Luft- und Raumfahrt in 2007, any of the existing renewable energy sources on their own could fulfil our primary global energy needs if exploited to their full potential, see figure on the opposite page.

However, exploiting the full potential of these resources requires further massive investments in renewable energy as well as continued technological developments to improve efficiency and reduce capacity costs. Also, additional investments will be needed in the distribution grid so as to overcome the inexpediencies created by the regional peak production from most of the renewable energy generating facilities through the creation of larger electricity pools. This is a challenge which, in the long run, could also be addressed through increased differentiation of different types of renewable energy sources (different peak periods to ensure a stable base load) as well as through new energy storage solutions.

POTENTIAL OF RENEWABLE ENERGIES RELATIVE TO GLOBAL PRIMARY ENERGY CONSUMPTION ("GPEC") 2008



Source: Deutsches Zentrum für Luft- und Raumfahrt (DLR) 2007

PITFALLS IN THE RENEWABLE ENERGY MARKET

There are many players in the market for green energy, but whether you invest in assets, investment funds or derived structured products, a thorough due diligence test of the potential investment should always be conducted in advance.

Among other things, it is important to test assumptions with regard to:

- **Energy resources:** Is the stated production realistic and documented?
- **Supplier/technology:** Is it an existing (stable) technology/supplier/production series, and are the product warranties and guarantees market-consistent?
- **Service and maintenance agreement:** Has a service and maintenance agreement been made with the supplier/a third party, and what does it cover?
- **Management agreements:** Has a management agreement been made? What is the track record of the manager, and what is covered?
- **PPA:** Has an agreement for the sale of electricity been made (possibly including the sale of green certificates)? Has a fixed electricity price been secured for a fixed period, and are there any risks in relation to credit or otherwise?
- **Power grid (approval, stability and capacity):** Is the plant connected to the distribution grid/has grid connection been secured? Has the capacity been secured for the full life time of the project and is the distribution grid stable?
- **Insurance:** Are all necessary insurances in place?
- **Permits:** Have all necessary permits been obtained? Are they based on correct terms, and are they all still valid?
- **Financing:** Has the necessary financing been secured? Can it be taken over by the buyer based on the assumed terms?
- **Miscellaneous legal matters:** Have all other relevant legal matters been looked into?
- **Maintenance costs:** Have the assumptions concerning maintenance been verified?
- **Price:** Has the price been benchmarked in relation to the market? Will the project yield the expected return, based on realistic assumptions?



“Since we switched our focus towards investment in Renewable Energy – primarily wind energy - in 2001, we have found it a great pleasure and of great value to work with Kromann Reumert. In 2005, this led us to work together very closely to create Denmark’s first wind energy bond, which, under the name of GW Energi, was listed on the Copenhagen stock exchange (Nasdaq OMX). Kromann Reumert’s extensive market knowledge was a key factor in four financial institutions guaranteeing the subscription of bonds worth DKK 150 million.”

John Hansen, Executive Vice President and Founder,
Green Wind Energy A/S

KROMANN REUMERT’S ENERGY LAW GROUP

During the past years, Kromann Reumert’s energy law group has been involved with wind energy, solar power and biomass projects with a production capacity of more than 14,000 MW. Kromann Reumert’s involvement in the market for renewable energy projects goes as far back as the 1980s, to the time when the Danish wind power adventure took off in earnest.

We have assisted in purchases, sales, financing (project and capital markets), structuring of financial products and investments in green funds, CO2 (CDM/JI), derivatives, regulatory affairs, etc.

We represent and assist a broad group of stakeholders in the field of renewable energy. Our renewable energy related clients include investment companies, private equity funds, developers, banks, pension funds and other institutional investors, energy companies and authorities. With superior expertise in the cleantech area, we often gain knowledge of new technologies and developments at an early stage.

Based on our broad range of experience, we can assist with:

- Advice on structures (acquisition)
- Due diligence on assets (technical advice excluded)
- Benchmarking of assumptions in respect of price, production, costs, financing, etc.
- Financing (project, portfolio and capital markets)
- Structuring of investment products
- Regulatory affairs
- CO2 applications and derivatives

Selected deals

EKSPORT KREDIT FONDEN, Q7 WIND FARM

Kromann Reumert assisted Eksport Kredit Fonden in connection with the financing of the erection and operation of the Q7 wind farm in the Netherlands together with Rabobank and Dexia Crédit Local as authorised lead arrangers; a financing project of EUR 219 million.

GREEN POWER PARTNERS

Kromann Reumert assisted Proark Energy with the conclusion of sourcing and management agreements in connection with the formation of Green Power Partners, a Danish private equity fund, the participants of which include Danish pension providers.

WIND PARK VADER PIET, ARUBA

Kromann Reumert assisted Eksport Kredit Fonden and Nordea in connection with the financing of a 30 MW wind farm on Aruba, the Netherlands Antilles.

PROARK ENERGY, SPANISH SOLAR POWER PROJECTS

Kromann Reumert assisted the Proark group (Proark Energy) with the purchase and financing of a portfolio of Spanish PV parks.

MACARTHUR WIND FARM

Kromann Reumert assisted in the financing of the 420 MW Macarthur Wind Farm in Australia.

GREEN POWER PARTNERS/SPANISH SOLAR PV

Kromann Reumert assisted Green Power Partners in its acquisition of a multiple project Spanish solar PV portfolio in 2009.

MERIDIAN/PROJECT TE UKU

Kromann Reumert assisted the Eksport Kredit Fonden in the financing of the 64.4 MW Meridian Te Uku wind farm in New Zealand.

BELWIND WIND PARK

Kromann Reumert assisted Eksport Kredit Fonden in connection with the financing of the Belwind wind farm, a 165 MW offshore wind farm in Belgium.

DONG ENERGY A/S, ENERGI E2 RENOVABLES IBERICAS

Kromann Reumert assisted DONG Energy A/S in connection with its sale of its shareholding in Energi E2 Renovables Ibericas, S.L. to E.ON.

DONG ENERGY A/S, SIEMENS WINDPOWER

Kromann Reumert assisted DONG Energy A/S in negotiations on a multi-billion Kroner deal with Siemens Windpower A/S for the purchase of wind turbines for a number of offshore wind farms.

DONG ENERGY A/S, BETTER PLACE DANMARK A/S

Kromann Reumert assisted DONG Energy Sales & Distribution A/S in connection with its investment in the firm Better Place Danmark A/S. One objective of Better Place Danmark A/S is to establish a Danish infrastructure for the recharging of electric cars. Concurrently with this, DONG Energy Sales & Distribution A/S has entered into an agreement to supply and sell electricity to Better Place Danmark A/S, the idea being that electricity for use in electric cars should come primarily from wind energy.

DONG ENERGY A/S, A2SEA A/S

Kromann Reumert assisted DONG Energy Power A/S with the purchase of A2SEA A/S from LD Equity, DKA, Clipper and a number of smaller shareholders. A2SEA is the world leader in the erection of offshore wind farms, owning a fleet of vessels designed especially for this purpose. Kromann Reumert assisted with the preliminary negotiations, and later with due diligence and negotiations as well as the preparation of documentation.

GANGWON AND YOUNGDUK WIND PROJECTS, SOUTH KOREA

Kromann Reumert assisted the Danish expert credit agency in the financing of the first two none recourse financed wind parks in South Korea. Youngduk (39.6 MW in 2004) and Gangwon (98 MW in 2005).

GREEN WIND ENERGY A/S (BOND ISSUE)

Kromann Reumert assisted Green Wind Energy (formerly Sølund Invest) with the structuring and issue of the first Danish listed bonds (DKK 150 million) based on renewable energy capital.

GREEN WIND ENERGY A/S (SHARE ISSUE)

Kromann Reumert assisted Green Wind Energy A/S in connection with its share issue in 2008.

MEERWIND OFF-SHORE

Kromann Reumert assisted in the financing of the 288 MW German off-shore wind farm named Meerwind.

GLOBAL ENERGY FACILITY

Kromann Reumert assisted in the structuring of a global energy finance facility in the amount of up to EUR 500 mio. to be used for wind energy projects with a Danish export content.

THE PLAYA CANOA AND TERA KORA WIND PROJECTS ON CURACAO

Kromann Reumert assisted in the structuring and financing of two wind projects on the islands of Curacao.

WHAT OTHERS SAY ABOUT US

Anders Stubbe Arndal and his team at Kromann Reumert provide 'quick response times and good industry knowledge'. It advised DONG Energy on its agreement with Siemens Energy Sector on an offshore project in the North Sea. Other renewable energy project work included the

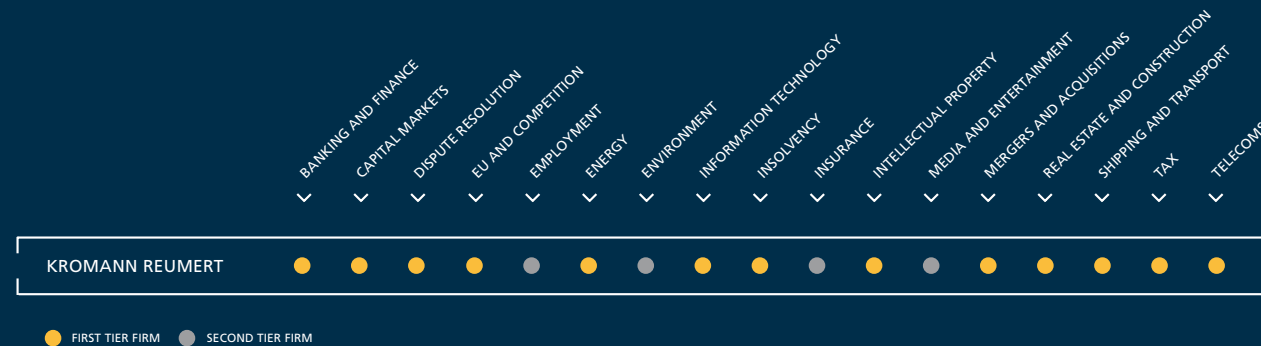
Belgian project Belwind, the Dutch project Q7 and Project Te Uku in New Zealand. René Dejbjerg Pedersen is 'service-minded, fast and competent'. Jens Blomgren-Hansen is also recommended.

Legal 500 Europe, 2011.

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EUROPEAN LEGAL 500 2011



KROMANN REUMERT'S ORGANISATION



KROMANN REUMERT SETS THE STANDARD

Kromann Reumert is Denmark's premier law firm with offices in Copenhagen, Aarhus, London and Brussels.

As at 1 October 2011, we have more than 600 dedicated employees of whom over 320 are lawyers, working together as a team to service our clients. Our practice currently covers 28 different business areas. However, to ensure that we fully meet our clients' needs we continuously review and develop the areas we cover. Our objective is to be Denmark's premier legal adviser within each business area. Good is not good enough - it is our vision to set the standard in the legal profession.

"ONE-STOP SHOP" SERVICES

At Kromann Reumert, each of the business areas is undertaken in separate practice groups. Each practice group area is headed by a partner, who works closely together with the other partners and lawyers in the practice group to develop our skills and deepen our knowledge in that particular area. Having so many specialist skills gathered in one firm enables us to constantly renew our services and stay up to date with emerging trends in Denmark and internationally.

INTERDISCIPLINARY EXPERT TEAMS

There will be occasions, though, where our clients will need access to experts across more than one practice group. When this need arises, our practice groups work

together to provide seamless service across the different areas. We place particular importance on the ability of our lawyers (from whatever practice group) to understand the commercial aspects of each individual case, to the benefit of our clients. It is our mission to provide focused, value-added solutions and advice.

EQUAL DIVISION

It is a fundamental principle among Kromann Reumert's partners that the firm's profits are divided equally. This principle ensures that there is never any internal competition between partners or the different groups and that we are always in a position to allocate the best available resources – in terms of professional skills and time – to each case.

THE CLIENT IN FOCUS

Kromann Reumert provides legal advice which is practical, relevant and individually tailored to meet the specific needs of each client. We believe that the best advice is achieved by working in close cooperation with our clients and developing a thorough knowledge of their business. This enables us to provide clients with solutions that are workable and which add value to their business in the short and long term. We strive to take a proactive approach, especially if we believe that there are impending changes to legislation or to administrative or legal practices that may be relevant to the client. In our experience, flexibility and availability are key elements of a lasting working relationship, and our work focuses on providing the client with operational solutions. <

CONTACTS

**JENS BLOMGREN-HANSEN, PARTNER**

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Profile

Jens joined Kromann Reumert (then Reumert & Partners) in October 1998. His primary areas of expertise are project financing and structured financing, funding, company law and energy law (purchase, sale, structuring and funding of renewable energy projects). Jens also advises on legal/enterprise risk management. Over the years, he has contributed to the structuring of several ground-breaking investment projects, several of which were based on renewable energy projects. Jens has also been central to a number of project financing issues that have received international acclaim.

In addition to his law degree from Aarhus University, Jens also holds an LL.M from the University of Illinois and an Executive MBA from Copenhagen Business School. In 2006, Jens was named 'Talent of the Year' by the Danish periodical Berlingske Nyhedsmagasin, and in 2008, the Financial Times nominated him 'Innovative Lawyer of the year (Finance)' in Europe. Jens has also worked for the U.S. FTC (in Washington D.C.), and is co-author of the company law book 'Fakta Selskabsret'. He serves on the board of directors of a number of Danish enterprises.

Jens writes a VIP blog for the Danish financial daily (Børsen).

Admission

Admitted 2002

Languages

English



ANDERS STUBBE ARNDAL, PARTNER

ENERGY LAW AND CO2
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Profile

Anders Stubbe Arndal was born in 1966 and became a partner in 1999. Anders Stubbe Arndal specialises in mergers and acquisitions, particularly within the energy sector and the field of energy law – focusing in particular on the regulation of businesses supplying electricity, heating and natural gas.

Anders Stubbe Arndal obtained his law degree from Aarhus University in 1991. Anders Stubbe Arndal lectures on issues pertaining to energy law at various law and accountancy courses.

Admission and right of audience

Admitted 1994

Right of audience before the Danish Supreme Court 2000

Activities

Member of the International Bar Association

Member of the Danish Association for Energy Law (Den Danske Energiretsforening)

Member of the Copenhagen Association of Attorneys (Københavns Advokatforening)

Languages

English, German



JAN HVARRE, PARTNER

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Profile

Jan Hvarre was born in 1970 and joined Kromann Reumert in 1998. Jan works primarily in IT law, intellectual property law and marketing law. He provides advice on miscellaneous types of IT contracts, IT tendering and procurement, intellectual property law matters, licence agreements, legal problems pertaining to the Internet, processing of data protection law, etc. He also handles transaction-oriented agreements within the IT industry.

Jan Hvarre obtained his law degree from Aarhus University in 1998. He also holds a BSc degree in business law and economics from Aalborg University. In 2001, he took leave from the firm to work with Motorola.

Jan has been a speaker at various lectures on IT and intellectual property law issues, and has lectured on IT law at the Aarhus School of Business and Danish Bar and Law Society courses for assistant attorneys.

Admission

Admitted 2001

Languages

Scandinavian languages, English

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Kromann Reumert's vision is "We set the standard". Good is not enough - we want to be the best. We provide value-adding solutions and advice with full involvement and commitment. We get there by focusing on quality, business know-how, spirited teamwork, and credibility. We are Denmark's leading law firm, employing approximately 600 staff members, 320 of whom are lawyers. Our offices are located in Copenhagen, Aarhus, London, and Brussels.

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