30 March 2023

Gode Wind 1 Investor Holding GmbH – Senior Notes

Rating Report / Project Finance

Scope Ratings

Rating: EUR 556.4m of senior notes maturing in June 2026

Rating	Expected loss	Expected risk horizon*	Notional	Payment period	Coupon (fixed)	Final maturity
BBB+	0.11%	1.51 years	EUR 556.40m	6 months	3.75%	2026

The transaction closed in October 2015. The final rating is based on the information provided as of March 2023 by InfraRed Capital Partners and Glennmont Partners. Scope's ratings definitions are available at www.scoperatings.com

* The expected risk horizon is equal to the instrument's probability-weighted average duration under all scenarios when assuming a 0% discount rate. For more details please refer to the General Project Finance Rating Methodology.

Transaction and instrument details

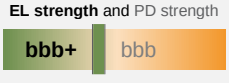
Country / sector / status	Germany / Power / Operational
Group / sector / asset	Renewable power / Wind power generation / Off-shore wind power generation
Purpose	Funding the construction and operation of a 346.5 MW offshore wind farm in the German North Sea.
Issuer	Gode Wind 1 Investor Holding GmbH
Sponsors	Glennmont Partners, The Renewable Infrastructure Group
Structure / seniority / amortisation	HoldCo structure / Senior notes / Full amortisation

Rating rationale (summary)

The BBB+ rating reflects the total expected loss (EL) of 0.11% over the loan's life until maturity (equivalent to a 1.51-year constant-exposure expected risk horizon). Key drivers are the low risks during operation, especially regarding the experienced sponsors and operator, and good technical record. Coverage ratios are at the lower end of our expectations, but this is mitigated by robust revenue generation, with no merchant power price exposure until the notes' maturity, and by the low regulatory risk. The project features a fully amortising debt profile followed by a long remaining useful asset life. However, the recovery of the project ("Gode Wind 1") is lower than in another Scope-rated peer transaction, Borkum Riffgrund 2, reflecting lower profitability during its tail period due to the smaller-capacity turbine model.

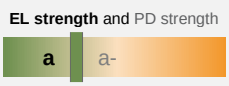
Construction risks account for 0.0% of total EL. Construction was completed in Q2 2016, with final take-over in Q1 2017, resulting in no construction risk.

Operational risks account for 17.0% of total EL. The operating track record has been good over the last five years. The largely fixed-fee O&M agreement with Ørsted and the maintenance reserve mitigate operating expenditure uncertainties. Counterparty risk is low due to Ørsted's strong record, credit standing and significant commitment to the project.



Revenue risks account for 22.6% of total EL. The priority dispatch of electricity, the absence of price risk due to regulated fixed tariffs, and the generally good quality and reliability of the offshore wind resource mitigate the risk of revenue fluctuations, although subject to certain uncompensated events. The strong economic rationale, negligible risk of retroactive regulatory change in Germany, and high barriers to entry compensate for the project's dependence on subsidies.

Financial strength risks account for 55.7% of total EL. The transaction has coverage ratios at the lower end of our expectations for this type of project under our conservative rating case (Scope's rating case). There is no refinancing risk given the fully amortising structure. The useful economic life following the notes' maturity is at least 15 years, but positive cash flow generation requires the captured electricity market price to exceed the regulatory floor. Project recovery is lower than for Borkum Riffgrund 2 due to the lower turbine model size used, resulting in lower profitability.



Project structure and compliance risks account for 4.7% of total EL. The notes may be structurally subordinated to emergency funding from Ørsted, partly mitigated by a contractual cap on servicing such a loan, the robust governance and security framework, and the experienced sponsors and operator, which hold a significant economic interest in the project.

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Related Research

General Project Finance Rating Methodology
November 2022

Counterparty Risk Methodology
July 2022

General Project Finance Analytical Considerations
September 2017

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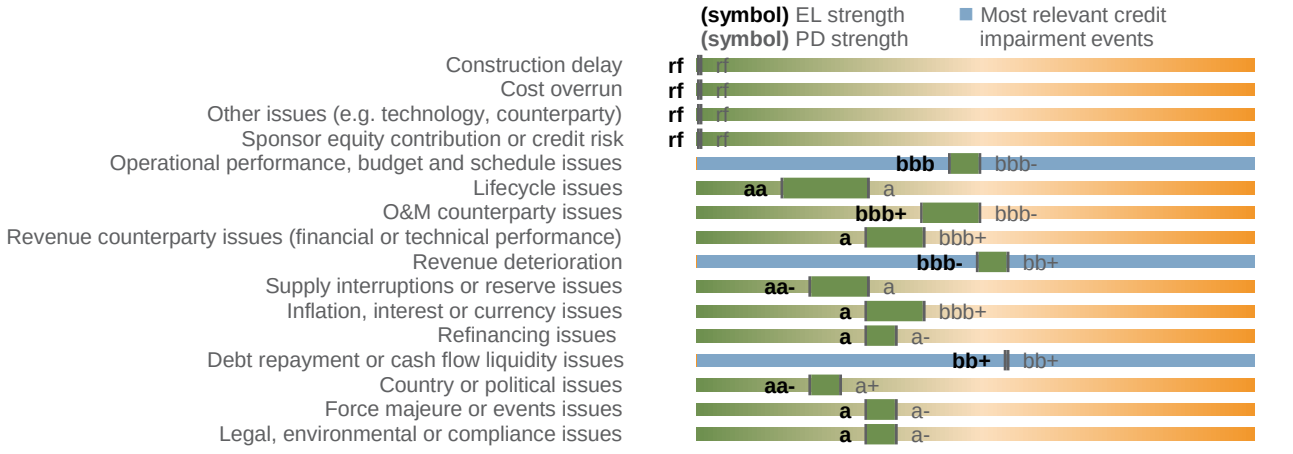
Rating drivers and mitigants

Positive rating drivers	Negative rating drivers and mitigants
Experienced sponsors. All sponsors have good experience, acceptable credit quality with no outstanding equity contribution obligation, good technical capabilities, and significant economic incentives.	**Financial underperformance.** Financial performance in both 2020 and 2021 was below initial expectations due to the combination of uncompensated grid outages, negative price events and low wind speeds. However, financial metrics exceeded expectations in 2022 due to adequate generation and exceptionally high power prices in Q3 2022.
Low technical operational risks. Ørsted will operate and maintain the project for 20 years from completion. O&M contract prices are largely fixed. The O&M budget includes a maintenance reserve based on the expected variable O&M charges (three-year rolling allocation). The project has a good technical record of operation.	**Significant dependency on subsidies.** Low regulatory risks, the strong project rationale and high barriers to entry mitigate the risk of retroactive subsidy cuts. We also note that the project's competitiveness has improved in the current high power price environment.
Stable and predictable long-term revenues. There is no price risk due to fixed feed-in tariffs (FiTs) during the debt tenor followed by a floor price until operating year 20. The good quality and reliability of offshore wind yield in the German North Sea mitigate resource risk.	**Structural subordination.** The notes may be structurally subordinated to unforeseen emergency funding from Ørsted, which would be provided to the project should the issuer lose its ability to finance works that are critical to maintaining or restoring operations. This structural feature is mitigated by the cap on servicing such loans, good operating performance, the robust governance and security framework, and the experienced sponsors and operator with a significant economic interest in the project.
No refinancing risk. The notes are fully amortising. The project benefits from a long tail period of 15 years from debt maturity until the decommissioning date. However, positive cash flow generation after debt maturity will rely on captured power prices exceeding the regulatory floor.	

Positive rating-change drivers	Negative rating-change drivers
Consistently and significantly higher cash flows than projected, or faster deleveraging compared to Scope's rating case, could result in a rating upgrade. However, the likelihood of such an upgrade is limited.	Lower energy production or consistently lower cash flows in the operating phase than assumed in Scope's rating case could lead to a rating downgrade.

Credit impairment events (summary)



Source: Scope.

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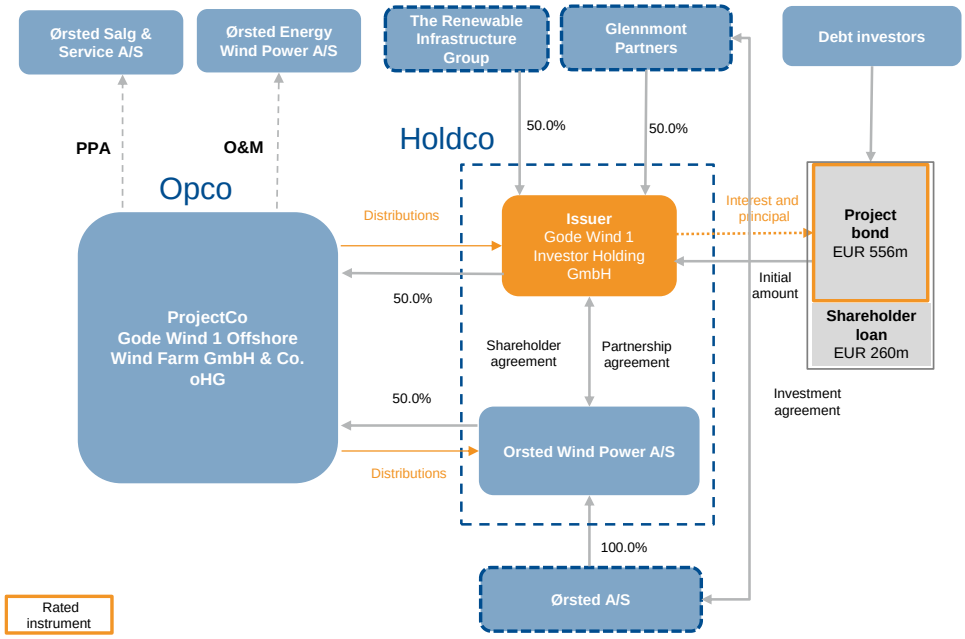
1. Transaction summary

Figure 1: Simplified representation of the transaction structure



Source: Transaction documents and Scope.

Gode Wind 1 Offshore Wind Farm GmbH & Co. oHG is the joint investment of Ørsted and private equity investors. The wind farm is located in the German exclusive economic zone of the North Sea, 34 km from the nearest land. It has a total gross capacity of 346.5 MW, using 55 Siemens 6.3MW turbines on monopile foundations. It holds an unconditional grid connection commitment from the responsible transmission system operator, TenneT TSO GmbH (TSO), on the DolWin Beta grid connection. Ørsted managed the wind farm's development and construction. Construction commenced in Q2 2015 and was mechanically completed ahead of schedule in Q2 2016, with final take-over in Q2 2017. Ørsted (or an affiliate) also manages the O&M of the wind farm and provides a route-to-market for the electricity produced under two separate power purchase agreements for a period of 20 years. The project is fully operational and owned by Ørsted (50%) and a consortium consisting of Glennmont Partners (25%) and The Renewable Infrastructure Group (25%).

Ørsted initially divested a 50.0% share in the project and retained the remaining interest. For this purpose, an unlimited partnership under German law was established (Gode Wind 1 Offshore Wind Farm GmbH & Co. oHG, or the OpCo). Ørsted Wind Power A/S (DE HoldCo) and Gode Wind 1 Investor Holding GmbH (the issuer) each hold an equity stake of 50.0% in the OpCo and have equal voting rights governed by a partnership agreement. With holdings in all relevant permits and assets, the OpCo entered into a construction agreement with Ørsted at a pre-agreed construction price. Gode Wind 1 Investor Holding GmbH is an SPV whose purpose is limited to the management of the 50.0% stake in the OpCo and its proportionate funding. Financing needs during construction were covered through the issuance of EUR 556.4m of senior secured amortising registered notes, and a EUR 260m subordinated debt facility. There is no further external debt at project level. The outstanding volume of the senior notes amounts to EUR 185.3m.

1.1. Performance update

The project's actual electricity generation, including compensated curtailment volumes in 2022, was slightly above Scope's rating case. This was mainly due to the minimal negative impact of uncompensated events (grid outages up to certain thresholds and negative price

events) during the year. Technical performance was robust, with both turbine availability (97.7%) and park availability (96.5%) above expectations.

Revenues exceeded the rating case expectation by 18% due to the extremely high wholesale electricity prices, particularly in the third quarter of 2022. The market premium regime allowed generators to retain excess revenues above the applicable reference value (currently EUR 194/MWh for the project) but this upside potential has been limited since 1 December 2022 following the introduction of the windfall profit levy. Operating costs were below budget, reflecting the lower turbine maintenance costs. EBITDA was 27% higher than in the rating case. The 12-month backward-looking debt service coverage ratio (DSCR) was 1.70x for the period ending December 2022 compared with the rating case forecast of 1.23x.

2. Rating and project risk

The rating on the instrument reflects the financial and legal structure of the transaction; the value of the security package; the competitive position of the borrower; the experience and alignment of interests of the sponsors; and the counterparty exposures to key partners in operation.

The total EL on the rated instrument is commensurate with a BBB+ rating. We calculated an EL of 0.11% over the lifetime of the instrument (equivalent to a constant exposure expected risk horizon of 1.51 years) under Scope's rating case, which is more conservative than the sponsor's base case scenario.

The EL reflects: i) the likelihood of several idealised credit impairment events with the potential to reduce payments originally promised to the investor; and ii) the severity of such credit impairment events. Credit impairment events represent default-like situations that could impair the project's credit performance in relation to the rated instrument.

Our analysis focuses on 16 credit impairment events grouped in five areas of risk: i) Construction; ii) Operation; iii) Revenue risk; iv) Financial strength, and v) Project structure and event risk.

Figure 2 shows the probability of default (PD) and EL strengths of the instrument in relation to the five risk areas considered in our analysis. Figure 3 shows the relative contribution of each risk area to the total expected loss for the investor in the instrument.

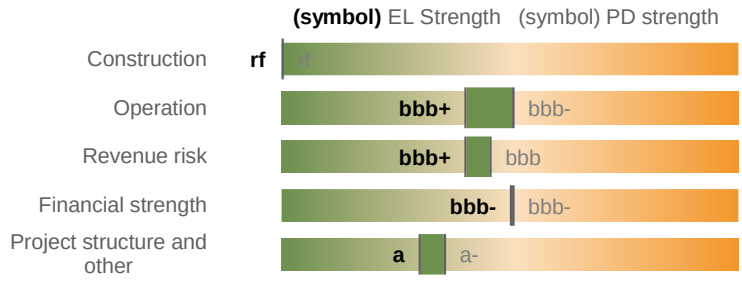
EL and PD strengths

We use EL strength (ELS) and probability of default strength (PD strength or PDS) to indicate the relative robustness of the different credit risk dimensions of a project.

The ELS and PDS indicate what the rating of the project would be if all other credit dimensions were as risky as the dimension under analysis. This is expressed with a symbol from our rating scale but written in lowercase to denote that the strength indication is not a rating.

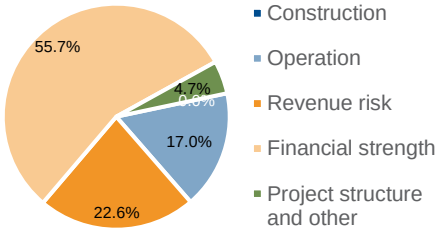
For example, an ELS of aa+ for the 'Supply interruptions' credit impairment event indicates that the project would be rated AA+ if all dimensions of risk were as safe as the availability of inputs for the project.

Figure 2: PD and EL strengths by risk area



Source: Scope.

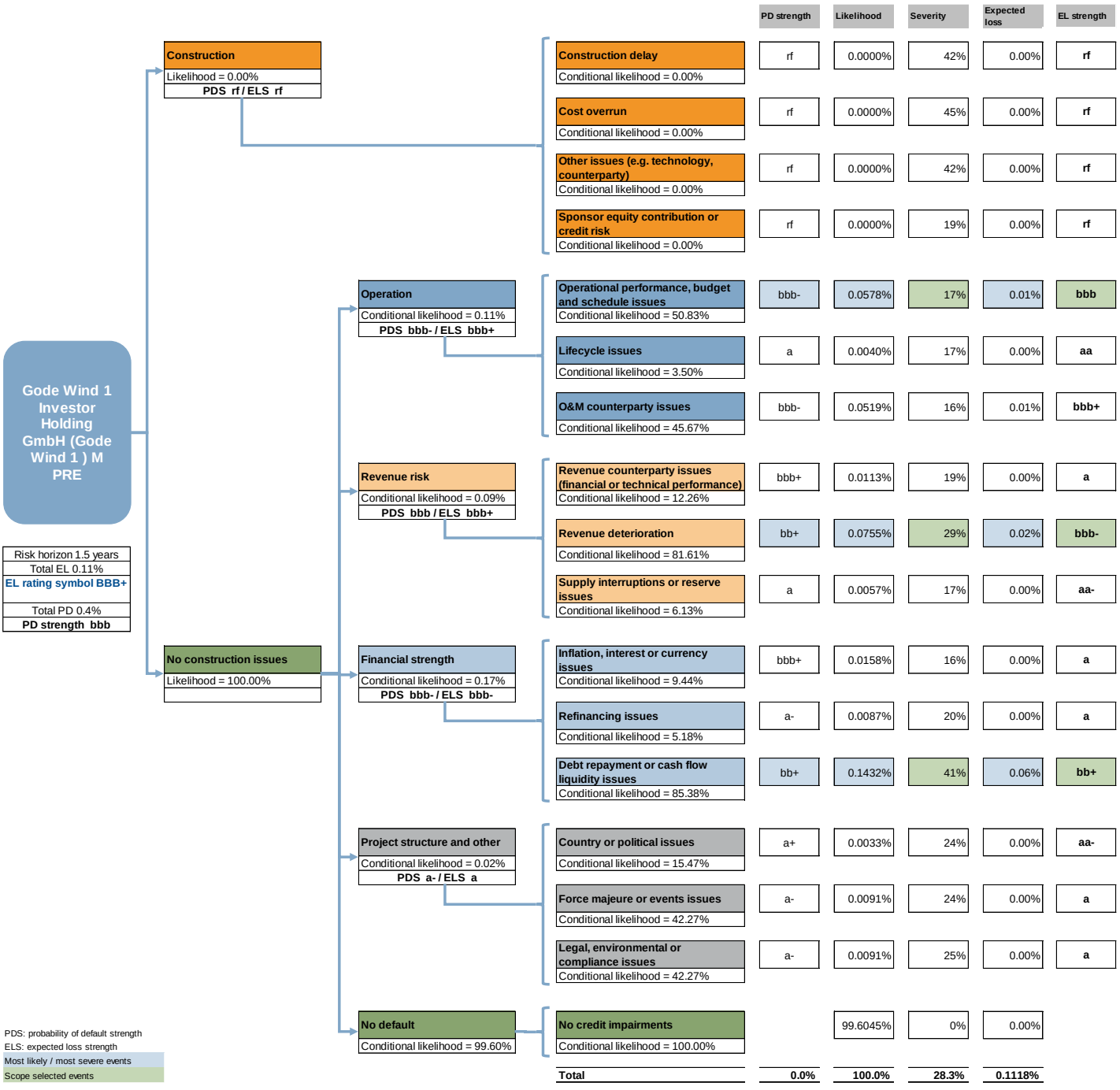
Figure 3: Share total EL contributions by risk area



Source: Scope.

Figure 4 shows the idealised credit impairment events that we consider when estimating the EL for the investor, expressed as a probability tree. The tree illustrates the expected likelihood of each impairment, as well its expected severity for the investor – taking into account the leverage of the project. The three most relevant credit impairment events for this transaction are highlighted in green. The most relevant events as regards the impairment likelihood and contribution to total EL are highlighted in light blue.

Figure 4: Visual summary of the project's risks, impairment likelihoods and EL contributions



Source: Scope.

3. Likelihood of credit impairment events

We calculated an expected impairment likelihood of 0.40% for this project, commensurate with a PD strength of bbb when expressed using the levels of our idealised PD curves, as per our methodology. The project's PD strength and EL results from the aggregated risk of the construction and operational phases. Figure 2 shows the PD strengths of the different risk areas of this project. PD strengths determine the likelihood of credit impairments under the scenarios linked to the risk area.

We considered 23 risk factors that contribute to the project's total credit risk and drive the likelihood of credit impairment events. These risk factors are categorised in the same five risk areas that we use to group credit impairment events, with the risk contribution from sponsors impacting all five areas of risk. We assessed the risk contribution of each risk factor using a

scoring model, in the context of the instrument. The likelihood of a given risk area triggering a credit impairment event (PD strength of risk area) is derived from the scores of the different risk factors (see Figure 2).

Figure 5 summarises the scores assigned to each of the risk factors defined in our methodology.

Figure 5: Summary of the project's risk factor scores

Risk area	Risk factor	Score	Comment
Sponsors	Sponsor's experience, track record and importance of the project	**Low**	Gode Wind 1 is the joint investment of Ørsted (50% stake; rated BBB+/Baa1/BBB+ by three reputable credit rating agencies or CRAs), Glennmont Partners (25% stake; publicly unrated) and The Renewables Infrastructure Group (25% stake; publicly unrated). The sponsor group overall has good credit quality, strong technical capabilities and significant incentives. Ørsted, in particular, has extensive experience with similar projects.
Construction PDS rf	Construction complexity, permits, design and technology	**n/a**	Construction commenced in Q2 2015 and was finished ahead of schedule in Q2 2016, with final take-over in Q1 2017.
	Construction contracts, budget and schedule	**n/a**	n/a
	Construction funding and liquidity package	**n/a**	n/a
	Counterparty risk	**n/a**	n/a
	Equity contribution risk	**n/a**	n/a
Operation PDS bbb-	Operational complexity, technology and standing	**Average**	Operational complexity is average (high technical demands that require specialised equipment and operating skills). During construction, the SWT-6.0-154 turbine model had a very limited track record as it was only the third batch of the turbine's serial production. However, recent turbine availability levels of 95.8% (2020), 98.0% (2021), and 97.7% (2022) at Gode Wind 1 meet initial expectations and indicate low technical risks. Regarding the monopile foundations, we expect low technical risks as Ørsted and the relevant subcontractors have gained significant experience from other monopile designs and installations at other offshore sites. According to the independent technical due diligence, the electrical infrastructure and the offshore substation are proven concepts for offshore wind farms and have already been used for Ørsted's other projects (e.g. Borkum Riffgrund). Grid connection is exposed to increased technical risks since many unscheduled grid outages have occurred since commissioning. Such outages fall outside of the project's control and are eligible for compensation from the TSO, but only after certain grace periods.
	O&M contracts, budget and planning	**Low**	A comprehensive O&M contract over 20 years fully covers the term of the senior notes. For the initial five project years, Siemens provided maintenance for the turbines via a pass-through service warranty agreement. Overall, the O&M concept comprises a fixed budget, a variable budget and a contingency budget, and benefits from a maintenance reserve account. Ørsted provides a large part of the O&M in return for an annual fixed fee, with fixed operating costs amounting to around 80% of total budgeted operating expenses. The concept and budgets were validated by independent third-party experts, and the assumptions are in line with those of other offshore wind farms operated by Ørsted, according to the technical advisor.
	Lifecycle risk	**Very low**	Lifecycle risk is very low due to the comprehensive O&M contracts, including the provision of spare parts. No major capex programme is expected during the remaining tenor of the notes.
	Counterparty risk	**Low**	The wind turbine manufacturer and the O&M provider have adequate credit quality and good track records. Siemens Gamesa Renewable Energy and Ørsted are rated BBB and BBB+ respectively by at least one reputable CRA. There are sufficient alternatives available in the market (e.g. Deutsche Windtechnik) despite the high specialisation required.

Risk area	Risk factor	Score	Comment
Revenue risk PDS bbb	Revenue contract	**Very low**	There is no price risk until the maturity of the rated notes due to the German FiT regulation. Under the established German subsidy regime, the project will receive statutory revenues for electricity sales to the market consisting of: i) an initial (accelerated) FiT for eight years (operating years 1-8) of EUR 194/MWh; ii) an extended (regular) FiT of EUR 154/MWh for an additional 21 months (operating years 9-10); and iii) a price floor of EUR 39/MWh thereafter (operating years 10-20). The extended FiT ends four months before the senior debt maturity; this short period is mitigated by the price floor mechanism and the provision of a six-month debt service reserve. The German regulatory framework is stable, transparent and supportive, with very low probability of adverse changes. There are no mismatches with other contracts.
	Economic fundamentals	**Average**	Economic fundamentals contribute an average level of risk. The high dependence on FiT is negative. The high barriers to entry, the priority dispatch and the strong project rationale are positive, which, among other things, are underpinned by Germany's ambitious offshore wind target (30GW by 2030) and political support for the asset class.
	Supply / Reserve risk	**Low**	Uncertainty is low from wind yield, with the standard deviation of P50 net production at 8.4%, as estimated by a reputable wind consultant, especially when compared to other intermittent energy sources (e.g. onshore wind). High-quality wind data measured over more than 10 years at FINO 1 provide comfort on the assessment of resources. The financial model is conservatively based on 10-year P90 estimate. Although the wind resource was lower than the 10-year P90 estimate during 2021, we consider the P90 assumption to remain appropriate (an unusually low wind speed was observed across other projects in the region).
	Supplier risk	**n/a**	There is no supplier risk because wind is a natural phenomenon.
	Offtaker risk	**Low**	Ørsted Salg & Service A/S (rated Baa1 by one reputable CRA) is the offtaker through a direct marketing agreement. It can be replaced at short notice in the event of insolvency, and there are many alternatives on the market. The terms of the direct marketing agreement including the administration fee, balancing fee, and spread risk fee are seen on the market.
Financial strength PDS bbb-	Debt repayment	**Average**	The projected (backward-looking) minimum/average debt service coverage ratio of 1.20x/1.29x in Scope's rating case (P90 / park availability: 94.3% / cost inflation: 8.7% in 2022, 6.3% in 2023, 2.4% in 2024, and 2.0% p.a. thereafter / 3.5% losses for grid outages and six-hour events originally unaccounted for / captured power prices in the range EUR 55-60/MWh in 2026 and 2027 and at the floor price of EUR 39/MWh from 2028) is adequate for a project of this type, although is at the lower end of our expectations. Whilst reduced production due to curtailment as instructed by the TSO is effectively fully compensated for, grid outages are compensated for at 90% of the applicable FiT and only after certain grace periods (such as an interruption over 10 consecutive days or 18 days in aggregate spread over a calendar year). According to the six-hour rule, negative price events are compensated for only when shorter than six hours. The original financing assumptions have not accounted fully for these factors but considering the recurring nature of these events, we apply 3.5% losses associated with these events in Scope's rating case. Note that the life coverage ratio (NLCR), at 1.24x, is low for projects of this type and debt/equity at 75/25 (equity being valued conservatively on an NPV basis based on the Scope rating case) is acceptable. Debt amortises fully. The six-month debt service reserve is provided by an acceptable letter of credit (required rating: BBB+/Baa1 by a reputable rating agency, in this case National Australia Bank) for the benefit of the security trustee.
	Sensitivity to cash flow stress scenarios	**Low**	The project demonstrates good resilience to cash flow stress scenarios (minimum/average DSCR = 1.09x/1.19x with all opex + 20% including fixed O&M costs reflecting a contractor replacement scenario).

Risk area	Risk factor	Score	Comment
	Inflation, interest rate and FX risk	**Low**	Operating costs are indexed to inflation, but FiT revenues are not. The project can absorb annual total cost inflation of 7.0% from 2022 before reaching a DSCR of at least 1.0x. There are no interest rate or FX risks.
	Refinancing risk	**Very low**	Refinancing risk is very low because the facility is fully amortising.
	Counterparty risk	**Low**	The implementation of a cash pool with Nordea Bank (rated by Scope to be sufficiently stable to support the assigned rating), which manages the funds at OpCo level, poses low risk and is subject to A- minimum rating requirement; the account bank is Deutsche Bank (rated A1/A-/A- by three reputable CRAs), which essentially forwards the semi-annual interest and principal payments and must have a required rating of at least BBB+ under the common terms agreement (CTA).
Project structure and other PDS a-	Financing and legal framework, compliance	**Low**	The notes may be structurally subordinated to funds provided by Ørsted for emergency repair or reinstatement during the operating phase in certain scenarios. The risk of structural subordination is very low and assumes an inability to fund those works through free cash available at the OpCo or through extraordinary support provided by the issuer's sponsors. Risk-mitigating factors include a defined cap applied to service such an emergency funding loan, the robust governance and security framework, as well as the extensive experience, good credit quality and economic interests of both sponsors. Creditor protection clauses and financial covenants are adequate: default covenants are 1.125x ADSCR (historical) and NLCR; lock-up covenants are 1.175x ADSCR (historical, projected) and 1.225x NLCR.
	Country risk	**Very low**	Enforcement procedures in Germany are well-established. Germany benefits from very strong sovereign credit quality (Scope: AAA), which provides comfort regarding its ability to maintain and implement policies.
	Events and force majeure risk	**Low**	Force majeure events are unlikely and the project benefits from good insurance coverage.

Source: Scope.

3.1. Probability of hard default

This instrument faces a lifetime 0.22% probability of hard default, equivalent to a one-year probability of hard default of 0.12%. We derived the lifetime probability of hard default considering the likelihood of credit impairment events combined with the probability of incomplete recoveries after restructuring events (i.e. 56.53%).

4. Severity of credit impairment events

We calculated a total expected recovery rate of 71.73% on credit impairments for the project. The total expected recovery rate is the probability-weighted average recovery rate of all 16 credit impairment events considered under our project finance rating methodology (see Figure 4).

Top three credit impairment events

We performed a detailed estimation of the expected severity of the three credit impairment events that are most relevant for investors. These are: i) Revenue deterioration; ii) Operational performance, budget and schedule issues; and iii) Debt repayment or cash flow liquidity issues (see Figure 6). These three credit impairment events together contribute 80.6% of the EL for investors.

We analysed all other credit impairment events using standard recovery assumptions and applied adjustments to reflect the project's specific characteristics. These adjustments are based on the instrument's seniority, coupon, repayment profile, and project-specific recovery risk factors, which are further detailed in section 4.2.

4.1. Severity analysis of most relevant credit impairment events

We performed a fundamental analysis of the expected recovery rate for the most relevant credit impairment events by stressing cash flows to investors using the project's financial model.

We stressed the key inputs to the project's financial model under Scope's rating case based on the conditions implied by the respective credit impairment event. We derived the expected recovery rate by calculating the net present value of all cash flows available for debt service under the assumptions of the respective most relevant credit impairment event.

Figure 6: Most relevant credit impairment events

	Name	Driver	E{RR}
Top event 1	**Revenue deterioration**	Operational performance issues causing default and these problems last until debt maturity, and the subsequent periods suffer from higher grid outages.	70.6%
Top event 2	**Operational performance, budget and schedule issues**	O&M problems reduce availability leading to O&M contractor replacement at higher fees.	82.9%
Top event 3	**Debt repayment or cash flow liquidity issues**	Technical difficulties require material emergency funding extended by Ørsted, which becomes structurally senior at restructuring.	59.5%

Source: Scope.

4.1.1 Revenue deterioration

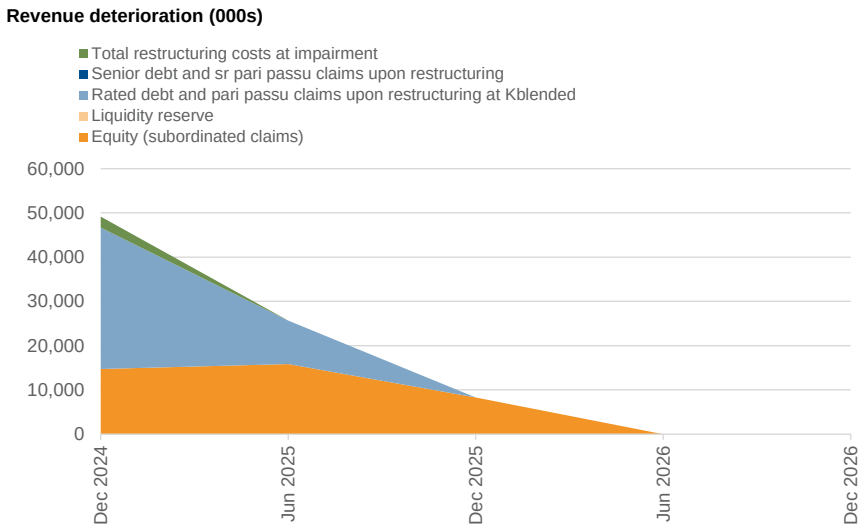
Revenue deterioration accounts for 19.8% of the total EL

We expect a recovery rate of 70.6% on the instrument upon impairment owing to Revenue deterioration events. The EL contribution from such events is 0.02% (EL strength: bbb-) over the senior instrument's 1.51-year expected risk horizon. This represents 19.8% of the senior instrument's total EL of 0.11%.

We derived the recovery rate under stress from our cash flow analysis. The analysis yields a recovery rate of 68.1% and is based on a Project sale scenario with a stressed capital structure upon restructuring of 68.48% and cost of debt and equity of 5.63% and 15.00%, respectively. The recovery analysis assumes the repayment of claims via Sweeps. Technical issues with the wind turbines lead to lower turbine availability (down 20% from Jun 2023 to Jun 2026), with additional 2% losses applied for grid outages for the entire remaining project term.

Figure 7 shows how the claims on the stressed project value are distributed.

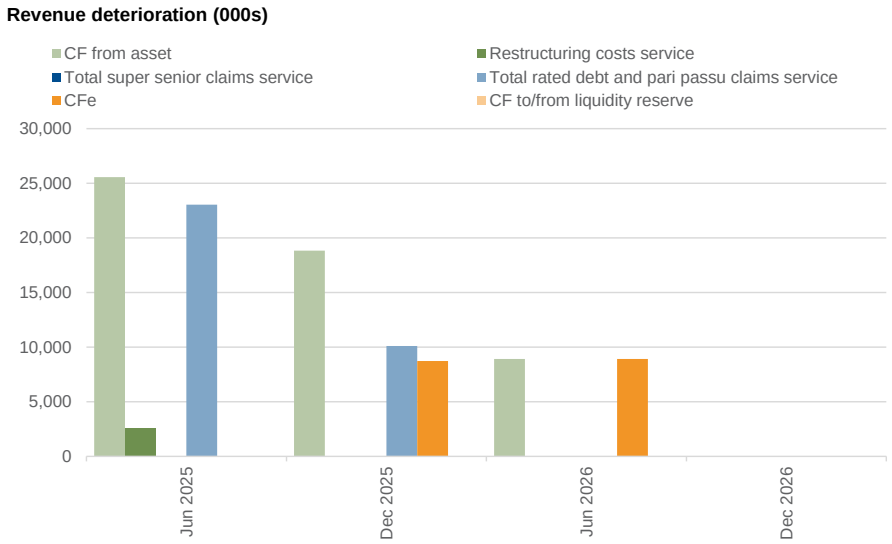
Figure 7: Development of restructuring claims on stressed project value



Source: Scope.

Figure 8 shows the cash flows allocated to the stakeholders of the project after restructuring.

Figure 8: Cash flows from restructuring claims to stressed project value



Source: Scope.

4.1.2 Operational performance, budget and schedule issues

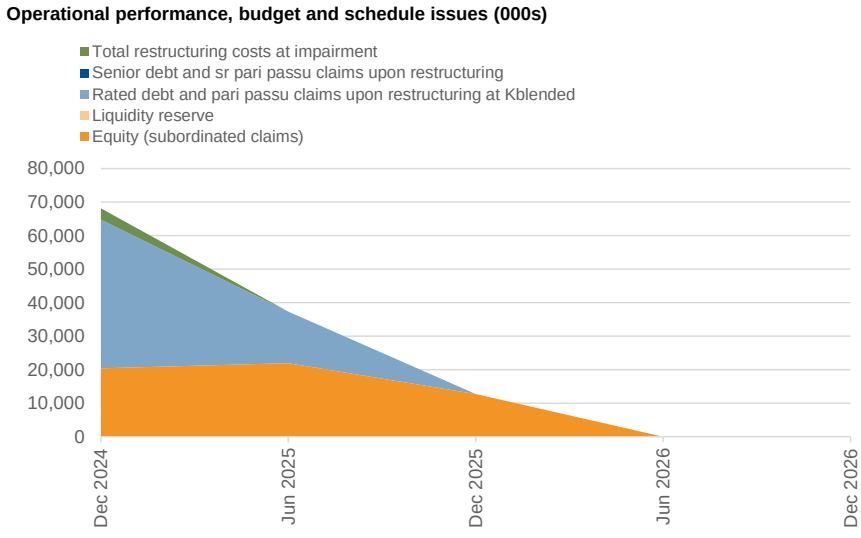
Operational performance, budget and schedule issues contribute 8.8% of the total EL

We expect a recovery rate of 82.9% on the instrument upon impairment owing to Operational performance, budget and schedule issues events. The EL contribution from these events is 0.01% (EL strength: bbb) over the senior instrument's 1.51-year expected risk horizon. This represents 8.8% of the senior instrument's total EL of 0.11%.

We derived the recovery rate under stress from our cash flow analysis. The analysis yields a recovery rate of 81.4% and assumes a Project sale scenario with a stressed capital structure upon restructuring of 68.48% and cost of debt and equity of 5.63% and 15.00%, respectively. The recovery analysis assumes the repayment of claims via Sweeps. In 2023 and 2024, wind turbine availability is 15% and 20% lower respectively due to technical issues, which subsequently leads to the replacement of the O&M provider and 20% higher operating expenses from 2025 onwards.

Figure 9 shows how the claims over the stressed project value are distributed.

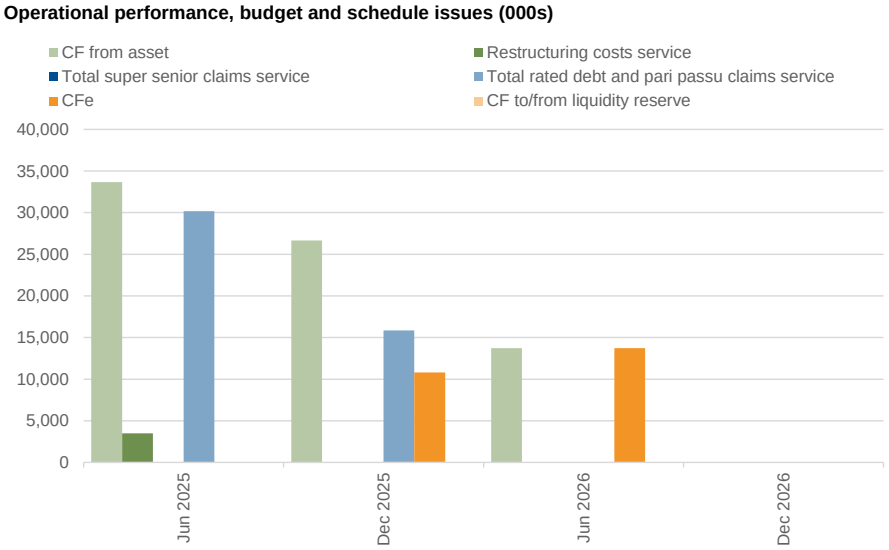
Figure 9: Development of restructuring claims on stressed project value



Source: Scope.

Figure 10 shows the cash flows allocated to the stakeholders of the project after restructuring.

Figure 10: Cash flows from restructuring claims to stressed project value



Source: Scope.

4.1.3 Debt repayment or cash flow liquidity issues

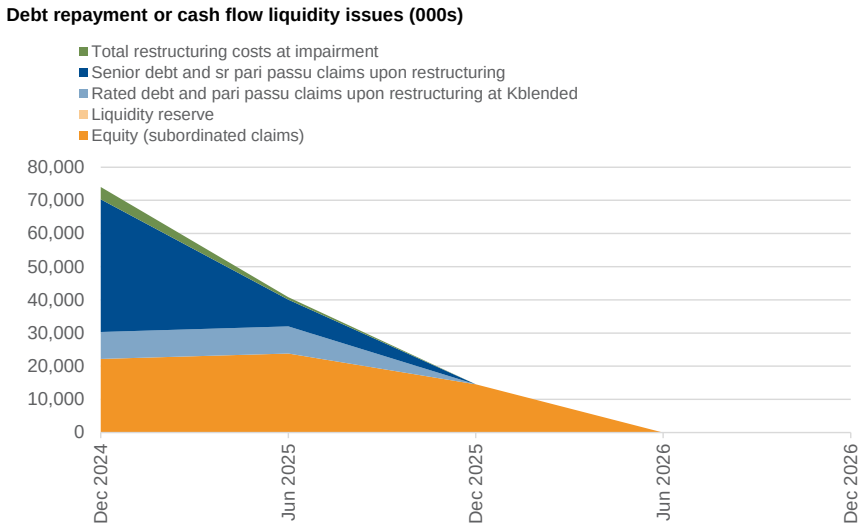
Debt repayment or cash flow liquidity issues account for 51.9% of the total EL

We expect a recovery rate of 59.5% on the instrument upon impairment owing to Debt repayment or cash flow liquidity issues events. The EL contribution from these events is 0.06% (EL strength: bb+) over the senior instrument's 1.51-year expected risk horizon. This represents 51.9% of the senior instrument's total EL of 0.11%.

We derived the recovery rate under stress from our cash flow analysis. The analysis yields a recovery rate of 55.9% and assumes a Project sale scenario with a stressed capital structure upon restructuring of 68.48% and cost of debt and equity of 5.63% and 15.00%, respectively. The recovery analysis assumes the repayment of claims via Sweeps. Unexpected technical difficulties lead to a gradual reduction in the technical availability of the wind park (2023: negative 5%, 2024: negative 8%) and escalate due to an unscheduled replacement of major components that costs EUR 40m. Due to a funding default by Gode Wind 1 Investor Holding GmbH, the new components are financed through EUR 40m of emergency funding from Ørsted at the beginning of 2024, which triggers a senior debt payment default in H2 2024. The emergency funding (contribution loan) has priority over lenders in this restructuring scenario.

Figure 11 shows how the claims over the stressed project value are distributed.

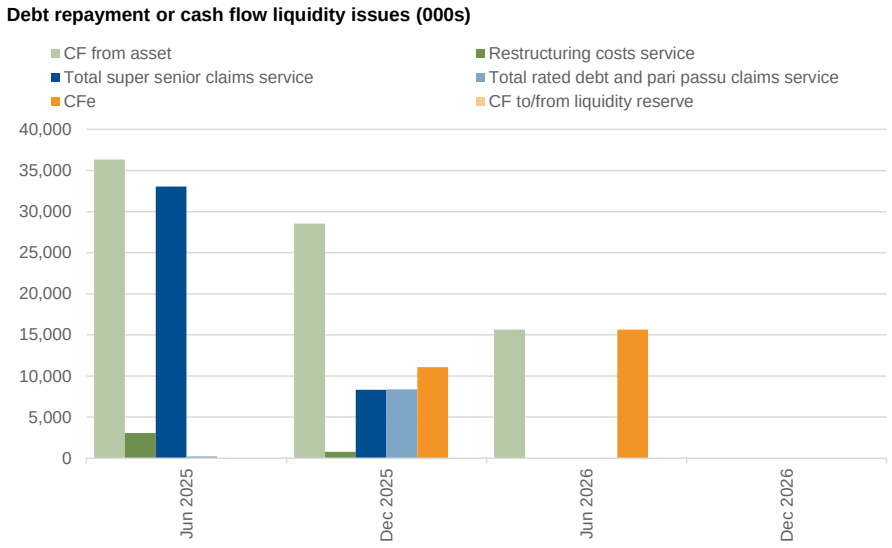
Figure 11: Development of restructuring claims on stressed project value



Source: Scope.

Figure 12 shows the cash flows allocated to the stakeholders of the project after restructuring.

Figure 12: Cash flows from restructuring claims to stressed project value



Source: Scope.

4.2. Severity analysis of standard credit-impairment events

We analysed all other credit impairment events using our standard recovery distribution assumption for each type of event. We assigned the project our 'Lower-asset-value resilience' assumptions as defined in our General Project Finance Methodology. The assets of the project have a limited useful life of around 25 years (decommissioning date). The project is partially exposed to cyclical risks during operating years 10-25 because positive cash flow generation will rely on the power price being above EUR 39/MWh.

To calculate expected recovery rates specific to the rated instrument (i.e. tranche-specific recovery rates), we adjusted the standard recovery rate distribution for each event to capture the project's capital structure (section 4.2.1) and assessed the project's specific recovery strength (section 4.2.2).

4.2.1 Seniority and leverage of rated exposure

We adjusted each recovery rate distribution to incorporate the protection to investors resulting from the seniority and leverage of the rated instrument at the expected impairment times. We estimate a protection by subordination of 31.05%, and a detachment point of 100.00%, at the expected time of impairment during operation and have used these values to calculate the expected recovery rates. We calculate the first-loss protection buffer using the financial balance sheet (i.e. based on the present value of future cash flows) rather than the accounting balance sheet.

4.2.2 Recovery risk factors

We adjusted the standard recovery assumptions to the specific characteristics of the rated instrument. The analysis of the recovery risk factors resulted in a haircut of 0.0% to the expected tranche-level recovery rates derived from the previous steps.

We assessed the project's specific recovery strength by applying the recovery risk factors shown in Figure 13.

Figure 13: Recovery risk factors

Recovery risk factor	Recovery score	Assessment
Project security	**Average**	Investors benefit from a typical security package for this type of transaction, including step-in rights (direct agreements for all major arrangements) looking through the HoldCo structure. The notes are secured by a first-ranking security over all of the issuer's assets (e.g. shares and bank accounts).
Collateral enforceability	**Average**	The German legal system is proven, although resolution times are average when compared to those of other Western European countries.
Recovery enhancements	**Average**	Indemnities and termination provisions are standard.
Fundamental economic value of the project	**Average**	The recovery risk from the fundamental economic value of the project is average due to the combination of stable cash flow generation (driven by FiTs and low wind-related uncertainty) and a project life coverage ratio of 1.31x under the conservative assumptions of Scope's rating case.

Source: Scope

4.3. Recovery rate on hard defaults

The expected recovery upon a hard default of the rated instrument is 50.00%. This hard recovery rate is linked to the probability of hard defaults reported in section 3.1 (i.e. 0.22%). We derived this value by considering that the EL to the investor in the rated instrument (i.e. 0.11%) is constant, irrespective of the definition of the event of default considered in the analysis.

5. Rating stability

The rating is resilient to sizeable changes in assumptions

This section shows the sensitivity of the rating to changes in the input assessments as considered by the analysts. This analysis has the sole purpose of illustrating the sensitivity of the rating to input assumptions and is not indicative of expected or likely scenarios. Figure 14 shows how the model-implied rating changes for each rating-sensitivity scenario.

Figure 14: Sensitivity results

Analytical assumption tested	Shifts considered to inputs	Result
Rating case	No shifts	BBB+
General stress to all risk factors in all areas	Scores reduced by one level	BB+
Shock stress to the risk area with the most relevant credit impairment event	Scores driving risk area of most-relevant credit impairment event (i.e. Revenue deterioration) reduced by two levels	B+
Haircut to recovery	25% haircut to recovery assumptions	BBB

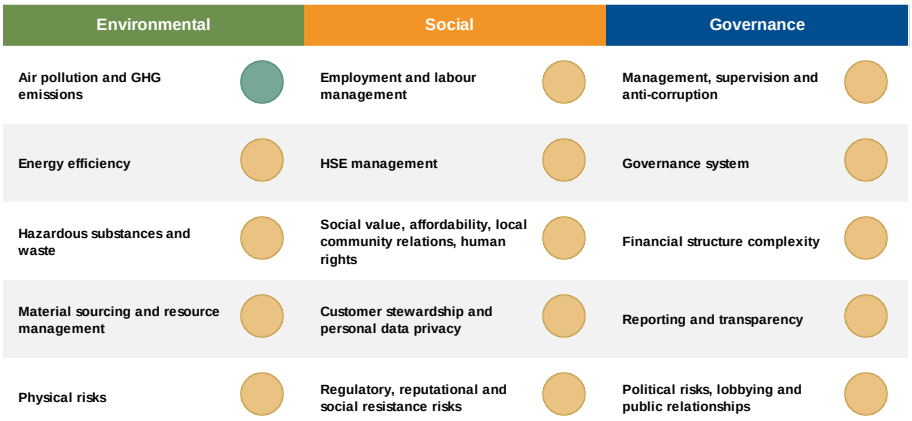
Source: Scope

6. ESG grid

We analysed ESG risks by examining risk factors (section 3) and recovery risk factors (section 4) of the project. The relationship between credit risk and ESG factors is not direct because ESG factors only impact the performance of a project indirectly and in ways that can be opposite for two given projects. Investors should consider ESG as a different and separate dimension with respect to which a project should be analysed.

The ESG grid in Figure 15 highlights how ESG themes within the three ESG pillars (environmental, social and governance) influence the credit risk of this project and whether they do so in a positive (i.e. less credit risk for the project) or negative way (i.e. more credit risk for the project). Our ESG grid promotes transparency in credit analysis and shows how credit risk relates to relevant ESG themes.

Figure 15: Project ESG grid



Source: Scope.

With regards to the environmental pillar: considerations regarding the Air pollution and GHG emissions are credit-positive for the project. The offshore wind park produces power without emitting harmful exhaust into the air. Considerations regarding Energy efficincy, Hazardous substances and waste Material sourcing and resource management are neutral for the project.

All considerations within the social pillar are neutral for the project, specifically, regarding Employment and labour management HSE management, Social value, affordability, local community relations, human rights Customer stewardship and personal data privacy.

Similarly, all considerations within the governance pillar neutral. These relate to Management, supervision and anti-corruption, the Governance system, Financial structure complexity Reporting and transparency.

7. Legal framework

We believe that these agreements are legal, valid, binding and enforceable. The transaction conforms to international standards and supports our general legal analytical assumptions.

8. Monitoring

We will monitor the rating over the life of the rated instrument. Our monitoring analysis will be based on the payment and performance reports to be provided periodically by the management company during the operational phase, and any other available information such as financial accounts and compliance certificates. The rating will be monitored continuously and will be reviewed on an annual basis, or upon the occurrence of any events affecting the project's creditworthiness.

Scope analysts are available to discuss all the details surrounding the rating analysis and are available to discuss the ongoing monitoring of the transaction.

9. Applied methodology and data

We applied the analytical framework described in our General Project Finance Rating Methodology dated November 2022, which can be downloaded from www.scoperatings.com.

The information supporting our rating analysis was adequate. We used internal and external data sources for the rating of this transaction. We received information about the project from Infrared Capital Partners (in its capacity as investment manager of TRIG) and Glennmont Partners, including on the borrower's financial accounts, incorporation documents, material project contracts, as well as due diligence reports, financial and security documents, and the transaction's financial model.

Appendix I Likelihood and expected recovery of credit impairment events

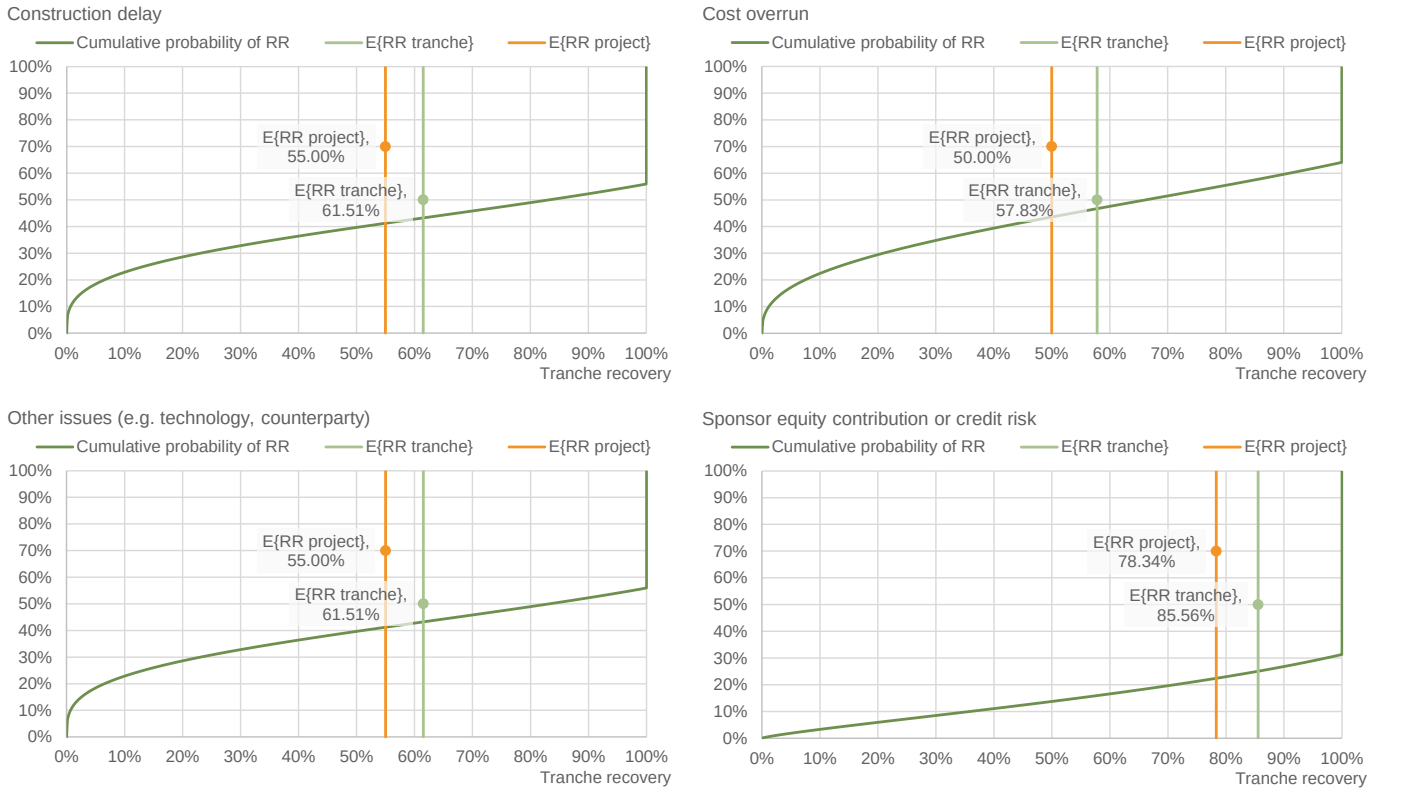
Event	Probability	Expected recovery	EL contribution
Construction delay	0.00%	58.28%	0.0000%
Cost overrun	0.00%	54.79%	0.0000%
Other issues (e.g. technology, counterparty)	0.00%	58.28%	0.0000%
Sponsor equity contribution or credit risk	0.00%	81.06%	0.0000%
Operational performance, budget and schedule issues	0.06%	82.90%	0.0099%
Lifecycle issues	0.00%	83.14%	0.0007%
O&M counterparty issues	0.05%	83.83%	0.0084%
Revenue counterparty issues (fin. or tech. performance)	0.01%	81.43%	0.0021%
Revenue deterioration	0.08%	70.60%	0.0222%
Supply interruptions or reserve issues	0.01%	83.25%	0.0009%
Inflation, interest or currency issues	0.02%	83.83%	0.0026%
Refinancing issues	0.01%	79.95%	0.0017%
Debt repayment or cash flow liquidity issues	0.14%	59.50%	0.0580%
Country or political issues	0.00%	75.79%	0.0008%
Force majeure or events issues	0.01%	75.79%	0.0022%
Legal or environmental or compliance issues	0.01%	75.02%	0.0023%
No credit impairment events	99.60%	100%	0%
TOTAL FOR RATED EXPOSURE	0.40%	71.73%	0.11%

Source: Scope.

Appendix II Recovery distributions under all impairment events

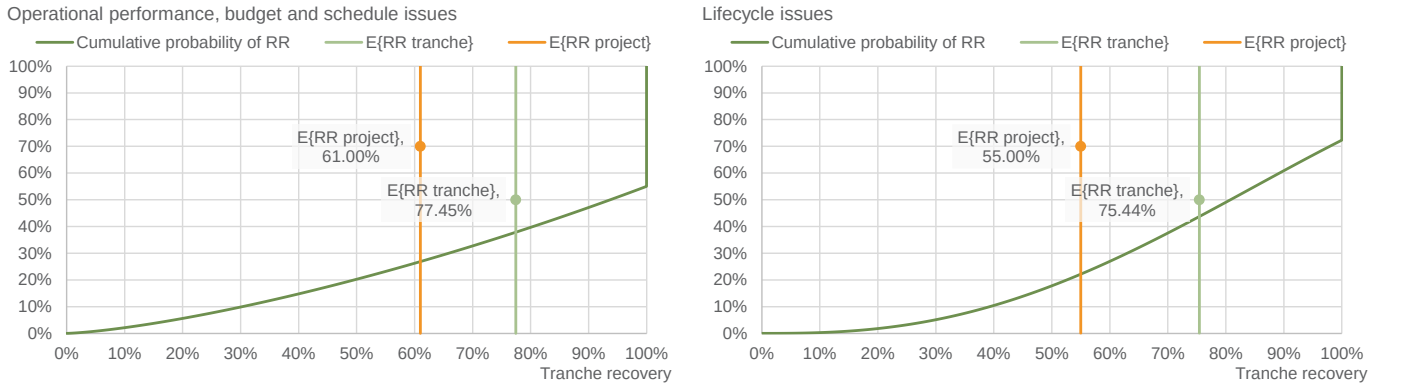
The following charts show the recovery distributions we assumed for the analysis of the expected recovery of the rated instrument under the different credit impairment events considered in our methodology. The charts also show the expected recovery at the project level and rated-tranche level to illustrate how the capital structure influences recovery. The recoveries shown in these charts are before adjustments to consider the recovery characteristics of this project, and before adjustments for the time-value of money and credit for amortisation.

Figure 16: Recovery distributions under construction credit impairment events

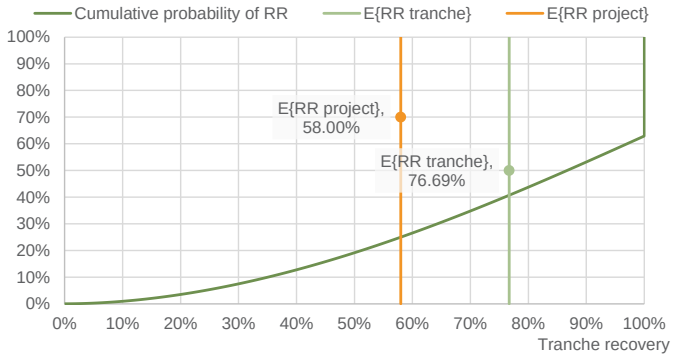


Source: Scope

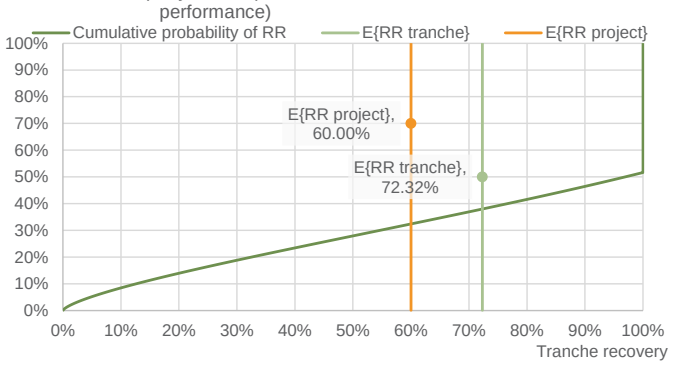
Figure 17: Recovery distributions under operational credit impairment events



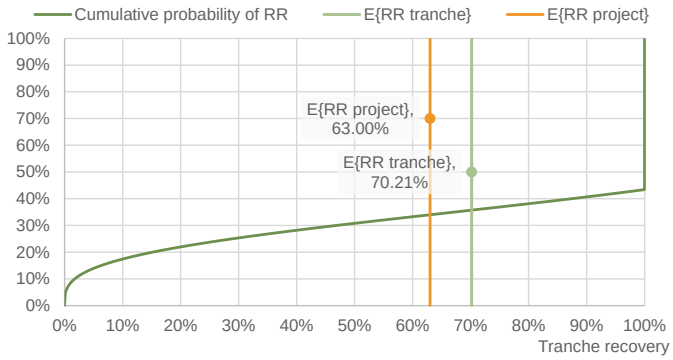
O&M counterparty issues



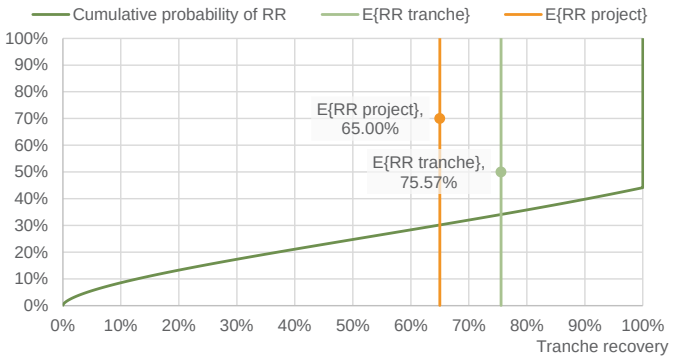
Revenue counterparty issues (financial or technical performance)



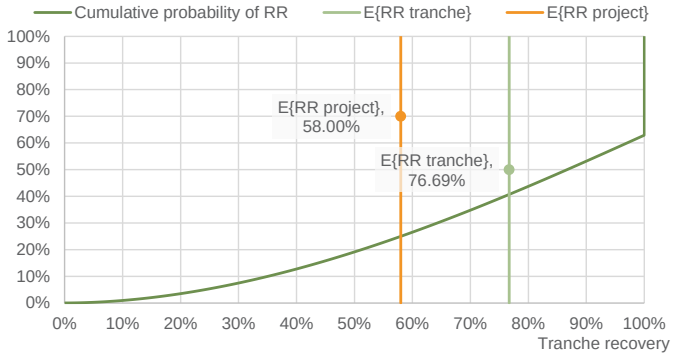
Revenue deterioration



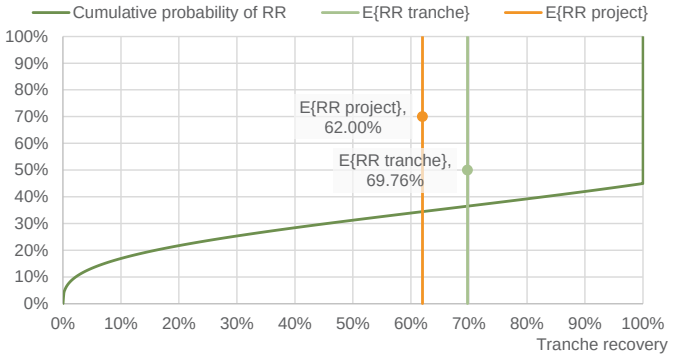
Supply interruptions or reserve issues



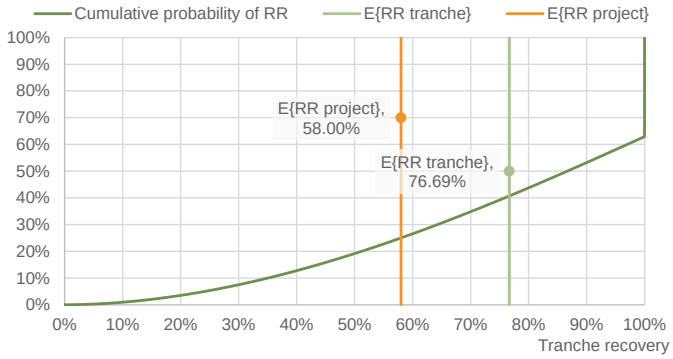
Inflation, interest or currency issues



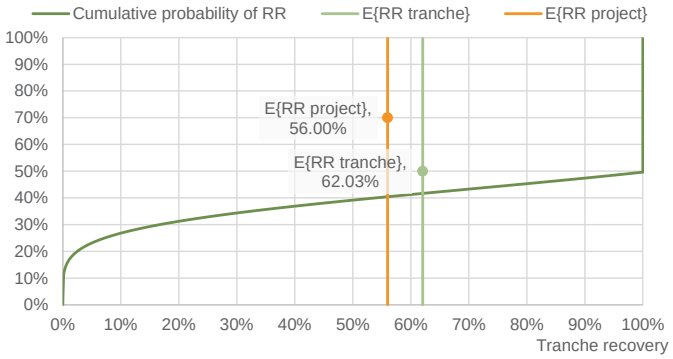
Refinancing issues



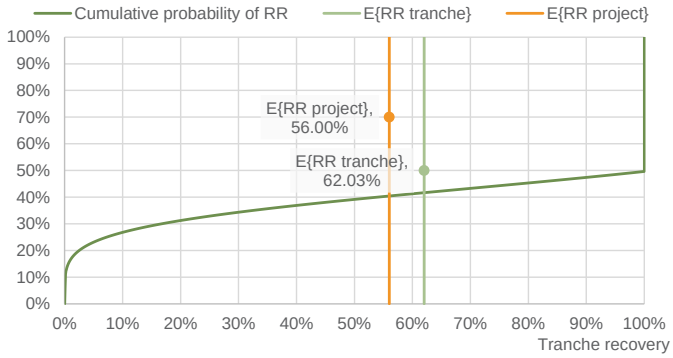
Debt repayment or cash flow liquidity issues



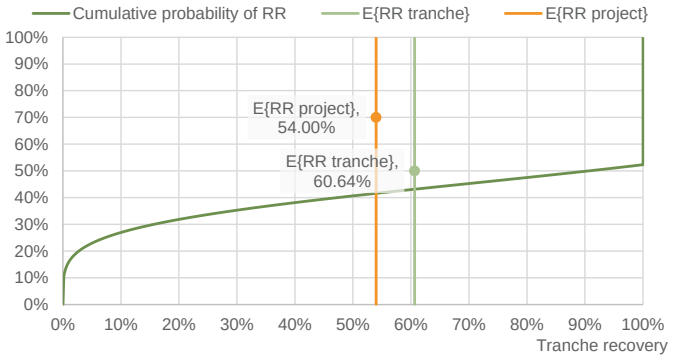
Country or political issues



Force majeure or events issues



Legal, environmental or compliance issues



Source: Scope

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