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Econergy: The French fund Rgreen Invest will enter as a partner in the construction of a 90-megawatt solar project in Romania

The project has received all permits for construction and connection to the electricity grid. Construction is expected to start at the beginning of the 2nd quarter of the year and connection to the electricity grid will be no later than the 1st quarter of 2023

From the joint company, Econergy will be entitled to a development fee of approx. EUR 9 million, management services for the construction work in the amount of approx. EUR 825,000, and management services after connection to the electricity grid for a period of 10 years in the amount of approx. EUR 4 million

Total CAPEX investments in respect of the project are expected to amount to approx. EUR 55 million (the Company's share - 50%)

Total expected annual revenue from the project after its commercial operation (projected average for the first five years of operation) approx. EUR 10.3 million based on market prices (the Company's share - 50%)

The expected annual EBITDA for the average of the first 5 years of operation is expected to amount to approx. EUR 9 million (the Company's share - 50%).

Econergy has significant operations in Romania with a pipeline of projects in development of over 1.5 GW, of which approx. 400 MW are expected to begin construction during 2022

Econergy (through a wholly owned subsidiary) has reached agreements with its strategic partner **Rgreen Invest** (a French investment fund, which manages renewable energy assets amounting to over a billion euros) for the establishment of a joint venture to invest in the Company's project in Romania.

Main points of the agreements:

Econergy and a company from the **Rgreen** Group will establish a joint company that will be held in equal parts.

Econergy will transfer to the joint company the full rights for the construction of a solar facility with a capacity of approx. 90 MW (DC) in **Parau**, Romania, which is in the Ready to Build (RTB) stage.

Econergy and **RG** will each contribute to the joint company 30% of the total investment required for the construction of the project in equity. The balance of the financing required for the project's construction will be granted to the joint company by **RG** in a convertible loan bearing interest accepted in the market for similar transactions.

The joint company will provide the project company with the full financing required for the project's construction, as equity and as a shareholder loan.

In respect of RG's investment and entry into the project, Econergy will be entitled to receive from the project company (which, as stated, is held in equal parts by Econergy England and RG) a development fee in the amount of approx. EUR 9 million.

In addition, Econergy (through a subsidiary) will provide the project company with management services for the construction work (EPCm) in the amount of approx. EUR 825,000, as well as project management services after its connection to the electricity grid for an initial period of 10 years from the date of commercial operation of the project in the amount of approx. EUR 4 million, after which the arrangement for project management services will be automatically renewed for another 10 years.

In the event that the project is granted bank financing that will replace the shareholder loans, the convertible loan will be converted into capital and the shareholder loan funds will be released.

The released funds will be used for investment in another project in Romania that will be presented for **RG** approval by Econergy, and which will be held by the parties in equal parts.

If the parties do not invest in another project, the shareholder loan funds that will be released will be used to repay the convertible loan.

Project status

The project has received all the required permits for construction and connection to the electricity grid and is ready for construction. The Company estimates that the project will start construction at the beginning of the 2nd quarter of 2022 and will be connected to the electricity grid no later than the 1st quarter of 2023.

Data regarding expected project costs and revenues

Total **CAPEX** investments in respect of the project (including construction work (**EPC**), costs of connection to the grid and additional costs) are expected to amount to approx. EUR 55 million (the Company's share - 50%).

The total annual revenue expected from the project after its commercial operation (projected average for the first five years of operation), is expected to amount to approx. EUR 10.3 million, based on market prices (the Company's share - 50%).

The expected annual **EBITDA** for the average of the first 5 years of operation is expected to amount to approx. EUR 9 million (the Company's share - 50%).

Eyal Podhorzer, CEO of Econergy and one of the two founders of the company: “I am pleased with another tier in the strategic partnership with the French fund Rgreen. We have been operating in the Romanian market for a number of years and are considered one of the largest local developers in the country. We currently have a pipeline of projects in Romania in development of over 1.5 GW, of which approx. 400 MW are expected to start construction during 2022. It should be mentioned that we hold (in partnership with Nofar Energy) the rights to build a solar facility with a capacity of approx. 155 MW, which is the largest photovoltaic project approved for construction in Romania. Its construction began at the end of 2021 and its connection is expected at the end of the 4th quarter of 2022.

In both of these projects, we will also provide construction services until the project is connected to the network and management services after its connection, while in the current project we will also be entitled to a development fee from the joint company in the amount of approx. EUR 9 million.

Currently, we operate in five markets, including the Romanian market, and are considering entering additional markets that meet the criteria we have set for ourselves.”

About Econergy

Econergy Renewable Energy is one of the oldest and leading renewable energy companies in Europe, with an international team and proven experience and reputation in locating, developing, purchasing and managing projects. The Company also has strategic collaborations with leading funds around the world that invest in Econergy projects, such as the infrastructure fund of UBS Bank and the French infrastructure fund Rgreen Invest.

The Company owns a project pipeline of approx. 6 GW that are in various stages of development and construction in several markets, including Italy, Spain, England, Romania and Poland.