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ContourGlobal plc

(incorporated under the Companies Act 2006 and registered in England and Wales with registered number 10982736)

(*the* ***"Company"*****)**

Circular for information purposes only

Authority to implement proposed acquisition of WGP Holdings II, LLC

You should read the whole of this document and all documents incorporated into it by reference in their entirety. Your attention is drawn to the letter from your Chairman which is set out in Part I (*Letter from the Chairman*) of this document and which contains certain information concerning the Acquisition. Your attention is also drawn to the risk factors set out in Part II (*Risk Factors*) of this document which describes certain material risk factors concerning the Acquisition. Capitalised terms used in this document have the meanings ascribed to them in Part VII (*Definitions*) of this document.

On 8 April 2020, the FCA published a Statement of Policy and a Technical Supplement entitled "*Technical Supplement — modification of general meeting requirements under the Listing Rules*" aimed at assisting companies required to hold general meetings under the Listing Rules. To address the challenges faced by listed companies during the COVID-19 pandemic, the FCA has temporarily modified the Listing Rules with regards to Class 1 transactions and the requirement to hold a general meeting in certain circumstances.

Pursuant to these modifications to the Listing Rules, the FCA has granted the Company a dispensation from the requirement to hold a general meeting as the Company has obtained written undertakings from Shareholders holding more than 50 per cent. of the Company's issued share capital confirming that they approve of the Acquisition and would vote in favour of the Resolution at a general meeting, if such meeting were to be held. On the basis that the dispensation has been granted by the FCA upon publication of this document, the Company is therefore not proceeding with a general meeting with respect to the Resolution. Accordingly, subject to the satisfaction or (where applicable) waiver of the remaining Conditions to which the Acquisition is subject (as summarised in Part III (*Summary of the Principal Terms and Conditions of the Acquisition*) of this document), the Acquisition described in this document will be implemented following publication of this document. This document does not contain a notice of a general meeting of the Company and no further action needs to be taken.

Goldman Sachs International, which is authorised by the Prudential Regulation Authority and regulated by the Prudential Regulation Authority and the Financial Conduct Authority in the United Kingdom, is acting solely for ContourGlobal plc and for no one else in connection with the Acquisition. Apart from any responsibilities and liabilities (if any) which may be imposed on Goldman Sachs International by the FSMA or regulatory regime established thereunder or any other applicable regulatory regime, Goldman Sachs International will not be responsible to anyone other than ContourGlobal plc for providing the protections afforded to clients of Goldman Sachs International or for providing advice in connection with the Acquisition or any other matter referred to in this document.

This document is dated 19 January 2021.

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Expected Timetable of Principal Events

Each of the times and dates below is indicative only and may be subject to change by the Company, in which event details of the new times and dates will be notified to the Financial Conduct Authority and, where appropriate, to Shareholders.

All references to times in the timetable below are to London, United Kingdom times.

Publication date of this document	19 January 2021
Expected date of Closing	First quarter of 2021

Presentation of Information

1. FORWARD-LOOKING STATEMENTS

Certain information contained in this document, including any information as to the ContourGlobal Group's or the Enlarged Group's strategy, plans or future financial or operating performance constitutes, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology such as, "aims", "anticipates", "assumes", "believes", "budgets", "could", "contemplates", "continues", "estimates", "expects", "intends", "may", "plans", "predicts", "projects", "schedules", "seeks", "shall", "should", "targets", "would", "will" or, in each case, their negative or other variations or comparable terminology. Forward-looking statements appear in a number of places throughout this document and include, but are not limited to, express or implied statements relating to: the financial condition, results of operations, cash flows, dividends, financing plans, business strategies, operating efficiencies and synergies, budgets, capital and other expenditures, competitive positions, growth opportunities, plans and objectives of management and other matters, in each case including but not limited to those relating to the ContourGlobal Group or the Enlarged Group. Such forward-looking statements, including without limitation those relating to the future business prospects, revenues, capital needs, interest costs and income, in each case including but not limited to those relating to the ContourGlobal Group or the Enlarged Group, wherever they occur in this document, are necessarily based on currently available information and currently held assessments and assumptions reflecting the views of the Company, and involve a number of risks and uncertainties that could cause actual results to differ materially from those expressed or implied or forecast by the forward-looking statements and speak only as at the date of this document.

Important factors which may cause actual results to differ include, but are not limited to, those described or referred to in Part II (*Risk Factors*) of this document.

By their nature, forward-looking statements are based upon a number of estimates and assumptions that, whilst considered reasonable by the Directors of the Company, are inherently subject to significant business, economic and competitive uncertainties and contingencies. Known and unknown factors could cause actual results to differ materially from those indicated, expressed or implied in such forward-looking statements.

Shareholders are cautioned that forward-looking statements are not guarantees of future performance. Any forward-looking statements in this document reflect the Directors of the Company's current view with respect to future events and are subject to certain risks relating to future events and other risks, uncertainties and assumptions.

Save as required by law, or by the Listing Rules, the Prospectus Regulation Rules, the Disclosure and Transparency Rules or the Disclosure Requirements, the Directors of the Company explicitly disclaim any intention or obligation or undertaking to release publicly the results of any revisions to any forward-looking statements in this document that may occur due to any change in the Directors of the Company's expectations or to reflect events or circumstances after the date of this document.

Nothing in this section should be interpreted as qualifying the working capital statement in section 8 of Part VI (*Additional Information*) of this document.

2. NON-IFRS MEASURES

In this document, certain financial measures are presented that are not recognised or defined by IFRS, including "Adjusted EBITDA". Adjusted EBITDA presented in this document is a supplemental non-IFRS measure of the financial position and performance of each of the ContourGlobal Group and the Target Group. Therefore, these measures may not be directly comparable with other companies' non-IFRS measures, including those in the ContourGlobal Group's industry. Non-IFRS measures should be considered in addition to, and are not intended to be a substitute for, or superior to, IFRS measurements.

The ContourGlobal Group presents reported and adjusted financial information in order to help Shareholders better understand its operational performance and financial position. Total reported financial information represents the overall performance and financial position, but can contain significant unusual or non-operational items or involve calculations that may obscure understanding of the key trends and position. Certain non-IFRS performance measures can be, and are, reconciled to information presented in the financial statements. Other financial key performance measures are calculated using information which is not presented in the financial statements and is based on, for example, average exchange rates.

Adjusted EBITDA is included in this document because management considers it to be an important supplemental measure of performance and a basis upon which to assess performance. The ContourGlobal Group uses Adjusted EBITDA for business planning purposes and in measuring its performance relative to that of its competitors. The ContourGlobal Group believes that the presentation of Adjusted EBITDA for each of the ContourGlobal Group and the Target Group enhances Shareholders' understanding of the respective financial performance of the ContourGlobal Group and the Target Group. The ContourGlobal Group believes that Adjusted EBITDA will provide Shareholders with a useful tool for assessing the comparability between periods of the ability of each of the ContourGlobal Group and the Target Group to generate cash from operations sufficient to pay taxes, to service debt and to undertake capital expenditures. The ContourGlobal Group's management also believes Adjusted EBITDA is useful to Shareholders because it and similar measures are frequently used by securities analysts, investors, ratings agencies and other interested parties to evaluate other companies in the ContourGlobal Group's industry.

Adjusted EBITDA does not include any adjustments for growth projects not currently under contract or future acquisitions.

The use of Adjusted EBITDA instead of IFRS net income / (loss) has limitations as an analytical tool, and Shareholders should not consider Adjusted EBITDA in isolation, or as a substitute for analysis of the respective results of each of the ContourGlobal Group and the Target Group as reported under IFRS. The limitations include:

(A) Adjusted EBITDA does not reflect cash maintenance capital expenditures, construction capital expenditures and acquisition expenditures or future requirements for capital expenditures or contractual commitments;

(B) Adjusted EBITDA does not reflect changes in, or cash requirements for, working capital needs;

(C) Adjusted EBITDA does not reflect significant interest expense, or the cash requirements necessary to service interest or principal payments, on debt;

(D) Adjusted EBITDA does not reflect any cash income taxes that may be required to be paid;

(E) Assets are depreciated or amortised over estimated useful lives and often have to be replaced in the future, and Adjusted EBITDA does not reflect any cash requirements for such replacements; and

(F) Adjusted EBITDA does not adjust for all non-cash income or expense items that are reflected in the respective statements of cash flows of each of the ContourGlobal Group and the Target Group.

Because of these limitations, Adjusted EBITDA should not be considered as a measure of discretionary cash available to invest in growth or a measure of cash that will be available to meet obligations. Shareholders should compensate for these limitations by relying primarily on the IFRS results of the ContourGlobal Group and of the Target Group in Part IV (*Historical Financial Information on the Target Group*) of this document and using Adjusted EBITDA supplementally.

"Adjusted EBITDA" as used in this document is defined as combined profit / (loss) from continuing operations for all controlled assets before income taxes, net finance costs, depreciation and amortisation, acquisition-related expenses, plus profit on sale of minority interest and specific items which have been identified and adjusted by virtue of their size, nature or incidence, less the ContourGlobal Group's and the Target Group's respective share of profit from unconsolidated entities accounted for on the equity method, plus the ContourGlobal Group's and the Target Group's respective pro rata portion of Adjusted EBITDA for such entities. In determining whether an event or transaction is specific, the ContourGlobal Group's management considers quantitative as well as qualitative factors such as the frequency or predictability of occurrence.

The tables below set out the reconciliations of net profit / (loss) for each of the ContourGlobal Group's and the Target Group to Adjusted EBITDA for the periods for which Adjusted EBITDA is disclosed in this document:

2.1 The ContourGlobal Group

	Twelve Months Ended December 31	
	2018	2019
	In $ million	
Net profit	**10.4**	**23.1**
Income tax expense	17.4	36.3
Finance costs, net[(a)]	236.6	243.8
Depreciation and amortization	239.3	282.3
Share of profit in joint ventures and associates	(2.9)	(11.1)
Share of Adjusted EBITDA in joint ventures and associates[(b)]	21.2	21.7
Acquisition related items[(c)]	19.6	23.2
Cash gain on sale of minority interest in assets[(d)]	20.9	46.1
Restructuring costs[(e)]	6.7	—
Private incentive plan[(f)]	4.1	9.1
Costs related to CG plc IPO[(g)]	0.4	—
Other[(h)]	36.3	28.1
Adjusted EBITDA	**610.1**	**702.7**

Notes:

(a) Includes realized and unrealized exchange gains and losses and change in fair value of derivatives of $8.5 million and $(10.1) million for the two years ended December 31, 2018 and 2019 respectively.

(b) Corresponds to our share of Adjusted EBITDA of plants accounted for under the equity method (Sochagota, TermoemCali and Productora de Energia de Boyaca) which are reviewed by our chief operating decision maker as part of our Thermal Energy segment.

(c) Relate primarily to pre acquisition costs such as professional fees, due diligence costs and bargain purchase gains.

(d) Represents the cash gain on the sale of minority interests in the Slovakia and Italy solar assets portfolio in 2018 of $20.9 million, and the sale of minority interests in the Spanish CSP assets in 2019 of $51.9 million together with an adjusted related to the 2018 Slovakian and Italy portfolio sell-down of $(5.8) million, all booked directly in equity under IFRS.

(e) Represents redundancy and staff-related restructuring costs.

(f) Represents the private incentive plan as described in note 4.26 of the 2019 consolidated financial statements.

(h) Mainly reflects an adjustment to align the recognized earnings with the cash flows generated under finance lease and financial concession arrangements.

2.2 The Target Group

	Twelve Months Ended December 31		
	2019	2018	2017
	In $ million		
Net loss	(28.1)	(19.0)	(29.1)
Income tax (expense) benefit	1.5	(0.4)	(0.4)
Finance income	(0.1)	(0.1)	0.0
Finance costs	42.2	36.7	40.0
Depreciation and amortisation	74.5	85.5	86.2
Adjusted EBITDA[(1)]	**90.0**	**102.7**	**96.7**

Note:

(1) None of the adjustments that are made to the EBITDA (combined profit / (loss) from continuing operations before income taxes, net finance costs, depreciation and amortisation) of ContourGlobal in order to establish its Adjusted EBITDA apply to the Target group results for the years ended 31 December 2019, 2018 and 2017 and there is therefore no difference between the Target group's EBITDA and Adjusted EBITDA for each of these periods.

3. INDUSTRY AND MARKET DATA

All market and other information regarding the power industry contained in this document has been extracted from official and industry sources and other sources unless otherwise stated. In the case of statistical information, similar statistics may be obtainable from other sources, although the underlying assumptions and methodology, and consequently the resulting data, may vary from source to source.

Where information contained in this document has been sourced from third-party reports and industry publications, the Company and the Directors confirm that such information has been accurately reproduced and, so far as they are aware and have been able to ascertain from that published information, no facts have been omitted which would render the reproduced information inaccurate or misleading and authorisation for including such information in this document has been obtained where required. The accuracy of such third-party information and of the data supporting such information has not been audited or independently verified by the Company.

4. ROUNDING

Percentages and certain amounts included in this document have been rounded for ease of preparation. Accordingly, numerical figures shown as totals in certain tables may not be the exact arithmetic aggregations of the figures that precede them. In addition, certain percentages and amounts contained in this document reflect calculations based on the underlying information prior to rounding and, accordingly, may not conform exactly to the percentages or amounts that would be derived if the relevant calculations were based upon the rounded numbers.

5. CURRENCY AND EXCHANGE RATE PRESENTATION

In this document references to:

(A) "£" or "GBP" are to the lawful currency of the United Kingdom;

(B) "€", "EUR" or "Euro" are to the lawful currency of the euro area in the European Union;

(C) "$", "US$", "USD" or "US dollars" are to the lawful currency of the United States; and

(D) "TTD" or "Trinidad and Tobago dollars" are references to the lawful currency of Trinidad and Tobago.

Unless otherwise indicated, the financial information contained in this document has been expressed in US dollars. The ContourGlobal Group prepares its financial information in US dollars.

The bases of translation of foreign currency transactions and amounts in the financial information set out in the Target Group's historical financial information in Section B of Part IV (*Historical Financial Information on the Target Group*) of this document are described in that part. Unless otherwise stated, information derived from this financial information set out elsewhere in this document has been translated on the same basis.

6. REFERENCES TO TIME

Unless otherwise stated, all references to time in this document are to the time in London, United Kingdom.

7. DEFINED TERMS

Certain terms used in this document, including capitalised terms and certain technical and other terms, are defined in Part VII (*Definitions*) of this document.

8. PRO FORMA FINANCIAL INFORMATION

Information in relation to pro forma financial information of the Enlarged Group is provided in Part V (*Unaudited Pro Forma Financial Information for the Enlarged Group*) of this document.

9. PROFIT ESTIMATE AND PROFIT FORECAST

Information in relation to the Profit Estimate and Profit Forecast is provided in section 11 of Part VI (*Additional Information*) of this document.

Unless otherwise stated, no statement in this document is intended as a profit forecast or estimate for any period and no statement in this document should be interpreted to mean that earnings, earnings per share or income, cash flow from operations or free cash flow for the Group, the Target Group or the Enlarged Group, as appropriate, for the current or future financial years would necessarily match or exceed the historical published earnings, earnings per share or income, cash flow from operations or free cash flow for the Group, the Target Group or the Enlarged Group, as appropriate.

10. INCORPORATION BY REFERENCE

Information in relation to information incorporated by reference into this document is provided in section 14 of Part VI (*Additional Information*) of this document.

11. PUBLICATION ON WEBSITE

Copies of the documents listed in section 15 of Part VI (*Additional Information*) of this document (other than the Acquisition Agreement) are available for inspection on the Company's website at http://www.contourglobal.com and are also available for inspection as provided in such section.

12. NO OFFER OR SOLICITATION

This document is not a prospectus and it does not constitute or form part of any offer or invitation to purchase, acquire, subscribe for, sell, dispose of or issue, or any solicitation of any offer to sell, dispose of, purchase, acquire or subscribe for, any security.

Directors, Company Secretary, Registered Office and Advisers

Directors	Craig A. Huff	Chairman
	Joseph C. Brandt	President and Chief Executive Officer
	Stefan Schellinger	Executive Vice President, Global Chief Financial Officer
	Daniel Camus	Independent Non-Executive Director
	Mariana Gheorghe	Independent Non-Executive Director
	Dr. Alan Gillespie	Senior Independent Non-Executive Director
	Alejandro Santo Domingo	Non-Executive Director
	Ronald Trächsel	Independent Non-Executive Director
	Gregg M. Zeitlin	Non-Executive Director
Company Secretary	Link Company Matters Limited	
Registered Office	7th Floor Park House 116 Park Street London W1K 6SS	
Sole Sponsor	Goldman Sachs International Plumtree Court 25 Shoe Lane London EC4A 4AU	
Legal Advisers to the Company as to English Law	Slaughter and May One Bunhill Row London EC1Y 8YY	
Legal Advisers to the Company as to US law	Latham & Watkins LLP 885 Third Avenue New York NY 10022-4834 United States	
Reporting Accountants	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH	
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Registrar	Equiniti Limited Aspect House Spencer Road Lancing West Sussex BN99 6DA	

Part I
Letter from the Chairman

CONTOURGLOBAL PLC

(Incorporated and registered in England and Wales, Registration No. 10982736)

Directors:
Craig A. Huff (*Chairman*)
Joseph C. Brandt (*President and Chief Executive Officer*)
Stefan Schellinger (*Executive Vice President, Global Chief Financial Officer*)
Daniel Camus (*Independent Non-Executive Director*)
Mariana Gheorghe (*Independent Non-Executive Director*)
Dr. Alan Gillespie (*Senior Independent Non-Executive Director*)
Alejandro Santo Domingo (*Non-Executive Director*)
Ronald Trächsel (*Independent Non-Executive Director*)
Gregg M. Zeitlin (*Non-Executive Director*)

Registered Office:
7th Floor
Park House
116 Park Street
London
W1K 6SS

19 January 2021

To the holders of Ordinary Shares and, for information purposes only, to persons with information rights

Dear Shareholder,

Proposed Acquisition of WGP Holdings II, LLC

1. INTRODUCTION

On 7 December 2020, ContourGlobal announced that it had reached agreement with Western Generation Partners, LLC (the "**Seller**") to acquire the entire issued share capital of WGP, on the terms and subject to the conditions set out in the Acquisition Agreement. WGP is the holding company of a 1,502 MW portfolio of natural gas fired and combined heat and power assets and a fuel oil plant located in the United States and Trinidad and Tobago (the "**WGP Assets**"). The consideration payable for WGP is US$837.0 million in cash, on a debt free, cash free basis. On Closing of the Acquisition, ContourGlobal will assume approximately US$210 million of existing project net debt with the WGP Assets.

The principal terms of the Acquisition are described in more detail in paragraph 4 of this letter and Part III (*Summary of the Principal Terms and Conditions of the Acquisition*) of this document.

In view of its relative size in relation to the ContourGlobal Group, the Acquisition is classified under the Listing Rules as a Class 1 transaction and therefore is conditional on, amongst other things, the approval of Shareholders.

As further detailed in paragraph 10 below, the Company has sought and obtained a sufficient number of irrevocable undertakings from Shareholders providing ContourGlobal with the authority to implement the Acquisition substantially on the terms and subject to the conditions of the Acquisition Agreement.

The purpose of this letter is to explain: (i) the background to and the reasons for the Acquisition; (ii) why the Board considers the Acquisition to be in the best interests of the Company and its Shareholders as a whole; and (iii) the basis on which the Acquisition has been approved by the requisite majority of the Company's Shareholders by way of irrevocable undertakings, in accordance with the FCA's Statement of Policy and the temporary modification to the Listing Rules.

This document is for information purposes only. In accordance with the FCA's Statement of Policy and the temporary modifications to the Listing Rules, in view of the irrevocable undertakings received from Shareholders (as described in paragraph 10 of this letter) the FCA has granted the Company a dispensation from the normal requirement to convene a general meeting for the purposes of considering and, if thought fit, approving the Acquisition as a Class 1 transaction. Accordingly, no voting or other action is required from Shareholders. Following the publication of this document, and subject to the satisfaction or (where applicable) waiver of the remaining Conditions to which the Acquisition is subject (as summarised in Part III (*Summary of the Principal Terms and Conditions of the Acquisition*) of this document), the Acquisition will be implemented on the terms set out in the Resolution.

2. BACKGROUND TO AND REASONS FOR THE ACQUISITION

ContourGlobal has a differentiated business model, with a proven growth track record focussed on long term and wholesale contracted or regulated power generation across different technologies, geographies and stages of development. The combination of strong operational performance, a flexible and agile corporate strategy and an efficient capital structure has enabled ContourGlobal to deliver superior project level returns.

Strategic rationale

The Acquisition fits squarely into ContourGlobal's strategic and financial approach to acquisitions, which seeks high quality growth through operationally led strategic acquisitions. In particular, the Board believes that the Acquisition presents the following, notable opportunities:

- **Attractive, low carbon, principally natural gas-fired, flexible assets**: the WGP Assets are highly efficient thermal units and provide flexible generation, supporting the growth of renewable system capacity.
- **Earnings and cash flow visibility with average weighted remaining contract life of nine years[1] and potential to extend**: the WGP Assets operate under long-term contracts primarily denominated in USD with high quality off-takers with very limited demand or cost input risk, thereby providing a high degree of visibility into long-term earnings and cash flow outlook. The weighted average remaining contract life is nine years, with visible re-contracting opportunities that are expected to be implemented post-Closing, extending the weighted average contracted life to over ten years. In California, the assets have already locked in well priced resource adequacy contracts comparable or in excess to their PPAs and are supported by favourable long-term market fundamentals for natural gas peaking assets in the state.
- **Material position in the United States' attractive power generation market**: The Acquisition increases the ContourGlobal Group's installed capacity by approximately 30 per cent. and provides opportunities to further expand the ContourGlobal Group's presence in the United States and the Caribbean. It adds two substantial assets in the Southwest Power Pool (Texas and New Mexico), two clusters of flexible generation assets in California and a flexible generation asset in Connecticut. The WGP Assets are either the newest and most efficient assets in their respective markets or integral resources for ensuring reliability and supporting the transition to renewable grids. In all the markets in which they operate, the WGP Assets are expected to maintain their competitive positions given the lack of currently contemplated new build baseload capacity in each respective region.
- **Adjacent to geographies where the ContourGlobal Group is already active, enhancing potential operational and cost synergies**: two of the three major WGP Assets are located in Texas and New Mexico in the United States-Mexican integrated natural gas market and within close proximity to our strategic assets and operations in Mexico. The third major WGP Asset is located in the Caribbean region, expanding the ContourGlobal Group's longstanding presence. ContourGlobal plans to institute operational enhancement measures, preventative maintenance and operating regimes to drive top decile operating performance on par with our existing fleet.
- **Additional development opportunity in the US and Caribbean**: the Acquisition provides significant future potential for the ContourGlobal Group to create value as a result of its operational platform and capabilities, and the Company expects to further invest in the Acquired Assets and adjacent spaces for incremental commercial optimisation, battery storage and hybrid deployment and repowering.

3. INFORMATION ON THE TARGET GROUP

The WGP Assets are of varying size, totalling 1,502 MW, and are located in several different markets in the United States (SPP/Southwestern, CAISO (California) and ISO-NE (New England)) and Trinidad and Tobago. The key details in respect of the WGP Assets are as follows:

- **Hobbs**—a 604 MW CCGT located in New Mexico within the SPP market and contracted with Southwestern a subsidiary of Xcel Energy Inc. (NASDAQ: XEL) under a long-term tolling agreement through 2033;
- **Borger**—a 230 MW cogeneration asset located in Texas within the SPP market and contracted with Southwestern for its energy and capacity through 2024 with a defined 10-year extension through 2034 at the present offtake terms. Borger's steam is contracted with the Borger Refinery, which is owned by WRB Refining LP (a 50/50 joint venture between Phillips 66 and Cenovus Energy), through 2024;

[1] Measured from 30 September 2020 and weighted by 2019 Adjusted EBITDA.

- **Trinity**—a 225 MW gas turbine located in Trinidad and Tobago and contracted with the Trinity Power Purchaser under a long-term tolling agreement through 2029. During the financial year ended 31 December 2019, 12 per cent. of the Target Group's revenue was attributed to Trinity Power Limited;
- **California peaking units**—eight individual gas turbines comprising 371 MW (gross) located in the Kern region of southern California within the CAISO market. Five 46 MW individual units (known as the "Five Brothers"), which are contracted with PG&E (NYSE:PCG), the largest investor owned utility in the state, through April 2022, and three 47 MW individual units (known as the "Three Sisters"). These eight assets have sold the majority of their capacity through 2022 through RA contracts. The majority of the RA contracts are contracted through EDF, a global utility and active energy manager within the region; and
- **Waterside**—a 72 MW oil peaking unit located in Connecticut within the ISO-New England market and contracted with The Connecticut Light and Power Company, a subsidiary of Eversource Energy (NYSE: ES) through May 2024.

For the 12 months ended 31 December 2019, the Acquired Assets generated Adjusted EBITDA of US$90.0 million and profit before tax of -US$26.6 million. As at 31 December 2019, the gross value of the Acquired Assets was US$692.5 million.

4. SUMMARY OF THE KEY TERMS OF THE ACQUISITION

Consideration

On 7 December 2020, the Buyer (an indirect wholly-owned subsidiary of the Company) and the Seller entered into the Acquisition Agreement in respect of the Acquisition. Pursuant to the Acquisition Agreement, the Seller has agreed to sell, and the Buyer has agreed to purchase, on the terms and subject to the conditions of the Acquisition Agreement, the entire issued share capital of WGP for consideration of US$ 837 million (the "**Base Purchase Price**") on a debt and cash free basis. The Base Purchase Price is subject to certain customary post-Closing adjustments in respect of debt, cash and working capital of the Target Group.

In certain circumstances, other adjustments may be made to the Base Purchase Price, including in the event that by the date on which all of the Conditions are satisfied or (where legally permitted) waived: (i) the Seller has offered to sell the Borger Project to Southwestern and neither the Seller not the Target Group has obtained a written waiver from Southwestern of its right of first refusal in respect of the Borger Project (or such waiver has not otherwise been deemed to have been granted); (ii) Southwestern has exercised its right of first refusal in respect of the Borger Project and as of such date Southwestern either remains actively engaged in negotiations regarding such right of first refusal or has entered into a binding agreement for the purchase of the Borger Facility; or (iii) Southwestern has exercised its purchase option in respect of the Borger Project. In any such case, the equity interests in the Borger Entities shall be excluded from the Acquisition and the Base Purchase Price and target level of working capital shall be reduced by approximately US$150 million and US$500,000 respectively pursuant to the Acquisition Agreement.

Further downwards adjustments may also be made to the Base Purchase Price payable by the Buyer to the Seller under the Acquisition Agreement in certain circumstances where, between the date of the Acquisition Agreement and Closing, any asset of the Target Group is damaged, destroyed or is taken by condemnation by a Governmental Authority.

Further details of the consideration payable pursuant to the Acquisition Agreement, and potential adjustments that may be made to the Base Purchase Price, are set out in Part III (*Summary of the Principal Terms and Conditions of the Acquisition*) of this document.

Conditions

Closing of the Acquisition is conditional upon the satisfaction or (where legally permitted) waiver of certain Conditions under the Acquisition Agreement, including:

(i) satisfaction of the Shareholder Approval Condition;

(ii) there being no injunction, restraining order or decree of any Governmental Authority in effect which prohibits consummation of the Acquisition or makes such consummation subject to any condition or restriction which has a Material Adverse Effect (as defined in the Acquisition Agreement) on the Target Group or the Buyer;

(iii) the expiry or termination of all applicable waiting periods under the HSR Act and any other material competition approval from any applicable foreign Governmental Authority required to be obtained having been obtained;

(iv) all consents, approvals, exemptions, waivers, authorisations, filings, registrations, notifications and orders required to be obtained or made prior to Closing from FERC under section 203 of the FPA having been obtained;

(v) consents, approvals, exemptions, waivers, authorisations from, filings and registrations with, and notifications to, certain (a) Governmental Authorities and (b) third parties who are counterparties to certain agreements with members of the Target Group, having been obtained or made;

(vi) certain guarantees, letters of credit, comfort letters, bonds, sureties and other credit support or assurances made or issued by or on behalf of Seller or any of its affiliates (other than the Target Group) in support of any obligation of any member of the Target Group having been replaced;

(vii) the Buyer having received confirmation that certain bonds relating to the Target Group will not be downgraded as a result of the Acquisition and having obtained required consents from lenders; and

(viii) no Material Adverse Effect (as defined in the Acquisition Agreement) in respect of the Target Group having occurred.

The obligation of the Buyer and the Seller to complete the Acquisition is also conditional upon certain representations and warranties made in the Acquisition Agreement by the other party being true and correct on and as of the date of Closing (subject to certain exceptions relating to materiality), the other party having complied in all material respects with the covenants and agreements applicable to such party prior to Closing and the other party having delivered certain documents, instruments and agreements required to be delivered by them at Closing. Closing is currently expected to occur in the first quarter of 2021.

Under the terms of the Acquisition Agreement, the Buyer is obliged to use its best efforts to satisfy the Shareholder Approval Condition as soon as reasonably practicable. In all other respects, the Buyer and Seller are each required to co-operate and use commercially reasonable efforts to consummate the Acquisition as soon as reasonably practicable. In addition, the Acquisition Agreement includes an obligation on the Buyer to undertake any and all actions required to complete the Acquisition as soon as practicable, including: (i) consenting to any order issued by, or any other agreement of, any Governmental Authority providing for the sale, licensing or other disposition, or the holding separate, of particular assets, categories of assets or lines of business of the Buyer or any member of the Target Group; and (ii) promptly effecting the disposition, licensing or holding separate of assets or lines of business, in each case, at such times as may be necessary to permit the consummation of the Acquisition on or prior to the Long Stop Date. Further, the Buyer and its affiliates are required to not enter into or complete any transactions, or otherwise take any action, that could reasonably be expected to adversely affect or delay the approval of any Governmental Authority of any of the consents that are Conditions to the Acquisition.

Termination

The Buyer and/or the Seller have the right to terminate the Acquisition Agreement in certain circumstances, including but not limited to: (i) with the mutual written consent of the Buyer and the Seller; (ii) if Closing has not occurred by the Long Stop Date (provided that the party seeking to terminate is not in breach of the Acquisition Agreement nor has that party's previous breach of the Acquisition Agreement caused or resulted in Closing failing to occur by the Long Stop Date); (iii) if the other party has breached the Acquisition Agreement in such a way that would be reasonably be expected to cause any Condition in favour of the non-breaching party to not be satisfied and such breach has not been cured within a permitted period; (iv) if the Company: (a) repudiates, withdraws or breaches the parent company guarantee required to be given under the Acquisition Agreement; or (b) is unable to pay its debts as they fall due, commences bankruptcy or other similar proceedings, becomes bankrupt or insolvent or has a receiver or liquidator or other similar official appointed in respect of it; (v) if any Governmental Authority has permanently and finally prohibited the consummation of the Acquisition; (vi) in certain circumstances where, before Closing, an asset of the Target Group is damaged or destroyed or taken by condemnation by a Governmental Authority; and (vii) if the Shareholder Approval Condition has not been satisfied by 15 February 2021 (or in certain circumstances by 5 March 2021) other than in circumstances where Seller has breached its obligations to assist the Buyer in satisfying the Shareholder Approval Condition in a manner that would reasonably be expected to cause the Shareholder Approval Condition not to be satisfied by such date, and each of the other Conditions capable of being satisfied before Closing has been satisfied or (if legally permissible) waived. Further details of the Buyer's and Seller's rights to terminate the Acquisition Agreement, and potential adjustments that may be made to the Base Purchase Price, are set out in Part III (*Summary of the Principal Terms and Conditions of the Acquisition*) of this document.

Upon termination of the Acquisition Agreement, in certain circumstances the Buyer will be required to pay the Seller, or procure the payment to the Seller of, a fee of US$17,775,223 (equal to 1 per cent. of the Company's market capitalisation as at the close of business on 4 December 2020, being the business day before the announcement of the Acquisition), where: (a) Seller has terminated the Acquisition Agreement on the basis summarised at (iii) of the preceding paragraph; (b) Seller has terminated the Acquisition Agreement on the basis summarised at (iv) of the preceding paragraph; or (c) in certain circumstances, the Shareholder Approval Condition has not been satisfied by 15 February 2021 (or in certain circumstances by 5 March 2021), and the Acquisition Agreement is terminated for any reason.

Covenants, representations and warranties

The Seller has given covenants customary for a US law-governed acquisition of the size and nature of the Acquisition in relation to the period between signing of the Acquisition Agreement and Closing including customary obligations on the Seller to procure that (i) the business of the Target Group is conducted in the ordinary course of business consistent with prudent industry practices; and (ii) the Target Group does not take (or omit to take) certain actions.

The Seller has provided representations and warranties in relation to itself and the Target Group that are subject to certain qualifications and limitations which, in each case, are customary for a US law-governed acquisition of the size and nature of the Acquisition.

Hobbs Property Tax Matter indemnity

Provided that the Hobbs Entities and the Hobbs Project have not been excluded from the Target Group, from Closing, where a final judgment is made, or settlement agreement entered into, in relation to a Hobbs Property Tax Matter, the Seller is required to pay to the Buyer an amount equal to the applicable Hobbs Property Tax Resolution Amount. Such obligation is subject to a cap on the Seller's liability with respect to the Hobbs Property Tax Matters of US$14 million. In circumstances where a Hobbs Property Tax Matter has been finally and conclusively resolved prior to Closing and requires payment of a Hobbs Property Tax Resolution Amount after Closing, an amount equal to the relevant Hobbs Property Tax Resolution Amount shall be deducted from the Purchase Price.

Guarantee

The Company has agreed to guarantee the payment obligations of the Buyer under the Acquisition Agreement pursuant to a guarantee dated 7 December 2020.

Further details of the Acquisition Agreement are set out at Part III (*Summary of the Principal Terms and Conditions of the Acquisition*) of this document.

5. FINANCING THE ACQUISITION

The consideration for the Acquisition is $837 million on a debt free, cash free basis. On Closing of the Acquisition, ContourGlobal will assume approximately US$210 million of existing project net debt in respect of the WGP Assets. The remaining $627 million of consideration is expected to be financed through: (i) up to US$175 million from a US dollar-denominated Bridge Facility; (ii) approximately US$285 million from the proceeds of the Senior Secured Notes; and (iii) approximately US$167 million from existing cash resources.

On 10 December 2020, certain members of the ContourGlobal Group entered into a bridge facility agreement with Goldman Sachs Bank USA as mandated lead arranger (the "**Bridge Facility Agreement**"). The Bridge Facility Agreement provides for a secured US$175 million bridge term loan facility (the "**Bridge Facility**") with an initial term of 12 months from the date of Closing. The Bridge Facility, at the option of the ContourGlobal Group, can be extended for a further six months, to the date falling 18 months from the date of Closing. The Bridge Facility is available to be applied for the following purposes: (i) financing the consideration payable for the Acquisition; and (ii) payment of fees, costs, expenses and taxes in connection with the Acquisition. The ContourGlobal Group plans to refinance the Bridge Facility by executing post-Closing certain project level re-financings. Further details of the Bridge Facility Agreement are set out in section 5.1(B) of Part VI (*Additional Information*) of this document.

On 17 December 2020, ContourGlobal Power Holdings S.A. issued €410 million aggregate principal amount of senior secured notes due 2026 (the "**2026 Notes**") and €300 million aggregate principal amount of senior secured notes due 2028 (the "**2028 Notes**" and, together with the 2026 Notes, the "**Senior Secured Notes**"), in a private offering. The Senior Secured Notes were issued pursuant to the Senior Secured Notes Indenture. Further details of the Senior Secured Notes are set out in section 5.2(E) of Part VI (*Additional Information*) of this document.

6. FINANCIAL EFFECTS OF THE ACQUISITION

The Board believes the Acquisition represents an attractive financial investment for ContourGlobal for the following reasons:

- **Supports growing dividend**: the Acquisition is expected to increase and diversify the Company's cash flow, further supporting the Company's current dividend policy of 10 per cent. dividend growth year-on-year and enhancing the Company's dividend coverage.
- **Diversifies Adjusted EBITDA contribution**: the Acquisition is expected to increase the proportion of USD Adjusted EBITDA contribution to 36 per cent. of the total Adjusted EBITDA[2] of the Enlarged Group and to further diversify the ContourGlobal Group's technology, currency and geographies.
- **Significantly increases Parent Company Free Cash Flow from highly rated counterparties**: the Board believes that together, the WGP Assets will provide a meaningful increase of CFADS and Parent Company Free Cash Flow from high quality off-takers with a weighted average credit rating of BBB+.
- **Generates attractive risk-adjusted return for Shareholders**: the Acquisition is expected to generate a risk-adjusted return well in excess of ContourGlobal's cost of capital.

The expected Adjusted EBITDA contribution of the WGP Assets in the first year following Closing is $92 million, including $5 million of non-recurring integration costs. The expected cash distributions to the parent company in the first year are approximately $40 million.[3]

After the Acquisition, ContourGlobal expects its Net Debt to Adjusted EBITDA to be approximately 5.0X at the time of Closing.

7. BOARD OF DIRECTORS AND KEY INDIVIDUALS

No changes will be made to the Board as a result of the Acquisition, and the Board will continue to comprise the Chairman, two Executive Directors and six Non-Executive Directors.

8. CURRENT TRADING, TRENDS AND PROSPECTS

8.1 The Company

On 27 October 2020, ContourGlobal published a trading update on the basis of the financial statements for the 9 months ended 30 September 2020. Business performance has been in line with expectations during such period despite the global COVID-19 outbreak depressing the global economy. The Company continues to experience no material operational or financial impact as a result of COVID-19.

Robust financial performance demonstrated in 9M 2020:

- revenues increased to US$ 1,017 million in 9M 2020 from US$ 961 million in 9M 2019, year on year growth of 5.8 per cent., driven by the CHP Acquisition completed in November 2019, and higher electricity sales from the Maritsa power plant;
- Adjusted EBITDA increased to US$ 542.8 million in 9M 2020 from US$ 531.6 million in 9M 2019, year on year increase of 2.1 per cent.;
- Funds From Operations increased to US$ 314 million in 9M 2020 from $285m in 9M 2019, year on year growth of 10.1 per cent; and
- Confirmed third quarter dividend payment of US$ 4.0591 cents per share (payment of US$ 4.0591 cents per share, or £3.1139 pence per share), maintaining the commitment to a 10 per cent. annual increase in dividends.

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[2] On a pro forma basis, based on (i) the ContourGlobal Group's operations for the 12-month period ended 30 September 2020 (with the ContourGlobal Group's Mexican operations pro-rated on a 12-month basis) and (ii) the Target Group's projected operations in 2021.

[3] The cash distributions are expected to constitute CFADS.

On 10 August 2020 ContourGlobal published an interim results announcement on the basis of the financial statements for the six months ended 30 June 2020 and an investor presentation in connection with such announcement, and on 23 June 2020 ContourGlobal published an investor presentation. That announcements and those investor presentations detailed:

- a very limited impact from COVID-19 on business performance to date:
  - all power plants remain operational; operational performance has remained robust;
  - PPA performance intact—no delay in cash collections or bad debt provisions and no meaningful demand related reductions;
  - numerous proactive measures to significantly minimise the potential for COVID-19 transmission into or within ContourGlobal's sites;
  - actively managing potential supply chain risk by procuring further spare parts when appropriate;
  - distributed office strategy with no single headquarters; the company's nine senior executives are based in five different cities; and
  - first office was closed in February, all office-based employees have been working remotely since mid-March.
- the successful completion of acquisition of the CHP Portfolio in November 2019 (signed in January 2019):
  - integration of the CHP Portfolio is progressing as planned with all key integration workstreams on track;
  - transferred ContourGlobal staff (including senior management) and hired externally to support the new acquisition;
  - ContourGlobal's operational and health and safety standards were developed in advance of closing and have been implemented; and
  - the plants have successfully transitioned to ContourGlobal's operational and corporate IT systems.

8.2 The Target Group

Since 31 December 2019, the Target Group's trading has been in line with management expectations.

9. FCA DISPENSATION FROM THE REQUIREMENT TO CONVENE A GENERAL MEETING

On 8 April 2020, the FCA published its Statement of Policy aimed at assisting companies required to hold general meetings under the Listing Rules. To address the challenges faced by listed companies during the COVID-19 pandemic, the FCA has temporarily modified the Listing Rules with regards to Class 1 transactions and the requirement to hold a general meeting.

Pursuant to these modifications to the Listing Rules, the FCA has granted the Company a dispensation from the normal requirement to convene a general meeting of its Shareholders as the Company has obtained irrevocable undertakings from Shareholders holding more than 50 per cent. of the Company's issued share capital (being the requisite majority for the purposes of approving the Acquisition as a Class 1 transaction under Chapter 10 of the Listing Rules) confirming that they approve of the Acquisition and would vote in favour of the Resolution at a general meeting. As further referred to in paragraph 10 below, the Company has received irrevocable undertakings from Shareholders to vote in favour of the Resolution in respect of, in aggregate, 468,189,424 Ordinary Shares representing, in aggregate, approximately 71.15 per cent. of the Company's issued share capital (excluding shares held in treasury).

The following text comprises the Resolution approved by ContourGlobal L.P. pursuant to the irrevocable undertaking further detailed in paragraph 10 below and which the Company would have put to its Shareholders at a general meeting to approve the Acquisition for the purposes of Chapter 10 of the Listing Rules had the Company been required to convene such a meeting in the event the dispensation available under the Statement of Policy was not granted:

"***THAT*** *the proposed acquisition by the Company (or any nominated direct or indirect subsidiary of the Company) of WGP Holdings II, LLC (the "**Acquisition**"), substantially on the terms and subject to the conditions of the purchase and sale agreement dated 7 December 2020 by and between (1) Western Generation Partners, LLC and (2) ContourGlobal Hummingbird US Holdco Inc. (the "**Acquisition Agreement**"), and all other agreements and ancillary documents contemplated by the Acquisition Agreement, be and are hereby approved*

*for the purposes of Chapter 10 of the Listing Rules of the Financial Conduct Authority, and the directors of the Company (the "**Directors**") (or any duly authorised committee thereof) be and are hereby authorised:*

(A) *to do or procure to be done all such acts and things and execute all such agreements and make such arrangements, in each case on behalf of the Company and any of its subsidiaries as the Directors (or any duly authorised committee thereof) consider necessary, desirable or expedient to complete, implement, give effect to, or otherwise in connection with, the Acquisition and/or the Acquisition Agreement and/or the agreements and associated and ancillary arrangements contemplated by the Acquisition Agreement (including, without limitation, the waiver of any condition to the Acquisition Agreement); and*

(B) *to agree such modifications, variations, revisions, waivers, extensions, additions or amendments to any of the terms and conditions of the Acquisition and/or the Acquisition Agreement and/or the agreements and associated and ancillary arrangements contemplated by the Acquisition Agreement and/or to any documents relating to the Acquisition, as the Directors (or any duly authorised committee thereof) may, in their absolute discretion think fit, provided that such modifications, variations, revisions, waivers, extensions, additions or amendments are not material.*"

Given that the Company has received irrevocable undertakings from Shareholders holding more than 50 per cent. of the Company's issued share capital (being the requisite majority for the purposes of approving the Acquisition as a Class 1 transaction under Chapter 10 of the Listing Rules) confirming that they approve of the Acquisition and would vote in favour of the Resolution at a general meeting of the Company, the Company is not proceeding with a general meeting with respect to the Resolution.

10. IRREVOCABLE UNDERTAKING

ContourGlobal L.P., the Company's majority shareholder, holding as at the Latest Practicable Date 468,189,424 Ordinary Shares, representing approximately 71.15 per cent. of the issued share capital of the Company (excluding shares held in treasury), has irrevocably undertaken that it approves the Acquisition and would vote in favour of the Resolution at a general meeting of the Company were it to be held.

11. FURTHER INFORMATION

Your attention is drawn to the further information in this document and, in particular, Part II (*Risk Factors*) of this document. You should read all of the information contained in this document, and not just rely on the summarised information, including summarised financial information, contained in this Part I.

12. NO ACTION TO BE TAKEN

This document is published for information purposes only. No voting or other action is required from Shareholders. Following the publication of this document, and subject to the satisfaction or (where applicable) waiver of the remaining Conditions to which the Acquisition is subject (as summarised in Part III (*Summary of the Principal Terms and Conditions of the Acquisition*) of this document), the Acquisition will be implemented on the terms set out in the Resolution.

13. CONCLUSION

The Board believes that the Acquisition and the Resolution are in the best interests of the Company and Shareholders as a whole. Had the Acquisition and the terms of the Resolution not already been approved by Shareholders for the purposes of obtaining the dispensation from the requirement to hold a general meeting under the FCA's Statement of Policy, the Board would have unanimously recommended that Shareholders should vote in favour of the Resolution at a general meeting of the Company.

The Board is delighted that (as further detailed in paragraph 10 above) Shareholders representing, in aggregate, 71.15 per cent. of the total voting rights in the Company have supported the proposals set out in this document.

With immediate effect upon publication of this document, the Company will therefore be authorised to implement the Acquisition on the terms set out in the Resolution, subject only to the satisfaction or (where applicable) waiver of the remaining Conditions to which the Acquisition is subject (as summarised in Part III (*Summary of the Principal Terms and Conditions of the Acquisition*) of this document).

Yours faithfully,

Craig A. Huff
Chairman

Part II
Risk Factors

This Part II addresses the risks known to the Company and the Directors which are material risk factors to the proposed Acquisition, will be material new risk factors to the ContourGlobal Group as a result of the proposed Acquisition, or are existing material risk factors to the ContourGlobal Group which will be impacted by the proposed Acquisition. The information given is as of the date of this document and, except as required by the FCA, the LSE, the Listing Rules, the Disclosure Requirements or any other applicable law, will not be updated. Shareholders should consider carefully the risks and uncertainties described below, together with all other information contained or incorporated by reference in this document.

Additional risks and uncertainties currently unknown to the Company and the Directors, or which the Company and the Directors currently deem immaterial or deem material to the Company but which will not result from or be impacted by the proposed Acquisition, may individually or cumulatively also have an adverse effect on the business, results of operations, financial condition and/or prospects of the ContourGlobal Group and/or the Enlarged Group. In such cases, the market price of the Ordinary Shares may decline and investors may lose all or part of their investment.

1. RISKS RELATING TO THE ACQUISITION

1.1 The Enlarged Group may not be able to fully realise the anticipated benefits of the Acquisition

There is no assurance that the Enlarged Group will be able to achieve certain or any of the anticipated benefits of the Acquisition, or that any benefits that do materialise will meet the ContourGlobal Group's management or shareholder expectations, and it may take longer than expected to realise any benefits of the Acquisition. In addition, the costs associated with achieving these benefits may exceed expectations. In particular, the operational value creation and financial returns which the Directors expect to achieve as a result of the Acquisition relate to future actions and circumstances which, by their nature, involve assumptions, uncertainties and contingencies. As a result, these anticipated benefits may not be achieved, or those achieved could be materially different from those anticipated.

ContourGlobal believes that the consideration for the Acquisition is justified in part by the financial returns and other Acquisition benefits it expects to achieve by acquiring the Target Group. However, these expected benefits may not materialise, and other assumptions upon which ContourGlobal determined to pursue the Acquisition and the consideration payable for the Target Group may prove to be incorrect.

For example, there is a risk that the assets of the Target Group may not perform as expected or may face greater than expected competition. Furthermore, if the Hobbs Property Tax Matters are not resolved on terms that are commercially satisfactory to the Target Group, those matters could have a significant effect on the Target Group as they would determine the methodology to be adopted by the Enlarged Group for the purposes of calculating property taxes in New Mexico after Closing. To the extent that the ContourGlobal Group or the Target Group incurs higher integration costs or taxes or achieves lower financial returns or cost savings than expected, the Enlarged Group's business, results of operations, financial condition and/or reputation may be negatively impacted. It could also adversely affect the services that each of the ContourGlobal Group and the Target Group currently provide, and those that the Enlarged Group will provide going forward. This could have an adverse effect on relationships with customers, employees, suppliers and other market participants.

If the results and cash flows generated by the combination of the operations of the Target Group with those of the ContourGlobal Group are not in line with the Directors' expectations, a write-down may be required in connection with the Acquisition. Such a write-down may reduce the Enlarged Group's ability to generate distributable reserves and consequently affect the Enlarged Group's ability to pay dividends. No assurance can be given that the Acquisition will deliver all or substantially all of the anticipated benefits.

1.2 Closing of the Acquisition is conditional and the Conditions may not be satisfied

Closing of the Acquisition is conditional upon the satisfaction or (where legally permitted) waiver of certain Conditions under the Acquisition Agreement, including: (i) satisfaction of the Shareholder Approval Condition; (ii) there being no injunction, restraining order or decree of any Governmental Authority in effect which prohibits consummation of the Acquisition or makes such consummation subject to any condition or restriction which has a Material Adverse Effect (as defined in the Acquisition Agreement) on the Target Group or the

Buyer; (iii) the expiry or termination of all applicable waiting periods under the HSR Act and any other material competition approval from any applicable foreign Governmental Authority required to be obtained having been obtained; (iv) all consents, approvals, exemptions, waivers, authorisations, filings, registrations, notifications and orders required to be obtained or made prior to Closing from FERC under section 203 of the FPA having been obtained; (v) consents, approvals, exemptions, waivers, authorisations from, filings and registrations with, and notifications to, certain (a) Governmental Authorities and (b) third parties who are counterparties to certain agreements with members of the Target Group, having been obtained or made; (vi) certain guarantees, letters of credit, comfort letters, bonds, sureties and other credit support or assurances made or issued by or on behalf of Seller or any of its affiliates (other than the Target Group) in support of any obligation of any member of the Target Group having been replaced; (vii) the Buyer having received confirmation that certain bonds relating to the Target Group will not be downgraded as a result of the Acquisition and having obtained required consents from lenders; and (viii) no Material Adverse Effect (as defined in the Acquisition Agreement) in respect of the Target Group having occurred.

The obligation of the Buyer and the Seller to complete the Acquisition is also conditional upon certain representations and warranties made in the Acquisition Agreement by the other party being true and correct on and as of the date of Closing (subject to certain exceptions relating to materiality), the other party having complied in all material respects with the covenants and agreements applicable to such party prior to Closing and the other party having delivered certain documents, instruments and agreements required to be delivered by them at Closing.

The Buyer is obliged pursuant to the Acquisition Agreement to use its best efforts to satisfy the Shareholder Approval Condition as soon as reasonably practicable and, in all other respects, the Buyer and Seller are each required to co-operate and use commercially reasonable efforts to consummate the Acquisition as soon as reasonably practicable. In addition, the Acquisition Agreement includes an obligation on the Buyer to undertake any and all actions required to complete the Acquisition as soon as practicable, including: (i) consenting to any order issued by, or any other agreement of, any Governmental Authority providing for the sale, licensing or other disposition, or the holding separate, of particular assets, categories of assets or lines of business of the Buyer or any member of the Target Group; and (ii) promptly effecting the disposition, licensing or holding separate of assets or lines of business, in each case, at such times as may be necessary to permit the consummation of the Acquisition on or prior to the Long Stop Date. Notwithstanding these obligations, there can be no certainty that all of the Conditions will be satisfied or (where legally permitted) waived and the Acquisition may therefore not Close. There can also be no guarantee that the Conditions will be satisfied or (where legally permitted) waived in the expected time frame. Delay in Closing the Acquisition will prolong the period of uncertainty for the ContourGlobal Group and the Target Group and may result in the accrual of additional costs as well as additional management time being spent in connection with the Acquisition by each of the ContourGlobal Group and the Target Group.

In the event that the parties are legally permitted to do so and the Buyer and the Seller agree to waive certain conditions under the Acquisition Agreement, the Acquisition could proceed to closing but the Enlarged Group could be subject to certain risks. For example, if consents are required from certain counterparties to contracts with the Target Group and the Acquisition proceeds to Closing, those counterparties could have rights to bring claims against the Enlarged Group and/or terminate the relevant contract, any of which could have a material adverse effect on the Enlarged Group.

In addition, and as further detailed in paragraph 1.9 of this Part II (*Risk Factors*), Southwestern has the benefit of a right of first refusal and a purchase option in respect of the Borger Project and, in certain circumstances where such rights are exercised or not waived, the Borger Project may be removed from the Target Group prior to Closing and Closing could therefore occur without ContourGlobal acquiring the Borger Project.

The parties to the Acquisition Agreement also have certain termination rights, including the ability for the Acquisition Agreement to be terminated: (i) with the mutual written consent of the Buyer and the Seller; (ii) if Closing has not occurred by the Long Stop Date (provided that the party seeking to terminate is not in breach of the Acquisition Agreement nor has that party's previous breach of the Acquisition Agreement caused or resulted in Closing failing to occur by the Long Stop Date); (iii) if the other party has breached the Acquisition Agreement in such a way that would be reasonably be expected to cause any Condition in favour of the non-breaching party to not be satisfied and such breach has not been cured within a permitted period; (iv) if the Company: (a) repudiates, withdraws or breaches the parent company guarantee required to be given under the Acquisition Agreement; or (b) is unable to pay its debts as they fall due, commences bankruptcy or other similar proceedings, becomes bankrupt or insolvent or has a receiver or liquidator or other similar official appointed in

respect of it; (v) if any Governmental Authority has permanently and finally prohibited the consummation of the Acquisition; (vi) in certain circumstances where, before Closing, an asset of the Target Group is damaged or destroyed or taken by condemnation by a Governmental Authority; and (vii) in certain circumstances if the Shareholder Approval Condition has not been satisfied by 15 February 2021 (or in certain circumstances 5 March 2021) other than in circumstances where Seller has breached its obligations to assist the Buyer in satisfying the Shareholder Approval Condition in a manner that would reasonably be expected to cause the Shareholder Approval Condition not to be satisfied by such date, and each of the other Conditions capable of being satisfied before Closing has been satisfied or (if legally permissible) waived. There can be no certainty that the termination rights will not be exercised. The Buyer would also, to the extent that a Termination Fee Trigger occurs, be required to pay the Seller, or procure the payment to the Seller of, a termination fee of US$17,775,223.

If the Acquisition does not proceed to Closing, the ContourGlobal Group will not realise any of the potential benefits of the Acquisition and the ContourGlobal Group will have incurred material costs (which include financing, financial advisory, legal and accounting fees and expenses) and, if a Termination Fee Trigger occurs, shall be required to pay the Seller a termination fee of US$17,775,223 in connection with the Acquisition. Therefore, the consequences of a material delay in Closing or failure to achieve Closing of the Acquisition may have a material adverse effect on the business, results of operations, financial condition and/or prospects of the ContourGlobal Group, the Target Group and, in the case of a material delay only, the Enlarged Group.

1.3 The Enlarged Group may experience difficulties in integrating the businesses carried on by the Target Group into the ContourGlobal Group

The ContourGlobal Group and the Target Group currently operate and, until Closing, will continue to operate, as two separate and independent businesses, with geographically dispersed operations which are subject to different regulatory regimes. Following Closing, the business of the Target Group will be integrated into the ContourGlobal Group. The success of the resulting Enlarged Group is expected to be partly dependent upon the Enlarged Group's ability to integrate the Target Group effectively and efficiently and without any significant disruption to the business of the ContourGlobal Group or the Target Group.

There will be integration costs and non-recurring transaction costs (such as fees paid to legal, financial, accounting and other advisers and other fees paid in connection with the Acquisition), including costs associated with combining the operations of the ContourGlobal Group and the Target Group and achieving the potential cost savings within the Target Group that have been identified by ContourGlobal, and such costs may be significant.

While initial work on integration planning has begun, more detailed analysis will need to be undertaken before a developed integration plan is finalised and can be implemented. Some of the potential challenges in combining the two businesses (for example, concerning administrative, managerial or financial matters) may not become known until after integration planning is further developed and/or implemented, and unforeseen difficulties, costs, liabilities, losses or delays could adversely disrupt and/or otherwise adversely affect the business of the Enlarged Group and/or the realisation of the benefits of the Acquisition. In particular:

- the day-to-day operations of the Target Group are currently outsourced to third party service providers and, while at present, those service providers are contractually obliged to manage the Target Group assets, ContourGlobal expects to terminate such contracts post-Closing and to insource the currently outsourced day-to-day operations of the Target Group. Any failure to ensure the smooth transition from an outsourced model by insourcing the Target Group's day-to-day operations (including any failure to consolidate existing systems and practices, to combine Target Group business data with that of the ContourGlobal Group and/or to implement new, effective and efficient processes for the management of the Enlarged Group) could negatively impact the Enlarged Group's ability to fully realise the benefits of the Acquisition;
- the Acquisition and any uncertainty regarding its effect as well as the process of integrating the businesses could cause disruption to the business of the Enlarged Group. These uncertainties and potential disruption may materially and adversely affect the Enlarged Group's business and operations and could cause customers, suppliers, other business partners and other parties that have business relationships with the Enlarged Group to defer or cancel the consummation of other transactions or other decisions concerning the Enlarged Group's business, or to seek to change existing business relationships with the Enlarged Group; and
- the Acquisition is subject to regulatory approvals and, as a result of the need to obtain such approvals, there is a risk that the ContourGlobal Group could be required by such regulators to give undertakings and/or commitments which could limit the commercial and operational flexibility of the Enlarged Group or otherwise have an adverse impact on the integration process.

Any such issues may adversely affect the financial position of the Enlarged Group, and ultimately the trading price of the Ordinary Shares. Any delays or difficulties encountered in connection with the integration of the two businesses may also lead to reputational damage to the Enlarged Group.

1.4 Management distraction in connection with, or insufficient management capacity as a result of, the Acquisition could have an adverse effect on the business of the Enlarged Group

The Acquisition has required, and will continue to require, substantial amounts of both time and focus from both the ContourGlobal Group's and the Target Group's management team, which could adversely affect their ability to operate each of the respective businesses carried on by the ContourGlobal Group and the Target Group effectively and efficiently. The Enlarged Group's management will also be required to devote significant attention and resources to integrating the two businesses. There is a risk that the challenges associated with managing the Enlarged Group may result in management distraction or insufficient management capacity and that consequently the underlying Enlarged Group business may not perform in line with management or shareholder expectations, which could have a material adverse effect on the business, results of operations, financial condition and/or prospects of the Enlarged Group.

1.5 The Enlarged Group may have difficulties refinancing the financing arrangements entered into for the purposes of financing the Acquisition

The consideration for the Acquisition is US$837 million on a debt free, cash free basis. On Closing of the Acquisition, ContourGlobal will assume approximately US$210 million of existing project net debt in respect of the WGP Assets. The remaining US$627 million of consideration is expected to be financed through: (i) up to US$175 million from a US dollars-denominated Bridge Facility; (ii) approximately US$285 million from the proceeds of the Senior Secured Notes; and (iii) approximately US$167 million from existing cash resources.

The Bridge Facility is a senior secured facility ranking *pari passu* with existing senior secured indebtedness of the ContourGlobal Group with an initial term of 12 months from the date of Closing. The Bridge Facility, at the option of the ContourGlobal Group, can be extended for a further six months, to the date falling 18 months from the date of Closing. There can be no guarantee that the Enlarged Group will be able to refinance the Bridge Facility on optimal terms or at an optimal time or at all due to wider economic and market factors outside the Enlarged Group's control.

1.6 Representations and warranties contained in the Acquisition Agreement may provide limited protection for the ContourGlobal Group

The Acquisition Agreement contains representations and warranties given by the Seller in relation to the Target Group, which, as is customary for a US law-governed acquisition of the size and nature of the Acquisition, cannot be enforced against the Seller after Closing. Accordingly, absent the Seller's fraud in the making of any representations or warranties, the ContourGlobal Group will not be able to recover damages or compensation from the Seller in the event of a breach of any such representation or warranty which is only identified following Closing. However, the Buyer has obtained representations and warranty insurance policies from third party insurers which will provide coverage, in accordance with their terms and conditions, for certain breaches of representations or warranties following Closing. The policies are, however, subject to customary limitations and exclusions as well as certain exclusions specific to the Acquisition. These and other limitations on the ability of the ContourGlobal Group to enforce the representations and warranties in the Acquisition Agreement could result in the ContourGlobal Group assuming undisclosed liabilities as a result of the Acquisition, incurring loss, and/or otherwise realising a lower value from the Acquisition than anticipated.

1.7 Pre-Closing conduct protections contained in the Acquisition Agreement may provide limited protection for the ContourGlobal Group

Whilst the Acquisition Agreement contains certain termination rights exercisable by the Buyer (as noted in paragraph 1.2 of this Part II) and imposes certain restrictions on the Seller in relation to the actions to be taken or not taken by the Target Group prior to Closing and an obligation on the Seller to procure that the business of the Target Group is conducted in the ordinary course of business consistent with prudent industry practices, the ContourGlobal Group will not control or operate the Target Group until Closing. Accordingly, it is possible that actions may be taken (or not taken) in respect of the Target Group prior to Closing which adversely impact the Target Group but which do not give rise to a right of the Buyer to terminate the Acquisition Agreement or to seek compensation from the Seller. Furthermore, it is possible that one or more adverse events affecting the Target

Group could occur prior to Closing but which do not give rise to a right of the Buyer to terminate the Acquisition Agreement or to seek compensation from the Seller. In any such circumstances, the value of the Target Group may be less than anticipated.

1.8 Due diligence may not reveal all of the risks associated with the Acquisition

Whilst the ContourGlobal Group has performed diligence on the Target Group in connection with the Acquisition, there is a risk that the due diligence performed and/or the disclosures made by the Seller in respect of the Target Group which the ContourGlobal Group has relied on may not be complete, correct or may not reveal all of the relevant facts that may be necessary or helpful in evaluating the Acquisition or all of the risks associated with the Acquisition or the full extent of liability which may arise from such risks. In such circumstances, the ContourGlobal Group could assume undisclosed liabilities as a result of the Acquisition and/ or the value of the Target Group may otherwise be less than anticipated. In addition, further expenditure may be required in circumstances where the diligence process has not revealed a defect in the quality of any of the assets of the Target Group but a defect is revealed following Closing, and expenditure by the Enlarged Group is required improve the quality of such asset to the standards of the ContourGlobal Group. If any or all of these risks were to materialise, the result could have a material adverse impact on the Enlarged Group's business, results of operations, financial condition and/or prospects.

1.9 Risks in relation to the right of first refusal and purchase option in respect of the Borger Project

In respect of the Borger Project, Southwestern has, pursuant to the power purchase agreement between Borger Energy Associates, L.P. and Southwestern dated 23 May 1997 (as amended in February 1998, March 1998 and June 1999 (the "**Borger PPA**")), the benefit of a right of first refusal and a purchase option. If, by the date on which all of the Conditions are satisfied or (where legally permitted) waived: (i) the Seller has provided Southwestern with a written offer to sell the Borger Project and the Seller has not obtained, or caused a member of the Target Group to obtain, a written waiver of such right of first refusal from Southwestern (or such waiver has not otherwise been deemed to have been given); (ii) Southwestern has exercised its right of first refusal in respect of the Borger Project and as of such date Southwestern either remains actively engaged in negotiations regarding such right of first refusal or has entered into a binding agreement for the purchase of the Borger Facility; or (iii) Southwestern has exercised its purchase option in respect of the Borger Project, then, in any such case: (a) the equity interests in the Borger Entities shall be excluded from the Acquisition (the Target Group, excluding the Borger Entities, being the "**Reduced Target Group**"); and (b) the Base Purchase Price and the target level of working capital shall be reduced by approximately US$150 million and US$500,000 respectively pursuant to the Acquisition Agreement.

There is, however, a risk that the amount of the Purchase Price allocated pursuant to the Acquisition Agreement to the Borger Project and the Borger Entities understates the value of the Borger Project and the Borger Entities and, consequently, that the Purchase Price allocated to the Reduced Target Group may be higher than is justified by the financial returns and other Acquisition benefits generated by the Reduced Target Group. To the extent that the Purchase Price paid is not justified by financial returns and other Acquisition benefits the ContourGlobal Group derives, the Enlarged Group's business, results of operations, financial condition and/or reputation may be negatively impacted.

2. RISKS RELATING TO THE ENLARGED GROUP WHICH RESULT FROM OR ARE IMPACTED BY THE ACQUISITION

2.1 The Target Group may not perform in line with expectations

Upon Closing, a significant portion of the difference between the Purchase Price, the Target Group's net assets at Closing and the allocation of costs of the Acquisition to the assets acquired and the liabilities assumed, will be recorded as tangible and intangible assets, potentially including goodwill, in the consolidated balance sheet of the Enlarged Group. Whilst the Company believes that the Acquisition is strategically and financially compelling, if the results and cash flows generated by the combination of the operations of the Target Group with those of the ContourGlobal Group are not in line with the Directors' expectations or if the Target Group's business does not develop as expected, a write-down may be required against the carrying value of the ContourGlobal Group's investment in the Target Group. Such a write-down would reduce the Enlarged Group's reported assets and statutory earnings in the year that the impairment charge is recognised and may reduce the Enlarged Group's ability to generate distributable reserves. This may, in turn, affect the Company's ability to pay dividends or

return capital to Shareholders either at all or in line with the progressive dividend policy adopted by the Board which envisages quarterly dividend payouts and an expected increase in dividend by 10 per cent. per annum.

2.2 Risk of failure to obtain necessary regulatory approvals and permits

The ContourGlobal Group and the Target Group are and, if the Acquisition reaches Closing, the Enlarged Group will be subject to a variety of federal, state, and local laws and regulations, including, in respect of the Target Group and the Enlarged Group, the laws of the United States and Trinidad and Tobago, that require the Enlarged Group to obtain certificates, registrations, licenses, permits, and other regulatory approvals in order to conduct regulated activities, including the construction and operation of their facilities. There is no guarantee that such regulatory approvals can be obtained or renewed on a timely basis, or at all, or with acceptable terms and conditions. Delays in processing applications may impact the schedule for capital projects or the operation of existing projects. In some instances, regulatory delays, whether as a result of actions by a regulator or intervention by third parties, may result in delays to projects, the economics of projects becoming less favourable, or in some cases, projects not proceeding at all. In addition, such permits and approvals are subject to revocation, suspension or termination should the Enlarged Group fail to comply with applicable legal requirements. Were any or all of the foregoing circumstances to arise, this could have a material adverse effect on the Enlarged Group's business, financial condition, results of operations, and/or prospects.

In addition, those public utilities in the United States that are public utilities for purposes of the FPA are required to obtain acceptance of their rate schedules for wholesale sales of electricity from FERC. All of the Target Group's non-qualifying facility generating companies in the United States, except for the ERCOT generation facilities and power marketers, make sales of electricity in interstate commerce and are public utilities for purposes of the FPA. FERC has granted each of the Target Group's generating companies in the United States that make sales of electricity, outside of ERCOT, the authority to sell electricity at market-based rates. Such authority is granted to those generating companies subject to FERC reserving the right to revoke or revise that authority if FERC subsequently determines that the relevant generating companies can exercise market power in transmission or generation, create barriers to entry, or engage in abusive affiliate transactions. In addition, the market-based sales of those generating companies are subject to certain market behaviour rules and, if any of those generating companies were deemed to have violated such rules, they would be subject to potential disgorgement of profits associated with the violation and/or suspension or revocation of their market-based rate authority. If those generating companies were to lose their market-based rate authority, such companies would be required to obtain FERC's acceptance of a cost-of-service rate schedule and could become subject to the accounting, recordkeeping, and reporting requirements that are imposed on utilities with cost-based rate schedules. Any such loss of market-based rate authority by any of the Target Group's generating companies in the United States could have a material adverse effect on the rates that such companies charge for power from their facilities, which reduce revenue from certain Target Group assets and, depending upon which assets have reduced revenue, could have a material adverse effect on the Enlarged Group's business, financial condition, results of operations, and/or prospects.

Finally, pursuant to the Trinity PPA, the Trinity Power Purchaser grants Trinity certain licenses to generate and supply electricity during the term of the Trinity PPA. In order to operate the Trinity Project beyond the term of the Trinity PPA, additional licenses from certain Governmental Authority would be required. Failure or refusal of the relevant Governmental Authorities in Trinidad and Tobago to grant the required licenses could result in loss of revenue from the Trinity asset, and have an adverse effect on the Enlarged Group's business and financial condition.

2.3 The Enlarged Group will be exposed to increased regulatory risk

The Target Group's operations are primarily located in, and most of its revenue is derived from, the United States, and the Target Group also operates in Trinidad and Tobago through a wholly-owned subsidiary, Trinity, and its operating business in Trinidad and Tobago, the Trinity Project. The ContourGlobal Group and the Target Group operate and, if the Acquisition reaches Closing, the Enlarged Group will operate in a highly regulated environment and are and will be subject to the laws, regulations and restrictions of many jurisdictions, including, in respect of the Target Group and, if the Acquisition reaches Closing, the Enlarged Group, those that operate at a federal, state and local level in the United States and Trinidad and Tobago.

The increased size of the Enlarged Group, and particularly its presence, as a result of the Acquisition, in the United States natural gas and power market will result in the Enlarged Group being exposed to increased

government regulation generally, as well as to the increased risk of changes in law or regulation, including the legal and regulatory environment relating to the natural gas and power market in the United States and Trinidad and Tobago. The Enlarged Group will therefore be exposed to an increased compliance burden, as well as increased costs of compliance, in respect of the complex federal, state and local regulatory regimes in which it will operate. Furthermore, the increased size of the Enlarged Group may lead to increased risk of regulatory scrutiny, while the increased regulatory burden to which the Enlarged Group will be subject may increase the risk of the Enlarged Group failing to comply with the applicable legal and regulatory framework. Were any or all of the foregoing to arise, this could have a material adverse effect on the Enlarged Group's business, financial condition, results of operations and prospects.

In particular, as a result of the Enlarged Group's increased exposure to the legal and regulatory requirements of the United States and Trinidad and Tobago, the Enlarged Group will have increased exposure to anti-bribery and corruption laws in those jurisdictions, including the FCPA in the United States. In particular, whilst the Target Group's Trinity operations may increase the Target Group's overall corruption risk profile, the ContourGlobal Group's diligence process has not identified evidence of past non-compliance or other issues with respect to anti-corruption compliance involving the Trinity Project, and the Target Group's management has indicated that it is not aware of any such issues involving the Target Group or any applicable third parties.

2.4 The Enlarged Group will have more operations which are dependent on a limited number of customers

The majority of the Target Group's facilities (each, a "**Project**", and collectively, the "**Projects**") will conduct business under PPAs with capacity payments, with one or a limited number of customers or a single government regulator for the majority of, and in some cases all of, the relevant Project's output and revenues over the term of the contract. Current contracts, tariff arrangements and regulated revenues of each Project have a weighted average remaining contract term of approximately nine years, measured from 30 September 2020 and weighted by 2019 Adjusted EBITDA. In addition, most of the Projects, including the Borger Project, the Project owned by Lea Power Partners, LLC (the "**Hobbs Project**"), and the Project owned by Trinity (the "**Trinity Project**"), each rely on a single counterparty. The loss of significant power sales contracts or arrangements, particularly with respect to one of the larger Projects, or the failure by any of our counterparties to perform under these contracts or arrangements, could have a material adverse impact on the business, results of operations and financial condition of the portfolio of Projects. In addition, while the Enlarged Group would intend to maintain long-term power sales contracts or arrangements for each of the Projects, due to market conditions and regulatory regimes, it may be difficult for the Enlarged Group to secure long-term contracts or tariff arrangements when current arrangements expire. The inability to enter into long-term contracts or tariff arrangements could require the Enlarged Group's subsidiaries to sell electricity into spot markets, which may not be favourable. Because of the volatile nature of power prices, the inability to secure long-term contracts or tariff arrangements could generate increased volatility in the earnings and cash flows of the Projects and could generate substantial losses (or result in a write-down of assets), which could have a material adverse impact on the Enlarged Group's business and results of operations.

Some of the PPAs allow the offtaker to terminate the PPA or impose a financial penalty in the event that the Project is not available or does not perform throughout the year at minimum levels, and the Enlarged Group would therefore be subject to the risk of counterparty termination based on such criteria for such Projects. Some of the PPAs also permit the counterparty to take ownership of the asset at or prior to expiration of the contract.

In addition, at the time of expiration of the PPAs, market prices may be volatile as a result of various factors, including the cost of raw materials, changes in user demand or prevailing economic conditions, and if applicable, the price of greenhouse gas emission rights. Upon expiration of a PPA, the Enlarged Group may be unable to enter into a new PPA on terms as favourable to the Enlarged Group as the PPA that expired or was terminated, as a result of volatile market conditions, including due to increasing competition in recent years among generators for offtake agreements, which has contributed to a reduction in electricity prices in certain markets resulting from excess supply above designated reserve margins.

Certain of the PPAs allow the offtaker to acquire all or a portion of the Project upon the occurrence of certain events. For example, with respect to the Hobbs Project, the offtaker may elect to purchase the Project for fair market value after a date certain set forth in the PPA, which could have an adverse effect on the Enlarged Group's business, results of operations and financial condition.

Offtakers may fail to make timely payments pursuant to the terms of their respective PPAs or other agreements, which could lead to a significant receivable balance. As a result of payment delays, the Enlarged Group may be

unable to make timely payments to suppliers. Additionally, a payment default under one of the Enlarged Group's supply agreements could result in an event of default under the associated financing facility. There can be no guarantee that offtakers will make timely payments under the PPAs in the future, that the Enlarged Group would be successful in recovering all its costs against any defaulting party, or that any payment default by any of the offtakers would not result in an event of default under the relevant Project's financing arrangement and/or cause the lenders under such financing agreement to impose distribution restrictions.

Due to the limited number of counterparties with respect to certain Projects, such Projects may be particularly exposed to the credit risk of only one or two counterparties. Counterparty credit risk under the PPAs is reduced in part by the fact that all of the offtakers are utilities, government entities, or other customers of strong credit quality, and by obtaining guarantees from certain sovereign governments of the offtaker's obligations. However, certain offtakers may not have, or may not maintain, an investment grade credit rating, and the Enlarged Group may not always be able to obtain government guarantees, and even when this is possible, the applicable government may not have an investment grade credit rating. The credit risk for the portfolio of Projects is also reduced by the fact that the Projects are located in different geographic areas, which mitigates the effects of regional economic downturns.

The revenue generated from each Project is significantly dependent on long-term fixed rate arrangements. Although certain of the PPAs provide escalation rights in certain circumstances, use of such rights may be limited or restricted. In addition, the Enlarged Group may be unable to adjust rates as a result of fluctuations in prices of raw materials, exchange rates, labour and subcontractor costs during the operating phase of the Projects, or any other variations in the conditions of specific jurisdictions in which the Projects are located, which may reduce Adjusted EBITDA. Moreover, in some cases, if the Enlarged Group fails to comply with certain pre-established conditions, the government or customer (as applicable) may reduce the rates payable. Any one or more of these factors could have a material adverse effect on the Enlarged Group's business, results of operations, financial condition and/or cash flows.

2.5 The Enlarged Group will be exposed to increased health, safety and environmental risks

Whilst the ContourGlobal Group has maintained high standards of health and safety and environmental compliance in respect of its existing generation and operational assets, the Enlarged Group will be exposed to increased risks in relation to health, safety and environmental matters, including health, safety and environmental regulations in the United States and Trinidad and Tobago, as a result of the Enlarged Group comprising an expanded portfolio of generation and operational assets. Any failure by the Enlarged Group to prevent major health, safety and environmental incidents and/or comply with relevant regulations may result in fines or criminal sanctions and may have a material adverse impact on the Enlarged Group's business, results of operations, financial condition, reputation and/or prospects.

In particular, spills or other releases of regulated substances, including such spills and releases that occur in the future, could expose the Enlarged Group to material losses, expenditures and liabilities under applicable environmental laws and regulations. Under certain of such laws and regulations, the Enlarged Group could be subject to strict, joint and several liability for the removal or remediation of previously released materials or property contamination, regardless of whether the Enlarged Group was responsible for the release or contamination and even if the Enlarged Group's operations met previous standards in the industry at the time they were conducted. The Enlarged Group may not be able to recover all of these costs from insurance. Changes in environmental laws and regulations occur frequently, and any changes that result in more stringent or costly requirements could require the Enlarged Group to make significant expenditures to attain and maintain compliance and may otherwise have a material adverse effect on its results of operations, competitive position or financial condition.

2.6 The Enlarged Group will be exposed to the risk of significant business interruptions

The Enlarged Group's businesses could be impacted by numerous inherent risks, particularly unplanned events such as: (i) inclement weather; (ii) explosions; (iii) fires; (iv) terrorist acts; (v) civil unrest, protests or strikes; (vi) the impact of extraordinary external events, such as the current pandemic health event resulting from COVID-19, and their collateral consequences, including extended disruption of supply chains and economic activity in relevant markets; (vii) fuel spillage or seepage or release of hazardous materials; (viii) the unavailability of critical equipment or parts; (ix) fuel or energy supply interruptions, including from fluctuations in natural resources such as wind, solar and hydrological conditions; (x) work stoppages and labour unrest;

(xi) errors in the operation and failures of critical equipment (xii) injuries to people and damages to property or natural resources resulting from transportation and handling of electricity, natural gas, liquid fuels or hazardous materials; (xiii) breakdown or failure of our operating facilities due to older generating equipment; (xiv) failures and faults in the electricity transmission system, the electricity generation facilities of electricity generation companies and the power grids that the Enlarged Group's plants are connected to due to circumstances beyond the Enlarged Group's control; (xv) system failure affecting the Enlarged Group's IT systems or those of other energy industry participants, which could result in loss of operational capacities or critical data; (xvi) energy losses, whether arising from technical reasons inherent in the normal operation of power plants or arising from non-technical reasons (such as theft, fraud and inaccurate billing), resulting in revenue losses; (xvii) dispatch risk; and (xviii) other accidents. The Enlarged Group's insurance coverage in respect of any of the foregoing risks may not be sufficient to cover the full extent of any loss or damage suffered and, if a major event were to occur, it may not be possible for the Enlarged Group to secure adequate insurance coverage in the future. Any of the foregoing risks could have a material adverse effect on the Enlarged Group's business, results of operations, financial condition and/or prospects to the extent that any such losses are not covered by insurance.

2.7 The Enlarged Group will be exposed to risks associated with the increased scale of the business and exposure to the United States

If the Acquisition reaches Closing, the scale of the Enlarged Group will be increased. The greater scale of the Enlarged Group may present different or enhanced challenges to those currently faced by the ContourGlobal Group. The Target Group's operations are primarily located in, and most of its revenue is derived from, the United States, where the ContourGlobal Group does not currently have operations. The Enlarged Group will therefore have a significant presence in, and exposure to, the United States. As a result, the Enlarged Group will become exposed to market volatility in the United States particularly in light of the upcoming change in administration which may lead to greater political, economic and operational risks.

In addition, as a result of its operations in the United States, the Enlarged Group will be subject to applicable legislation of, and regulation by, Governmental Authorities within the United States. The regulatory landscape in the United States may undergo changes, including as a result of the upcoming change in administration. The Enlarged Group may therefore be adversely affected by changes in applicable laws, rules and regulations in the United States.

Risks associated with the Enlarged Group's United States operations also include changes in economic conditions, changes in tax rates, potential tariffs, duties and other trade barriers and increased competitive promotional activity. Moreover, the Enlarged Group's success in the United States depends on its ability to predict, identify, interpret and react to changes in United States government policy in respect of the sector in which the Enlarged Group will operate.

If the Enlarged Group cannot effectively manage exposure to these political, regulatory, financial and economic challenges, this could have a material adverse effect on the Enlarged Group's business, results of operations, financial condition and/or prospects.

2.8 The Enlarged Group could be exposed to risk in relation to the COVID-19 pandemic

The outbreak of COVID-19, which was classified by the World Health Organization as a pandemic on 11 March 2020, has spread rapidly and globally across multiple countries around the world, including the United States. In the United States, President Trump declared a national state of emergency on 13 March 2020, and the COVID-19 pandemic remains persistent and continues to escalate. If the Acquisition reaches Closing, the Enlarged Group will have a significant presence in, and exposure to, the United States, where the ContourGlobal Group does not currently have operations. As a result, the Enlarged Group will be exposed to government measures and restrictions adopted in response to COVID-19 at the federal, state and local level in the United States.

COVID-19 and responsive measures have caused significant social and economic disruption and protracted volatility in international markets and have negatively affected business operations across many public and private sectors. The COVID-19 pandemic remains persistent and continues to escalate in the United States and no assurance can be given that national or local lockdowns or other restrictive measures will not be implemented. Although to date the Target Group and the ContourGlobal Group have not experienced any meaningful impact on operations or financial performance as a consequence of COVID-19, if more restrictive measures are implemented in the future, the Enlarged Group's facilities, including those in the United States, may be unable to continue to operate as expected or may otherwise be adversely affected by the crisis.

The extent to which the COVID-19 pandemic impacts the Enlarged Group will depend on future developments, which are highly uncertain, including the scope and duration of the pandemic, the timing and efficacy of a vaccine and actions taken by Governmental Authorities and other third parties in response to the pandemic. There may be significant business interruption, delays or disruption and/or increased costs associated with business continuity in connection with the COVID-19 pandemic, which may have a material adverse effect on the Enlarged Group's business, financial condition, results of operations and/or cash flow.

2.9 Risks of failure to retain or attract appropriately qualified personnel or to deal adequately with strikes and other workforce disruption

The success of the Enlarged Group will depend on the ability and experience of its management and employees. The larger and geographically more diverse portfolio of assets to be operated by the Enlarged Group will require an adequate number of employees with sufficient operational expertise and know-how to maintain and operate them safely and optimally. Whilst the Enlarged Group will continue to benefit, post-Closing, from various service agreements that are currently in place under which operational staff employed by third-party contractors provide to day-to-day management of the Target Group assets, there can be no certainty that such staff will continue to work for the Enlarged Group, it may prove difficult to find adequately skilled replacements and/or the Enlarged Group may encounter difficulties in implementing its intended insourcing of such roles.

Further, a majority of the ContourGlobal Group's current employees, and certain of the Target Group's employees, are represented by a labour union or are covered by collective bargaining agreements. In the event that, following Closing, such employees strike, participate in a work stoppage or slowdown or engage in other forms of strike or disruption, the Enlarged Group would be responsible for replacing relevant elements of its workforce, failing which it could experience reduced power generation or outages. The Enlarged Group's ability to do so is uncertain. Strikes, work stoppages or the inability to negotiate future collective bargaining agreements on favourable terms could therefore have a material adverse effect on the Enlarged Group's business, financial condition, results of operations and/or cash flow.

In addition, local labour unions in the markets in which the ContourGlobal Group currently operates, and in which the Target Group operates, may increase the cost of, and/or lower the productivity of, the Enlarged Group's development and operating projects. The Enlarged Group may also be subject to workforce unavailability and/or increased union labour requirements due to multiple simultaneous projects in a geographic region. Whilst the ContourGlobal Group's development and operating projects have not been materially adversely affected by disputes with contractors and their employees to date, the ContourGlobal Group can give no assurance that future labour union or collective bargaining action may not significantly disrupt its operations or delay construction of its development projects. The ContourGlobal Group has experienced work stoppages at some of its facilities in the past.

2.10 Following Closing, the indebtedness and financial leverage of the Enlarged Group will increase and the terms of the financing arrangements of the Enlarged Group may limit its commercial and financial flexibility

The Acquisition will increase the overall indebtedness and financial leverage of the Enlarged Group, which will result in increased repayment commitments and borrowing costs. The increased financial indebtedness of the Enlarged Group could, in the medium term, limit the Enlarged Group's commercial and financial flexibility and may result in operational constraints, causing the Enlarged Group to reprioritise the uses to which its capital is put to the potential detriment of its business. Therefore, depending on the level of the Enlarged Group's borrowings, prevailing interest rates and exchange rate fluctuations, this could result in reduced funds being available to fund future growth, dividend payments and other general corporate purposes, which could have a material adverse impact on the Enlarged Group's business, results of operations, financial condition and prospects.

A significant portion of the ContourGlobal Group's project-level indebtedness (including, if the Acquisition reaches Closing, the Target Group's project-level indebtedness) is incurred on a non-recourse basis, meaning that (subject to certain guarantees and certain other commitments of ContourGlobal) the debt is repayable solely from the project's revenues and the repayment of the loans (and interest thereon) is secured solely by the capital stock, physical assets, contracts, insurance policies and cash flow of that project subsidiary owing to the ring-fenced nature of the financing. The Directors consider that such arrangements are an important part of the ContourGlobal Group's and, following Closing, will be an important part of the Enlarged Group's, business

model as they contribute to a highly efficient capital structure which maximises ContourGlobal's and, following Closing, will maximise the Enlarged Group's, financial flexibility, as well as mitigating risks to the ContourGlobal Group's and, following Closing, the Enlarged Group's, viability. If a project subsidiary were to materially breach an obligation to make payment on its indebtedness, it could have a material adverse effect on the ContourGlobal Group's or, following Closing, the Enlarged Group's, business and financial condition as such a breach could, for example: (i) result in the lenders acquiring the relevant assets or equity securing the project debt (or ContourGlobal having to make a payment to those lenders to prevent such acquisition); (ii) impact ContourGlobal's receipt of payments, including dividends, where the relevant project subsidiary is prohibited from distributing cash whilst in default; and/or (iii) in certain limited circumstances, result in cross-default or the acceleration of payment obligations under other project-level financing arrangements or certain group-level financing arrangements.

The commercial and financial flexibility of the ContourGlobal Group and the Target Group is currently restricted by certain covenants under the terms of their respective financing facilities and, following the Acquisition, the Enlarged Group will be restricted by certain covenants under the terms of the Bridge Facility Agreement. These covenants include, without limitation, the incurrence of additional indebtedness, the incurrence of liens, mergers and consolidations, the disposal of assets, payment of dividends, investments and other types of restricted payments. Any inability to exploit commercial opportunities as a result of such covenants may have a material adverse effect on the Enlarged Group.

In any liquidation, dissolution or winding-up of the Company, the Ordinary Shares would rank behind all debt claims against the Company or any of its subsidiaries. In addition, any convertible or exchangeable securities or other equity securities that the Company may issue in the future may have rights, preferences and privileges more favourable than those of the Ordinary Shares. As a result, holders of the Ordinary Shares will not be entitled to receive any payment or other distribution of assets upon any liquidation or dissolution until after the Company's obligations to its debt holders and holders of equity securities which rank senior to the Ordinary Shares have been satisfied.

Any future downgrade in ContourGlobal's credit ratings which may occur may adversely affect ContourGlobal's ability to access the capital markets, which could increase ContourGlobal's interest costs or adversely affect its liquidity and cash flow. Any reduction in short-term liquidity is not expected to impact the ability of the Enlarged Group to meet its immediate and short-term obligations.

This risk factor is not intended to qualify the working capital statement set out in section 8 (Working capital statement) of Part VI (*Additional Information*) of this document.

Part III
Summary of the Principal Terms and Conditions of the Acquisition

ACQUISITION AGREEMENT

1. PARTIES AND STRUCTURE OF THE ACQUISITION

On 7 December 2020, in order to give effect to the Acquisition, the Buyer and the Seller entered into the Acquisition Agreement, pursuant to which the Seller agreed to sell, and the Buyer agreed to purchase the entire issued share capital of WGP.

The Acquisition Agreement also requires a parent company guarantee to be given by the Company to the Seller in respect of the Buyer's payment obligations thereunder.

The principal terms of the Acquisition Agreement are summarised below.

2. CONSIDERATION AND PAYMENT TERMS

2.1 Base Purchase Price

The aggregate consideration payable by the Buyer at Closing for the WGP Interests is US$837 million (the "**Base Purchase Price**"), on a debt free, cash free basis and assuming an agreed target level of working capital. On Closing of the Acquisition, the ContourGlobal Group will assume approximately US$210 million of existing project net debt in respect of the Target Group (subject to adjustment as described below).

2.2 Adjustments to the Base Purchase Price

The Base Purchase Price will be subject to customary adjustments post-Closing to reflect the actual amounts of certain debt amounts, cash amounts, and working capital of the Target Group at Closing, such adjustments to be determined in a closing statement to be prepared by the Buyer after Closing.

In respect of the Borger Project, Southwestern has, pursuant to the Borger PPA, the benefit of a right of first refusal and a purchase option. If, by the date on which all of the Conditions are satisfied or (where legally permitted) waived:

(i) the Seller has provided Southwestern with a written offer to sell the Borger Project and the Seller has not obtained, or caused a member of the Target Group to obtain, a written waiver of such right of first refusal from Southwestern (or such waiver has not otherwise been deemed to have been granted (on the basis that such waiver will be deemed to have been granted if 60 days have elapsed since Southwestern received such written offer and Southwestern has not notified the Seller or any member of the Target Group that Southwestern intends to purchase the Borger Facility));

(ii) Southwestern has exercised its right of first refusal in respect of the Borger Project and as of such date Southwestern either remains actively engaged in negotiations regarding such right of first refusal or has entered into a binding agreement for the purchase of the Borger Facility; or

(iii) Southwestern has exercised its purchase option in respect of the Borger Project,

then, in any such case: (a) the equity interests in the Borger Entities shall be excluded from the Acquisition; and (b) the Base Purchase Price and the target level of working capital shall be reduced by approximately US$150 million and US$500,000 respectively.

The Base Purchase Price may, in certain circumstances, also be reduced if, between the date of the Acquisition Agreement and Closing, any asset of the Target Group:

(a) is damaged or destroyed and the amount by which the sum of (i) the restoration costs and expenses plus net income loss amounts (during the period from Closing until the asset is restored) in respect of such asset exceed (ii) certain amounts recoverable in respect of such asset (the "**Casualty Cost**") is greater than one per cent. of the Base Purchase Price then, in certain circumstances, the Purchase Price shall be reduced by an amount equal to the Casualty Cost less any funds reasonably required to be and which are actually expended prior to Closing by the Seller or any member of the Target Group following the determination of the Casualty Cost;

(b) is damaged or destroyed and the amount of the Casualty Cost is greater than ten per cent. of the Base Purchase Price, following which the Buyer elects to terminate the Acquisition Agreement and the Seller elects (in lieu of proceeding to Closing and reducing the Base Purchase Price as described at sub-paragraph (a) above) to avoid such termination and exclude the relevant entity which owns the asset in respect of which such damage or destruction has occurred from the Target Group, then: (i) the equity interests in that entity shall be excluded from the Acquisition; (ii) the Base Purchase Price shall be reduced by the amount allocated pursuant to the Acquisition Agreement to the relevant asset; and (iii) the target level of working capital shall be reduced by the amount allocated pursuant to the Acquisition Agreement to the relevant asset;

(c) is taken by condemnation by a Governmental Authority by exercise of the power of eminent domain and the amount of relevant condemnation award proceeds (if any) after certain deductions (the "**Condemnation Value**") is greater than one per cent. of the Base Purchase Price then, in certain circumstances, the Purchase Price shall be reduced by an amount equal to the Condemnation Value less any funds reasonably required to be and which are actually expended prior to Closing by the Seller or any member of the Target Group following the determination of the Condemnation Value; or

(d) is taken by condemnation by a Governmental Authority by exercise of the power of eminent domain and the Condemnation Value is greater than ten per cent. of the Base Purchase Price, following which the Buyer elects (in lieu of proceeding to Closing and reducing the Base Purchase Price as described at sub-paragraph (c) above) to terminate the Acquisition Agreement and the Seller elects to avoid such termination and exclude the relevant entity which owns the asset in respect of which such condemnation has occurred from the Target Group, then: (i) the equity interests in that entity shall be excluded from the Acquisition; (ii) the Base Purchase Price shall be reduced by the amount allocated pursuant to the Acquisition Agreement to the relevant asset; and (iii) the target level of working capital shall be reduced by the amount allocated pursuant to the Acquisition Agreement to the relevant asset.

3. CONDITIONS TO CLOSING

Closing under the Acquisition Agreement is subject to, and can only occur upon satisfaction or (to the extent permitted by law) waiver of, a number of outstanding conditions, including:

(a) if the FCA Dispensation (i) has been granted, the Company receiving sufficient written undertakings from one or more Shareholders, in respect of Shares representing, in aggregate, more than 50 per cent. of the Company's issued share capital, confirming that they approve of the Acquisition and would vote in favour of the Resolution at a general meeting, if such meeting were to be held, publishing this document and issuing an announcement via a regulatory information service confirming that it has obtained such undertakings and is not proceeding with a general meeting of Shareholders in respect of the Acquisition; or (ii) has not been granted, the Resolution having been passed at a general meeting of Shareholders (the "**Shareholder Approval Condition**");

(b) there being no injunction, restraining order or decree of any Governmental Authority of competent jurisdiction in effect which prohibits consummation of the Acquisition or makes such consummation subject to any condition or restriction which has a Material Adverse Effect (as defined in the Acquisition Agreement) on the Target Group or the Buyer;

(c) all applicable waiting periods under the HSR Act having expired or terminated and any other material competition approval from any applicable foreign Governmental Authority required to be obtained in connection with the Acquisition having been obtained;

(d) all consents, approvals, exemptions, waivers, authorisations, filings, registrations, notifications and orders required to be obtained or made prior to Closing from FERC under section 203 of the FPA to consummate the Acquisition having been obtained;

(e) certain specified consents, approvals, exemptions, waivers, authorisations from, filings and registrations with, and notifications to, certain: (i) Governmental Authorities; and (ii) third parties who are counterparties to certain agreements with members of the Target Group, in connection with the Acquisition having been obtained or made;

(f) certain guarantees, letters of credit, comfort letters, bonds, sureties and other credit support or assurances made or issued by or on behalf of Seller or any of its affiliates (other than the Target Group) in support of any obligation of any member of the Target Group having been replaced in accordance with the requirements of the Acquisition Agreement, which shall only be a condition precedent to the obligation of the Seller to complete the Acquisition;

(g) the Buyer having received confirmation that certain bonds relating to the Target Group will not be downgraded as a result of the Acquisition and having obtained required consents from lenders as a result of the Acquisition, which shall only be a condition precedent to the obligation of the Buyer to complete the Acquisition; and

(h) no Material Adverse Effect (as defined in the Acquisition Agreement) in respect of the Target Group having occurred since the date of the Acquisition Agreement, which shall only be a condition precedent to the obligation of the Buyer to complete the Acquisition.

The obligation of the Buyer and the Seller to complete the Acquisition is also conditional upon certain representations and warranties made in the Acquisition Agreement by the other party being true and correct on and as of the date of Closing (subject to certain exceptions relating to materiality), the other party having complied in all material respects with the covenants and agreements applicable to such party prior to Closing and the other party having delivered certain documents, instruments and agreements required to be delivered by them at Closing.

As described in paragraph 10 of Part I (*Letter from the Chairman*), the Company has received irrevocable undertakings from Shareholders to vote in favour of the Resolution in respect of, in aggregate, 468,189,424 Ordinary Shares representing, in aggregate, approximately 71.15 per cent. of the Company's issued share capital (excluding shares held in treasury) and, upon publication of this document and an announcement by the Company via a regulatory information service confirming that it has obtained such undertakings and is not proceeding with a general meeting of Shareholders in respect of the Acquisition, the Shareholder Approval Condition will therefore be satisfied.

Under the terms of the Acquisition Agreement, the Buyer is obliged to use its best efforts to satisfy the Shareholder Approval Condition as soon as reasonably practicable. In all other respects, the Buyer and Seller are each required to co-operate and use commercially reasonable efforts to consummate the Acquisition as soon as reasonably practicable, including, in the case of the Buyer, by obtaining the relevant consents from Governmental Authorities to satisfy the Conditions in paragraphs (c) and (d) above as promptly as practicable. In addition, the Acquisition Agreement includes an obligation on the Buyer to undertake any and all actions required to complete the Acquisition as soon as practicable, including: (i) consenting to any order issued by, or any other agreement of, any Governmental Authority providing for the sale, licensing or other disposition, or the holding separate, of particular assets, categories of assets or lines of business of the Buyer or any member of the Target Group; and (ii) promptly effecting the disposition, licensing or holding separate of assets or lines of business, in each case, at such times as may be necessary to permit the consummation of the Acquisition on or prior to the Long Stop Date. Further, the Buyer and its affiliates are required to not enter into or complete any transactions, or otherwise take any action, that could reasonably be expected to adversely affect or delay the approval of any Governmental Authority of any of the consents that are Conditions to the Acquisition.

4. PRE-CLOSING COVENANTS

The Acquisition Agreement contains customary covenants for a US law-governed acquisition of the size and nature of the Acquisition regarding the conduct of the business of the Target Group in relation to the period between signing of the Acquisition Agreement and Closing, including customary obligations on the Seller to procure that: (i) the business of the Target Group is conducted in the ordinary course of business consistent with prudent industry practices; and (ii) the Target Group does not take (or omit to take) certain actions.

The Acquisition Agreement contains certain covenants which restrict the Buyer and its affiliates from disclosing information obtained from the Seller and the Target Group, other than in this document and the announcements relating to the Acquisition and this document and as required by applicable law or by any Governmental Authority.

5. REPRESENTATIONS AND WARRANTIES, INDEMNITIES AND LIMITATIONS ON LIABILITY

The Acquisition Agreement includes representations and warranties customary for a US law-governed acquisition of the size and nature of the Acquisition, which have been given by the Seller, in relation to, among other things: (i) the organisation and standing of the Seller and the Target Group; (ii) valid and binding obligations of the Seller; (iii) non-contravention and third party consents; (iv) constitutional documents and capitalisation of the Target Group and Capitalisation of WGP; (v) the WGP Interests; (vi) financial statements of the Target Group, undisclosed liabilities and events since the most recent audited financial statements;

(vii) tax-related matters; (viii) assets of the Target Group; (ix) material agreements of the Target Group; (x) insurance; (xi) litigation; (xii) compliance with laws, possession of permits and regulatory status; (xiii) brokers; (xiv) employee-related and employee benefit matters; (xv) sanctions; (xvi) anti-corruption and anti-bribery; (xvii) environmental matters; (xviii) transactions with related parties; (xix) bank accounts; and (xx) critical technologies and sensitive personal data.

The representations and warranties given by the Seller are subject to certain qualifications and limitations customary for a US law-governed acquisition of the size and nature of the Acquisition. Each representation and warranty, for instance, will not survive Closing. In addition, the Seller has not provided indemnities to the Buyer or the Target Group in respect of breaches of the representation and warranties or obligations of the Seller under the Acquisition Agreement.

The Acquisition Agreement also includes representations and warranties customary for a US law-governed acquisition of the size and of the nature of the Acquisition which have been given by the Buyer in relation to, among other things: (i) the organisation and standing of the Buyer; (ii) valid and binding obligations of the Buyer; (iii) non-contravention and third party consents; (iv) financial capacity; (v) investment restrictions; (vi) litigation; (vii) brokers' fees; (viii) information in relation to the Target Group; (ix) conflicting contracts; (x) that the Buyer has obtained a representation and warranty liability insurance policy; and (xi) substantial interests.

6. HOBBS PROPERTY TAX MATTER INDEMNITY

Provided that the Hobbs Entities and the Hobbs Project have not been excluded from the Target Group in the circumstances described in sub-paragraphs (b) or (d) of paragraph 2.2 (Adjustments to the Base Purchase Price), then, with effect from Closing, where a final judgment is made, or settlement agreement entered into, in relation to a Hobbs Property Tax Matter, the Seller is required to pay to the Buyer an amount equal to: (i) the aggregate amount required to be paid by the members of the Target Group with respect to the period of time before Closing in connection with the final and conclusive resolution of a Hobbs Property Tax Matter, less (ii) the amount of funds in the escrow account established pursuant to an agreement between WG Partners Acquisition, LLC, FREIF and Wells Fargo Bank, National Association, dated 15 November 2016 that WG Partners Acquisition, LLC is entitled to receive (such amount being US$ 5.6 million), if any, as a result of the final and conclusive resolution of such Hobbs Property Tax Matter (a "**Hobbs Property Tax Resolution Amount**"). Such obligation is subject to a cap on the Seller's liability with respect to the Hobbs Property Tax Matters of US$14 million (for the avoidance of doubt, excluding the US$5.6 million escrow funds).

In circumstances where a Hobbs Property Tax Matter has been finally and conclusively resolved prior to Closing and requires payment of a Hobbs Property Tax Resolution Amount after Closing, an amount equal to the relevant Hobbs Property Tax Resolution Amount shall be deducted from the Purchase Price.

7. POST-CLOSING OBLIGATIONS

Pursuant to the purchase and sale agreement by which Seller acquired the Target Group in 2016, the Target Group (specifically, WGP Holdings II, LLC) is obligated to make an earn-out payment to FREIF, the prior owner of the Target Group, upon each extension of a certain steam sales and operating agreement between Borger Energy Associates, L.P. and WRB Refining LP (a successor to Philips Petroleum Company) (the "**Steam Sales and Operating Agreement**"). The amount of each such earn-out payment is formulaic in nature and is dependent on a number of variables included in the formula, including the steam factor and a fixed payment fee.

The Steam Sales and Operating Agreement was amended and restated on 10 June 2019 (in connection with which the initial principle earn-out amount payable by Seller to the prior owner of the Target Group was determined to be US$10,249,062.20) and has a term of five years. Following Closing, the obligation to make each such earn-out payment upon each extension of the Steam Sales and Operating Agreement will fall to the Enlarged Group. Accordingly, if the Steam Sales and Operating Agreement is amended and restated again in 2024, another earn-out payment will be required to be made by the Enlarged Group to the prior owner of the Target Group, and the amount of such earn-out payment will be determined pursuant to the formula referred to above. The same process will apply each time the Steam Sales and Operating Agreement is subsequently amended and restated.

8. TERMINATION RIGHTS AND TERMINATION FEE

8.1 Termination rights

The Acquisition Agreement contains provisions giving the Buyer and/or the Seller the right to terminate the Acquisition Agreement in certain circumstances. Among others, the Acquisition Agreement may be terminated:

(a) by mutual written consent of the Buyer and the Seller;

(b) by either the Buyer or the Seller if Closing has not occurred by the Long Stop Date, provided that the party seeking to terminate is not in breach of the Acquisition Agreement nor has that party's previous breach of the Acquisition Agreement caused or resulted in Closing failing to occur by the Long Stop Date;

(c) by either the Buyer or the Seller if the other has breached its covenants, agreements or other obligations under the Acquisition Agreement in a manner that would be reasonably be expected to cause any Condition in favour of the non-breaching party to not be satisfied and such breach has not been cured within a permitted period;

(d) by the Seller if the Company:

  (i) repudiates, withdraws or breaches the parent company guarantee required to be given by the Company under the Acquisition Agreement; or

  (ii) is unable to pay its debts as they fall due, commences bankruptcy or other similar proceedings, becomes bankrupt or insolvent or has a receiver or liquidator or other similar official appointed in respect of it;

(e) by either the Buyer or the Seller if any Governmental Authority has permanently and finally prohibited the consummation of the Acquisition, provided that a party shall not be permitted to terminate the Acquisition Agreement if its breach has resulted in such prohibition or if it has breached its obligations to procure the satisfaction of the Conditions (other than the Shareholder Approval Condition) in any material respect;

(f) by either the Buyer and/or the Seller in the circumstances described in sub-paragraph 2.2(b) or 2.2(d) above; or

(g) by Seller if the Shareholder Approval Condition has not been satisfied by 15 February 2021 (or in certain circumstances 5 March 2021), other than in circumstances where Seller has breached its obligations to assist the Buyer in satisfying the Shareholder Approval Condition in a manner that would reasonably be expected to cause the Shareholder Approval Condition not to be satisfied by such date, and each of the other Conditions capable of being satisfied before Closing has been satisfied or (if legally permissible) waived.

8.2 Termination fee

Upon termination of the Acquisition Agreement, the Buyer will be required to pay the Seller, or procure the payment to the Seller of, a fee of US$17,775,223 (equal to 1 per cent. of the Company's market capitalisation as at the close of business on 4 December 2020, being the business day before the announcement of the Acquisition), where:

(a) Seller has terminated the Acquisition Agreement on the basis summarised at paragraph 8.1(c) of this Part III;

(b) Seller has terminated the Acquisition Agreement on the basis summarised at paragraph 8.1(d) of this Part III; or

(c) the Shareholder Approval Condition has not been satisfied by 15 February 2021 (or in certain circumstances 5 March 2021), other than in circumstances where Seller has breached its obligations to assist the Buyer in satisfying the Shareholder Approval Condition in a manner that would reasonably be expected to cause the Shareholder Approval Condition not to be satisfied by such date, and the Acquisition Agreement is terminated for any reason (other than: (i) by the Buyer on the basis summarised at paragraph 8.1(c) of this Part III; (ii) by the Buyer or the Seller on the basis summarised at paragraph 8.1(b) of this Part III for any reason other than the Shareholder Approval Condition not having been satisfied; or (iii) by the Buyer or the Seller on the basis summarised at paragraph 8.1(e) or paragraph 8.1(f) of this Part III).

9. GOVERNING LAW AND JURSIDICTION

The Acquisition Agreement is governed by the laws of the State of Delaware and the exclusive jurisdiction of the courts of the State of Delaware.

PARENT COMPANY GUARANTEE

The Acquisition Agreement requires that the Company provides a guarantee in favour of the Seller under which the Company agrees to guarantee the payment obligations of the Buyer under the Acquisition Agreement. The Company has provided such guarantee, dated 7 December 2020.

IRREVOCABLE UNDERTAKING

In accordance with the terms of the Acquisition Agreement, ContourGlobal L.P., the Company's majority Shareholder (holding, as at the Latest Practicable Date, approximately 71.15 per cent. of the Company's issued ordinary share capital (excluding shares held in treasury)), has provided an irrevocable undertaking by which ContourGlobal L.P. commits that:

(a) it approves the Resolution; and

(b) it would vote in favour of the Resolution at a general meeting of the Company if such meeting were to be held.

Part IV—Historical financial information on the Target Group

SECTION A—ACCOUNTANT'S REPORT

BDO LLP
55 Baker Street
London
W1U 7EU

19 January 2021

The Directors
ContourGlobal plc
7th Floor, Park House
116 Park Street
London
W1K 6SS

Goldman Sachs International
Plumtree Court
25 Shoe Lane
London
EC4A 4AU

Dear Sir or Madam

WGP Holdings II, LLC ("WGP") and its subsidiary undertakings (together, the "Target Group")

Introduction

We report on the financial information set out in Section B of Part IV of the class 1 circular dated 19 January 2021 of ContourGlobal plc (the "Company") (the "Circular").

Opinion on financial information

In our opinion, the financial information gives, for the purposes of the Circular, a true and fair view of the state of affairs of the Target Group as at 31 December 2017, 31 December 2018 and 31 December 2019 and of its results, cash flows and changes in equity for the years then ended in accordance with International Financial Reporting Standards as adopted by the European Union and has been prepared in a form that is consistent with the accounting policies adopted in the Company's latest annual accounts.

Responsibilities

The directors of the Company are responsible for preparing the financial information in accordance with International Financial Reporting Standards as adopted by the European Union.

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and which we may have to shareholders of the Company as a result of the inclusion of this report in the Circular, to the fullest extent permitted by the law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with item 13.4.1R(6) of the Listing Rules, consenting to its inclusion in the Circular.

Basis of preparation

This financial information has been prepared for inclusion in the Circular based on the accounting policies set out in note 3 to the financial information. This report is required by item 13.5.21R of the listing rules made by the Financial Conduct Authority for the purposes of part VI of the Financial Services and Markets Act 2000 (the "Listing Rules") and is given for the purpose of complying with that item and for no other purpose.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Financial Reporting Council in the United Kingdom. We are independent of the Company and WGP in accordance with the Financial Reporting Council's Ethical Standard as applied to Investment Circular Reporting Engagements and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America or other jurisdictions outside the United Kingdom and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Conclusions relating to going concern

We have not identified any material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the ability of the Target Group to continue as a going concern for a period of at least twelve months from the date of the Circular. Accordingly the use by the directors of the Company of the going concern basis of accounting in the preparation of the financial information is appropriate.

Yours faithfully

BDO LLP
Chartered Accountants

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

SECTION B—HISTORICAL FINANCIAL INFORMATION RELATING TO THE TARGET GROUP

Consolidated statement of income and other comprehensive income

	Note	31st December 2019	31st December 2018	31st December 2017
			In $ Thousands	
Revenue	4	**189,306**	**211,291**	**220,384**
Cost of sales	5	(161,951)	(184,959)	(196,040)
Gross profit		**27,355**	**26,332**	**24,344**
Selling, general, and administrative expenses	5	(14,232)	(14,430)	(14,111)
Income from operations		**13,123**	**11,902**	**10,233**
Other income	6	2,314	5,383	231
Finance costs	6	(42,187)	(36,748)	(39,957)
Finance income	6	132	106	30
Loss before income tax		**(26,618)**	**(19,357)**	**(29,463)**
Income tax (expense) benefit	7	(1,490)	402	411
Net loss		**(28,108)**	**(18,955)**	**(29,052)**
Other comprehensive income for the period		—	—	—
Total comprehensive loss for the period		**(28,108)**	**(18,955)**	**(29,052)**
Total comprehensive loss attributable to:				
Owners of WGP		(28,108)	(18,955)	(29,052)

	Note	31st December 2019	31st December 2018	31st December 2017	1st January 2017
			In $ Thousands		
Non-current assets		**654,402**	**717,952**	**788,155**	**848,439**
Intangible assets and goodwill	8	293,908	329,409	366,341	403,300
Property, plant, and equipment	9	353,696	368,819	395,799	419,344
Other non-current assets	10	5,227	15,570	20,471	18,730
Deferred tax assets	7	1,571	4,154	5,544	7,065
Current assets		**38,125**	**43,758**	**47,307**	**51,611**
Inventories		245	383	401	401
Trade and other receivables	11	19,515	25,861	27,034	28,513
Other current assets	12	7,361	8,448	6,834	10,118
Cash and cash equivalents		11,004	9,066	13,038	12,579
Total assets		**692,527**	**761,710**	**835,462**	**900,050**
Total equity		**157,719**	**187,100**	**212,632**	**245,789**
Member Contributions		301,358	294,018	291,792	290,792
Retained earnings		(143,639)	(106,918)	(79,160)	(45,003)
Non-current liabilities		**480,667**	**516,900**	**555,538**	**587,435**
Borrowings (non-current)	13	429,085	458,930	488,694	524,371
Deferred tax liabilities	7	20,890	23,466	25,532	28,348
Provisions (non-current)	14	9,514	9,129	8,760	4,430
Other non-current liabilities	15	21,178	25,375	32,552	30,286
Current liabilities		**54,141**	**57,710**	**67,292**	**66,826**
Trade and other payables	16	11,142	16,491	19,061	21,027
Borrowings (current)	13	40,461	34,643	45,293	43,461
Other current liabilities	17	2,538	6,576	2,938	2,338
Total liabilities		**534,808**	**574,610**	**622,830**	**654,261**
Total equity and liabilities		**692,527**	**761,710**	**835,462**	**900,050**

	Member contributions	Retained earnings	Total
		In $ Thousands	
Balance at 1st January 2017	**290,792**	**(45,003)**	**245,789**
Loss for the period	—	(29,052)	(29,052)
Other comprehensive loss	—	—	—
Contributions from member	1,000	—	1,000
Dividends	—	(5,105)	(5,105)
Balance at 31st December 2017	**291,792**	**(79,160)**	**212,632**
Loss for the period	—	(18,955)	(18,955)
Other comprehensive loss	—	—	—
Contributions from member	2,226	—	2,226
Dividends	—	(8,803)	(8,803)
Balance at 31st December 2018	**294,018**	**(106,918)**	**187,100**
Loss for the period	—	(28,108)	(28,108)
Other comprehensive loss	—	—	—
Contributions from member	7,340	—	7,340
Dividends	—	(8,613)	(8,613)
Balance at 31st December 2019	**301,358**	**(143,639)**	**157,719**

	Note	31st December 2019	31st December 2018	31st December 2017
			In $ Thousands	
Cash flow from operating activities				
Net loss		**(28,108)**	**(18,955)**	**(29,052)**
Adjustment for:				
Amortisation, depreciation and impairment expense	5	74,503	85,523	86,201
Change in fair value of derivatives		5,126	(1,541)	(1,679)
Interest expenses—net	6	39,405	34,280	33,778
Other financial items	6	2,650	2,362	6,149
Income tax expense	7	1,490	(402)	(411)
Other items		1,955	(2,780)	2,267
Change in other working capital		(7,673)	(1,660)	5,609
Income tax paid	7	(1,204)	(1,305)	(913)
Net cash generated from operating activities		**88,144**	**95,522**	**101,949**
Cash flow from investing activities				
Purchase of property, plant, and equipment and intangible assets	8, 9	(24,879)	(22,642)	(25,697)
Change in Restricted Cash		8,541	5,055	(1,211)
Net cash used in investing activities		**(16,338)**	**(17,587)**	**(26,908)**
Cash flow from financing activities				
Dividends paid		(8,613)	(8,803)	(5,105)
Contributions from member		7,340	2,226	1,000
Proceeds from borrowings		2,172	2,245	3,514
Repayment of borrowings		(38,268)	(44,479)	(39,178)
Interest paid		(32,499)	(33,096)	(34,813)
Net cash used in financing activities		**(69,868)**	**(81,907)**	**(74,582)**
Net change in cash and cash equivalents		**1,938**	**(3,972)**	**459**
Cash and cash equivalents at beginning of the year		9,066	13,038	12,579
Cash and cash equivalents at end of the year		**11,004**	**9,066**	**13,038**

1. General Information

WGP Holdings II, LLC ("WGP") was organised on 14th September 2016 as a Delaware single member limited liability company with Western Generation Partners, LLC as its sole member. WGP and its subsidiary, WG Partners Acquisition, LLC ("WG Partners Acquisition"), have been organized to acquire, own, manage, and operate independent power generation facilities throughout the United States and Trinidad and Tobago.

Effective 15th November 2016, WGP purchased the ownership interests in WGP NAP Holdings III, LLC, which was formerly known as FREIF NAP I Holdings III, LLC, from FREIF NAP I Holdings II, LLC ("FREIF"). The portfolio of acquired entities consisted of interests in 12 power generation facilities and 4 service companies (the "NAP I Holdings III Acquisition"). Effective 15th November 2016, WGP purchased the ownership interest in a power generation facility located in Trinidad from Trinidad Power Company, LLC and Carib CEH Acquisition, LLC.

WGP's power generation facilities each sell their energy to local utilities under long-term power purchase agreements ("PPAs"). One of the power generation facilities also sells steam to a local industrial company under a steam sales agreement ("SSAs").

Certain summarized information of WGP's subsidiaries related to power generation at 31st December 2019 are as follows:

Facility	Location	Fuel Type	Capacity[1]	Ownership%[2]
Borger Energy Associates, L.P.	Borger, TX	Gas	230	100%
Lea Power Partners, LLC	Hobbs, NM	Gas	604	100%
Trinity Power Limited	Couva, Trinidad	Gas	225	100%
Waterside Power, LLC	Stamford, CT	Oil	72	100%
Three Sisters				
Double C Generation Limited Partnership	Bakersfield, CA	Gas	48	100%
High Sierra Limited	Bakersfield, CA	Gas	48	100%
Kern Front Limited	Bakersfield, CA	Gas	48	100%
Five Brothers				
Badger Creek Limited	Bakersfield, CA	Gas	49	100%
Bear Mountain Limited	Bakersfield, CA	Gas	49	100%
Chalk Cliff Limited	Bakersfield, CA	Gas	49	100%
Live Oak Limited	Bakersfield, CA	Gas	49	100%
McKittrick Limited	Bakersfield, CA	Gas	49	100%

(1) In megawatts
(2) Ownership interest in the subsidiary

2. Business Risk

WGP's Three Sisters and Five Brothers facilities have contracted to sell all their electrical capacity and energy to Pacific Gas and Electric Company ("PG&E") under PPAs. On 29th January 2019, PG&E filed for Chapter 11 bankruptcy protection due in part to potential liabilities for wildfire damage in California allegedly caused by their transmission equipment. Under a provision of California's Constitution referred to as inverse condemnation, utilities are liable for wildfires caused by their equipment even if the utilities were not negligent in maintaining their equipment. The bankruptcy filing by PG&E does cause an event of default under the PPAs. However, PG&E's bankruptcy filing currently has had no effect on WGP's operations as both WGP and PG&E are continuing to honour their respective obligations under the PPAs. WGP's operations would be adversely impacted if, as a result of the bankruptcy, PG&E was to reject, amend, or terminate its PPAs with WGP. For the years ended 31st December 2019, 2018, and 2017, approximately 20%, 17%, and 17% of operating revenues were derived from PG&E, respectively. At 31st December 2019, 2018, and 2017, total receivables due from PG&E were approximately $3.8 million, $3.3 million, and $3.6 million, respectively.

3. Summary of Significant Accounting Policies

3.1 *Basis of Preparation*

The historical financial information has been prepared in accordance with the Listing Rules, together with International Financial Reporting Standards ("IFRS") for the three years ended 31st December 2019, 2018, and 2017, using policies consistent with the audited consolidated financial statements of ContourGlobal. These are WGP's first financial statements prepared in accordance with IFRS 1, *First-time Adoption of International Financial Reporting Standards*. An explanation of how the transition to IFRS has affected the reported financial position, financial performance, and cash flows of WGP is provided in Note 26, Explanation of Transition to IFRS.

The financial information has been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

This financial information for WGP has been prepared on a going concern basis. The going concern assessment has been performed assuming that the acquisition of WGP by ContourGlobal (together 'the Enlarged Group') is completed before 31st March 2021. As certain WGP debt facilities become repayable upon a change of control and will be replaced with funding provided by ContourGlobal, WGP will be dependent upon the working capital support of the Enlarged Group. Accordingly, the going concern assessment has been made in the context of WGP becoming a member of the Enlarged Group.

As part of the going concern assessment, the directors of ContourGlobal (the 'Directors') have considered modelling within the Enlarged Group through to 30 September 2022, performed using different scenarios, including a severe but plausible downside scenario. The Directors have given consideration to Covid-19 in preparation of the forecasts and note that owing to the nature of the Enlarged Group's operations there have been no significant impacts of the pandemic to date.

Based on this assessment, the Directors have a reasonable expectation that the Enlarged Group has adequate resources to continue in operational existence for a period of no less than 12 months from the date of this document, and consider that any material uncertainty is remote.

The financial information is presented in $ thousands of U.S. dollars.

The principal accounting policies applied in the preparation of the historical financial information are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

The consolidated financial statements include the accounts of WGP and its wholly owned subsidiaries. These include WG Partners Acquisition, WGP North American Power, LLC ("WGP North American Power"), Borger Energy Associates, L.P. ("Borger"), Badger Creek Limited ("Badger Creek"), Bear Mountain Limited ("Bear Mountain"), Chalk Cliff Limited ("Chalk Cliff"), Double C Generation Limited Partnership ("Double C"), High Sierra Limited ("High Sierra"), Juniper Generation, LLC ("Juniper"), Kern Front Limited ("Kern Front"), Lea Power Partners, LLC ("Lea Power"), Live Oak Limited ("Live Oak"), McKittrick Limited ("McKittrick"), Redwood II Operations Company, LLC ("Redwood II Ops"), Redwood II, LLC ("Redwood II"), Redwood III, LLC ("Redwood III"), Three Sisters Power Generation, LLC ("Three Sisters"), Carib Holdings, LLC ("Carib Holdings") who indirectly owns Trinity Power Limited ("Trinity"), Waterside Power, LLC ("Waterside"), WCAC Gas Services, LLC ("WCAC Gas Services"), and WCAC Operating Company California, LLC ("WCAC Operating Company"). Intercompany transactions and balances have been eliminated upon consolidation.

3.2 *Application of New and Revised International Financial Reporting Standards*

IFRS 1 requires that all accounting policies comply with IFRS standards effective at the end of its first IFRS reporting period. Thus, all IFRS that became mandatorily applicable before 31st December 2019 have been retrospectively applied at 1st January 2017 unless otherwise stated in Note 26, Explanation of Transition to IFRS.

3.2.1 *New Standards and Interpretations Not Yet Mandatorily Applicable*

A series of new standards, amendments, and interpretations have been issued, which are not yet effective for reporting periods ended 31st December 2019 and have not been adopted early by WGP. Following is a summary

of these new standards and interpretations as well as WGP's assessment as to the potential impacts on the historical financial information.

(i) Amendments to IFRS 3: Definition of a Business

In October 2018, the International Accounting Standards Board (IASB) issued amendments to the definition of a business in IFRS 3, *Business Combinations*, to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. New illustrative examples were provided along with the amendments.

Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, WGP will not be affected by these amendments on the date of transition.

The effective date of application is 1st January 2020.

(ii) Amendments to IAS 1 and IAS 8: Definition of Material

In October 2018, the IASB issued amendments to IAS 1, *Presentation of Financial Statements*, and IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, to align the definition of "material" across the standards and to clarify certain aspects of the definition. The new definition states that, "Information is material if omitting, misstating, or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

The amendments to the definition of material are not expected to have a significant impact on WGP's consolidated financial statements.

The effective date of application is 1st January 2020.

3.3 *Revenue Recognition*

According to IFRS 15, *Revenues from Contracts with Customers*, revenue recognition is based on the transfer of control, i.e., notion of control is used to determine when a good or service is transferred to the customer. In accordance with this, WGP has adopted a single comprehensive model for the accounting for revenues from contracts with customers, using a five-step approach for revenue recognition: (1) identifying the contract, (2) identifying the performance obligations in the contract, (3) determining the transaction price, (4) allocating the transaction price to the performance obligations in the contract, and (5) recognising revenue when WGP satisfies a performance obligation.

WGP has concluded that capacity and energy represent performance obligations that are satisfied over time. The Company views the sales of power and steam as a series of distinct goods that is substantially the same and has the same pattern of transfer. The transaction price for WGP's performance obligations may be based on contractually agreed-upon or formula-based rates or market rates and include charges, terms, and conditions of service as set forth in the respective PPAs. When determining the transaction price, WGP considers the effect of the variable consideration and the constraining estimates of variable consideration. Any estimate of variable consideration is constrained until the uncertainty is alleviated which generally is when actual performance occurs. The revenue recognition pattern used by WGP is an output method based on the quantity of electricity provided each month. As such, WGP has elected the invoice practical expedient and revenues from contracts with customers are recognised over time as the electricity is provided and billed, which corresponds to the value provided to the customer. There are no unsatisfied performance obligations associated with the customers.

Payments are due in full within 30 days or less. In no event does the timing between payment and delivery of the electricity exceed one year.

WGP's revenue is mainly generated from the following:

(i) Revenue from power sales

(ii) Revenue from operating leases

(iii) Revenue from steam sales.

3.4 *Cash and Cash Equivalents*

WGP considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents comprise cash in hand and current balances with banks and similar institutions.

3.5 *Inventories*

Inventories consist of fuel. The cost of inventories is determined using the weighted average cost method. Inventories are measured at the lower of cost and net realisable value. Such inventories are not held for sale, but rather for purposes of supporting WGP's operations. WGP evaluates its inventories on a periodic basis for obsolescence. At 31st December 2019, 2018, and 2017, there was no adjustments to inventory for obsolescence.

3.6 *Property, Plant, and Equipment*

Property, plant, and equipment are stated at historical cost, less depreciation and impairment, or at fair value if acquired in the context of a business combination. Historical cost includes an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, when the entity has a present legal or constructive obligation to do so.

Property, plant, and equipment recognised as right-of-use assets under IFRS 16 are measured at cost less depreciation, impairment, and adjustments to certain remeasurements of the lease liability.

Costs relating to major inspections and overhauls are capitalized. Minor replacements, repairs, and maintenance, including planned outages to WGP's power plants that do not improve the efficiency or extend the life of the respective asset, are expensed as incurred. Maintenance reserves held for the purpose of covering long-term major maintenance and long-term deposits kept as collateral to cover decommissioning obligations are included in construction work in progress.

Property, plant, and equipment are depreciated using the straight-line method over the following estimated useful lives:

Generating plants and equipment	5-29 years
Other property, plant, and equipment	1-7 years

See Note 3.14 for depreciation policy on right-of-use assets.

The range of useful lives is due to the diversity of the assets in each category, which is partly due to acquired assets and from assets groupings.

The residual values and useful lives are reviewed at least annually and if expectations differ from previous estimates, the remaining useful lives are reassessed and adjustments are made. The remaining useful lives are assessed when acquisitions are made by performing technical due diligence procedures. Property, plant, and equipment are subject to impairment tests when impairment indicators are identified. WGP determined that there were no indications of impairment of property, plant, and equipment at 31st December 2019, 2018, and 2017.

3.7 *Intangible Assets and Goodwill*

Intangible assets are recognised when they meet the following characteristics: they are identifiable, provide future economic benefits, and there is control over these benefits.

Intangible assets with finite useful lives are recognised at cost less accumulated amortisation and recognised impairment losses. They are amortised on a straight-line basis according to the estimated useful life determined based on expected generation of future economic benefits and are subject to impairment tests when impairment indicators are identified. WGP determined that there were no indications of impairment of its intangible assets at 31st December 2019, 2018, and 2017.

WGP's intangible assets are primarily comprised of WGP's PPAs which are treated as contractual intangible assets under IFRS 3.

The ranges of remaining estimated useful lives of WGP's PPAs at 31st December 2019 are as follows:

Badger Creek	2 years
Bear Mountain	2 years
Borger	4 years
Chalk Cliff	2 years
Double C	1 year
High Sierra	1 year
Kern Front	1 year
Lea Power	14 years
Live Oak	2 years
McKittrick	2 years
Trinity	10 years
Waterside	4 year

Goodwill resulted from the acquisition of subsidiaries and represents the excess of the purchase price over the fair value of the net assets acquired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units ("CGUs"), or groups of CGUs that are expected to benefit from the synergies of the combination. Each unit or group of units represents the lowest level within the entity at which the goodwill is monitored for internal management purposes, which generally correspond to power plants.

Goodwill impairment reviews are undertaken at least annually. There was no impairment of goodwill recorded during the years ended 31st December 2019, 2018, and 2017.

3.8 *Retirement Plan*

Trinity maintains a retirement plan (the "Plan") for its employees in Trinidad and Tobago. The Plan is a defined contribution plan intended to qualify under Trinity tax benefit regulations.

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payment is available.

3.9 *Contingent Consideration*

Other current and non-current liabilities include additional purchase consideration to be paid when certain agreed-upon performance milestones are met. Any contingent consideration is measured at fair value at the date of acquisition. Subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

According to the purchase agreement, the consideration was based on a new negotiated steam sales contract between Borger and the purchaser of its steam. The expectation was that the current steam contract will be amended prior to the expiration of the original agreement at a price that is more beneficial to the owner of Borger. The earn-out provides the seller 50 percent of any increase to the current prices that are in place.

Key terms of the earn-out are as follows: the consideration payment is based on the forecasted steam revenues above the existing rate discounted back to the date that the steam agreement is amended, the contingent consideration covers the period from the date of the transaction to 30th June 2034, any additional amendments to the agreement after the transaction date and before 30th June 2034 are subject to the contingent consideration agreement, forecasted production quantities and fuel costs are fixed as indicated in the agreement, and the discount rate applied to the forecasted steam benefit is fixed at 10 percent per the agreement.

During the year ended 31st December 2018, Borger received renewal terms for its steam off-take. These renewal terms reflected a lower price for future steam sales as compared to the price used to value the contingent consideration on acquisition. Accordingly, WGP revised the fair value of its liability for contingent consideration by recording a gain of approximately $3.7 million, which is included in other income in the consolidated statements of income for the year ended 31st December 2018.

On 10th June 2019, Borger entered into an amended and restated steam sales contract (see Note 20) with a five-year term ending 12th June 2024. Upon execution of the amended and restated steam sales contract, WGP entered into a promissory note with the seller with an initial principal amount of $10.2 million (see Note 13).

The liability for contingent consideration is approximately $12.1 million, $22.3 million, and $26 million at 31st December 2019, 2018, and 2017, respectively.

3.10 *Foreign Currency Translation*

The functional currency of the company and its subsidiaries is the U.S. dollar (“USD”). Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Translation of monetary assets and liabilities denominated in foreign currencies are recognized at period end exchange rates in the consolidated statement of income line. Foreign exchange gains and losses are recognised in the line item which most appropriately reflects the nature of the item or transaction. Currency remeasurement (gain) loss included in operations and maintenance for the years ended 31st December 2019, 2018, and 2017 was $(49) thousand, $(15) thousand, and $21 thousand, respectively. Realized currency exchange loss for the years ended 31st December 2019, 2018, and 2017 was $445 thousand, $173 thousand, and $21 thousand, respectively.

3.11 *Financial Instruments*

3.11.1 *Financial Assets*

WGP classified financial assets into the following categories: at fair value through profit or loss, at amortised costs based on WGP’s model to manage financial assets, and on the characteristics of the contractual cash flows of such assets.

Management determines the classification of its financial assets upon initial recognition. Purchases and sales of financial assets are recognised at settlement date.

Financial assets are derecognised when the right to receive the related cash flows expires or is transferred, and WGP has also substantially transferred all the risks and rewards of its ownership, as well as the control of the financial asset.

(i) Financial Assets at FVTPL

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if it is acquired mainly for the purpose of being sold in the short term. Derivative financial instruments are also classified as held for trading unless they are designated as hedges.

Financial assets recorded at fair value through profit or loss are initially recognised at fair value, and transaction costs are recorded as an expense in the statement of income. Gains or losses due to changes in the fair value of these assets are recognised in profit or loss of the period in which they are incurred.

(ii) Financial assets at amortised costs

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

a) it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

b) its contractual terms gives rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Accounts receivable are non-derivative financial assets with fixed or specific payments that are not traded in an active market. They are included as current assets, except for maturities greater than 12 months after the date of the statement of financial position, which are classified as non-current assets.

Financial assets at amortised costs are initially valued at fair value plus directly attributable transaction costs and, subsequently, at amortised cost, using the effective interest method. When circumstances indicate that amounts receivable will not be collected in the amounts initially agreed or will be collected in a different period, accounts receivable are impaired.

(iii) Cash and Cash Equivalents

WGP considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

(iv) Impairment of Financial Instruments

Financial assets measured at amortised cost

WGP applies an impairment model based on expected credit losses rather than losses incurred, applicable to financial assets subject to such assessment (i.e. financial assets measured at amortised cost). The expected credit losses on these financial assets are estimated from the origin of the asset at each reporting date, taking as a reference the historical experience of WGP's credit losses, adjusted for factors that are specific to the debtors or groups of debtors, the general economic conditions, and an evaluation of both the current direction and the forecast of future conditions.

WGP adopted the simplified expected loss calculation model for trade receivables, through which expected credit losses during the asset's lifetime are recognised. For the three years ended 31st December 2019, 2018, and 2017, expected credit losses for WGP's receivables were deemed immaterial, and therefore, not recognised in the financial statements.

3.11.2 *Financial liabilities*

Financial liabilities that are not derivatives are initially recognised at fair value and subsequently valued at the amortised cost using the effective interest method. Liabilities in this category are classified as current liabilities when they must be settled within the next 12 months; otherwise, they are classified as non-current liabilities.

(i) Trade Payables

Trade payables are obligations to pay for goods or services that have been acquired or received by suppliers in the ordinary course of business. Loans are initially recognized at their fair value, net of transaction costs incurred. The loans are subsequently recognised at amortised cost; any difference between the resources received (net of transaction costs) and the settlement value is recognized in the statement of income over the term of loan using the effective interest method.

(ii) Borrowings

Borrowings are recognised initially at fair value of amounts received, net of transaction costs. Borrowings are subsequently measured at amortised cost using the effective interest method; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statements of income over the period of the borrowings using the effective interest method. Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled, or expired. Borrowings are classified as current liabilities unless WGP has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount is presented in the statement of financial position when the right to offset the amounts recognized is legally enforceable and there is an intention to settle them on a net basis or to realize the asset and pay the liability simultaneously.

3.11.3 *Derivative financial assets and liabilities*

Derivative instruments are measured at fair value upon initial recognition in the consolidated statements of financial position and subsequently are remeasured to their fair value at the end of each reporting period unless the derivative instruments qualify and are designated as hedges of future cash flows or qualify for and are designated as "own-use" scope exceptions under IFRS 9. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting or qualify as "own-use" scope exceptions are recorded at fair value in WGP's consolidated statements of financial position, with changes in fair value recognised immediately in earnings and reflected in WGP's consolidated statements of income.

During the normal course of business, WGP may enter into contracts that qualify as derivatives under the provisions of IFRS 9. WGP evaluates its contracts to determine whether derivative accounting is appropriate. Contracts that meet the criteria of a derivative and qualify and are designated as "own-use" scope exceptions under IFRS 9 are excluded from fair value accounting treatment. At 31st December 2019, 2018, and 2017, all WGP's contracts for commodities and resources that contain embedded derivatives met the "own-use" criteria under IFRS 9.

3.12 *Income Taxes*

WGP and its subsidiaries are pass-through entities and are not taxable entities for U.S. federal or state income tax purposes. However, Borger is subject to the Texas margin tax and Trinity is subject to foreign income taxes in Trinidad and Tobago and Luxembourg. For those entities not subject to income tax, their income losses and tax credits pass to the member who individually reports its share of such items on its income tax return. Accordingly, there is no provision for U.S. federal or state income taxes in the accompanying consolidated financial statements other than the Texas margin tax provision for Borger and the Trinidad and Tobago and Luxembourg foreign income and withholding taxes for Trinity.

WGP accounts for income taxes using the liability method. This method requires the recognition of deferred income tax liabilities and assets for the expected future tax consequences of temporary differences between income tax bases and financial reporting bases of assets and liabilities, measured using the enacted income tax rates and laws that will be in effect when the differences are expected to reverse. The realizability of deferred tax assets are evaluated annually and a valuation allowance is provided if it is more likely than not that the deferred tax assets will not give rise to future benefits in the tax return.

WGP follows guidance in IFRIC 23, *Uncertainty Over Income Tax Treatments*, for the accounting for the uncertainty in income taxes. The guidance prescribes the minimum recognition threshold that an income tax position is required to meet before being recognised in the consolidated financial statements and applies to all income tax positions. Each income tax position is assessed using a two-step process. A determination is made as to whether it is probable that the income tax position will be sustained, based upon technical merits, upon examination by the taxing authorities. If the income tax position is expected to meet the probability criteria, then the benefit recorded in the consolidated financial statements equals the same amount as submitted in the income tax return. If not, then WGP reflects the effect of the tax uncertainty applying either the most likely amount method or the expected value method, whichever method that it expects will better predict the resolution of the uncertainty.

Except for Trinity, this guidance has not impacted WGP's consolidated financial position or results of operations as the income tax positions taken by WGP for any years open under the various statutes of limitations is that WGP and its subsidiaries continue to be exempt from federal and state income taxes (except Borger for Texas margin tax purposes and Trinity for its foreign income taxes in Trinidad and Tobago and Luxembourg) by virtue of their pass-through status and that income tax is attributable to the member.

3.13 *Maintenance Expense*

Costs relating to major inspections and overhauls are capitalized (see Note 3.6). Minor replacements, repairs, and maintenance, including planned outages to WGP's power plants that do not improve the efficiency or extend the life of the respective asset, are expensed as incurred.

3.14 *Leases*

WGP's leases are accounted for in accordance with IFRS 16, *Leases*.

3.14.1 *Accounting for a Lease as a Lessee*

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate at the commencement date
- Amounts expected to be payable by WGP under residual value guarantees
- The exercise price of a purchase option if WGP is reasonably certain to exercise that option
- Payments of penalties for terminating the lease, if the lease term reflects WGP exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in WGP, then the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security, and conditions.

To determine the incremental borrowing rate, WGP applied a single discount rate to a portfolio of leases with reasonably similar characteristics.

WGP is exposed to potential future increases in variable lease payments which are linked to gross revenues or based on an index or rate. No right-of-use asset or corresponding lease liability is recognised in respect of variable leases, which are linked to gross revenues. Variable lease payments that depend on gross revenues are recognised in the consolidated statements of income in the period in which the related revenue is generated.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability
- Any lease payments made at or before the commencement date less any lease incentives received
- Any initial direct costs
- Restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If WGP is reasonably certain to exercise a purchase option, then the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in the statement of income.

Total cash outflow for leases was $647 thousand, $509 thousand and $572 thousand for the years ended 31 December 2019, 2018, and 2017, respectively. Total cash outflow for short-term and variable lease payments was $73 thousand, $0 and $46 thousand for the years ended 31 December 2019, 2018, and 2017, respectively.

3.14.2 *Accounting for Arrangements That Contain a Lease as Lessor*

PPAs may contain, or may be considered to contain, leases where the fulfilment of the arrangement is dependent on the use of a specific asset such as a power plant and the arrangement conveys to the customer the right to use that asset. Such contracts have been identified as operating leases.

Accounting for Operating Leases as Lessor

Where WGP determines that the contractual provisions of the long-term PPA contain, or are, a lease, and result in WGP retaining the principal risks and rewards of ownership of the power plant, the arrangement is an operating lease. For operating leases, the power plant continues to be, capitalized as property, plant, and equipment and depreciated over its useful economic life. Rental income from operating leases is recognised on a straight-line basis over the term of the arrangement.

3.15 *Impairment of Non-financial Assets*

Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that carrying values may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal (market value) and value in use determined using estimates of discounted future net cash flows of the asset or group of assets to which it belongs. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units).

No impairment loss was recorded during the years ended 31st December 2019, 2018, and 2017.

3.16 *Provisions*

Provisions principally relate to decommissioning, environmental, tax, and legal obligations and which are recognised when there is a present obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated.

Provisions are remeasured at each statement of financial position date and adjusted to reflect the current best estimate. Any change in present value of the estimated expenditure attributable to changes in the estimates of the cash flow or the current estimate of the discount rate used are reflected as an adjustment to the provision. The increase in the provisions due to passage of time are recognised as finance costs in the consolidated statements of income.

3.17 *California Carbon Instruments*

In 2006, Assembly Bill 32, the California Global Warming Solutions Act, was passed, which set the state's 2020 greenhouse gas emissions reduction goal into law. Among many other regulations, the bill adopted a regulation that establishes a system of market-based declining annual aggregate emission limits for sources that emit greenhouse gas emissions. In 2011, the California Air Resources Board ("ARB") adopted the cap-and-trade

regulation, which includes an enforceable emissions cap that will decline over time in order to reduce carbon emissions in the state. Beginning 1st January 2013, the Five Brothers and Three Sisters entities were required to surrender California Carbon Instrument ("CCI") to the ARB at the end of each compliance period under the cap based on the amount of carbon emissions emitted during the year. Of the CCIs required for emissions in compliance year 2018, 30% of the CCI's required were surrendered in November 2019 with the remaining 70% to be surrendered in November 2021. Of the CCIs required for emissions in compliance year 2019, 30% of the CCIs required will be surrendered in November 2020 with the remaining 70% to be surrendered in November 2021.

The difference between WGP's liability under the program and the amount of CCI purchases is recorded as CCI liability, net, at fair value on the consolidated statements of financial position. WGP recognised $1.1 million, $1.5 million, and $1.6 million related to CCI emissions expense for the years ended 31st December 2019, 2018, and 2017, respectively. Under the term of the PPA with PG&E (see Note 20.2) WGP is reimbursed for CCI emission costs. Such reimbursements are recognized in revenue.

3.18 *Critical Accounting Estimates and Critical Judgements*

The preparation of the historical financial information in conformity with IFRS involves the use of judgement and/or estimation. Their preparation requires the use of estimates and assumptions based on management's knowledge and experience. Those estimates and assumptions affect the reported amounts of consolidated assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amount of consolidated revenues and expenses at the date of the consolidated financial statements. While management believes current estimates are reasonable and appropriate, actual results could vary from the estimates that were used. Consequently, current operating results can be affected by revisions to prior accounting estimates.

3.18.1 *Critical Accounting Judgements*

(i) Accounting for Long-term Power Purchase Agreements and Related Revenue Recognition

When power plants sell their output under long-term PPAs, it is usual for the operator of the power plant to receive payment (known as a capacity payment) for the provision of electrical capacity whether or not the off-taker requests electrical output. There is a degree of judgement as to whether a long-term contract to sell electrical capacity constitutes a service concession arrangement, a form of lease, or a service contract. This determination is made at the inception of the PPA and is not required to be revisited in subsequent periods under IFRS, unless the agreement is renegotiated.

Given that the fulfilment of the PPAs is dependent on the use of a specified asset, the key judgement in determining if the PPA contains a lease is the assessment of whether the PPA conveys a right for the off-taker to obtain substantially all the power output from the asset and whether the off-taker has the right to direct the use of the asset throughout the period of use. The off-taker has the right to direct the use of asset throughout the period of use if (a) it has the right to direct how and for what purpose the asset is used or (b) the relevant decisions about how and for what purpose the asset is used are predetermined and it has the right to operate the asset (or to direct others to operate the asset in a manner that it determines) throughout the period of use without the supplier having the right to change those operating instructions or it has designed the asset (or specific aspects of the asset) in a way that predetermines how and for what purpose the asset will be used throughout the period of use.

Leases—For those arrangements determined to be or to contain leases, further judgement is required to determine whether the arrangement is finance or operating lease. This assessment requires an evaluation of where the substantial risks and rewards of ownership reside, for example, due to the existence of a bargain purchase option that would allow the off-taker to buy the asset at the end of the arrangement for a minimal price.

Hobbs, Trinity, Three Sisters, and Five Brothers facilities' PPAs are operating leases. All other PPAs are determined to be service contracts.

(ii) Assessing Property, Plant, and Equipment for Impairment Triggers

WGP's property, plant, and equipment are reviewed for indications of impairment (an impairment "trigger"). Judgement is applied in determining whether an impairment trigger has occurred, based on both internal and external sources. External sources may include market value declines, negative changes in technology, markets, economy, or laws. Internal sources may include obsolescence or physical damage, or worse economic performance than expected, including from adverse weather conditions.

WGP considers the end date of the power purchase agreements as part of the analysis and assesses if the market conditions are significantly adverse that it would be considered as an impairment trigger.

(iii) Provisions for Claims

WGP receives legal or contractual claims against it from time to time, in the normal course of business. In addition, WGP has filed property tax protests with the State of New Mexico Property Tax Division for tax years 2012 to 2019 (see Note 14). WGP considers external and internal legal counsel opinions in order to assess the likelihood of loss. Judgements are made as to the potential likelihood of any claim succeeding when making a provision or disclosing a contingent liability. The timeframe for resolving legal or contractual claims may be judgemental, as is the amount of possible outflow of economic benefits.

3.18.2 ***Critical Accounting Estimates***

(i) Estimation of Useful Lives of Property, Plant, and Equipment

Property, plant, and equipment represents a significant proportion of the asset base of WGP, primarily due to power plants owned, being 47.4% (2018: 45%; 2017: 45%) of WGP's total assets. Estimates and assumptions made to determine their carrying value and related depreciation are significant to WGP's financial position and performance. The annual depreciation charge is determined after estimating an asset's expected useful life and its residual value at the end of its life. The useful lives and residual values of WGP's assets are determined by management at the time the asset is acquired and reviewed annually for appropriateness. WGP derives useful economic lives based on experience of similar assets, which may exceed the period covered by contracted power purchase agreements. A decrease in the average useful life by one year in power plant assets would result in a decrease in the net book value by $6.2 million (2018: $5.7 million; 2017: $5.4 million).

WGP estimates future major maintenance and major overhaul costs for scheduled events occurring every three years related to its property, plant, and equipment assets. Estimated major maintenance and major overhaul costs are considered embedded in the initial cost of the assets and identified as a component to be depreciated separately over a useful life of three years.

(ii) Recoverable Amount of Goodwill

Management performed impairment tests in respect of goodwill related to its Borger and Trinity cash generating units at each reporting date. No impairment was implied by the impairment tests which required estimates associated with power generation, steam generation, plant availability, pricing including terms of the PPAs, operating costs and capital expenditure. Discount rates of 5.32% and 11% were used respectively.

(iii) Estimation of Asset Retirement Obligation (ARO)

Management determines the timing of decommissioning of the ARO based on the expected term of the PPA including applicable renewal options, inflation rate and discount rate based on assessments of market lending rates. See Note 14 for further details.

(iv) Estimation of Contingent Consideration

Key estimates in respect of the contingent consideration are the applicable steam factor, market price, fixed fuel cost charges and discount rate. See Note 3.9 for more details.

4. Revenue

The revenue (in $ thousands) of WGP is broken down as follows:

	31st December 2019	31st December 2018	31st December 2017
Revenue from power sales	49,915	63,375	55,873
Revenue from steam sales	22,980	27,024	29,100
Revenue from operating leases	116,411	120,892	135,411
Total	**189,306**	**211,291**	**220,384**

Revenue from power and steam sales is recognised under IFRS 15. Revenue from operating leases is recognised under IFRS 16.

5. Expenses by Nature

The expenses (in $ thousands) of WGP are broken down as follows:

	31st December 2019	31st December 2018	31st December 2017
Fuel	(40,427)	(52,304)	(57,147)
Operations and maintenance	(45,835)	(45,526)	(50,898)
General and administrative	(14,232)	(14,430)	(14,111)
Depreciation and amortisation	(74,503)	(85,523)	(86,201)
Other operating expenses	(1,186)	(1,606)	(1,794)
Total	**(176,184)**	**(199,389)**	**(210,151)**

6. Finance and Other Income (Costs)—Net

The finance and other income (costs) in $ thousands is as follows:

	31st December 2019	31st December 2018	31st December 2017
Other income:			
Insurance proceeds	687	1,704	—
Gain on remeasurement of contingent consideration	—	3,665	—
Other income	1,627	14	231
Total other income	**2,314**	**5,383**	**231**
Finance income:			
Interest income	132	106	30
Total finance income	**132**	**106**	**30**
Finance expenses:			
Interest expense and fees on borrowings	(41,802)	(36,379)	(39,599)
Accretion	(385)	(369)	(358)
Total finance expenses	**(42,187)**	**(36,748)**	**(39,957)**
Finance and other income (costs), net	**(42,055)**	**(36,642)**	**(39,927)**

7. Income Tax (Expense) Credit and Deferred Income Tax

WGP and its subsidiaries are pass-through entities and are not taxable entities for U.S. federal or state income tax purposes. However, Borger is subject to the Texas margin tax and Trinity is subject to foreign income taxes in Trinidad and Tobago and Luxembourg. For those entities not subject to income tax, their income losses and tax credits pass to the member who individually reports its share of such items on its income tax return. Accordingly, there is no provision for U.S. federal or state income taxes in the accompanying consolidated financial statements other than the Texas margin tax provision for Borger and the Trinidad and Tobago and Luxembourg foreign income and withholding taxes for Trinity.

Trinity is subject to income taxes in Trinidad and Tobago. The Trinidad and Tobago corporate income tax rate was 30% at 31st December 2019 and 2018. The Trinidad and Tobago corporate income tax rate at 31st December 2017 was 25% for chargeable income up to one million Trinidad and Tobago dollars ("TTD"). For chargeable income in excess of one million TTD, the tax rate was 30%. Prior to 2017, the corporate income tax rate was fixed at 25%. However, pursuant to the Parliament of the Republic of Trinidad and Tobago ("Parliament") Act 10 of 2016 ("Act 10"), the corporate income tax rate was amended. In accordance with Act 10, enacted on 23rd December 2016 and effective 1st January 2017, the corporate income tax rate changed to a graduated tax rate structure with 25% on the first one million of TTD of taxable income and 30% on taxable income in excess of one million TTD. As a result, WGP revalued its net deferred tax liability at 31st December 2016, in accordance with the Act 10 rate change. The effect of this change on WGP's 2016 financial statements was to increase the deferred tax liability and taxation expense by $3.3 million.

Carib Holdings, the parent company of Trinity, has established a tax structure to efficiently repatriate earnings to the United States. For U.S. tax purposes, Carib Holdings is not taxable as it is a flow through entity. Such income is taxed in the U.S. at the member level. In connection with the tax structure, Carib Power Lux, a subsidiary of Carib Holdings, is subject to a 24.94%, 26.01%, and 27.08% tax rate in 2019, 2018, and 2017, respectively, on taxable profit. Such tax is reflected in the income tax provision in the accompanying consolidated statements of income. Trinity is required to withhold tax on interest payments to Carib Power Lux. The Trinidad and Tobago withholding tax rate under the relevant income tax treaty is 7.5%. In 2018, Trinity received a notice from the BIR challenging WGP's 7.5% withholding tax rate on interest payments to Carib Power Lux as opposed to the standard 10% rate. WGP has provided supporting documentation to the BIR for the validity of the 7.5% withholding tax rate. WGP, with advice of its outside legal counsel, believes the challenge is without merit, and that this matter will not have a material adverse effect on WGP's consolidated statement of financial position or statement of income.

Carib Holdings' estimated net operating loss carryforward amounted to approximately $9.2 million, $8.2 million, and $13.1 million at 31st December 2019, 2018, and 2017, respectively, and can be carried forward indefinitely.

At 31st December 2019, 2018, and 2017, Carib Power Lux had operating loss carryforwards of $4.7 million, $4.9 million, and $32 thousand, respectively, which can be carried forward indefinitely. Pursuant to Luxembourg tax reform enacted in the year ended 31st December 2017, the carrying forward of tax losses incurred after 1st January 2017 is limited to 17 years. Older tax losses shall be deducted first and there is no restriction to the amount of taxable income that can be reduced annually by the tax losses.

WGP's consolidated income tax expense/benefit differs from its statutory rates due WGP being a pass-through entity for U.S. income tax purposes and permanent differences relating to foreign income taxes.

The breakdown of the income taxes (in $ thousands) is as follows:

	31st December 2019	31st December 2018	31st December 2017
Current tax expense	(1,483)	(274)	(885)
Deferred tax income (expense)	(7)	676	1,296
Income tax (expense) benefit	**(1,490)**	**402**	**411**

The movement of temporary differences requiring recognition of deferred tax for the years ended 31st December 2019, 2018, and 2017 is as follows:

	31st December 2019	31st December 2018	31st December 2017	1st January 2017
Liabilities:				
Property, plant, and equipment	(7,578)	(7,917)	(8,243)	(9,542)
Intangible assets	(15,596)	(17,206)	(18,815)	(20,408)
	(23,174)	**(25,123)**	**(27,058)**	**(29,950)**
Assets:				
Non-current interest payable	997	3,182	3,232	4,222
Net operating loss	2,858	2,629	3,838	4,445
	3,855	**5,811**	**7,070**	**8,667**
Net deferred tax liabilities	**(19,319)**	**(19,312)**	**(19,988)**	**(21,283)**

Deferred taxes are reflected in the consolidated statements of financial position (in $ thousands) as follows:

	31st December 2019	31st December 2018	31st December 2017
Deferred tax assets	1,571	4,154	5,544
Deferred tax liabilities	(20,890)	(23,466)	(25,532)
Total	**(19,319)**	**(19,312)**	**(19,988)**

Uncertain Tax Position

At 31st December 2019, 2018, and 2017, WGP has recorded $1.1 million, $1.1 million, and $608 thousand, respectively, related to uncertain tax benefits for Carib Power Lux, which is included in accounts payable and accrued liabilities on the consolidated balance sheets. Additionally, during the years ended 31st December 2019, 2018, and 2017, WGP has recorded $0, $39 thousand, and $46 thousand, respectively, of estimated interest and penalties relating to uncertain tax benefits. These amounts are included in accounts payable and accrued liabilities in the consolidated balance sheets. WGP is no longer subject to Luxembourg income tax examinations for years prior to 2013. None of WGP's federal or state income tax returns are currently under examination. However, fiscal years 2016 and later remain subject to examination by the Internal Revenue Service and state authorities. Management believes that there are no income tax positions taken, or expected to be taken (federal, state, or foreign) that would significantly increase or decrease the unrecognised income tax benefits within 12 months of the reporting date.

8. Intangible Assets and Goodwill

($ thousands)	Goodwill	PPA	Software and other intangibles	Total
For the year ended 31st December 2017				
Opening balance	40,482	362,818	—	403,300
Amortisation charge	—	(36,959)	—	(36,959)
Closing net book amount	**40,482**	**325,859**	**—**	**366,341**
At 31st December 2017				
Cost	40,482	367,470	—	407,952
Accumulated amortisation and impairment	—	(41,611)	—	(41,611)
Net carrying amount at 31st December 2017	**40,482**	**325,859**	**—**	**366,341**
For the year ended 31st December 2018				
Opening balance	40,482	325,859	—	366,341
Amortisation charge	—	(36,932)	—	(36,932)
Closing net book amount	**40,482**	**288,927**	**—**	**329,409**
At 31st December 2018				
Cost	40,482	367,470	—	407,952
Accumulated amortisation and impairment	—	(78,543)	—	(78,543)
Net carrying amount at 31st December 2018	**40,482**	**288,927**	**—**	**329,409**
For the year ended 31st December 2019				
Opening balance	40,482	288,927	—	329,409
Additions	—	—	1,455	1,455
Amortisation charge	—	(36,947)	(9)	(36,956)
Closing net book amount	**40,482**	**251,980**	**1,446**	**293,908**
At 31st December 2019				
Cost	40,482	367,470	1,455	409,407
Accumulated amortisation and impairment	—	(115,490)	(9)	(115,499)
Net carrying amount at 31st December 2019	**40,482**	**251,980**	**1,446**	**293,908**

9. Property, Plant, and Equipment

(in $ thousands)	Generating plants and equipment	Other property, plant, and equipment	Land	Right-of-use assets	Construction work in progress	Total
For the year ended 31st December 2017						
Opening balance	374,666	2,771	13,831	6,783	21,293	419,344
Additions	13,732	18	—	3,972	7,975	25,697
Transfer from CWIP	285	—	—	—	(285)	—
Depreciation charges recognised in the year	(46,304)	(869)	—	(2,069)	—	(49,242)
Closing net book amount	**342,379**	**1,920**	**13,831**	**8,686**	**28,983**	**395,799**
At 31st December 2017						
Cost	395,022	2,802	13,831	10,928	28,983	451,566
Accumulated depreciation and impairment	(52,643)	(882)	—	(2,242)	—	(55,767)
Net carrying amount at 31st December 2017	**342,379**	**1,920**	**13,831**	**8,686**	**28,983**	**395,799**
For the year ended 31st December 2018						
Opening balance	342,379	1,920	13,831	8,686	28,983	395,799
Additions	13,191	—	—	—	9,451	22,642
Disposal	(1,021)	(10)	—	—	—	(1,031)
Depreciation charges recognised in the year	(46,083)	(740)	—	(1,768)	—	(48,591)
Closing net book amount	**308,466**	**1,170**	**13,831**	**6,918**	**38,434**	**368,819**
At 31st December 2018						
Cost	407,192	2,792	13,831	10,928	38,434	473,177
Accumulated depreciation and impairment	(98,726)	(1,622)	—	(4,010)	—	(104,358)
Net carrying amount at 31st December 2018	**308,466**	**1,170**	**13,831**	**6,918**	**38,434**	**368,819**
For the year ended 31st December 2019						
Opening balance	308,466	1,170	13,831	6,918	38,434	368,819
Additions	13,827	40	—	—	9,557	23,424
Disposal	(1,000)	—	—	—	—	(1,000)
Transfer from CWIP	28,397	—	—	—	(28,397)	—
Depreciation charges recognised in the year	(35,288)	(381)	—	(1,878)	—	(37,547)
Final balance at 31st December 2019	**314,402**	**829**	**13,831**	**5,040**	**19,594**	**353,696**
At 31st December 2019						
Cost	448,416	2,832	13,831	10,928	19,594	495,601
Accumulated depreciation and impairment	(134,014)	(2,003)	—	(5,888)	—	(141,905)
Net Carrying amount at 31st December 2019	**314,402**	**829**	**13,831**	**5,040**	**19,594**	**353,696**

Depreciation expense is included in cost of sales as depreciation, amortisation, and accretion in the consolidated statements of income. Right-of-use assets include right-of-use assets related to land and vehicles. The carrying amount of right-of-use land assets was $1.6 million, $1.8 million, and $270 thousand for the years ended 31st December 2019, 2018, and 2017, respectively. The carrying amount of right-of-use vehicles was $179 thousand,

$436 thousand, and $694 thousand, for the years ended 31st December 2019, 2018, and 2017, respectively. Annual depreciation expense for right-of-use assets related to land and vehicles was $162 thousand and $257 thousand, respectively.

10. Other Non-current Assets

The other non-current assets (in $ thousands) of WGP are broken down as follows:

	Deposits	Derivative asset (non-current)	Restricted cash	Total
For the year ended 31st December 2017				
Balance at 1st January 2017	15	1,476	17,239	18,730
Increase during the year	—	530	1,211	1,741
Balance at 31st December 2017	**15**	**2,006**	**18,450**	**20,471**
For the year ended 31st December 2018				
Balance at 1st January 2018	15	2,006	18,450	20,471
Increase (decrease) during the year	50	104	(5,055)	(4,901)
Balance at 31st December 2018	**65**	**2,110**	**13,395**	**15,570**
For the year ended 31st December 2019				
Balance at 1st January 2019	65	2,110	13,395	15,570
Increase (decrease) during the year	306	(2,110)	(8,539)	(10,343)
Balance at 31st December 2019	**371**	**—**	**4,856**	**5,227**

11. Trade and Other Receivables

Accounts and other receivables consist of the following (in $ thousands):

	31st December 2019	31st December 2018	31st December 2017	1st January 2017
Accounts receivable—Trade	18,255	24,832	23,327	21,804
Accounts receivable—Related parties	—	—	2,597	3,433
Other receivables	1,260	1,029	1,110	3,276
Total	**19,515**	**25,861**	**27,034**	**28,513**

12. Other current assets

Other current assets consist of the following (in $ thousands):

	31st December 2019	31st December 2018	31st December 2017	1st January 2017
Prepaid service agreement	1,202	—	1,109	3,406
Derivative Asset (current)	15	1,253	36	—
Prepaid expenses and other assets	6,144	7,195	5,689	4,756
Other	—	—	—	1,956
Total	**7,361**	**8,448**	**6,834**	**10,118**

13. Borrowings

Borrowings outstanding consist of the following (in $ thousands):

	31st December 2019	31st December 2018	31st December 2017	1st January 2017
Bank Loans				
WG Partners Acquisition	213,808	224,000	234,625	245,000
Borger	12,215	16,614	28,653	39,640
Lea Power	206,827	218,407	230,620	241,595
Three Sisters	5,511	11,401	17,148	22,763
Trinity	26	66	103	138
Waterside	14,021	16,772	20,590	21,781
	452,408	**487,260**	**531,739**	**570,917**
Less unamortised original issue discount	(1,356)	(1,706)	(2,057)	(2,406)
Less unamortised debt issue costs	(5,695)	(7,165)	(8,634)	(10,104)
	445,357	**478,389**	**521,048**	**558,407**
Working capital facilities	13,200	11,500	9,500	6,500
Promissory note	6,833	—	—	—
Notes payable for insurance	4,156	3,684	3,439	2,925
Current maturities	(40,461)	(34,643)	(45,293)	(43,461)
Total	**429,085**	**458,930**	**488,694**	**524,371**

Amortisation expense associated with the debt issue costs for the years ended 31st December 2019, 2018, and 2017 was approximately $1.5 million and is recorded as Finance Costs in the consolidated statements of income. Unamortised debt issue costs are stated net of accumulated amortisation of $4.6 million, $3.1 million, and $1.7 million at 31st December 2019, 2018, and 2017, respectively. Finance costs, in respects to debt comprises of debt issue costs and original issue discounts recognised as part of the effective interest charge. The amounts shown above deducted from the underlying liabilities represent the original amounts net of cumulative amounts charged to finance costs through the effective interest rate.

	Years Ended 31st December			
	2019	**2018**	**2017**	**1 January 2017**
Cash and cash equivalents	11,004	9,066	13,038	12,579
Account Payable—Trade	(11,142)	(16,491)	(19,061)	(21,027)
Lease Liabilities	(2,134)	(2,471)	(2,785)	(3,076)
Service agreement	(7,716)	(6,867)	(3,766)	(1,209)
Contingent consideration	(12,087)	(22,336)	(26,001)	(26,001)
Borrowings—repayable within one year	(40,461)	(34,643)	(45,293)	(43,461)
Borrowings—repayable after one year	(436,136)	(467,801)	(499,385)	(536,880)
Interests payable, deferred financing costs and other	7,051	8,871	10,691	12,510
Net debt	**(491,621)**	**(532,672)**	**(572,562)**	**(606,565)**

13.1 *WG Partners Acquisition*

WG Partners Acquisition's long-term debt includes a term loan issued on 15th November 2016 that bears interest equal to three-month USD-LIBOR-BBA plus a margin of 3.50%. The three-month LIBOR rate is subject to a floor of 1.0%. The effective interest rate at 31st December 2019, 2018 and 2017 was 5.44%, 6.30% and 5.19%, respectively. Principal and interest are due quarterly. Principal amortisation includes quarterly required payments of $600 thousand and also includes mandatory prepayments on a quarterly basis based on a calculation of excess cash flow. Mandatory prepayments of excess cash flow reduce scheduled amortisation payments for up to the succeeding 24 months following the prepayment on a dollar-for-dollar basis. The final maturity date of the term loan is November 2023. The loan is secured by substantially all assets of WGP.

An original issue discount of approximately $2.5 million was applied by WGP's lenders upon issuance of WG Partners Acquisition's term note. Amortisation expense of the original issue discount was $350 thousand, $351 thousand and $349 thousand for the years ended 31st December 2019, 2018 and 2017, respectively, and is included as a component of interest expense in the consolidated statements of income. The unamortised original issue discount is stated net of accumulated amortisation of $1,094 thousand, $744 thousand and $373 thousand at 31st December 2019, 2018 and 2017, respectively.

13.2 *Borger*

Borger's long-term debt includes a single series of first mortgage bonds in the aggregate original principal amount of $117 million, bearing interest at 7.26% per annum. Principal and interest on the bonds are payable semi-annually of each year until maturity on December 2022. The bonds may be redeemed prior to maturity in whole or in part at any time at a redemption price equal to the principal amount, plus accrued and unpaid interest and a specified premium. The bonds are collateralized by all assets and ownership interest in Borger.

13.3 *Lea Power*

Lea Power's long-term debt includes senior secured notes issued in the aggregate principal amount of $305.4 million, bearing interest at 6.595% per annum. Principal is payable in consecutive quarterly instalments on each 15th March, 15th June, 15th September, and 15th December, with a maturity of June 2033. Interest is payable quarterly in arrears on 15th March, 15th June, 15th September, and 15th December of each year. WGP may redeem the notes at any time, in whole or in part, at a redemption price equal to the outstanding principal amount plus accrued and unpaid interest plus a make-whole premium, as defined in the indenture. The notes are collateralized by all assets and ownership interest in Lea Power.

13.4 *Three Sisters*

Three Sisters' long-term debt includes a term loan in the aggregate principal amount of $49.3 million to be paid in quarterly instalments until maturity on December 2020. The note bears interest at LIBOR plus a margin of 2.125%. The effective interest rate was 4.32%, 5.178% and 4.068% at 31st December 2019, 2018 and 2017, respectively. The note is collateralized by the assets and ownership interest in Three Sisters.

13.5 *Trinity*

Trinity has entered in three notes payable to finance the acquisition of vehicles. At 31st December 2019, 2018 and 2017, the combined outstanding balance was $26 thousand, $66 thousand and $103 thousand, respectively. At 31st December 2019 and 2018, the average interest rates on the notes were 7.8%, and mature between April 2020 and September 2021.

13.6 *Waterside*

Waterside's long-term debt includes senior secured notes in the aggregate principal amount of $36.0 million, bearing interest at 7.19% per annum. Principal and interest on the bonds are payable semi-annually of each year until maturity in June 2024. The notes are collateralized by all assets and ownership interest in Waterside.

The long-term debt issued to Borger, Lea Power, Three Sisters, and Waterside are non recourse and are not a direct obligation of WG Partners Acquisition. The financings are secured by the assets and a pledge of ownership interest of the individual companies and partnerships. The terms of the long-term debt include certain financial and nonfinancial covenants and are limited to each of the individual companies and partnerships. These covenants include, but are not limited to, achievement of certain financial ratios, limitations on the payment of equity distributions unless certain ratios are met, minimum working capital requirements, and maintenance of reserves for debt service and major maintenance. Borger, Lea Power, Three Sisters, Trinity, and Waterside were in compliance with all such covenants at 31st December 2019. WG Partners Acquisition's long-term debt covenants include maintenance of reserves for debt service. WG Partners Acquisition was in compliance with its debt covenants at 31st December 2019, 2018 and 2017.

Future maturities of long-term debt at December 31 for each of the next five years ending 31st December and in total thereafter are as follows (in $ thousands):

	Years ended 31st December
2020	24,889
2021	19,768
2022	20,108
2023	222,895
2024	11,202
Thereafter	153,546
Total	**452,408**

13.7 *Other Borrowings*

13.7.1 *WG Partners Acquisition*

WG Partners Acquisition has a $15.0 million revolving line of credit facility with a maturity of November 2021 under which WGP can conduct short-term borrowings. The working capital facility bears interest at a market rate plus a margin of 4.00% and at 31st December 2019, 2018, and 2017 the interest rate was 5.94%, 6.80%, and 5.69%, respectively. A commitment fee of 0.5% is charged for the unused portion of the facility. At 31st December 2019 and 2018, the outstanding balance, for each of the years, on the facility was $5.2 million. The outstanding balance at 31st December 2017 was $1.5 million and classified as non-current within the consolidated statements of financial position.

13.7.2 *Lea Power*

On 17th June 2014, Lea Power entered into an $8.0 million working capital facility that matures in June 2021. The working capital facility bears interest at a variable market rate plus a margin that increases over the term of the facility. The applicable margin is 2.0% through June 2018 and 2.25% thereafter. The effective interest rate was 4.25%, 4.75%, and 3.25% at 31st December 2019, 2018, and 2017, respectively. A commitment fee of 0.625% is charged for the unused portion of the facility. At 31st December 2019, 2018, and 2017, the outstanding balance of the facility was approximately $8.0 million, $6.3 million, and $8.0 million, respectively. Lea Power is required to have all outstanding principal and interest paid on at least one day of each year and cannot make any additional draws for seven consecutive business days following that repayment. As such, the outstanding balance has been classified as current in the consolidated balance sheets.

13.7.3 *Promissory note*

On 10th June 2019, WGP entered into a promissory note with the seller of Borger with an initial principal amount of $10.2 million, of which $3.4 million was due paid for the fiscal year 2019. The promissory note will be repaid in two additional annual instalments through 2021.

13.7.4 *Note Payable for Insurance*

During the years ended 31st December 2019, 2018, and 2017, WGP entered into short-term notes to finance its insurance policies. The notes have a 10-month term and an annual percentage rate of 3.8%, 4.5%, and 3.75% for the years ended 31st December 2019, 2018, and 2017, respectively. The aggregate balance of the notes at 31st December 2019, 2018, and 2017 was approximately $4.2 million, $3.7 million, and $3.4 million, respectively.

14. Provisions

The following represents the activity for provisions (in $ thousands):

	ARO	Environmental	Total
For the year ended 31st December 2017			
Balance at 1st January 2017	3,520	910	**4,430**
Increase during the year	3,972	—	**3,972**
Accretion	358	—	**358**
Balance at 31st December 2017	**7,850**	**910**	**8,760**
For the year ended 31st December 2018			
Balance at 1st January 2018	7,850	910	**8,760**
Increase during the year	—	—	**—**
Accretion	369	—	**369**
Balance at 31st December 2018	**8,219**	**910**	**9,129**
For the year ended 31st December 2019			
Balance at 1st January 2019	8,219	910	**9,129**
Increase during the year	—	—	**—**
Accretion	385	—	**385**
Balance at 31st December 2019	**8,604**	**910**	**9,514**

14.1 Asset Retirement Obligations

The Borger, Double C, High Sierra, Badger Creek, Chalk Cliff, and Live Oak facilities are located on sites where WGP leases the land under the terms of operating leases which require the removal of the facilities at the end of the lease term. WGP evaluates its asset retirement obligations in accordance with IAS 37, *Provisions, Contingent Liabilities, and Contingent Assets,* which requires that the asset retirement obligation be recognised in the period in which it is incurred if a reasonable estimate of the future costs can be made. The costs associated with the asset retirement obligation are capitalized as part of the carrying amount of the right-of-use asset.

WGP owns the land on which the Bear Mountain, Kern Front, Lea Power, McKittrick, and Waterside facilities have been constructed and there are no contractual obligations, agreements, or any other requirements which obligate WGP to remove or dismantle the facilities at any time in the future. WGP leases the land on which the Trinity facility is constructed. However, there are no contractual obligations, agreements, or any other requirements which obligate WGP to remove or dismantle the Trinity facility at any time in the future.

14.2 State of New Mexico Property Tax

Lea Power had filed property tax protests with the State of New Mexico Property Tax Division for tax years 2012 through 2019 concerning the valuation of the plant for property tax purposes. For each of the years under protest, Lea Power had made payments equal to the uncontested value provided by Lea Power to the State of New Mexico Property Tax Division. Property taxes are due annually in two instalments, the first of which is due in November of the applicable year. The second instalment is due by April of the subsequent year.

On 27th July 2018, the Chief Hearing Officer for the State of New Mexico Administrative Hearings Office issued an interlocutory decision and order (the "Order") covering the years 2012 through 2016. Under the Order, the taxable values established for the years 2012 through 2016 are higher than the uncontested values used by Lea Power, resulting in additional property taxes estimated at approximately $7.2 million for the years 2012 through 2016.

The purchase and sale agreement between FREIF and WG Partners Acquisition as described in Note 1 to the accompanying consolidated financial statements provides an indemnity of $5.6 million from FREIF to WG Partners Acquisition for additional property tax liabilities that could be assessed to WGP for years prior to the acquisition. This amount of $5.6 million was established by FREIF in an escrow account on acquisition. WGP's exposure for the additional property taxes owing for years 2012 through 2016 is limited to approximately $1.6 million as WGP would have recourse to the escrow funds of $5.6 million established by FREIF. The indemnification from FREIF represents a contingent asset and the escrowed funds have not been recorded on the statement of financial position for the periods presented. Lea Power and FREIF (being the former owners) have filed an appeal (the "Appeal") with the New Mexico Court of Appeals against the above Order. As the Appeal is still in process, WGP cannot predict the ultimate outcome of the Appeal, or if any additional property taxes would be eventually owed on conclusion of the Appeal. A successful or partially successful outcome of the Appeal may result in either a reduction or complete elimination of the property tax obligation estimated at $7.2 million. If the Appeal were to result in an adverse ruling for Lea Power, WGP would then initiate a claim on the escrowed funds of $5.6 million to the extent considered necessary. As the ultimate outcome of the Appeal cannot be predicted currently, no amounts have been recorded as a provision for property taxes.

For the years ended December 31, 2019 and 2018, property taxes accrued by Lea Power are based on an independent valuation in accordance with the provisions in the Order. WGP's exposure for the additional property taxes for the years 2017 through 2019 amounts to $4.2 million.

Lea Power recorded an expense of approximately $1.4 million, $1.5 million and $1.6 million for property taxes, of which approximately $680 thousand, $759 thousand and $819 thousand was included in accounts payable and accrued liabilities as of December 31, 2019, 2018 and 2017, respectively.

14.3 Environmental Obligations

WGP may be exposed to environmental costs in the ordinary course of business. Liabilities are recorded when environmental assessments indicate that remediation efforts are probable, and the costs can be reasonably estimated. The following existing obligations have been identified for Borger and Waterside.

Borger

At 31st December 2019, 2018, and 2017, Borger has recognised a provision, per its best estimate, approximately $910 thousand for an environmental penalty liability for unreported sulphur dioxide emissions. Prior to the NAP I Holdings III Acquisition, errors had been identified in the sampling results used to determine this estimate. Borger has worked with the Environmental Protection Agency ("EPA") to devise a new study to correct these errors. The calculation methodology has been revised and the new study was performed in late 2011. The results have been submitted to the EPA and are currently being analysed. Borger has recorded a receivable of approximately $910 thousand for indemnification from a prior owner for this liability and which is included in other receivables at 31st December 2019, 2018, and 2017.

Waterside

In the state of Connecticut, a piece of property with a history of hazardous waste generation is classified as an "Establishment" in accordance with the Connecticut General Statutes Section 22a-134(3) and is subject to the Connecticut Property Transfer Act (the "Transfer Act"). Industrial activities on the site, before it was converted to power generation, included metal plating and resulted in concentrations of metals exceeding the allowable limits for cadmium, copper, lead, and zinc in the fractured bedrock aquifer of the property. The Transfer Act requires that Establishments that are transferred to a new owner undergo investigation and remediation of the site in order to achieve adherence to the Connecticut Department of Environmental Protection ("CTDEEP") Remediation Standard Regulations ("RSRs").

The Transfer Act was triggered in April 2009 when the owners of Waterside Power, LLC, PDC Waterside LLC, and EIF Waterside LLC sold the Establishment to Waterside Power Holdings, LLC. An environmental consulting firm was hired to undertake said investigation and remediation. Since then, the environmental

consulting firm has conducted a number of activities required for obtaining closure of this site in the Transfer Act Program, including a groundwater monitoring program. Results obtained during quarterly groundwater monitoring events have consistently identified excessive concentrations of cadmium, copper, lead, and zinc in the fractured bedrock aquifer of the Establishment. The environmental consulting firm submitted a request for CTDEEP approval of proposed and alternative Surface Water Protection Criteria ("SWPC") to address these metal contaminants in groundwater. While the calculated alternate SWPC for lead and zinc brings these compounds into compliance, doing so for cadmium and copper does not. The environmental consulting firm subsequently performed an investigation and tests on the site and has determined appropriate additives to be injected into the soil in order to achieve compliance with the RSRs for cadmium and copper. The environmental consulting firm received approval from the CTDEEP to proceed with an overall plan for the injection of the additive and related remediation activities.

Upon completion of the initial injection during 2017, the environmental consulting firm has monitored the site to determine the success of the remediation activities. The initial injection did not reduce copper and cadmium levels below the required threshold at certain testing well locations. The environmental consulting firm performed additional supplemental remediation activities in 2019 and is in the process of monitoring the results of these additional remediations.

Waterside's environmental liability insurer is paying for this investigation, testing, and remediation under the liability policy. The deductible under the policy is $50 thousand. The deductible has been exceeded and the insurer is now bearing all costs associated with achieving compliance. The total remaining cost is estimated to be less than $100 thousand. The policy limit per incident is $10 million. Therefore, no environmental liability or receivable for insurance reimbursements has been recorded at this time.

15. Other Non-current Liabilities

The other non-current liabilities (in $ thousands) of WGP are broken down as follows:

	Derivatives liabilities	California carbon instruments liabilities	Service agreement, net of current portion	Lease liabilities	Contingent consideration	Total
For the year ended 31st December 2017						
Balance at 1st January 2017	—	—	1,209	3,076	26,001	30,286
Increase (decrease) during the year	—	—	2,557	(291)	—	2,266
Balance at 31st December 2017	**—**	**—**	**3,766**	**2,785**	**26,001**	**32,552**
For the year ended 31st December 2018						
Balance at 1st January 2018	—	—	3,766	2,785	26,001	32,552
Increase (decrease) during the year	—	277	(59)	(314)	(7,081)	(7,177)
Balance at 31st December 2018	**—**	**277**	**3,707**	**2,471**	**18,920**	**25,375**
For the year ended 31st December 2019						
Balance at 1st January 2019	—	277	3,707	2,471	18,920	25,375
Increase (decrease) during the year	1,373	(276)	1,876	(337)	(6,833)	(4,197)
Balance at 31st December 2019	**1,373**	**1**	**5,583**	**2,134**	**12,087**	**21,178**

16. Trade and Other Payables

Accounts and other payables consist of the following (in $ thousands):

	31st December 2019	31st December 2018	31st December 2017	1st January 2017
Accounts payable—Trade	3,420	1,084	1,749	2,978
Taxes payable	1,579	1,701	2,231	2,135
Other payables	1,746	97	35	24
Accruals:				
Accrued expenses	2,585	11,737	11,999	13,568
Major maintenance expenses	247	200	247	118
Inventory commitment expenses	128	155	265	397
Accrued interest	672	684	1,514	917
Accrued salaries and benefits	765	833	1,021	890
Total	**11,142**	**16,491**	**19,061**	**21,027**

17. Other Current Liabilities

Other current liabilities consist of the following (in $ thousands):

	31st December 2019	31st December 2018	31st December 2017	1st January 2017
Current portion of service agreement	2,133	3,160	—	—
Current portion of California carbon instrument	—	—	2,718	1,005
Derivative liabilities	405	—	220	1,333
Current portion of contingent consideration	—	3,416	—	—
Total	**2,538**	**6,576**	**2,938**	**2,338**

18. Letters of Credit

Certain contractual relationships require additional financial support that result in the issuance of financial and performance guarantees. A summary of the letters of credit provided by WGP at 31st December 2019 are as follows:

Beneficiary	Purpose	Expiration	Amount ($ thousands)
BOKF	Borger, Debt Service Reserve	11/15/2020[(a)]	2,803
Southwestern Public Service	Lea Power, PPA	6/17/2021	75,500
Deutsche Bank	Lea Power, Debt Service Reserve	6/17/2021	15,066
Deutsche Bank	Lea Power, Liquidity and Capex	11/15/2020[(a)]	13,000
Wilmington Trust	Waterside, Debt Service Reserve	11/15/2023	2,200
ISO New England	Waterside	11/15/2020[(a)]	1,350
Connecticut Light & Power	Waterside, PPA	11/15/2020[(a)]	1,650
Macquarie	WG Partners Acquisition Debt Service Reserve	11/15/2020[(a)]	6,200
PG&E	Badger Creek, PPA	11/15/2020[(a)]	1,470
PG&E	Bear Mountain, PPA	11/15/2020[(a)]	1,470
PG&E	Chalk Cliff, PPA	11/15/2020[(a)]	1,470
PG&E	Live Oak, PPA	11/15/2020[(a)]	1,470
PG&E	McKittrick, PPA	11/15/2020[(a)]	1,470
EDF	Kern Front, PPA	11/15/2020[(a)]	2,485
Tenaska	Kern Front, PPA	11/15/2020[(a)]	39
Tenaska	High Sierra, PPA	11/15/2020[(a)]	556
DZ Bank	Three Sisters, Debt Service Reserve	11/15/2020[(a)]	5,500
Total available under the various letters of credit			**133,699**

(a) Automatically extend by 1 year

None of the letters of credit was drawn down as of December 31, 2019. See Note 20 for further details on the nature of the letters of credit.

19. Management of Financial Risk

WGP's financial instruments and operating activities expose it to different financial risks: market risks including foreign exchange risk, interest rate and cash flow risk, and credit risk related to major customers and certain financial instruments.

19.1 Market Risk

Capital Risk Management

WGP considers its capital and reserves attributable to equity shareholders to be WGP's capital.

WGP's objectives when managing capital are to safeguard WGP's ability to continue as a going concern while providing adequate returns for shareholders and benefits for other stakeholders and to maintain a capital structure to optimise the cost of capital.

In order to maintain or adjust the capital structure, WGP may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. It may also increase debt provided that the funded venture provides adequate returns so that the overall capital structure remains supportable.

Interest Rate and Cash Flow Risk

WGP's interest rate risk arises from long-term loans with variable interest rates. Loans at variable rates expose WGP to fair value interest rate risk. In connection with WGP's policy, the Group uses interest rate swap agreements for interest rate risk management in order to hedge certain forecasted transactions and to manage its anticipated cash payments under its variable rate financing by converting a portion of its variable rate financing to a fixed rate basis through the use of interest rate swap agreements.

See Note 24 for details on interest rate swap agreements entered in by WGP.

Commodity and Electricity Pricing Risk

WGP's current and future cash flows are generally not impacted by changes in commodity fuel prices as WGP's power generation facilities each sell their energy to local utilities under long-term PPAs, and one power generation facility sells steam to a local industrial company under a SSA. These agreements generally mitigate against significant fluctuations in market fuel price by passing through changes in fuel price to the counterparty when WGP is responsible for fuel purchases.

Credit Risk

Financial instruments, which potentially subject WGP to concentrations of credit risk, consist principally of cash and cash equivalents, restricted cash, and accounts receivable. Cash and cash equivalents and restricted cash include investments in money market securities and securities backed by the U.S. government. WGP's cash accounts, which at times exceed federally insured limits, are held by major financial institutions. WGP believes that no significant concentration of credit risk exists with respect to cash investments.

Borger has contracted to sell all of its capacity and electrical energy to SPS and to sell steam generated by the facility to WRB. Lea Power has also contracted to sell all of its capacity and electrical energy to SPS. At and for the year ended 31st December 2019, SPS and WRB represented 51% and 12% of operating revenues, and 34% and 12% of accounts receivable – trade, respectively. At and for the year ended 31st December 2018, SPS and WRB represented 54% and 13% of operating revenues, and 45% and 18% of accounts receivable – trade, respectively. At and for the year ended 31st December 2017, SPS and WRB represented 53% and 13% of operating revenues, and 43% and 11% of accounts receivable – trade, respectively.

Three Sisters and Five Brothers have contracted to sell all of their capacity and electrical energy to PG&E. For the years ended 31st December 2019, 2018, and 2017, PG&E represented approximately 20%, 17%, and 17% of operating revenues, respectively. At 31st December 2019, 2018, and 2017, PG&E presented approximately 21%, 13%, and 15% of accounts receivable – trade, respectively.

Trinity sells substantially all of its electricity to the T&TEC, which is Trinidad and Tobago's public power distribution company, pursuant to a License Agreement and Agreement for the Sale and Purchase of Power. For the years ended 31st December 2019, 2018, and 2017, T&TEC represented approximately 12%, 11%, and 11% of operating revenues, respectively. At 31st December 2019, 2018, and 2017, T&TEC presented approximately 29%, 20%, and 27% of accounts receivable – trade, respectively.

These industry and customer concentrations may impact WGP's overall exposure to credit risk, either positively or negatively, in that, customers may be similarly affected by changes in economic, industry, or other conditions.

WGP adopted the simplified expected loss calculation model for trade receivables, through which expected credit losses during the asset's lifetime are recognized. WGP recognises trade receivables due from few parties in relation to its power and steam sales agreements, and regularly collects payments based on the terms of its agreements. WGP notes that there are no material receivables balances as at the year ended 31 December 2019 that are aged materially beyond standard payment terms.

(i) Liquidity Risk

WGP has generated and expects to continue generating positive operational cash flows. Operational cash flows mainly represent the inflow of net income (adjusted for depreciation and other noncash items), and outflow of working capital increases necessary to grow the business. Cash flows used in investing activities represent the investment of capital required to grow. Cash flows from financing activities are mainly related to changes in borrowing to grow WGP or debt paid with cash from transactions or refinancing transactions.

The main cash flow needs of Company are for working capital, capital investments, maintenance, expansion with acquisitions, and debt payments. The ability of Company to finance cash flow needs depends on the continuous ability to generate cash from operations, general capacity, and terms of financing agreements, as well as access to capital markets. WGP's management believes that future cash from operations along with the access to available funds under such financing agreements and capital markets will provide it with adequate resources to finance predictable operating requirements, capital investments, acquisitions, and new business development activities.

The detail of the due dates of the existing financial liabilities at 31st December 2019, 2018, and 2017, is as follows:

($ thousands)	Less than one year	Between one and five years	Over five years
At 31st December 2017			
Accounts payable—Trade	1,749	—	—
Borrowings	33,854	91,874	406,011
Working Capital Facilities	8,000	1,500	—
Note Payable for Insurance	3,439	—	—
Other Current Liabilities	2,718		
Other Non-Current Liabilities	—	29,767	
Derivative Financial Instrument	220	—	
IFRS 16 Lease Liabilities	314	1,059	1,412
At 31st December 2018			
Accounts payable—Trade	1,084	—	—
Borrowings	24,659	81,202	381,399
Working Capital Facilities	6,300	5,200	
Note Payable for Insurance	3,684		
Other Current Liabilities	6,576		
Other Non-Current Liabilities		22,904	
Derivative Financial Instrument	—	—	
IFRS 16 Lease Liabilities	337	829	1,305
At 31st December 2019			
Accounts payable—Trade	3,420	—	—
Borrowings	24,889	273,973	153,546
Working Capital Facilities	8,000	5,200	
Promissory Note	3,416	3,416	
Note Payable for Insurance	4,156	—	
Other Current Liabilities	2,133		
Other Non-Current Liabilities		17,671	
Derivative Financial Instrument	405	1,373	
IFRS 16 Lease Liabilities	511	431	1,192

20. Power and Steam Sales Agreements

WGP's power generation facilities each sell their energy to local utilities under long-term PPAs. Borger also sells steam to a local industrial company under its SSA.

20.1 Borger

On 23rd May 1997, Borger entered into a PPA with Southwestern Public Service Company ("SPS"). Under the terms of the Borger PPA, Borger must sell and SPS must buy the electrical capacity and energy produced by the facility. SPS's payments to Borger are generally computed based on the contractually determined capacity, an average facility availability factor, the quantity of energy delivered, the price of natural gas paid by Borger, and a specified heat rate factor. SPS has operating control over the amount of capacity and energy generated by the facility and may, subject to economic, safety, and reliability considerations, direct the dispatch of the facility within certain limits. The initial term of the Borger PPA is 25 years, beginning with the commencement of Phase 2 operations, and is extendable at SPS's option for an additional 10 years.

Borger granted SPS a subordinated mortgage with respect to the facility and a security interest in all of Borger's tangible and intangible property with respect to the facility. Additionally, SPS may exercise an option to terminate the Borger PPA or purchase the facility. In either case, the payment required must cover the debt outstanding on the facility and provide an appropriate return on the owner's investment in Borger.

Borger has a steam sales and operating agreement with WRB Refining, LP ("WRB"). Pursuant to the agreement, WRB will purchase steam generated from the facility's cogeneration process for use at WRB's adjacent refinery.

The initial term of the agreement was for 20 years beginning 12th June 1999, and extendable upon mutual agreement.

On 10th June 2019, Borger entered into an amended and restated SSA ("A&R SSA") with WRB. The term of the A&R SSA is for a five-year period ending 12th June 2024. Commencing on the earlier of (i) Borger's receipt of written notice from SPS that SPS has or has not exercised its option to extend the PPA beyond the initial term thereof or (ii) 12th June 2021, Borger and WRB shall meet and negotiate the terms and conditions on which the A&R SSA may be extended for one or more succeeding terms beyond the initial term (each, a "Renewal Term"). No later than 18th June 2021, Borger shall notify WRB in writing whether or not it has received such written notice from SPS.

The agreement obligates WRB to take an annual minimum quantity of steam from Borger. WRB's steam payments to Borger are computed based on the quantity of steam taken, the price of natural gas paid by Borger, and a specified steam price factor. Borger is obligated during the term of the agreement to sell all steam produced by the facility to WRB, to make available a specified minimum quantity of steam per year, and to maintain the ability to produce a specified minimum quantity of steam on an hourly basis (or to pay WRB's costs of operating its backup steam boilers to provide the minimum required).

The agreement also requires WRB to provide raw water and steam condensate to the facility and to accept the facility's wastewater and sludge for treatment and disposal.

20.2 Five Brothers

On 6th December 2013, each of the Five Brothers facilities entered into five separate PPAs with PG&E to sell electricity and capacity produced at the facilities for seven years from the initial delivery date of 1st May 2015. Under the PPAs, the facilities will provide PG&E contract capacity equal to the facilities' total available net generating capacity. The revenue under the agreements consists of a fixed capacity payment that is subject to availability factors, variable operation and maintenance payments that are based on the fired hours, and start-up payments based on the number of successful starts with adjustments for failed starts.

Additionally, under the agreements, PG&E is responsible for providing reimbursement for the CCI obligations associated with the related operations. PG&E has elected to financially settle the compliance obligation for the periods ending 31st December 2019, 2018, and 2017.

There are no long-term fuel procurement service contracts. Under the PPAs, the facilities are not responsible for fuel purchases except for additional gas over required amounts and negative deviation between expected gas consumption and metered gas consumption.

As mentioned in Note 2 to the accompanying consolidated financial statements, PG&E filed for Chapter 11 bankruptcy protection on 29th January 2019. Currently, PG&E's bankruptcy filing has had no effect on WGP's operations as both WGP and PG&E are continuing to honour their respective obligations under the PPAs.

Lease payments under the PPA are variable.

20.3 Three Sisters

In October 2010, each of the Three Sisters facilities entered into three separate PPAs with PG&E to sell electricity and capacity produced at the facilities for nine years from the initial delivery date of 1st December 2011.

Under the PPAs, the facilities will provide PG&E contract capacity equal to the facilities' total available net generating capacity. The revenue under the agreements consists of a fixed capacity payment that is subject to availability factors, variable operation and maintenance payments that are based on the energy generation, and start-up payments based on the number of successful starts with adjustments for failed starts.

Additionally, under the agreements, PG&E is responsible for providing reimbursement for the CCI obligations associated with the related operations. PG&E has elected to financially settle the compliance obligation for the periods ending 31st December 2019, 2018, and 2017.

There are no long-term fuel procurement service contracts. Under the PPAs, the facilities are not responsible for fuel purchases except for additional gas over required amounts and negative deviation between expected gas consumption and metered gas consumption.

As mentioned in Note 2 to the accompanying consolidated financial statements, PG&E filed for Chapter 11 bankruptcy protection on 29th January 2019. Currently, PG&E's bankruptcy filing has had no effect on WGP's operations as both WGP and PG&E are continuing to honour their respective obligations under the PPAs.

In 2019, High Sierra and Kern Front entered into nine PPAs for the sale of Resource Adequacy Capacity with EDF Trading North America, LLC ("EDF") and Tenaska Power Services Co. ("Tenaska") for periods subsequent to the expiration of the PPAs with PG&E. Under the Resource Adequacy Capacity PPAs, High Sierra and Kern Front are paid fixed capacity payments that are subject to adjustment for the facilities' availability factor. As a condition to the contract, High Sierra and Kern Front must participate in the California Independent System Operator Corporation wholesale energy market. To satisfy collateral requirements under the PPAs, WGP provided three letters of credit on behalf of High Sierra and Kern Front totalling approximately $3.1 million, which will reduce over time after the effective dates and as the Resource Adequacy Capacity PPAs reach their expiration dates. These letters of credit renew automatically on an annual basis for additional one-year terms.

Lease payments under the PPA are variable.

20.4 Lea Power

On 20th October 2006, Lea Power entered into a 25-year PPA with SPS whereby SPS has agreed to purchase electric energy and electric capacity from Lea Power beginning on the commercial operation date of the facility and continuing through the term of 25 years. The PPA is a tolling-style agreement that requires Lea Power to provide capacity, energy, and ancillary services. Pursuant to the agreement, Lea Power is entitled to monthly payments from SPS based on capacity, dispatch requirements, energy dispatch, and turbine starts.

Under the PPA, Lea Power will provide SPS contract capacity equal to the facility's total available net generating capacity subject to the net capability limit that SPS is entitled to receive as defined in the PPA. Capacity and dispatchability payments are subject to 12-month rolling average availability factors. The energy dispatch payment is paid for the contract energy dispatched by SPS and delivered by Lea Power during the billing month, as defined in the agreement. SPS will pay Lea Power turbine start payments based on the number of successful turbine starts after the first 25 turbine starts have accrued.

Under the PPA, SPS is responsible for procuring and delivering all of the natural gas at the delivery point required for the facility to produce energy dispatched by SPS.

In connection with the PPA, Lea Power is required to establish, fund, and maintain a security fund that shall be available to pay any amount due to SPS pursuant to the PPA. The security fund is also to provide security to cover damages should the facility fail to achieve the commercial operation date or otherwise not operate in accordance with this PPA. As disclosed in Note 18 to the accompanying consolidated financial statements, Lea Power established the security fund at a level of $75.5 million in the form of a letter of credit, as required under the terms of the agreement. No costs were incurred under this agreement for the years ended 31st December 2019, 2018, and 2017.

Lease payments under the PPA are variable.

20.5 Trinity

Pursuant to the Agreement for Sale and Purchase of Power, Trinity sells capacity and delivers energy to the Trinidad and Tobago Electric Commission ("T&TEC"), which is obligated to purchase and pay for all capacity and energy made available by Trinity to T&TEC, subject to certain limitations, and supply and deliver natural gas, free of charge, to Trinity. The PPA expires in 2029. In addition, T&TEC has the right to purchase the Trinity facility on terms and conditions mutually acceptable to Trinity and T&TEC.

Certain components of the Agreement for the Sale and Purchase of Power are accounted for as operating leases in accordance with IFRS 16, *Leases*. Trinity sells capacity and energy under this agreement with the initial term expiring in 2029. Future estimated annual minimum lease payments expected to be received for each of the next five years ending 31st December and in total thereafter are as follows (in $ thousands):

	Years ended 31st December
2020	22,331
2021	22,270
2022	22,270
2023	22,270
2024	22,331
Thereafter	105,799
Total	**217,271**

20.6 Waterside

On 18th May, 2007, Waterside entered into a capacity only and forward reserve service agreement with Connecticut Light and Power ("CL&P"). The agreement's delivery period for capacity and forward reserve service is a 15-year period beginning 1st June 2009. The contract calls for fixed payments of $115/kW-yr consisting of approximately $48/kW for capacity and an additional $67/kW-yr for Locational Forward Reserve Market service ("LFRM"). The CL&P contract is structured as a "contract for differences" based on the New England Forward Capacity Market ("FCM") and LFRM and settled financially. The difference between the monthly contract price and the FCM/LFRM auction price received by Waterside is multiplied by the contract capacity amount, determining the amount of financial payment from CL&P to Waterside or vice versa if FCM/LFRM prices are higher than the contract price.

21. Commitments

WGP's power generation facilities have entered into long-term contracts for fuel supply and fuel transportation, long-term services, operations and maintenance, and management and administrative.

21.1 Fuel Supply and Fuel Transportation Agreements

21.1.1 Borger

SPS and Duke Energy Field Services ("DCP Midstream") were parties to an amended and restated Gas Supply Agreement (the "GSA") with Borger. SPS has assigned its interests in this agreement to Borger. Pursuant to the GSA, which had a 20-year term, Borger purchased from DCP Midstream substantially all of its natural gas requirements to generate electricity beginning 12th June 1999 with Phase 2 commercial operations. The pricing for the natural gas is based on a published index for natural gas. These costs are recovered through the SSA with WRB and the PPA with SPS.

On 13th March 2019, DCP Operating Company ("DCP OpCo") and Borger entered in the 2nd Amended and Restated Gas Supply Agreement whereby Borger has agreed to purchase approximately 50% of the facility's natural gas requirements. The agreement is effective 1st June 2019 and terminates on 11th June 2024.

On 1st November 2019, IACX Energy, LLC ("IACX") acquired the GSA from DCP OpCo.

On 25th February 1998, Borger entered into a Supplemental Gas and Fuel Management Agreement with SPS, whereby SPS agreed to provide, for an annual fee, specified gas management services to the facility and supplemental gas supply through an agreement with El Paso Pipeline for the duration of the PPA.

A Base Contract for Sale and Purchase of Natural Gas was entered into on 17th October 2005 with SPS under the North American Energy Standards Board to facilitate the purchase and sale transactions of gas on a firm or interruptible basis. On 20th May 2019, Borger and SPS amended the terms of the contract to modify the monthly invoicing and payment procedures and the calculation of the fuel price input to reflect the terms of the Amended and Restated Gas Supply Agreement with DCP OpCo.

On 15th July 1997, Borger entered into a Refinery Gas Supply Agreement for supplemental steam requested by WRB under the SSA. The agreement has an initial term of 20 years. The pricing for the gas is based on a published index for natural gas. On 10th June 2019, Borger entered into an amended and restated Refinery GSA with an initial term through 12th June 2024 and pricing based on a published index for natural gas.

21.2 Long-term Service Agreements

21.2.1 Borger

On 23rd April 2003, Borger entered into a Long-term Service Agreement ("LTSA") with Siemens Westinghouse Power Corporation ("Siemens") to supply new components, shop repairs, and outage services on the two combustion turbines located at the facility.

Effective 15th April 2013, Borger amended and restated the LTSA, pursuant to which Siemens has agreed to provide the required parts and services for maintenance of the facility's gas turbines. The term of the contract is for the earlier of 14 years or the Performance End Date of each Combustion Turbine as defined in the contract. The agreement stipulates an annual fixed fee and a quarterly variable fee calculated per Equivalent Base Hours as defined in the contract.

On 17th November 2015, Borger executed a change order to the LTSA to include an option for the purchase of refurbished equipment for Unit 2 for approximately $5.7 million. The option was executed and the refurbished equipment was installed in 2017. Under the terms of the change order, a milestone payment of $2.5 million was paid to Siemens in 2017 with the balance of the amount due being paid through variable fees per Equivalent Base Hour.

On 13th September 2017, Borger executed a change order to the LTSA to include an option for the purchase of new equipment for Unit 1 for approximately $3.8 million. The change order was executed in 2017 and the new equipment was installed in spring 2018. Under the terms of the change order, a milestone payment of $800 thousand was paid in 2017, a milestone payment of $1.0 million was paid in 2018, a milestone payment was paid in 2019, and the balance is due in 2020.

Under the two change orders, described above, the outstanding balances at 31st December 2019, 2018, and 2017 were $3.5 million, $5.2 million, and $2.9 million, respectively, and are included in the current and long-term portion of service agreements in the accompanying consolidated balance sheets.

21.2.2 Lea Power

On 30th June 2011, Lea Power and Mitsubishi Power Systems Americas, Inc. ("MPSA") entered into a LTSA. Effective 1st March 2014, the agreement was amended and restated. The term of the LTSA was amended to expire upon the earliest to occur of (i) the date on which each unit has accumulated an additional 112,000 Equivalent Operating Hours ("EOH") from the existing EOH level at the time the original agreement was effective, (ii) the date on which five turbine inspections and two major inspections are completed on Unit 1 and five turbine inspections and two major inspections on Unit 2, and (iii) the date 17 calendar years from the performance start date (1st July 2011). The scope of maintenance services was expanded to include the steam turbine, steam turbine generator, and gas turbine generators. Additionally, the agreement was amended to include upgraded turbine parts to increase the output of the units.

On 21st December 2017, Lea Power and MPSA entered into a Second Amended and Restated LTSA. The term of the LTSA was amended to expire upon the earlier to occur of (a) the date on which each unit has accumulated an additional 120,000 EOH from the EOH levels existing with respect to each covered unit immediately following the 2016 turbine inspections, or (b) 31st December 2033. The amendment also contained revisions to upgrade compressor components for increased output and to increase the interval between scheduled outages.

The agreement stipulates a monthly fixed fee and a monthly variable fee calculated per EOH subject to annual adjustments for inflation. In addition, there are true-up milestone payments due per the term of the contract for the compressor upgrade option that was elected. The LTSA payments attributable to scheduled major

maintenance and major overhauls are capitalized to construction work-in-progress within property, plant and equipment. Any LTSA payments in excess of estimated schedules major maintenance costs are recorded as prepaid expense under the prepaid service agreement account. Scheduled major maintenance and major overhaul costs are capitalized when the major maintenance is performed. General maintenance expense is recognized for routine or unplanned maintenance when the maintenance is performed. Costs incurred under the LTSA were approximately $28.4 million, $0, and $0 for the years ended 31st December 2019, 2018, and 2017, respectively. WGP completed a major maintenance outage in June 2019. In addition to the LTSA service agreement terms described above, Lea Power performed compressor upgrades, during 2019, on two of its units in the amount of $4.1 million. At 31st December 2019, $3.1 million is included in other non-current liabilities and the remaining amount is included in accounts payable and accrued liabilities.

Future minimum payments under the change orders and compressor upgrade option to the LTSAs for each of the next five years ending 31st December 2019 are as follows (in $ thousands):

Year ended 31st December	
2020	3,143
2021	1,897
2022	1,907
2023	1,617
2024	162
Total	**8,726**

21.3 Operations and Maintenance Agreements

21.3.1 Borger

Effective August 2011, Consolidated Asset Management Services Texas O&M, LLC (“CAMS Texas O&M”) provides operations and maintenance (“O&M”) services to Borger. The O&M Agreement has an initial term of five years with automatic annual renewals thereafter. CAMS Texas O&M is paid a fixed monthly fee and recovers the expenses it incurs under the O&M agreement. For the years ended 31st December 2019, 2018, and 2017, WGP incurred approximately $250 thousand, $246 thousand, and $241 thousand, respectively, in fees related to this agreement. These fees are included as a component of operating expenses in WGP’s consolidated statements of income.

21.3.2 Five Brothers

Effective February 2015, CAMS Juniper (California), LLC provides O&M services to the Five Brothers under five separate O&M agreements with each facility. The agreements have an initial term of five years with automatic annual renewals thereafter. CAMS Juniper (California), LLC is paid a fixed monthly fee and recovers expenses incurred under the agreements. Five Brothers incurred fees related to these agreements of approximately $112 thousand, $94 thousand, and $86 thousand for the years ended 31st December 2019, 2018, and 2017, respectively, which was included as a component of operating expenses in WGP’s consolidated statements of income.

21.3.3 Lea Power

Effective July 2009, Consolidated Asset Management Services (New Mexico), LLC (“CAMS New Mexico”) provides O&M services to Lea Power under the terms of an O&M agreement. The O&M agreement has an initial term of five years with automatic annual renewals thereafter. CAMS New Mexico is paid a fixed monthly fee and recovers the expenses it incurs under the agreement. For the years ended 31st December 2019, 2018, and 2017, WGP incurred approximately $345 thousand, $334 thousand, and $327 thousand, respectively, in fees related to this agreement. These fees are included as a component of operating expenses in WGP’s consolidated statements of income.

21.3.4 Three Sisters

Effective December 2011, CAMS Juniper (California), LLC, provides O&M services to the Three Sisters under three separate O&M agreements with each facility. The agreements have an initial term of five years with

automatic annual renewals thereafter. CAMS Juniper (California), LLC is paid a fixed monthly fee and recovers expenses incurred under the agreements. Three Sisters incurred fees related to these agreements of approximately $169 thousand, $164 thousand, and $165 thousand for the years ended 31st December 2019, 2018, and 2017, respectively, which was included as a component of operating expenses in WGP's consolidated statements of income.

21.3.5 Trinity

On 31st December 2016, Trinity entered into an amended and restated O&M agreement with General Electric. The initial term of this agreement is effective January 2017 and extends through 31st December 2021. This O&M agreement provides for an annual fixed firm price of approximately $2.4 million with annual upward adjustments of the lesser of (i) CPI, as defined, for such year and (ii) 2.5%, but in any case not less than 1.5%. Notwithstanding the above, if the CPI index is greater than 5%, then the total price adjustment shall be 5% plus one half of the CPI excess above 5%. The fixed firm price upward adjustments will take place on 1st January 2018 and on 1st January of each year thereafter. For the years ended 31st December 2019 and 2018, Trinity incurred approximately $2.5 million in fees related to this agreement.

21.3.6 Waterside

Effective July 2010, Consolidated Asset Management Services Connecticut, LLC ("CAMSCONN") provides O&M services to Waterside under the terms of an O&M agreement. The O&M agreement has an initial term of five years with automatic annual renewals thereafter. CAMSCONN is paid a fixed monthly fee and recovers the expenses it incurs under this agreement. For the years ended 31st December 2019, 2018, and 2017, Waterside incurred approximately $171 thousand, $168 thousand, and $164 thousand, respectively, in fees related to this agreement. These fees are included as a component of operating expenses in WGP's consolidated statements of income.

21.3.7 WCAC Operating Company

Effective February 2015, CAMS Juniper (California), LLC provides operations support services to WCAC Operating Company. The agreement has an initial term of five years with automatic annual renewals thereafter. CAMS Juniper (California), LLC is paid a fixed monthly fee and recovers expenses incurred under the agreements. WGP incurred fees related to these agreements but they are considered immaterial to the operations of WGP.

21.4 Asset Management and Administrative Agreements

21.4.1 Borger

Effective June 2010, Consolidated Asset Management Services (Texas), LLC ("CAMS Texas") provides asset management ("AM") services to Borger under the terms of an AM agreement. The AM agreement had an initial term of five years with automatic annual renewals thereafter. CAMS Texas is paid a fixed monthly fee and recovers the expenses it incurs under the agreement. Borger incurred fees related to this agreement of approximately $725 thousand, $708 thousand, and $704 thousand for the years ended 31st December 2019, 2018, and 2017, respectively, which was included as a component of general and administrative expenses in WGP's consolidated statements of income.

21.4.2 Five Brothers

Effective February 2015, CAMS Texas provides AM services to the Five Brothers under five separate AM agreements with the general partner of each facility. The agreement has an initial term of five years with automatic annual renewals thereafter. CAMS Texas is paid a fixed monthly fee and recovers expenses incurred under the agreements. Five Brothers incurred fees related to these agreements of approximately $112 thousand, $94 thousand, and $86 thousand for the years ended 31st December 2019, 2018, and 2017, respectively, which was included as a component of general and administrative expenses in WGP's consolidated statements of income.

21.4.3 Lea Power

Effective August 2008, CAMS Texas provides AM services to Lea Power under the terms of an AM agreement. The AM agreement had an initial term of five years with automatic annual renewals thereafter. CAMS Texas is paid a fixed monthly fee and recovers the expenses it incurs under the agreement. Lea Power incurred fees related to this agreement of approximately $341 thousand, $334 thousand, and $327 thousand for the years ended 31st December 2019, 2018, and 2017, respectively, which was included as a component of general and administrative expenses in WGP's consolidated statements of income.

21.4.4 Redwood II Operations

Effective February 2015, CAMS Texas provides AM services to Redwood II Operations under the terms of an AM agreement. The agreement has an initial term of five years with automatic annual renewals thereafter. CAMS Texas is paid a fixed monthly fee and recovers expenses incurred under the agreements. Redwood II Operations incurred fees related to these agreements but are considered immaterial to the operations of WGP.

21.4.5 Three Sisters

Effective December 2011, CAMS Texas provides AM services to the Three Sisters under three separate AM agreements with the general partner of each facility. The agreement has an initial term of five years with automatic annual renewals thereafter. CAMS Texas is paid a fixed monthly fee and recovers expenses incurred under the agreements. Three Sisters incurred fees related to these agreements of approximately $169 thousand, $164 thousand, and $165 thousand for the years ended 31st December 2019, 2018, and 2017, respectively, which was included as a component of general and administrative expenses in WGP's consolidated statements of income.

21.4.6 Waterside

Effective May 2009, CAMS Texas provides AM services to WGP under the terms of an AM agreement. The agreement has an initial term of five years with automatic annual renewals thereafter. CAMS Texas is paid a fixed monthly fee and recovers the expenses incurred under the agreements. Waterside incurred fees related to this agreement of approximately $173 thousand, $170 thousand, and $166 thousand for the years ended 31st December 2019, 2018, and 2017, respectively, which was included as a component of general and administrative expenses in WGP's consolidated statements of income.

21.4.7 Trinity

Effective June 2017, Beowulf Energy AMS LLC ("Beowulf") provides AM services to WGP under the terms of an AM agreement. The agreement has an initial term of three years with automatic renewals thereafter. Beowulf is paid fixed monthly fee and recovers certain reimbursable out-of-pocket expenses. Trinity paid fees related to this agreement of approximately $311 thousand, $306 thousand, and $100 thousand for the years ended 31st December 2019, 2018, and 2017, respectively, which was included as a component of general and administrative expenses in WGP's consolidated statements of income.

22. Contingencies

WGP may be subject to other claims asserted as well as unasserted, in the normal course of its business. WGP does not believe these claims, if any, will have a material impact on its consolidated financial position, results of operations, or cash flows.

23. Financial Instruments by Category

In $ Thousands	31st December 2019	31st December 2018	31st December 2017	1st January 2017
Financial assets at amortized costs				
Trade and other receivables	19,515	25,861	27,034	28,513
Other current assets	7,346	7,195	6,798	10,118
Other Non-Current Assets	5,227	13,460	18,465	17,254
Assets at fair value through profit and loss				
Cash and cash equivalents	11,004	9,066	13,038	12,579
Derivative Financial instruments	15	3,363	2,042	1,476
Total net book value per balance sheet	**43,107**	**58,945**	**67,377**	**69,940**

In $ Thousands	31st December 2019	31st December 2018	31st December 2017	1st January 2017
Other financial liabilities at amortized cost				
Trade and other payables	11,142	16,491	19,061	21,027
Other Current Liabilities	2,133	6,576	2,718	1,005
Borrowings	469,546	493,573	533,987	567,832
Other Non-Current Liabilities	19,805	25,375	32,552	30,286
Liabilities at fair value through profit and loss				
Derivative Financial instruments	1,778	—	220	1,333
Total net book value per balance sheet	**504,404**	**542,015**	**588,538**	**621,483**

24. Derivatives

24.1 WG Partners Acquisition

On 24th November, 2016, WGP entered into an interest rate swap agreement with a notional balance of $59.6 million subject to quarterly adjustment in accordance with the notional schedule provided in the agreement. The amounts mature on a quarterly basis through November 2023 at a fixed rate of 2.03%. Variable rates received are based on the three-month USD-LIBOR-BBA.

On 8th December, 2016, WGP entered into an interest rate swap agreement with a notional balance of $89.4 million subject to quarterly adjustment in accordance with the notional schedule provided in the agreement. The amounts mature on a quarterly basis through November 2023 at a fixed rate of 1.99%. Variable rates received are based on the three-month USD-LIBOR-BBA.

On 19th April, 2017, WGP entered into an interest rate swap agreement with a notional balance of $29.4 million subject to quarterly adjustment in accordance with the notional schedule provided in the agreement. The amounts mature on a quarterly basis through November 2023 at a fixed rate of 2.02%. Variable rates received are based on the three-month USD LIBOR BBA.

24.2 Three Sisters

Three Sisters pays interest on its term loan at a variable interest rate. On 21st December, 2011, Three Sisters entered into an interest rate swap agreement with a notional balance of $49.3 million subject to quarterly adjustments in accordance with the notional schedule provided in the agreement. The amounts mature on a quarterly basis through December 2020 at a fixed rate of 1.66%. Variable rates received are based on USD LIBOR BBA.

WGP has not designated these derivatives as hedging instruments.

The fair values of WGP's derivative instruments at 31st December 2019, 2018, and 2017 and 1st January 2017 were as follows (in $ thousands):

		Fair value			
Derivative instrument	**Statement of financial position location**	**31st December 2019**	**31st December 2018**	**31st December 2017**	**1st January 2017**
Interest rate swap	Other current assets	15	1,253	36	—
Interest rate swap	Other non-current assets	—	2,110	2,006	1,476
Interest rate swap	Other current liabilities	(405)	—	(220)	(1,333)
Interest rate swap	Other non-current liabilities	(1,373)	—	—	—

WGP is exposed to credit losses in the event of the inability of the counterparties to perform their obligations, but WGP does not expect any counterparties to fail to perform. WGP believes that its exposure to losses in connection with its derivative instruments would not be material in the case of non-performance on the part of the counterparties.

25. Fair Value Measurement

The Fair value measurements of financial instruments are presented through the use of a three-level fair value hierarchy that prioritizes the valuation techniques used in fair value calculations. WGP's policy is to recognise transfers into and out of fair value hierarchy levels at the end of the reporting period.

The levels in the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

The following table sets forth the assets (liabilities) measured at fair value on a recurring basis, by level (in $ thousands):

	At December 31, 2019			
	Level 1	**Level 2**	**Level 3**	**Total**
Interest rate swaps, net	—	(1,763)	—	(1,763)
CCI's, net	—	(1)	—	(1)

	At December 31, 2018			
	Level 1	**Level 2**	**Level 3**	**Total**
Interest rate swaps, net	—	3,363	—	3,363
CCI's, net	—	(277)	—	(277)

	At December 31, 2017			
	Level 1	**Level 2**	**Level 3**	**Total**
Interest rate swaps, net	—	1,822	—	1,822
CCI's, net	—	(2,718)	—	(2,718)

	At 1st January 2017			
	Level 1	**Level 2**	**Level 3**	**Total**
Interest rate swaps, net	—	143	—	143
CCI's, net	—	(1,005)	—	(1,005)

At 31st December 2019, 2018, and 2017, the carrying value of WGP's cash and cash equivalents, restricted cash, accounts receivable, accounts payable and accrued liabilities, and note payable for insurance approximates their fair values because of the short-term nature of these instruments.

At 31st December 2019, 2018, and 2017, the carrying value of WGP's working capital facilities approximates its fair value as interest rates are reflective of market rates.

At 31st December 2019, 2018, and 2017, the carrying value of WGP's contingent consideration approximates its fair value as contingent consideration is adjusted to its fair value every reporting period.

The following table reflects the carrying amount and fair values of WGP's long-term borrowings included in the consolidated statements of financial position (in $ thousands):

	31st December 2019		31st December 2018	
	Carrying amount	Fair value	Carrying amount	Fair value
Borrowings	452,408	503,917	487,260	517,488

	31st December 2017		1st January 2017	
	Carrying amount	Fair value	Carrying amount	Fair value
Borrowings	531,739	541,006	570,917	570,917

26. Explanation of Transition to IFRSs

As stated in Note 3.1, these are WGP's first financial statements prepared in accordance with IFRS.

The significant accounting policies set out in Note 3 have been applied in preparing the financial statements for the year ended 31st December 2019, the comparative information presented in these financial statements for the year ended 31st December 2018 and 2017, and in the preparation of an opening IFRS consolidated statement of financial position at 1st January 2017 (WGP's date of transition).

26.1 Exemptions Applied

IFRS 1 allows first-time adopters certain exemptions from the retrospective application of certain requirements under IFRS. The Group has applied the following exemptions:

(i) IFRS 3, Business Combinations, has not been applied retrospectively to business combinations prior to 1st January 2017. However, WGP restated the measurement period adjustment to goodwill and current assets recorded during 2017 to the opening balance sheet and reclassed the land lease intangibles recognised at acquisition date to right-of-use assets.

Under U.S. generally accepted accounting principles ("Previous GAAP" or "U.S. GAAP"), WGP reduced goodwill in the measurement period (which falls in the first comparative period) by approximately $2 million. This adjustment was pushed back into the opening balance. WGP reclassified favourable land lease intangibles into the carrying amount of the opening right-of-use asset.

(ii) WGP applied the transition provisions of IFRS 15, Revenue, as of the transition date. The transition options of IFRS 15 are broadly comparable to those provided by ASC 606. WGP adopted ASC 606 on 1st January 2019 and did not identify any differences between ASC 605 and ASC 606. As a first-time adopter, WGP:

- used the optional exemptions allowing it not to restate contracts with customers in the scope of IFRS 15 that were completed before the earliest period presented;
- used the transaction price at the date on which the contract was completed, rather than estimating variable consideration amounts in each comparative reporting period;

- reflected the aggregate effect of all the modifications that occur before the beginning of the earliest period; and
- has not disclosed the amount of the transaction price allocated to any remaining performance obligations nor an explanation of when it expects to recognize the amount as revenue.

(iii) WGP assessed all contracts existing at 1st January 2017 to determine whether a contract contains a lease based upon the conditions in place as at 1st January 2017.

Lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at 1st January 2017. Right-of-use assets were measured at the amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the consolidated statement of financial position immediately before 1st January 2017. In addition, certain amounts previously recognised separately are included in the initial measurement of the right-of-use asset on transition, namely the favourable value attributable to off-market terms of land leases and the debit side to asset retirement obligations previously recognised in PPE.

The lease payments associated with leases for which the lease term ends within 12 months of the date of transition to IFRS and leases for which the underlying asset is of low value have been recognised as an expense on either a straight-line basis over the lease term or another systematic basis.

As lessor, WGP historically determined its PPAs would not meet the definition of a lease under Previous GAAP. In assessing the contracts at the transition date, it was determined that some (but not all) PPAs contained operating leases with lease payments that are entirely variable and are based on actual capacity and output. Therefore, a difference in the recognition pattern of income related to operating leases compared to revenue recognition under IFRS 15 was not identified. However, revenue for operating leases is presented separately in the notes.

26.2 Reconciliation of Financial Statements

In preparing its opening IFRS consolidated statement of financial position, WGP has adjusted amounts reported previously in financial statements prepared in accordance with Previous GAAP. An explanation of how the transition from Previous GAAP to IFRS has affected WGP's financial position, financial performance, and cash flows is set out in the following tables and notes that accompany the tables.

Reconciliation of the consolidated statement of financial position as previously reported under Previous GAAP to IFRS at 1st January 2017:

In $ Thousands	Note	Previous GAAP	Effects of transition to IFRS	IFRS
		(A)	(B)	(A)+(B)
Non-current assets		**826,631**	**21,808**	**848,439**
Intangible assets and goodwill	*[a], [f]*	407,016	(3,716)	403,300
Property, plant, and equipment	*[b], [c], [g], [h]*	395,013	24,331	419,344
Other non-current assets	*[c]*	24,602	(5,872)	18,730
Deferred tax assets	*[i]*	—	7,065	7,065
Current assets		**65,075**	**(13,464)**	**51,611**
Inventories	*[h]*	15,821	(15,420)	401
Trade and other receivables		28,513	—	28,513
Other current assets	*[a]*	8,162	1,956	10,118
Cash and cash equivalents		12,579	—	12,579
Total assets		**891,706**	**8,344**	**900,050**
Total equity and noncontrolling interests and liabilities		**250,886**	**(5,097)**	**245,789**
Retained earnings and other reserves		250,886	(5,097)	245,789
Non-current liabilities		**573,084**	**14,351**	**587,435**
Borrowings (non-current)		524,371	—	524,371
Deferred tax liabilities	*[d]*	17,983	10,365	28,348
Provisions (non-current)	*[j]*	3,520	910	4,430
Other non-current liabilities	*[b]*	27,210	3,076	30,286
Current liabilities		**67,736**	**(910)**	**66,826**
Trade and other payables	*[j]*	21,937	(910)	21,027
Borrowings (current)		43,461	—	43,461
Other current liabilities		2,338	—	2,338
Total liabilities		**640,820**	**13,441**	**654,261**
Total equity and non-controlling interests and liabilities		**891,706**	**8,344**	**900,050**

Reconciliation of the consolidated statement of financial position as previously reported under Previous GAAP to IFRS at 31st December 2017:

In $ Thousands	Note	Previous GAAP	Effects of transition to IFRS	IFRS
		(A)	(B)	(A)+(B)
Non-current assets		**770,525**	**17,630**	**788,155**
Intangible assets and goodwill	*[a], [f]*	367,791	(1,450)	366,341
Property, plant, and equipment	*[b], [c], [g], [h]*	368,484	27,315	395,799
Other non-current assets	*[c]*	34,250	(13,779)	20,471
Deferred tax assets	*[i]*	—	5,544	5,544
Current assets		**62,442**	**(15,135)**	**47,307**
Inventories	*[h]*	15,536	(15,135)	401
Trade and other receivables		27,034	—	27,034
Other current assets	*[a]*	6,834	—	6,834
Cash and cash equivalents		13,038	—	13,038
Total assets		**832,967**	**2,495**	**835,462**
Total equity and non-controlling interests and liabilities		**218,465**	**(5,833)**	**212,632**
Retained earnings and other reserves		218,465	(5,833)	212,632
Non-current liabilities		**546,300**	**9,238**	**555,538**
Borrowings (non-current)	*[d]*	488,694	—	488,694
Deferred tax liabilities	*[j]*	19,988	5,544	25,532
Provisions (non-current)	*[b]*	7,850	910	8,760
Other non-current liabilities		29,768	2,784	32,552
Current liabilities		**68,202**	**(910)**	**67,292**
Trade and other payables	*[j]*	19,971	(910)	19,061
Borrowings (current)		45,293	—	45,293
Other current liabilities		2,938	—	2,938
Total liabilities		**614,502**	**8,328**	**622,830**
Total equity and non-controlling interests and liabilities		**832,967**	**2,495**	**835,462**

Reconciliation of the consolidated statement of financial position as previously reported under Previous GAAP to IFRS at 31st December 2018:

In $ Thousands	Note	Previous GAAP	Effects of transition to IFRS	IFRS
		(A)	(B)	(A)+(B)
Non-current assets		**679,281**	**38,671**	**717,952**
Intangible assets and goodwill	*[a], [f]*	326,596	2,813	329,409
Property, plant, and equipment	*[b], [c], [g], [h]*	337,115	31,704	368,819
Other non-current assets		15,570	—	15,570
Deferred tax assets	*[i]*	—	4,154	4,154
Current assets		**82,056**	**(38,298)**	**43,758**
Inventories	*[h]*	16,713	(16,330)	383
Trade and other receivables		25,861	—	25,861
Other current assets	*[c]*	30,416	(21,968)	8,448
Cash and cash equivalents		9,066	—	9,066
Total assets		**761,337**	**373**	**761,710**
Total equity and non-controlling interests and liabilities		**193,351**	**(6,251)**	**187,100**
Retained earnings and other reserves		193,351	(6,251)	187,100
Non-current liabilities		**509,366**	**7,534**	**516,900**
Borrowings (non-current)		458,930	—	458,930
Deferred tax liabilities	*[d]*	19,312	4,154	23,466
Provisions (non-current)	*[j]*	8,219	910	9,129
Other non-current liabilities	*[b]*	22,905	2,470	25,375
Current liabilities		**58,620**	**(910)**	**57,710**
Trade and other payables	*[j]*	17,401	(910)	16,491
Borrowings (current)		34,643	—	34,643
Other current liabilities		6,576	—	6,576
Total liabilities		**567,986**	**6,624**	**574,610**
Total equity and non-controlling interests and liabilities		**761,337**	**373**	**761,710**

Reconciliation of the consolidated statement of financial position as previously reported under Previous GAAP to IFRS at 31st December 2019:

In $ Thousands	Note	Previous GAAP	Effects of transition to IFRS	IFRS
		(A)	(B)	(A)+(B)
Non-current assets		**606,418**	**47,984**	**654,402**
Intangible assets and goodwill	*[a], [f]*	285,442	8,466	293,908
Property, plant, and equipment	*[b], [c], [g], [h]*	315,749	37,947	353,696
Other non-current assets		5,227	—	5,227
Deferred tax assets	*[i]*	—	1,571	1,571
Current assets		**55,957**	**(17,832)**	**38,125**
Inventories	*[h]*	17,705	(17,460)	245
Trade and other receivables		19,515	—	19,515
Other current assets	*[c]*	7,733	(372)	7,361
Cash and cash equivalents		11,004	—	11,004
Total assets		**662,375**	**30,152**	**692,527**
Total equity and non-controlling interests and liabilities		**131,271**	**26,448**	**157,719**
Retained earnings and other reserves		131,271	26,448	157,719
Non-current liabilities		**476,053**	**4,614**	**480,667**
Borrowings (non-current)		429,085	—	429,085
Deferred tax liabilities	*[b], [d]*	19,319	1,571	20,890
Provisions (non-current)	*[j]*	8,604	910	9,514
Other non-current liabilities	*[b]*	19,045	2,133	21,178
Current liabilities		**55,051**	**(910)**	**54,141**
Trade and other payables	*[j]*	12,052	(910)	11,142
Borrowings (current)		40,461	—	40,461
Other current liabilities		2,538	—	2,538
Total liabilities		**531,104**	**3,704**	**534,808**
Total equity and non-controlling interests and liabilities		**662,375**	**30,152**	**692,527**

Reconciliation of the consolidated statement of profit or loss reported under Previous GAAP to IFRS for the year ended 31st December 2017:

In $ Thousands	Note	Previous GAAP	Effects of transition to IFRS	IFRS
		(A)	(B)	(A)+(B)
Revenue	*[e]*	**218,779**	1,605	**220,384**
Cost of sales	*[b], [c], [e]*	(190,573)	(5,467)	(196,040)
Gross profit		**28,206**	(3,862)	**24,344**
Selling, general, and administrative expenses	*[k]*	(14,111)	—	(14,111)
Income from operations		**14,095**	(3,862)	**10,233**
Other income		231	—	231
Finance costs	*[b], [k]*	(39,783)	(174)	(39,957)
Finance income		30	—	30
Loss before income tax		**(25,427)**	(4,036)	**(29,463)**
Income tax expenses	*[d]*	(2,889)	3,300	411
Net loss		**(28,316)**	**(736)**	**(29,052)**

Reconciliation of the consolidated statement of profit or loss reported under Previous GAAP to IFRS for the year ended 31st December 2018:

In $ Thousands	Note	Previous GAAP	Effects of transition to IFRS	IFRS
		(A)	(B)	(A)+(B)
Revenue	*[e]*	**209,822**	1,469	**211,291**
Cost of sales	*[a], [b], [c], [e]*	(183,224)	(1,735)	(184,959)
Gross profit		**26,598**	(266)	**26,332**
Selling, general, and administrative expenses	*[k]*	(14,603)	173	14,430
Income from operations		**11,995**	(93)	**11,902**
Other income		5,383	—	5,383
Finance costs	*[b], [k]*	(36,423)	(325)	(36,748)
Finance income		106	—	106
Loss before income tax		**(18,939)**	(418)	**(19,357)**
Income tax expenses	*[d]*	402	—	402
Net loss		**(18,537)**	**(418)**	**(18,955)**

Reconciliation of the consolidated statement of profit or loss reported under Previous GAAP to IFRS for the year ended 31st December 2019:

In $ Thousands	Note	Previous GAAP	Effects of transition to IFRS	IFRS
		(A)	(B)	(A)+(B)
Revenue	*[e]*	**188,171**	1,135	**189,306**
Cost of sales	*[a], [b], [c], [e]*	(193,643)	31,692	(161,951)
Gross (loss) profit		**(5,472)**	32,827	**27,355**
Selling, general, and administrative expenses	*[k]*	(14,677)	445	(14,232)
Income (loss) from operations		**(20,149)**	33,272	**13,123**
Other income		2,314	—	2,314
Finance costs	*[b], [k]*	(41,614)	(573)	(42,187)
Finance income		132	—	132
Loss before income tax		**(59,317)**	32,699	**(26,618)**
Income tax expenses	*[d]*	(1,490)	—	(1,490)
Net profit (loss)		**(60,807)**	**32,699**	**(28,108)**

26.3 Statement of Cash Flows

The following table is a summary of the statement of cash flows for the year ended 31st December 2017:

In $ Thousands	Note	Previous GAAP	Effects of transition to IFRS	IFRS
		(A)	(B)	(A)+(B)
Net loss		**(28,316)**	**(736)**	**(29,052)**
Net cash generated from operating activities	*[b], [c], [h]*	45,397	56,552	101,949
Net cash used in investing activities	*[c], [h]*	(5,169)	(21,739)	(26,908)
Net cash used in financing activities		(39,769)	(34,813)	(74,582)
Net change in cash and cash equivalents		**459**	**—**	**459**
Cash and cash equivalents at beginning of the year		12,579	—	12,579
Cash and cash equivalents at end of the year		**13,038**	**—**	**13,038**

The following table is a summary of the statement of cash flows for the year ended 31st December 2018:

In $ Thousands	Note	Previous GAAP	Effects of transition to IFRS	IFRS
		(A)	(B)	(A)+(B)
Net loss		**(18,537)**	**(418)**	**(18,955)**
Net cash generated from operating activities	*[b], [c], [h]*	41,336	54,186	95,522
Net cash generated from/used in investing activities	*[c], [h]*	3,503	(21,090)	(17,587)
Net cash used in financing activities		(48,811)	(33,096)	(81,907)
Net change in cash and cash equivalents		**(3,972)**	**—**	**(3,972)**
Cash and cash equivalents at beginning of the year		13,038	—	13,038
Cash and cash equivalents at end of the year		**9,066**	**—**	**9,066**

The following table is a summary of the statement of cash flows for the year ended 31st December 2019:

In $ Thousands	Note	Previous GAAP	Effects of transition to IFRS	IFRS
		(A)	(B)	(A)+(B)
Net loss		**(60,507)**	**32,399**	**(28,108)**
Net cash generated from operating activities	*[b], [c], [h]*	33,431	54,713	88,144
Net cash generated from/used in investing activities	*[c], [h]*	5,876	(22,214)	(16,338)
Net cash used in financing activities		(37,369)	(32,499)	(69,868)
Net change in cash and cash equivalents		**1,938**	**—**	**1,938**
Cash and cash equivalents at beginning of the year		9,066	—	9,066
Cash and cash equivalents at end of the year		**11,004**	**—**	**11,004**

26.4 Notes to the Reconciliation of Previous GAAP to IFRS

26.4.1 IFRS Adjustments

[a] Goodwill

Under U.S. GAAP, WGP recognised an adjustment to the initial goodwill amount recognised on acquisition (15th November 2016) during the measurement period. Under IFRS 1, measurement period adjustments for unrestated business combinations are recognised on the transition date (1st January 2017). In addition, under U.S. GAAP, WGP elected the private company alternative and amortised goodwill starting from 1st January 2018. Under IFRS, goodwill is not amortised, but rather tested for impairment on an annual basis. WGP has reversed any amortisation charged in any period presented.

[b] Leases (Right-of-use Assets)

Under U.S. GAAP, a lease is classified as a finance lease or an operating lease. Operating lease payments are recognised as an operating expense in the statement of profit or loss on a straight-line basis over the lease term. Under IFRS, a lessee applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets and recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. Right-of-use assets were measured at the amount equal to the lease liabilities adjusted by the amount of any prepaid or accrued lease payments. As a result, the Company recognised an increase of $3.1 million of lease liabilities included under other non-current liabilities and $3.1 million of right-of-use assets included under property, plant, and equipment. In addition, amounts previously recorded to property, plant and equipment under U.S. GAAP for asset retirement obligations relating to leased assets and acquired favourable lease assets are reclassed to right-of-use assets for under IFRS. As such, the Company recorded a total increase of $8.2 million of right-of-use assets included under property, plant, and equipment. See notes [g] and [i] below.

Under U.S. GAAP, assets held under finance leases are capitalized and included in property, plant, and equipment. Under IFRS, they are also presented in property, plant, and equipment, which is within the same line

item the corresponding underlying assets would be presented if they were owned. Additionally, depreciation increased by $400 thousand that was included in cost of sales, and finance expenses increased by $200 thousand for the year ended 31st December 2017.

[c] Major Maintenance

Under U.S. GAAP, the Company has elected to expense major maintenance and major overhaul costs when incurred. Under IFRS, major maintenance and major overhaul costs are recognised as a component of property, plant, and equipment. Accounting under IFRS assumes that the first major overhaul to occur is part of the initial fair value of the property, plant, and equipment and depreciated over a shortened useful life. When the overhaul occurs, the actual costs are capitalized to PPE. The Company will capitalize and depreciate any major maintenance and overhaul at the date of transition.

Under IFRS, prepayments originally recorded as prepaid assets for the Hobbs facility related to estimated major maintenance are reclasses and presented as construction-in-progress included under property, plant and equipment.

This adjustment impacts the statement of cash flows as presented under IFRS, as prepayments made for estimated major maintenance were previously classified as operating cash outflows under U.S. GAAP are reclassed to investing cash outflows. In addition, when a major maintenance event occurs, any additional cash outflows are presented as an investing cash outflow under IFRS.

For the Borger facility, major maintenance events occurred in March 2017 and March 2018. These events are one-time events that are not expected to reoccur before the end of the plant's useful life. Under U.S. GAAP, these costs were expensed as incurred. Under IFRS, these costs are capitalized as incurred and depreciated over the remaining useful life of the plant.

[d] Trinity Deferred Income Taxes

As a result of a corporate income tax change in Trinidad and Tobago, Trinity's 2016 financial statements were adjusted to increase the deferred tax liability and taxation expense by $3.3 million. Under U.S. GAAP, the Company recorded this amount in its consolidated financial statements in 2017 as an immaterial correction of an error. Upon transition to IFRS, the Company will correct the prior error and record the deferred tax liability and taxation expense in 2016 and reverse the taxation expense recorded in 2017.

[e] Carbon Emissions

Under U.S. GAAP, there is no authoritative guidance around accounting for emission allowances. The Company elected to record purchased allowances at market value. Under IFRS, purchased allowances are recognised in inventory at a lower of cost or market value. However, there is no material difference in the balances carried by the Company for emissions allowances. Under U.S. GAAP, the Company presents expenses related to emissions allowances net of reimbursement from off-takers. Under IFRS, revenues and expenses related to emissions allowances are presented gross.

26.4.2 IFRS Reclassifications

[f] Presentation of Intangible Assets

WGP has elected to analyse property, plant, and equipment recognised on the balance sheet based on the nature of the asset. As such, software and corresponding accumulated amortisation previously included in the property, plant, and equipment balance has been reclassed to intangible assets and goodwill on the balance at the date of transition.

Under U.S. GAAP, WGP recorded an intangible asset related to a favourable land lease. Under IFRS, this intangible has been reclassed to right-of-use asset within property, plant, and equipment.

[g] Presentation of Capitalized Costs for Asset Retirement Obligations

Under U.S. GAAP, WGP capitalizes estimated future costs of asset retirement obligations related to its leases. These capitalized costs are presented in property, plant, and equipment. For disclosure presentation under IFRS, these capitalized costs have been reclassed to right-of-use assets. There will be no impact to property, plant, and equipment as presented on the face of the statement of financial position.

[h] Spare parts inventory

Under U.S. GAAP, the Company recognized material, supplies and spare parts as inventory. Under IFRS, the company records critical spare parts as construction work in progress in property, plant and equipment until issued into production.

[i] Deferred tax assets

Under U.S. GAAP, WGP had elected to present deferred tax assets and liabilities in a single net amount. Under IFRS, WGP presents deferred tax assets and liabilities gross and presents them net on a jurisdiction-by-jurisdiction basis.

[j] Presentation of Provision for Environmental Costs

Under U.S. GAAP, WGP recognizes a liability for environmental costs in trade and other payables. Under IFRS, this estimated future environmental cost is reclassed to provisions (non-current) for all years ended 31st December 2016, 2017, 2018, and 2019.

[k] Presentation of Foreign Currency Exchange Gains and Loss

WGP has elected to analyse expenses recognised in profit or loss based on functions within WGP. As such, realized currency exchange gain and loss are reclassed from selling, general, and administrative expenses to realized and unrealized foreign exchange (losses) and gains.

26.5 Reconciliation of Equity

The previously discussed changes increased or (decreased) equity as follows:

($ thousands)	31st December 2019	31st December 2018	31st December 2017	1st January 2017
Changes in:				
Capitalization of major overhaul	28,732	(4,361)	(3,909)	(1,797)
Recording adjustment of IFRS 16 adoption	(82)	(105)	(127)	—
Reversing goodwill amortisation	4,048	4,048	—	—
Recording Trinity deferred income taxes	—	—	3,300	(3,300)
Increase (decrease) to retained earnings	**32,698**	**(418)**	**(736)**	**(5,097)**
U.S. GAAP equity	131,271	193,351	218,465	250,886
Cumulative increase (decrease)	26,448	(6,251)	(5,833)	(5,097)
IFRS equity	**157,719**	**187,100**	**212,632**	**245,789**

27. Related parties

27.1 Related party transactions

WGP recognised $2.6 million and $3.4 million of accounts receivable from related parties for the years ended 31 December 2017 and 2016, respectively. No amounts were recognised for the years ended 31 December 2019 and 2018.

WGP, through its shareholder Western Generation Partners, LLC, entered into short-term notes to finance its insurance policies with the relevant subsidiaries recording their attributable liabilities. See Note 13.7.4 for further details.

27.2 Key management personnel

Key management personnel are those individuals that have the authority and responsibility for planning, directing, and controlling the Company or any of its subsidiaries. Trinity is the only facility for which certain compensated employees meet the criteria to be considered key management personnel.

	31st December 2019	31st December 2018	31st December 2017
Key management compensation:			
Salaries and bonuses	163,321	156,128	145,405

28. Subsequent Events

In preparing the historical financial information, WGP has evaluated subsequent events through 30th June 2020, which is the date these consolidated financial statements were available for issuance, and determined there were no significant subsequent events requiring recognition or disclosure in these consolidated financial statements other than those disclosed in these consolidated financial statements.

On 30th January 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve at the date of these consolidated financial statements. As such, it is uncertain as to the full magnitude that the pandemic will have on WGP's financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, WGP is not able to estimate the effects of the COVID-19 outbreak on its consolidated results of operations, financial condition, or liquidity for fiscal year 2020.

Although WGP cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time, if the pandemic continues, then it may have a material adverse effect on WGP's consolidated results of future operations, financial position, and liquidity in fiscal year 2020.

On 27th March 2020, President Trump signed into law the Coronavirus Aid, Relief, and Economic Security ("CARES") Act. The CARES Act, among other things, includes provisions relating to refundable payroll tax credits, deferment of employer side Social Security payments, net operating loss carryback periods, alternative minimum tax credit refunds, modifications to the net interest deduction limitations, increased limitations on qualified charitable contributions, and technical corrections to tax depreciation methods for qualified improvement property.

It also appropriated funds for the SBA Paycheck Protection Program loans that are forgivable in certain situations to promote continued employment, as well as Economic Injury Disaster Loans to provide liquidity to small businesses harmed by COVID-19. There is no assurance that WGP is eligible for these funds or will be able to obtain them.

WGP continues to examine the impact that the CARES Act may have on the business. Currently, WGP is unable to determine the impact that the CARES Act will have on its consolidated financial condition, results of operation, or liquidity.

SECTION A: ACCOUNTANT'S REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION ON THE ENLARGED GROUP

The Directors
ContourGlobal plc
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116 Park Street
London
W1K 6SS
United Kingdom

Goldman Sachs International (the "**Sponsor**")
Plumtree Court
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19 January 2021

Dear Ladies and Gentlemen

ContourGlobal plc (the "Company")

We report on the pro forma financial information (the "**Pro Forma Financial Information**") set out in section B of Part V of the Company's Circular dated 19 January 2021 (the "**Circular**").

This report is required by item 13.3.3R of the Listing Rules of the Financial Conduct Authority (the "Listing Rules") and is given for the purpose of complying with that Listing Rule and for no other purpose.

Opinion

In our opinion:

(a) the Pro Forma Financial Information has been properly compiled on the basis stated; and

(b) such basis is consistent with the accounting policies of the Company.

Responsibilities

It is the responsibility of the directors of the Company to prepare the Pro Forma Financial Information in accordance with item 13.3.3R of the Listing Rules.

It is our responsibility to form an opinion, as required by item 13.3.3R of the Listing Rules as to the proper compilation of the Pro Forma Financial Information and to report our opinion to you.

No reports or opinions have been made by us on any financial information of WGP Holdings II, LLC used in the compilation of the Pro Forma Financial Information. In providing this opinion we are not providing any assurance on any source financial information of WGP Holdings II, LLC on which the Pro Forma Financial Information is based beyond the above opinion.

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PricewaterhouseCoopers LLP is a limited liability partnership registered in England with registered number OC303525. The registered office of PricewaterhouseCoopers LLP is 1 Embankment Place, London WC2N 6RH. PricewaterhouseCoopers LLP is authorised and regulated by the Financial Conduct Authority for designated investment business.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information of the ContourGlobal group used in the compilation of the pro forma financial information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed at the date of their issue.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and which we may have to shareholders of the Company as a result of the inclusion of this report in the Circular, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with item 13.4.1R(6) of the Listing Rules, consenting to its inclusion in the Circular.

Basis of preparation

The Pro Forma Financial Information has been prepared on the basis described in the notes to the Pro Forma Financial Information, for illustrative purposes only, to provide information about how the proposed acquisition of WGP Holdings II, LLC might have affected the financial information presented on the basis of the accounting policies adopted by the Company in preparing the financial statements for the period ended 30 June 2020.

Basis of Opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Financial Reporting Council in the United Kingdom. We are independent in accordance with the FRC's Ethical Standard as applied to Investment Circular Reporting Engagements and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro Forma Financial Information with the directors of the Company.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro Forma Financial Information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

Yours faithfully

PricewaterhouseCoopers LLP

Chartered Accountants

SECTION B: UNAUDITED PRO FORMA FINANCIAL INFORMATION ON THE ENLARGED GROUP

The unaudited pro forma statement of net assets set out in this Section B of this Part V (*Unaudited Pro Forma Financial Information for the Enlarged Group*) has been prepared based on the consolidated balance sheet of the ContourGlobal Group as at 30 June 2020 and the consolidated balance sheet of the Target Group as at 31 December 2019 to illustrate the effect of the Acquisition on the combined net assets of the ContourGlobal Group as if the Acquisition had taken place as at 30 June 2020.

The Unaudited Pro Forma Financial Information has been prepared in accordance with Item 13.3.3R of the Listing Rules and on a basis consistent with the accounting policies adopted by the ContourGlobal Group in relation to its consolidated financial statements for the period ended 30 June 2020.

The Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only and, by its nature, addresses hypothetical situations, and therefore does not represent the Enlarged Group's actual financial position or results. It does not reflect the results of any purchase price allocation exercise, as this will be conducted following the Acquisition.

The Unaudited Pro Forma Financial Information does not constitute financial statements within the meaning of section 434 of the Companies Act. Shareholders should read the whole of this document and not rely solely on the summarised financial information contained in this Part V.

The Unaudited Pro Forma Financial Information does not purport to represent what the ContourGlobal Group's financial position and the results of operations actually would have been if the Acquisition had been completed on the dates indicated nor does it purport to represent the results of operations for any future period or the financial condition at any future date.

The adjustments in the Unaudited Pro Forma Financial Information are expected to have a continuing impact on the Enlarged Group, unless stated otherwise.

		Adjustments			
	ContourGlobal Group as at 30 June 2020 (Unaudited)	Target Group as at 31 December 2019	Acquisition adjustments	Debt financing	Pro forma Enlarged Group
	(Note 1)	(Note 2)	(Note 3)	(Note 4)	(Note 5)
		(in $ millions)			
Non-current assets	**4,320.4**	**654.4**	**260.8**	**—**	**5,235.6**
Intangible assets and goodwill	324.0	293.9	260.8	—	878.7
Property, plant and equipment	3,451.6	353.7	—	—	3,805.3
Financial and contract assets	431.6	—	—	—	431.6
Investments in associates	22.1	—	—	—	22.1
Derivative financial instruments	1.7	—	—		1.7
Other non-current assets	43.8	5.2	—	—	49.0
Deferred tax assets	45.6	1.6	—	—	47.2
Current assets	**971.1**	**38.1**	**(646.5)**	**455.5**	**818.2**
Inventories	143.9	0.2	—	—	144.1
Trade and other receivables	241.3	19.5	—	—	260.8
Current income tax assets	12.2	—	—		12.2
Derivative financial instruments	0.2	—	—	—	0.2
Other current assets	25.1	7.4	—	—	32.5
Cash and cash equivalents	548.4	11.0	(646.5)	455.5	368.4
Assets held for sale	—	—	—	—	—
Total assets	**5,291.5**	**692.5**	**(385.7)**	**455.5**	**6,053.7**
Non-current liabilities	**4,145.5**	**480.7**	**(208.1)**	**285.0**	**4,703.1**
Borrowings	3,564.7	429.1	(208.1)	285.0	4,070.7
Derivative financial instruments	165.9	—	—	—	165.9
Deferred tax liabilities	254.1	20.9	—	—	275.0
Provisions	46.8	9.5	—	—	56.3
Other non-current liabilities	114.0	21.2	—	—	135.2
Current liabilities	**715.8**	**54.1**	**—**	**170.5**	**940.5**
Trade and other payables	206.3	11.1	—	—	217.4
Borrowings	301.1	40.5	—	170.5	512.1
Derivative financial instruments	29.3	—	—	—	29.3
Current income tax liabilities	19.1	2.5	—	—	21.6
Provisions	11.1	—	—	—	11.1
Other current liabilities	148.9	—	—	—	148.9
Total liabilities	**4,861.3**	**534.8**	**(208.1)**	**455.5**	**5,643.7**
Net Assets	**430.2**	**157.7**	**(177.6)**	**—**	**410.1**

(1) The financial information has been extracted, without material adjustment, from the condensed consolidated unaudited interim financial statements of ContourGlobal as at 30 June 2020.

(2) The financial information has been extracted, without material adjustment, from the historical financial information of WG Holding II as at 31 December 2019 set out in Section B of Part IV (Historical Financial Information on the Target Group) of this document.

(3) The adjustments arising as a result of the Acquisition are set out below.

a. **Goodwill**—The Unaudited Pro Forma Financial Information has been prepared on the basis that the Group will apply acquisition accounting. The unaudited pro forma statement of net assets is based on the position of the Target Group as at 31 December 2019. No fair value adjustments have been made as the purchase price allocation exercise will not be finalised until after Closing. Upon completion of the purchase price allocation exercise the Group expects that fair value adjustments will be recognised in respect of certain assets and liabilities. For the purposes of the unaudited pro forma statement of net assets, the purchase consideration less the carrying value of the net assets has been attributed to the line item "Intangible assets and goodwill". The fair value adjustments, when finalised following Closing, may be material.

The pro forma goodwill arising has been calculated as follows:

	USD millions	USD millions
Cash consideration payable to Western Generation Partners, LLC[(1)]		626.6
		626.6
Less net assets acquired:		
WGP Holdings II, LLC net assets as at 31 December 2019	157.7	
Settlement of borrowings before Closing[(2)]	208.1	
		(365.8)
Proforma goodwill		**260.8**

(1) The purchase price payable comprises the enterprise value of the Target Group of $837.0 million (agreed on a cash free debt free basis) less the existing estimated net debt of $210.4 million which will be assumed by ContourGlobal on Closing of the Acquisition and will therefore represent a purchase price adjustment per the terms of the Acquisition Agreement. The adjustment reflects the estimated value of net debt that will be transferred on Closing as follows:

	USD millions		
	Debt	Cash	Net Debt
Hobbs	200.2	(2.6)	197.6
Borger	8.6	(2.8)	5.8
Waterside	11.1	(0.3)	10.8
Other assets	—	(3.8)	(3.8)
			210.4

(2) As part of the Acquisition, the long term borrowings owed by Western Generation Partner Acquisition LLC will be settled by the Seller before Closing. The adjustment in respect of these borrowings of $208.1 million comprises the term loan of $212.4 million and the $1.4 million swap derivative liability, net of unamortised debt issue costs of $(5.7) million as at 31 December 2019.

b. The adjustment to cash and cash equivalents comprises:

	USD millions
Cash consideration	626.6
Transaction and transition costs	19.9
	646.5

(4) On 10 December 2020, ContourGlobal entered into a $175.0 million Bridge Facility Agreement, which is expected to be drawn down at Closing. Fees of $4.5 million have been deducted in calculating the net loan proceeds. The loan is included within Current liabilities on the basis that it is expected to be settled through a refinancing within 12 months of the Acquisition.
On 17 December 2020, ContourGlobal issued Senior Secured Notes of €710.0 million (approximately $859.1 million at €1:$1.21). Proceeds from the issue were used in part to repay the existing 2023 Senior Secured Notes of €450.0 million (approximately $544.5 million at €1:$1.21), interests of €6.6 million (approximately $8.0 million at €1:$1.21), call premium of €7.6 million (approximately $9.2 million at €1:$1.21) and finally banks and other transaction fees of €10.3 million (approximately $12.5 million at €1:$1.21). The remaining $285.0 million has been used to part fund the Acquisition consideration. The loan is included within non-current liabilities.

(5) The unaudited pro forma statement of net assets does not reflect any trading or other transactions undertaken by ContourGlobal since 30 June 2020 or the Target Group since 31 December 2019.

(6) No adjustment has been made to reflect any synergies that may arise subsequent to the Acquisition as these are dependent upon the future actions of management.

Part VI
Additional Information

1. RESPONSIBILITY

The Company and the Directors of the Company, whose names and positions appear in section 3.1 on this page 92, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. INCORPORATION AND REGISTERED OFFICE

The Company's legal and commercial name is ContourGlobal plc. The Company was incorporated under the Companies Act 2006 in England on 26 September 2017 as a private company limited by shares with the name ContourGlobal Limited and company number 10982736. On 24 October 2017 the Company was re-registered as a public limited company under the name of ContourGlobal plc by special resolutions passed that day.

The Company has its registered office at 7th Floor, Park House, 116 Park Street, London W1K 6SS.

3. DIRECTORS AND SENIOR MANAGERS

3.1 Directors

The Directors and their positions as at the date of this document are as follows:

Name	Position
Craig A. Huff	Chairman
Joseph C. Brandt	President and Chief Executive Officer
Stefan Schellinger	Executive Vice President, Global Chief Financial Officer
Daniel Camus	Independent Non-Executive Director
Mariana Gheorghe	Independent Non-Executive Director
Dr. Alan Gillespie	Senior Independent Non-Executive Director
Alejandro Santo Domingo	Non-Executive Director
Ronald Trächsel	Independent Non-Executive Director
Gregg M. Zeitlin	Non-Executive Director

3.2 Senior Managers

The ContourGlobal Group's senior management team as at the date of this document, including the Executive Directors listed above, is as follows:

Name	Position
Joseph C. Brandt	President and Chief Executive Officer
Karl Schnadt	Executive Vice President and Chief Operating Officer
Stefan Schellinger	Executive Vice President, Global Chief Financial Officer
Amanda Schreiber	Executive Vice President, General Counsel
Alessandra Marinheiro	Executive Vice President, Chief Executive Officer for Brazil
Sarah Flanigan	Executive Vice President, Special Projects

3.3 Interests of the Directors and Senior Managers in Ordinary Shares

As at the Latest Practicable Date, the interests of the Directors and Senior Managers (all of which, unless otherwise stated are beneficial) in Ordinary Shares are as follows:

Name of Director / Senior Manager	No. of Ordinary Shares held
Craig A. Huff	(1)
Joseph C. Brandt	9,119,752(2)
Stefan Schellinger	—
Daniel Camus	35,000
Mariana Gheorghe	—
Dr. Alan Gillespie	200,000(3)
Alejandro Santo Domingo	(4)
Ronald Trächsel	24,000(3)
Gregg M. Zeitlin	(1)
Karl Schnadt	965,343(5)
Amanda Schreiber	733,963(6)
Alessandra Marinheiro	810,007(7)
Sarah Flanigan	8,714

Notes:

(1) Craig A. Huff and Gregg M. Zeitlin each has an indirect interest in Ordinary Shares as a result of his interest in entities controlled by Reservoir Capital that in turn have indirect interests in the Company.

(2) Joseph C. Brandt's interest in 7,403,453 of these 9,119,752 Ordinary Shares arises, as explained in more detail in the Company's notification of a transaction by a PDMR dated 31 December 2020 (RNS number: 2524K), as a result of a vesting of an award made to him by Reservoir Capital, under its Private Incentive Plan (the "**PIP**"), of Class S partnership units in Contour Management Holdings LLC (a partner in ContourGlobal L.P.) ("**Class S Units**").

(3) As disclosed in the Prospectus, at admission Dr. Alan Gillespie and Ronald Trächsel were issued ordinary shares in the Company at the offer price, by way of private subscription.

(4) Alejandro Santo Domingo has an indirect interest in Ordinary Shares as a result of having a discretionary shared interest in certain entities which have indirect interests in the Company. Alejandro Santo Domingo disclaims all beneficial interest and control in respect to such Ordinary Shares.

(5) Karl Schnadt's interest in 957,343 of these 965,343 Ordinary Shares arises as a result of a vesting of an award made to him by Reservoir Capital, under its PIP, of Class S Units.

(6) Amanda Schreiber's interest in these Ordinary Shares arises as a result of a vesting of an award made to her by Reservoir Capital, under its PIP, of Class S Units.

(7) Alessandra Marinheiro's interest in 718,007 of these 810,007 Ordinary Shares arises as a result of a vesting of an award made to her by Reservoir Capital, under its PIP, of Class S Units.

The interests of the Directors and Senior Managers of the Company together represent approximately 1.81 per cent. of the issued Ordinary Share capital of the Company (excluding shares held in treasury) as at the Latest Practicable Date.

3.4 Interests of the Directors and Senior Managers under the ContourGlobal Group Share Plans

As at the Latest Practicable Date, pursuant to the ContourGlobal Group Share Plans the interests of the Directors and Senior Managers in Ordinary Shares (all of which, unless otherwise stated, are beneficial) are as follows:

Directors	Type of award	No. of Ordinary Shares	Vesting date
Joseph C. Brandt	Long Term Incentive Plan	391,646	28/06/2021
Joseph C. Brandt	Long Term Incentive Plan	482,183	17/06/2022
Joseph C. Brandt	Long Term Incentive Plan	459,564	11/08/2023
Joseph C. Brandt	Long Term Incentive Plan	55,241	04/04/2020
Joseph C. Brandt	Deferred Bonus Award	50,028	27/03/2021
Joseph C. Brandt	Deferred Bonus Award	54,666	9/03/2022
Stefan Schellinger	Long Term Incentive Plan - PSA	382,262	17/06/2022
Stefan Schellinger	Long Term Incentive Plan	375,000	11/08/2023
Stefan Schellinger	Deferred Bonus Award	17,579	9/03/2022
Karl Schnadt	Long Term Incentive Plan - PSA	127,006	28/06/2021
Karl Schnadt	Long Term Incentive Plan - DBA	9,307	27/03/2021
Karl Schnadt	Long Term Incentive Plan - PSA	199,536	17/06/2022
Karl Schnadt	Long Term Incentive Plan - DBA	11,685	09/03/2022
Karl Schnadt	Long Term Incentive Plan - PSA	198,589	11/08/2023
Amanda Schreiber	Long Term Incentive Plan - PSA	115,862	28/06/2021
Amanda Schreiber	Long Term Incentive Plan - DBA	11,000	27/03/2021

Directors	Type of award	No. of Ordinary Shares	Vesting date
Amanda Schreiber	Long Term Incentive Plan - PSA	258,771	17/06/2022
Amanda Schreiber	Long Term Incentive Plan - PSA	246,632	11/08/2023
Amanda Schreiber	Long Term Incentive Plan - DBA	12,594	09/03/2022
Alessandra Marinheiro	Long Term Incentive Plan - PSA	128,684	28/06/2021
Alessandra Marinheiro	Long Term Incentive Plan - DBA	2,432	27/03/2021
Alessandra Marinheiro	Long Term Incentive Plan - PSA	97,084	17/06/2022
Alessandra Marinheiro	Long Term Incentive Plan - PSA	67,712	11/08/2023
Alessandra Marinheiro	Long Term Incentive Plan - DBA	2,482	09/03/2022
Sarah Flanigan	Long Term Incentive Plan - DBA	6,213	27/03/2021
Sarah Flanigan	Long Term Incentive Plan - PSA	124,564	17/06/2022
Sarah Flanigan	Long Term Incentive Plan - DBA	7,238	09/03/2022
Sarah Flanigan	Long Term Incentive Plan - DBA	17,808	09/03/2022
Sarah Flanigan	Long Term Incentive Plan - PSA	124,656	11/08/2023

3.5 Directors' terms of appointment

(A) Executive Directors

Details of the President and Chief Executive Officer's terms of appointment are set out in section 6.1 of Part III (*Directors, Senior Managers and Corporate Governance*) of the Prospectus and are incorporated by reference into this document. Upon termination of the President and Chief Executive Officer's service agreement, the Company will (subject to certain exceptions): (i) pay all amounts earned or accrued under the service agreement up to the termination date, including any previous compensation which has previously been deferred (with any interest earned thereon); (ii) pay any earned but unpaid bonus; and (iii) provide the President and Chief Executive Officer with continued coverage for the duration of the notice period under any health, medical, dental or vision policy in which he or his dependants participate. In addition, the Company may, in lieu of giving notice, terminate the President and Chief Executive Officer's service agreement by making a payment equivalent to his base salary for the notice period, or any unexpired portion of the notice period.

Stefan Schellinger was appointed to the Board with effect from 15 April 2019. Stefan Schellinger's service agreement commenced on 15 April 2019 and contains a 12-month notice period. There is no fixed term to the contract. Stefan Schellinger's annual base salary, effective from 15 April 2019, is GBP 375,000, which will be reviewed, but not necessarily increased, periodically. The Company may, in lieu of giving notice, terminate Stefan Schellinger's service agreement by making a payment equivalent to his base salary only (less income tax and National Insurance contributions, and excluding any benefits or bonus) for the notice period, or any unexpired portion of the notice period.

(B) Non-Executive Directors

The Non-Executive Directors were appointed to the Board pursuant to letters of appointment. Details of the Non-Executive Directors' terms of appointment (other than those of Mariana Gheorghe) are set out in section 6.2 of Part III (*Directors, Senior Managers and Corporate Governance*) of the Prospectus and are incorporated by reference into this document. The letter of appointment of each of the Non-Executive Directors (other than Mariana Gheorghe) has been extended for a further three-year term, to 27 October 2023.

Mariana Gheorghe was appointed to the Board with effect from 30 June 2019 and is entitled to receive an annual fee of GBP 55,000. Mariana Gheorghe entered into a letter of appointment on substantially the same terms as the other Non-Executive Directors, such terms being described in section 6.2 of Part III (*Directors, Senior Managers and Corporate Governance*) of the Prospectus and incorporated by reference into this document.

No compensation is payable to any Non-Executive Director who retires at an annual general meeting of the Company and is not re-elected or whose appointment is otherwise terminated.

4. MAJOR SHAREHOLDERS AND OTHER INTERESTS

As at the Latest Practicable Date, the Company had received notification in accordance with Chapter 5 of the Disclosure and Transparency Rules of the following notifiable interests in the voting rights attaching to the Ordinary Shares:

Name	Date of notification	No. of Ordinary Shares	% of voting Ordinary Share capital
RCGM LLC[1]	13 December 2017	478,932,408	71
FIL Limited	3 July 2019	36,594,082	5.45

Notes:

(1) The Reservoir Funds own approximately 99.6 per cent. of ContourGlobal L.P., and are themselves ultimately managed and controlled by Reservoir Capital. The managing member of Reservoir Capital is RCGM LLC.

Save as set out above, the Company is not aware of any person who has a notifiable interest in the total voting rights in respect of the issued share capital of the Company, or of any person who can, will or could, directly or indirectly, jointly or severally, exercise control over the Company. The Directors have no knowledge of any arrangements the operation of which may at a subsequent date result in a change of control of the Company.

5. MATERIAL CONTRACTS OF THE CONTOURGLOBAL GROUP

Other than as disclosed below, no contracts have been entered into (other than contracts entered into in the ordinary course of business) by the Company or any other member of the ContourGlobal Group, either: (i) within the two years immediately preceding the date of this document and which are, or may be, material to the ContourGlobal Group; or (ii) at any time, which contain any provision under which any member of the ContourGlobal Group has any obligation or entitlement which is, or may be, material to the ContourGlobal Group as at the date of this document:

5.1 Contracts relating to the Acquisition

(A) Acquisition Agreement

The Buyer (an indirect wholly-owned subsidiary of the Company) and the Seller, entered into the Acquisition Agreement on 7 December 2020, which is summarised in Part III (*Summary of the Principal Terms and Conditions of the Acquisition*) of this document.

(B) Representations and warranty insurance policies

On 7 December 2020, the Buyer as the named insured and Euclid Transactional, LLC as underwriting representative (the "**Underwriting Representative**") entered into a binder agreement in relation to a representations and warranty insurance policy (the "**R&W Policy**") from North American Capacity Insurance Company, Aspen Specialty Insurance Company, General Security Indemnity Company of Arizona and Steadfast Insurance Company as insurers (the "**Insurers**").

Under the terms of the R&W Policy, the Insurers agree to indemnify or reimburse the Buyer, its affiliates and their respective direct or indirect equityholders, partners, officer, directors and employees and their respective successors and permitted assigns (the "**Insureds**") up to a maximum aggregate liability of US$25 million for any loss or liability arising out of or resulting from: (i) any breach or misrepresentation of, or inaccuracy in, the representations and warranties set forth in the Acquisition Agreement; and (ii) the taxes for which the Target Group is liable that are attributable to any taxable period ending on or prior to Closing, subject to certain exceptions.

The R&W Policy includes certain customary exclusions for a policy of this nature. In addition, the R&W Policy excludes loss arising out of or resulting from: certain specific tax matters, including the Hobbs Property Tax Matters.

The Insurers are only liable for aggregate loss in excess of US$6,277,500, reducing to US$4,185,000 on the 12-month anniversary of Closing (the "**Retention**"). Each Insurer's liability under the policy is several, and not joint with any other Insurer, and the obligations of each Insurer are limited to the extent of its share percentage of loss as set out in the R&W Policy. Under the terms of the policy, the losses indemnified or reimbursed by the Insurers are reduced by any amount (after any reasonable costs and expenses incurred in connection with such recovery) of any offsetting recoveries received under other insurance policies or third party indemnities in respect of such loss.

Losses covered under the R&W Policy are subject to recovery prior to, and not conditioned upon the Insureds obtaining recovery from, or taking any action against, any other party pursuant to the Acquisition Agreement or otherwise. Subject to certain exceptions, in the event of any payment under the R&W Policy, the Insureds shall assign to the Underwriting Representative all of the Insureds' rights of recovery with respect to such payment against any person or entity.

On 7 December 2020, the Buyer as the named insured entered into a binder agreement with Indian Harbor Insurance Company as insurer (the "**Excess Insurer**") in relation to an excess representations and warranty insurance policy (the "**Excess Policy**"). Under the terms of the Excess Policy, the Excess Insurer provides coverage excess of the R&W Policy. The coverage under the Excess Policy is provided in accordance with the terms and conditions of the R&W Policy, subject to certain exceptions, including: (i) that the Retention is only applicable to the R&W Policy and no separate retention applies under the Excess Policy; and (ii) the coverage under the Excess Policy attaches only after the R&W Policy has been exhausted.

(C) Bridge Facility Agreement

On 10 December 2020, the Company (as parent guarantor) entered into a senior secured Bridge Facility Agreement with ContourGlobal Hummingbird US Holdco Inc. (as borrower), ContourGlobal Worldwide Holdings S.à r.l., ContourGlobal Terra Holdings S.à r.l., ContourGlobal LLC, ContourGlobal Spain Holding S.à r.l., ContourGlobal Bulgaria Holding S.à r.l., ContourGlobal Latam Holding S.à r.l., ContourGlobal Power Holdings S.A. and ContourGlobal Hummingbird UK Holdco I Limited (each as guarantors), Goldman Sachs Bank USA as mandated lead arranger, GLAS USA LLC as agent and the lenders party thereto. The Bridge Facility Agreement provides for a senior secured US$ 175 million Bridge Facility which matures on the date falling 12 months after the date of Closing, subject to the exercise of an extension option at the ContourGlobal Group's discretion, which would extend the maturity date for a further period of six months. The Bridge Facility ranks *pari passu* with the ContourGlobal Group's existing notes and other senior secured indebtedness. The Bridge Facility is available to be applied for the following purposes: (i) financing the consideration payable for the Acquisition; and (ii) payment of fees, costs, expenses and taxes in connection with the Acquisition. The interest rate on the Bridge Facility is LIBOR-based, plus an applicable margin equal to 250 basis points stepping up 50 basis points at 30 September 2021, and thereafter stepping up 25 basis points after each 30-day period up to (and including) 30 March 2022. The Bridge Facility Agreement contains various representations, warranties, covenants and mandatory pre-payment terms customary for transactions of this nature and is governed by English law, with the exception of certain terms which are New York-law governed. The collateral package provided under the terms of the Bridge Facility Agreement is in line with the other senior secured indebtedness of the ContourGlobal Group, although it also includes pledges from ContourGlobal Hummingbird US Holdco Inc. and ContourGlobal Hummingbird UK Holdco I Limited.

5.2 Other material contracts

(A) Share buy-back mandate agreement

The Company entered into an agreement with Investec dated 31 March 2020 pursuant to which the Company granted a mandate to Investec to act as principal in relation to the purchase of: (i) up to 20 million Ordinary Shares on the LSE up to an aggregate maximum consideration of £30 million during the period from and including 1 April 2020 to and including 30 June 2020; and (ii) pursuant to amendments to that agreement to extend the share buy-back programme; (a) up to 12.9 million Ordinary Shares on the LSE up to an aggregate maximum consideration of £24.5 million during the period from and including 30 June 2020 to 31 December 2020; and (b) up to 3.1 million Ordinary Shares on the LSE up to an aggregate maximum consideration of £6.6 million during the period from and including 11 January 2021 to 31 March 2021.

Any purchases of Ordinary Shares pursuant to the agreement are to be effected within certain parameters agreed between the Company and Investec, and in accordance with the Company's general authority to repurchase shares granted by Shareholders at the 2019 and the 2020 annual general meetings of the Company and the relevant provisions of the Listing Rules and the Market Abuse Regulation. The agreement also contains representations, warranties, undertakings and termination rights which are customary for a buy-back mandate of this sort.

(B) CGA Share Purchase Agreement

On 6 January 2019, the Company entered into a share purchase agreement with ContourGlobal Terra 3 S.à.r.l (a wholly-owned subsidiary of the Company) ("**CGT3**") and Alpek, S.A.B. de C.V. ("**Alpek**") (the "**CGA Share Purchase Agreement**"), pursuant to which Alpek agreed to sell, and CGT3 agreed to purchase at least 99.5 per cent. of the share capital of Cogeneración de Altamira, S.A. de C.V. ("**CGA**"), which in turn holds at least 99.5 per cent. of the share capital of Cogeneración de Energía Limpia de Cosoleacaque, S.A. de C.V. ("**CELCSA**") (the "**CHP Acquisition**"). Under the CGA Share Purchase Agreement, it was agreed that the remaining issued share capital of CGA and of CELCSA, respectively, that was not acquired by the ContourGlobal Group would be held by offtakers, as required under the grandfathered "Legado" regulatory frameworks under which CGA and CELCSA operate.

The portfolio acquired pursuant to the CHP Acquisition (the "**CHP Portfolio**") comprises: (i) a CHP cogeneration plant located in the state of Veracruz, Mexico, with an installed power-generating capacity of 104 MW (the "**CELCSA Plant**"); (ii) a CHP cogeneration plant located in the state of Tamaulipas, Mexico, with a power-generating capacity of 414 MW ("**CGA1**"), which was under construction at the time the CGA Share Purchase Agreement was signed; and (iii) development rights and permits for a third plant.

Under the CGA Share Purchase Agreement, the ContourGlobal Group also acquired the option to purchase: (i) the land required for the construction and development of another CHP cogeneration plant adjacent to CGA1 with power generating capacity of 414 MW for US$ 750,000; and (ii) Temex Gas, the company which owns the gas pipeline that connects the respective delivery points at the CELCSA Plant and CGA1 with the Mexican national gas pipeline system. The consideration payable for Temex was agreed to be the sum of the capital stock of Temex Gas (subject to a maximum of MXN 100,000) plus the net working capital of Temex Gas on the date on which the option was exercised.

The closing of the CHP Acquisition ("**CGA Closing**") was conditional on satisfaction (or waiver, where applicable), of certain conditions (including: (i) the completion of the construction of CGA1 and all commission and verification tests being successfully passed; and (ii) the approval of the CHP Acquisition by the Company's Shareholders), and CGA Closing was announced by the Company on 25 November 2019.

The CGA Share Purchase Agreement also includes a parent company guarantee from the Company to Alpek in respect of CGT3's payment obligations thereunder.

The purchase price payable to Alpek at CGA Closing was US$ 724 million, subject to certain customary working capital and other adjustments. In addition, a further US$ 77 million was payable to Alpek representing the value added tax assessed for the CHP Acquisition which has been refunded to the Company in full.

The CGA Share Purchase Agreement includes warranties customary for a transaction of the nature of the CHP Acquisition, which have been given by Alpek. In addition, the CGA Share Purchase Agreement includes warranties customary for a transaction of the nature of the CHP Acquisition, which have been given by CGT3 and, in certain instances, the Company.

Under the CGA Share Purchase Agreement Alpek has provided certain indemnities to CGT3 and the Company in respect of breaches of representations, warranties or covenants and certain tax and transaction expenses of CGA and its subsidiaries. In addition, CGT3 has provided certain indemnities to Alpek under the CGA Share Purchase Agreement in respect of breaches of representations, warranties or covenants.

The fundamental representations and warranties under the CGA Share Purchase Agreement survive indefinitely. The representations and warranties regarding CGA and CELCSA's financial statements expired on 30 April 2019. The representations and warranties regarding employee matters survive until 24 months after CGA Closing. The representations and warranties regarding compliance with law, environment, taxes, anti-bribery, and sanctions, survive until 30 days after the expiration of the applicable statute of limitations. The other representations and warranties and indemnification obligations of Alpek, the Company, and CGT3, subject to certain exceptions, generally survive CGA Closing until the date that is 18 months from the date of CGA Closing. Alpek shall not be required to indemnify or make any payments unless and until the aggregate amount of the amounts owed by Alpek in respect of any claim is equal to or greater than US$ 5 million, in which case Alpek shall only be liable for the excess above such US$5 million amount. In addition, in no event shall the aggregate amount of any indemnity required to be paid by Alpek exceed an amount equal to 12 per cent. of the US$ 724 million due under the CGA Share Purchase Agreement.

The CGA Share Purchase Agreement contains customary covenants which restrict Alpek from: (i) persuading or attempting to persuade any potential customer or client of which Alpek or either of CGA or CELCSA have made a presentation, or with which Alpek or either of CGA or CELCSA have had discussions, not to pursue a business relationship with CGA or CELCSA; (ii) soliciting for Alpek or any person other than Alpek or either of CGA or CELCSA the business of any person which is a customer or client of either of CGA or CELCSA, or was their customer or client at any time during the period 30 months prior to the execution date of the CGA Share Purchase Agreement, or in any way interferes with the relationship between Alpek or either of CGA or CELCSA and any such person or business relationship; or (iii) inducing, encouraging or soliciting any personnel of CGA or CELCSA to leave their employment, or to accept any other position or employment with any other person or hire or assist any other person in hiring any personnel for any reason whatsoever. The CGA Share Purchase Agreement also contains certain covenants which restrict the Company, CGT3, and Alpek from disclosing information related to the CGA Share Purchase Agreement, other than as required by applicable law.

Under the CGA Share Purchase Agreement, each of CGT3 and Alpek agreed (subject to approval of the Company's shareholders which has since been obtained) that it would pay a break fee of US$ 20 million to the other if it breached certain provisions of the CGA Share Purchase Agreement.

ContourGlobal L.P., the Company's majority Shareholder, holding, as at 18 March 2019, approximately 71 per cent. of the Company's issued ordinary share capital, provided an irrevocable undertaking to vote in favour of the shareholder resolutions to approve the CHP Acquisition.

(C) CGA Term Loan Facility Agreement

On 20 March 2019, ContourGlobal Holding de Generación de EnergIa de México S.A. de C.V. ("CHGEM") entered into a US$590 million term loan facility agreement (the "**CGA Term Loan Facility Agreement**"), which matures on the date falling seven years after loan disbursement. CHGEM is a 100 per cent. indirectly owned subsidiary of ContourGlobal, which ContourGlobal holds on an indirect basis. Shortly after CGA Closing, CHGEM assigned its obligations under the CGA Term Loan Facility Agreement to CGA and CGA became the borrower, and CELCSA a subsidiary guarantor, thereunder. CHGEM retained certain obligations under the CGA Term Loan Facility Agreement following such assignment.

The CGA Term Loan Facility Agreement also provides for the availability of a letter of credit facility of up to US$ 35 million to satisfy certain collateral obligations of CGA and its subsidiaries and subsidiary undertakings under commercial contracts.

Drawdown under the CGA Term Loan Facility Agreement was conditional on the satisfaction or waiver of certain conditions (including: (i) the satisfaction or waiver of all conditions to the CHP Acquisition under the CGA Share Purchase Agreement; and (ii) CGT3 having assigned its rights under the CGA Share Purchase Agreement to CHGEM).

The interest rate on the term loan facility is LIBOR-based, plus an applicable margin equal to (i) 2 per cent. per annum until the third anniversary of the loan disbursement, (ii) 2.25 per cent. per annum from the third anniversary of the loan disbursement to the sixth anniversary of the loan disbursement and (iii) 2.5 per cent. per annum thereafter. The facility will amortise on a quarterly basis, with a balloon payment of 61.3 per cent. of outstanding debt payable at maturity (being seven years after CGA Closing).

On 15 January 2019, ContourGlobal Power Holdings S.A. entered into an interest rate swap transaction in connection to the CGA Term Loan Facility Agreement which was assigned to CGA at, or shortly after, drawdown under the CGA Term Loan Facility Agreement.

The CGA Term Loan Facility Agreement has certain mandatory prepayment events, which include: (i) a portion of purchase price adjustment amounts under the Share Purchase Agreement; and (ii) disposal, insurance and compensation proceeds (subject to reinvestment rights).

The term loan facility is secured by: (i) pledges of equity in each of CHGEM, CGA and CELCSA (other than, in the case of CGA and CELCSA, equity held by power purchase agreement offtakers as required pursuant to applicable Mexican regulation); (ii) a pledge by CHGEM of all of its tangible and intangible assets; (iii) revenues deposited in certain accounts held on behalf of CGA and CELCSA; (iv) certain real estate and co-ownership rights of CGA and CELCSA; (v) contract rights of CGA and CELCSA under certain material project agreements; (vi) certain insurance policies procured by CGA and CELCSA; and (vii) all other tangible and intangible movable assets of CGA and CELCSA.

The CGA Term Loan Facility Agreement contains various representations, warranties and covenants usual to transactions of this nature. The covenants include financial covenants assessing compliance with a debt service cover ratio measuring the cash flow available for debt service against financing costs with a minimum required level of 1.05 times. The debt service coverage ratio (tested quarterly on a projected and historic basis) is the only financial ratio covenant in the CGA Term Loan Facility Agreement that could trigger a default. The borrower is restricted, however, from paying distributions to its shareholders if the debt service cover ratio is less than 1.15 times (tested quarterly on a projected and historic basis).

Under the CGA Term Loan Facility Agreement, the ContourGlobal Group has the right to replace cash standing to the credit of the debt service reserve account, which is sized to cover interest payments, principal payments and hedging settlement payments over a six month period, with a letter of credit for the same amount issued by a bank for the benefit of the lenders, with no recourse to CHGEM, CGA or CELCSA. The ContourGlobal Group made use of this right and entered into a letter of credit after loan closing.

The Term Loan Facility Agreement is governed by New York law.

(D) *Revolving Credit Facility Agreement*

On 10 December 2020, ContourGlobal Power Holdings S.A. as borrower and the Company, ContourGlobal Worldwide Holdings S.à r.l. and ContourGlobal Terra Holdings S.à r.l. as parent guarantors entered into a New York-law governed agreement for a €120 million super senior secured revolving credit facility (the "**Revolving Credit Facility**") with a consortium of three lenders, each taking a one-third share in the Revolving Credit Facility (the "**Revolving Credit Facility Agreement**"). BNP Paribas, one of the lenders under the Revolving Credit Facility Agreement, is acting as administrative agent. The Revolving Credit Facility's maturity date will be the third anniversary of the closing date (being the date on which all of the closing conditions contained within the Revolving Credit Facility Agreement have been satisfied or waived) and will be for general corporate purposes. The Revolving Credit Facility replaced ContourGlobal Power Holdings S.A.'s existing €75,000,000 super senior secured revolving credit facility documented under a credit agreement dated as of 9 November 2018. Interest will be payable under the Revolving Credit Facility Agreement at either EURIBOR plus 2.25 per cent. (the "**Applicable Margin**") per annum or (with respect to borrowings in US dollars) LIBOR plus the Applicable Margin per annum or the Alternate Base Rate plus 1.25 per cent. per annum. The obligations under the Revolving Credit Facility Agreement will be guaranteed by certain ContourGlobal Group companies, including the Company. The Revolving Credit Facility Agreement contains various representations, warranties, covenants and events of default customary for transactions of this nature.

(E) *Senior Secured Notes*

On 17 December 2020 (the "**Issue Date**"), ContourGlobal Power Holdings S.A. issued the Senior Secured Notes in a private offering exempt from the registration requirements of the Securities Act. The Senior Secured Notes were issued pursuant to the Senior Secured Notes Indenture.

The obligations under the Senior Secured Notes are fully and unconditionally guaranteed by the Company, ContourGlobal Worldwide Holdings S.à r.l., ContourGlobal Terra Holdings S.à r.l., and certain other subsidiaries of the Company. The Senior Secured Notes rank *pari passu* with the ContourGlobal Group's other senior secured indebtedness.

The Senior Secured Notes Indenture provides that ContourGlobal Power Holdings S.A. may:

(i) prior to 1 January 2023, in the case of the 2026 Notes, and prior to 1 January 2024, in the case of the 2028 Notes, on one or more occasions, at its option redeem all or part of the Senior Secured Notes by paying 100 per cent. of the principal amount of the Senior Secured Notes of the applicable series redeemed plus a make-whole premium and accrued and unpaid interest, if any, to, but not including, the redemption date;

(ii) prior to 1 January 2023, in the case of the 2026 Notes, and prior to 1 January 2024, in the case of the 2028 Notes, on one or more occasions, at its option redeem through the use of the net proceeds of specified equity offerings up to 40 per cent. of the aggregate principal amount of the Senior Secured Notes of such series, at a redemption price in cash equal to 102.750 per cent. in the case of the 2026 Notes and 103.125 per cent. in the case of the 2028 Notes of the principal amount of the Senior Secured Notes being redeemed, plus accrued and unpaid interest to, but excluding, the redemption date, provided that at least 60 per cent. of the original aggregate principal amount of the Senior Secured Notes of the applicable series (calculated after giving effect to the issuance of additional notes of the applicable series, if any) remains outstanding after the redemption and the redemption occurs within 180 days after the date of the closing of such equity offering;

(iii) during any twelve-month period commencing on the Issue Date and ending on or prior to 1 January 2023 for the 2026 Notes, or on or prior to 1 January 2024 for the 2028 Notes, redeem up to 10 per cent. of the original aggregate principal amount of the Senior Secured Notes of such series at a redemption price equal to 103 per cent. of the aggregate principal amount of the Senior Secured Notes of such series, plus accrued and unpaid interest thereon, if any, to the redemption date; and

(iv) after 1 January 2023, in the case of the 2026 Notes, and after 1 January 2024, in the case of the 2028 Notes, on one or more occasions, at its option redeem all or part of the Senior Secured Notes at the respective redemption prices set forth in the Senior Secured Notes Indenture, plus any accrued and unpaid interest to, but excluding, the redemption date.

The Senior Secured Notes Indenture contains customary provisions relating to ContourGlobal Power Holdings S.A.'s obligation to make payments free of withholding deduction and its ability to redeem the Senior Secured Notes in the event of certain changes in the taxation of the Senior Secured Notes.

If ContourGlobal Power Holdings S.A. sells certain of its assets or a Change of Control (as defined in the Senior Secured Notes Indenture) occurs, ContourGlobal Power Holdings S.A. must offer to purchase the Senior Secured Notes with any excess proceeds at a purchase price equal to 100 per cent. in the case of an asset sale or 101 per cent. in the case of a Change of Control (as defined in the Senior Secured Notes Indenture) of the principal amount thereof, plus accrued and unpaid interest and additional amounts, if any, to, but excluding, the date of purchase.

Subject to a number of important exceptions and qualifications, the Senior Secured Notes Indenture contains customary covenants that limit, among other things, the ability of the Company and each Restricted Subsidiary (as defined in the Senior Secured Notes Indenture) to: (a) incur additional indebtedness; (b) pay dividends or make other distributions or purchase or redeem capital stock or pre-pay or redeem indebtedness; (c) make any Restricted Investment (as defined in the Senior Secured Notes Indenture); (d) create or permit to exist certain liens; (e) impose restrictions on the ability of subsidiaries to pay dividends or make any other distributions or loans or transfer assets to the Company; (f) sell or otherwise transfer certain assets; (g) enter into transactions above a specified threshold with its affiliates; and (h) designate Unrestricted Subsidiaries and Project Finance Subsidiaries (each as defined in the Senior Secured Notes Indenture) under the Senior Secured Notes Indenture after the Issue Date.

In addition, the Senior Secured Notes Indenture contains a covenant that limits the ability of ContourGlobal Power Holdings S.A., the Company, ContourGlobal Worldwide Holdings S.à r.l. and ContourGlobal Terra Holdings S.à r.l. to merge or consolidate with other entities or sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of their respective properties and assets, subject to certain exceptions.

The Senior Secured Notes Indenture contains customary events of default, including, among others, the failure to pay principal or interest on the Senior Secured Notes, the failure to comply with certain covenants, certain failures to perform or observe other obligations under the Senior Secured Notes Indenture and certain events of bankruptcy. The Senior Secured Notes Indenture contains customary cross default provisions, including, among others, for the failure of the Company and certain of its subsidiaries to pay any principal of, or interest on, any indebtedness when due beyond the applicable grace period provided in such indebtedness in an aggregate amount exceeding a specified threshold.

The Senior Secured Notes Indenture is governed by New York law.

(F) *2025 Notes*

On 26 July 2018, ContourGlobal Power Holdings S.A. issued €450 million aggregate principal amount of senior secured notes due 2023 (the "**2023 Notes**") and €300 million aggregate principal amount of senior secured notes due 2025 (the "**2025 Notes**") in a private offering exempt from the registration requirements of the Securities Act. The 2023 Notes and the 2025 Notes were issued pursuant to the 2025 Notes Indenture. The 2023 Notes were redeemed on 7 January 2021.

The obligations under the 2025 Notes are fully and unconditionally guaranteed by the Company, ContourGlobal Worldwide Holdings S.à r.l., ContourGlobal Terra Holdings S.à r.l. and certain other subsidiaries of the Company. The 2025 Notes rank *pari passu* with the ContourGlobal Group's other senior secured indebtedness.

The 2025 Notes Indenture provides that ContourGlobal Power Holdings S.A. may:

(i) prior to 1 August 2021, on one or more occasions, at its option redeem all or part of the 2025 Notes by paying 100 per cent. of the principal amount of the 2025 Notes redeemed plus a make-whole premium and accrued and unpaid interest, if any, to, but not including, the redemption date;

(ii) prior to 1 January 2021, on one or more occasions, redeem through the use of the net proceeds of specified equity offerings up to 40 per cent. of the aggregate principal amount of the 2025 Notes, at a redemption price in cash equal to 104.125 per cent. of the principal amount of the 2025 Notes being redeemed, plus accrued and unpaid interest to, but excluding, the redemption date, provided that at least 60 per cent. of the original aggregate principal amount of the 2025 Notes (calculated after giving effect to the issuance of additional notes, if any) remains outstanding after the redemption and the redemption occurs within 180 days after the date of the closing of such equity offering; and

(iii) after 1 August 2021, on one or more occasions, redeem all or part of the 2025 Notes at the redemption prices set forth in the 2025 Notes Indenture, plus any accrued and unpaid interest to, but excluding, the redemption date.

The 2025 Notes Indenture contains customary provisions relating to ContourGlobal Power Holdings S.A.'s obligation to make payments free of withholding deduction and its ability to redeem the 2025 Notes in the event of certain changes in the taxation of the 2025 Notes.

If ContourGlobal Power Holdings S.A. sells certain of its assets or a Change of Control (as defined in the 2025 Notes Indenture) occurs, ContourGlobal Power Holdings S.A. must offer to purchase the 2025 Notes with any excess proceeds at a purchase price equal to 100 per cent. in the case of an asset sale or 101 per cent. in the case of a Change of Control (as defined in the 2025 Notes Indenture) of the principal amount thereof, plus accrued and unpaid interest and additional amounts, if any, to, but excluding, the date of purchase.

Subject to a number of important exceptions and qualifications, the 2025 Notes Indenture contains customary covenants that limit, among other things, the ability of the Company and each Restricted Subsidiary (as defined in the 2025 Notes Indenture) to: (a) incur additional indebtedness; (b) pay dividends or make other distributions or purchase or redeem capital stock or pre-pay or redeem indebtedness; (c) make any Restricted Investment (as defined in the 2025 Notes Indenture); (d) create or permit to exist certain liens; (e) impose restrictions on the ability of subsidiaries to pay dividends or make any other distributions or loans or transfer assets to the Company; (f) sell or otherwise transfer certain assets; (g) enter into transactions above a specified threshold with its affiliates; and (h) designate Unrestricted Subsidiaries and Project Finance Subsidiaries (each as defined in the 2025 Notes Indenture) under the 2025 Notes Indenture after 26 July 2018.

In addition, the 2025 Notes Indenture contains a covenant that limits the ability of ContourGlobal Power Holdings S.A., the Company, ContourGlobal Worldwide Holdings S.à r.l. and ContourGlobal Terra Holdings S.à r.l. to merge or consolidate with other entities or sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of their respective properties and assets, subject to certain exceptions.

The 2025 Notes Indenture contains customary events of default, including, among others, the failure to pay principal or interest on the 2025 Notes, the failure to comply with certain covenants, certain failures to perform or observe other obligations under the 2025 Notes Indenture and certain events of bankruptcy. The 2025 Notes Indenture contains customary cross default provisions, including, among others, for the failure of the Company and certain of its subsidiaries to pay any principal of, or interest on, any indebtedness when due beyond the applicable grace period provided in such indebtedness in an aggregate amount exceeding a specified threshold.

The 2025 Notes Indenture is governed by New York law.

(G) HSBC Letter of Credit Facility Agreement

On 29 March 2019, ContourGlobal Power Holdings S.A. as borrower, the Company, ContourGlobal Worldwide Holdings S.à r.l. and ContourGlobal Terra Holdings S.à r.l. as guarantors and HSBC Bank USA, National Association ("**HSBC**") as issuing bank, lender, administrative agent and collateral agent entered into a New York-law governed agreement for a letter of credit facility (the "**HSBC Letter of Credit Facility**"), which was subsequently amended on 23 December 2020 (the "**HSBC Letter of Credit Facility Agreement**"). Pursuant to the HSBC Letter of Credit Facility, HSBC agrees to issue letters of credit to be delivered (x) as credit support under a commercial credit agreement dated 27 June 2008 between (among others) Termosolar Alvarado S.L.U, as borrower, Banvo Bilabao Vizcaya Argentaria, S.A., as agent in an aggregate amount at any time outstanding not in excess of €40,124,000.00 (the "**Alvarado Letter of Credit**") and (y) as credit support under a facility agreement dated 3 May 2018 between (among others) ContourGlobal Mirror 2 S.à r.l., as borrower, Goldman Sachs International, as arranger, and U.S. Bank Trustees Limited, as security agent in an aggregate principal amount at any time outstanding not in excess of €35,338,937.50 (the "**Mirror Letters of Credit**" and together with the Alvarado Letter of Credit, the "**HSBC Letters of Credit**").

Under the terms of the HSBC Letter of Credit Facility, ContourGlobal Power Holdings S.A. may request the issuance of, or an amendment to or increase of, a standby letter of credit (in form reasonably acceptable to HSBC) by HSBC, at any time prior to the 28 March 2023 (the "**HSBC Maturity Date**"). Subject to certain exceptions and unless an earlier date is specified, each HSBC Letter of Credit expires one year after the date of issuance (or on the HSBC Maturity Date if earlier).

Interest is payable under the HSBC Letter of Credit Facility on any payment or disbursement made by HSBC pursuant to a HSBC Letter of Credit at either EURIBOR plus 2.00 per cent., in the case of the Mirror Letters of Credit, or at EURIBOR plus 2.17 per cent., in the case of the Alvarado Letter of Credit. Under the HSBC Letter of Credit Facility, ContourGlobal Power Holdings S.A. agrees to pay certain fees to HSBC in relation to the HSBC Letter of Credit Facility. The HSBC Letter of Credit Facility Agreement contains various representations, warranties, covenants and events of default customary for transactions of this nature. The obligations under the HSBC Letter of Credit Facility Agreement are guaranteed by certain members of the ContourGlobal Group, including the Company. The HSBC Letter of Credit Facility shares the same security package as the Senior Secured Notes, with priority over the proceeds of that security package.

The HSBC Letter of Credit Facility Agreement is governed by New York law.

(H) UniCredit Letter of Credit Facility Agreement

On 10 March 2020, ContourGlobal Power Holdings S.A. as borrower, the Company, ContourGlobal Worldwide Holdings S.à r.l. and ContourGlobal Terra Holdings S.à r.l. as guarantors and UniCredit Bank AG, London Branch ("**UniCredit**") as issuing bank, lender, administrative agent and collateral agent entered into a New York-law governed agreement for a letter of credit facility (the "**UniCredit Letter of Credit Facility**"), which was subsequently amended on 23 December 2020 (the "**UniCredit Letter of Credit Facility Agreement**"). Pursuant to the UniCredit Letter of Credit Facility, UniCredit agrees to issue letters of credit for general corporate purposes or working capital requirements of ContourGlobal Power Holdings S.A or any Subsidiary (as defined in the UniCredit Letter of Credit Facility Agreement) of the Company in an aggregate amount not in excess of €50 million (the "**UniCredit Letters of Credit**").

Under the terms of the UniCredit Letter of Credit Facility, ContourGlobal Power Holdings S.A. may request the issuance of, or an amendment to or increase of, a standby letter of credit (in form reasonably acceptable to UniCredit) by UniCredit, at any time up to and including 23 December 2022. The maturity date of the UniCredit Letter of Credit Facility is the earlier of: (i) 24 months after a letter of credit is first issued after 23 December 2022; and (ii) 9 March 2023 (the "**UniCredit Maturity Date**"). Subject to certain exceptions and unless an earlier date is specified, each UniCredit Letter of Credit expires one year after the date of issuance (or on the UniCredit Maturity Date if earlier).

Interest is payable under the UniCredit Letter of Credit Facility on any payment or disbursement made by UniCredit pursuant to a UniCredit Letter of Credit at EURIBOR plus 2.00 per cent. Under the UniCredit Letter of Credit Facility, ContourGlobal Power Holdings S.A. agrees to pay certain fees to UniCredit in relation to the UniCredit Letter of Credit Facility. The UniCredit Letter of Credit Facility Agreement contains various representations, warranties, covenants and events of default customary for transactions of this nature. The obligations under the UniCredit Letter of Credit Facility Agreement are guaranteed by certain members of the ContourGlobal Group, including the Company. The UniCredit Letter of Credit Facility shares the same security package as the Senior Secured Notes, with priority over the proceeds of that security package.

The UniCredit Letter of Credit Facility Agreement is governed by New York law.

(I) Contracts incorporated by reference

In November 2017, the Company, ContourGlobal L.P., the Reservoir Funds, Reservoir Capital and the Company President and Chief Executive Officer, Joseph C. Brandt entered into a relationship agreement, details of which are set out in the Directors' report (page 108) of the ContourGlobal 2019 Annual Report and are incorporated by reference into this document.

6. MATERIAL CONTRACTS OF THE TARGET GROUP

Other than as disclosed below, no contracts have been entered into (other than contracts entered into in the ordinary course of business) by any member of the Target Group, either: (i) within the two years immediately preceding the date of this document and which are, or may be, material to the Target Group; or (ii) at any time, which contain any provision under which any member of the Target Group has any obligation or entitlement which is, or may be, material to the Target Group as at the date of this document:

Members of the Target Group have entered into the agreements set out below.

(A) Interconnection Agreements

Each of the project companies for the US based generation assets of WGP that form part of the Target Group (each a "**Project Company**") has a Generator Interconnection Agreement ("**GIA**"). A GIA is a pro forma agreement approved by FERC that details the rights and obligations of an interconnection customer to interconnect its generating facility to a transmission system in accordance with FERC's longstanding open access rules and policies. These interconnection rights allow the generating facility to inject its electrical output into the connected transmission system, and thereby make wholesale sales of electric energy, capacity and ancillary services (either in the organized markets or bilaterally). Without these GIAs, the Target Group's generating companies would not be able to generate any electricity and sell their electric energy, capacity or ancillary services. Therefore, each of these GIAs is critical to the ability of its applicable Project Company to operate and do business and thus are collectively material to the Target Group.

The GIAs are typically between the Project Company that owns and operates an electric generating facility (as the aforementioned interconnection customer) that is interconnecting that facility to part of the transmission system owned and maintained by an electric utility (the "**Transmission Owner**"). For electric generating facilities interconnecting to a larger multi-utility transmission system organized as a Regional Transmission Organization ("**RTO**") or Independent System Operator ("**ISO**"), in which the RTO or ISO acts as the transmission system operator and administers associated organized wholesale markets for electric energy, capacity and certain ancillary services, the RTO or ISO is also a party to the GIA as the system operator or transmission provider. The GIAs, including party names and date of agreement, are listed below:

- Waterside Power, LLC (interconnection customer), The Connecticut Light and Power Company (Transmission Owner), ISO New England Inc., (System Operator); dated August 15, 2008;
- Lea Power Partners, LLC (interconnection customer), Southwestern (transmission owner), Southwest Power Pool (transmission provider); dated 30 April 2007;
- Borger Energy Associates, L.P. (interconnection customer), Southwestern (transmission owner); dated 23 May 1997;
- Kern Front Limited (interconnection customer), Pacific Gas and Electric Company (transmission owner), California Independent System Operator Corporation (system operator); dated 30 November 2011;
- High Sierra Limited (interconnection customer), Pacific Gas and Electric Company (transmission owner), California Independent System Operator Corporation (system operator); dated 30 November 2011;
- Double "C" Limited (interconnection customer), Pacific Gas and Electric Company (transmission owner), California Independent System Operator Corporation (system operator); dated 30 November 2011;
- McKittrick Limited (interconnection customer), Pacific Gas and Electric Company (transmission owner), California Independent System Operator Corporation (system operator); dated 28 March 2012;
- Live Oak Limited (interconnection customer), Pacific Gas and Electric Company (transmission owner), California Independent System Operator Corporation (system operator); dated 28 March 2012;
- Chalk Cliff Limited (interconnection customer), Pacific Gas and Electric Company (transmission owner), California Independent System Operator Corporation (system operator); dated 28 March 2012;
- Bear Mountain Limited (interconnection customer), Pacific Gas and Electric Company (transmission owner), California Independent System Operator Corporation (system operator); dated 3 March 2015; and
- Badger Creek Limited (interconnection customer), Pacific Gas and Electric Company (transmission owner), California Independent System Operator Corporation (system operator); dated 28 March 2012.

(B) Power Purchase Agreements

Each of the Project Companies (other than High Sierra Limited, Double C Generation Limited and Kern Front Limited) has a PPA under which such Project Company sells the energy produced by, and/or the generating capacity of, such Project Company's Project. Under most of these PPAs, the counterparty is responsible for obtaining the fuel necessary to operate the Project and delivering it to the applicable Project. The PPA for each such Project is the main revenue contract for that Project, and accounts for most, if not all, of the applicable

Project Company's revenue. Revenues under these contracts are primarily based on a capacity reservation fee that is typically denominated in $/kW-month (which compensates the Project Company for making the capacity of the Project available to the counterparty) and an energy payment for each kWh of energy produced at the request of the offtaker. Each of the PPAs has a different term, with some of the terms (particularly the terms of the Five Brothers PPAs) due to expire in the next few years (at which point those Projects are expected to sell their capacity pursuant to resource adequacy contracts (as discussed below)). Except as otherwise identified herein (e.g., the right of first refusal under the Borger PPA, the purchase option under the Hobbs PPA, and required consents in connection with the consummation of the transaction, etc.), the PPAs contain customary provisions (including customary termination provisions). The PPAs, including party names and date of agreement, are listed below:

- the Hobbs PPA;
- the Borger PPA;
- license agreement and agreement for sale and purchase of power, dated 12 February 1998, between Trinity Power Limited (f/k/a InnCOGEN, Limited), and the Trinity Power Purchaser, as amended;
- the Waterside PPA; and
- the "**Five Brothers PPAs**" comprising:
  - tolling power purchase agreement, dated 6 December 2013, between Live Oak Limited and Pacific Gas and Electric Company;
  - tolling power purchase agreement, dated 6 December 2013, between Bear Mountain Limited and Pacific Gas and Electric Company;
  - tolling power purchase agreement, dated 6 December 2013, between Badger Creek Limited and Pacific Gas and Electric Company;
  - tolling power purchase agreement, dated 6 December 2013, between McKittrick Limited and Pacific Gas and Electric Company; and
  - tolling power purchase agreement, dated 6 December 2013, between Chalk Cliff Limited and Pacific Gas and Electric Company.

(C) Resource Adequacy Purchase and Sale Agreements

Several of the Project Companies own and operate generating facilities that are interconnected to the transmission system controlled by the CAISO and participate in various wholesale markets administered in whole or part by the CAISO. One of these markets is for various capacity products, or what are termed as RA products, which are bought and sold on a bilateral basis to satisfy RA requirements for load-serving entities established by the California Public Utilities Commission and administered in part by the CAISO (these requirements are intended to ensure the safe and reliable operation of the bulk power system administered by the CAISO). The Target Companies with Projects in the CAISO are "sellers" of RA products under a number of RA purchase and sale agreements ("**RA PSAs**") in which they sell certain RA products on a megawatt basis to load-serving entity "buyers" with RA obligations. Individually, each of these RA PSAs may not be material to its applicable Project Company or the Target Group, however, these RA PSAs in the aggregate may be material to the Target Group.

The RA PSAs cover time periods from the end of 2020 to the end of 2022. The RA PSAs, including party names, date of agreement, and term of agreement, are listed below:

- Bear Mountain Limited (seller) and EDF Trading North America, LLC (buyer); dated 26 May 2020; term of 1 May 2022 through 31 December 2022;
- Bear Mountain Limited (seller) and EDF Trading North America, LLC (buyer); dated 13 October 2020; term of 1 May 2022 through 31 December 2022;
- Badger Creek Limited (seller) and EDF Trading North America, LLC (buyer); dated 13 October 2020; term of 1 May 2022 through 31 December 2022;
- Live Oak Limited (seller) and EDF Trading North America, LLC (buyer); dated 13 October 2020; term of 1 May 2022 through 31 December 2022;
- Chalk Cliff Limited (seller) and EDF Trading North America, LLC (buyer); dated 13 October 2020; term of 1 May 2022 through 31 December 2022;

- McKittrick Limited (seller) and EDF Trading North America, LLC (buyer); dated 13 October 2020; term of 1 May 2022 through 31 December 2022;
- Double C Generation Limited (seller) and Shell Energy North America (US), L.P. (buyer); dated 16 October 2020; term of 1 January 2021 through 31 December 2021;
- Double C Generation Limited (seller) and Shell Energy North America (US), L.P. (buyer); dated 16 October 2020; term of 1 January 2022 through 31 December 2022;
- High Sierra Limited (seller) and EDF Trading North America, LLC (buyer); dated 8 October 2019; term of January 1, 2021 through 31 December 2021;
- High Sierra Limited (seller) and EDF Trading North America, LLC (buyer); dated 8 October 2019; term of 1 January 2021 through 31 December 2021;
- High Sierra Limited (seller) and Tenaska Power Services Co. (buyer); dated 29 October 2019; term of December 2020 through December 2022;
- High Sierra Limited (seller) and EDF Trading North America, LLC (buyer); dated 8 November 2019; term of 1 January 2022 through 31 December 2022;
- High Sierra Limited (seller) and EDF Trading North America, LLC (buyer); dated 9 January 2020; term of 1 January 2021 through 31 December 2022;
- High Sierra Limited (seller) and EDF Trading North America, LLC (buyer); dated 18 May 2020; term of 1 January 2021 through 31 December 2021;
- High Sierra Limited (seller) and EDF Trading North America, LLC (buyer); dated 26 May 2020; term of 1 January 2022 through April 30, 2022;
- High Sierra Limited (seller) and EDF Trading North America, LLC (buyer); dated 9 October 2020; term of 1 January 2022 through 31 December 2022;
- Kern Front Limited (seller) and EDF Trading North America, LLC (buyer); dated 6 August 2019; term of 1 December 2020 through 31 December 2022;
- Kern Front Limited (seller) and EDF Trading North America, LLC (buyer); dated 1 October 2019; term of 1 December 2020 through 31 December 2020;
- Kern Front Limited (seller) and Tenaska Power Services Co. (buyer); dated 29 October 2019; term of 1 December 2020 through 31 December 2020;
- Kern Front Limited (seller) and EDF Trading North America, LLC (buyer); dated 18 May 2020; term of 1 January 2021 through 31 December 2021; and
- Kern Front Limited (seller) and EDF Trading North America, LLC (buyer); dated 9 October 2020; term of 1 January 2022 through 31 December 2022.

7. LITIGATION

7.1 The ContourGlobal Group

Other than as noted below, there are no, nor have there been any, governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) during the period covering 12 months preceding the date of this document, which may have, or have had in the recent past, significant effects on the Company's and/or ContourGlobal Group's financial position or profitability.

(A) Proceedings relating to KivuWatt

On 18 January 2019, the International Centre for the Settlement of Investment Disputes ("**ICSID**") recognised a request for arbitration filed by Energy Utility Corporation Limited ("**EUCL**"), a private company incorporated in Rwanda, naming KivuWatt Ltd. ("**KivuWatt**"), a wholly-owned subsidiary within the ContourGlobal Group, as the respondent, alleging that it had suffered damages of approximately US$ 80 million arising from KivuWatt's delay in entering into commercial service. EUCL alleges that the delay in entering into commercial service required it to obtain replacement electricity from imported fuel oil generation at a higher cost than it would have incurred had KivuWatt reached commercial service on time. KivuWatt contests EUCL's claim to damages over and above the US$ 1.2 million in liquidated damages provided for in the parties' power purchase agreement (the "**KivuWatt PPA**"), which liquidated damages KivuWatt has already paid.

In the second quarter of 2019, EUCL withdrew its claim before the ICSID arbitration forum and, with KivuWatt's consent, refiled the request for arbitration before the United Nations Commission on International Trade Law ("**UNCITRAL**") under the rules of the 1976 United Nations Commission on International Trade Law. KivuWatt is preparing a defence to the claim and the arbitration proceedings between KivuWatt and EUCL will continue into 2021, as the liability hearing was postponed from September 2020 due to travel restrictions imposed by COVID-19 and is now scheduled to take place during September 2021.

Furthermore, in connection with the above arbitration proceedings, KivuWatt has initiated a counterclaim challenging, on the basis of "manifest error", the outcome of an expert determination initiated by KivuWatt in 2013 through UNCITRAL (the "**KivuWatt Expert Determination**") in respect of a claim for a tariff increase under the KivuWatt PPA as compensation for additional costs incurred during construction as a result of a change in law by the government of Rwanda. KivuWatt is seeking a declaration to set aside the outcome of the KivuWatt Expert Determination which, in 2019, denied KivuWatt the benefit of the requested tariff increase. The hearing in respect of this matter is scheduled to take place early in the third quarter of 2021.

(B) Arbitration against the government of Kosovo and other publicly owned entities

On 24 May 2020, ContourGlobal Kosovo LLC ("**CG Kosovo**"), a wholly-owned subsidiary within the ContourGlobal Group, sent a notice of termination to the government of Kosovo (represented by the Ministry of Economy and Environment of the government of Kosovo) (the "**GoK**") and other publicly operated entities, namely Kosovo Energy Corporation, J.S.C., New Kosovo Electric Company J.S.C., HPE Ibër-Lepenc, J.S.C. and Operator Sistemi, Transmision Dhe Tregu – KOSTT, SH.A., under various project documents entered into with each of those entities in respect of a project whereby CG was to build a coal-fired power plant in Kosovo. The notice of termination was sent as a result of the failure of the above-mentioned entities to meet certain obligations and conditions precedent under such project documents, which prevented the project from meeting certain required milestones by its scheduled completion date and therefore meant the project could not go forward.

On 25 September 2020, CG Kosovo sent a formal written notice of dispute under the project documents seeking damages of approximately €20 million plus interest for late payment, as the total amount due to CG Kosovo for the termination of the project that is attributable to GoK. On 19 November 2020, CG Kosovo filed a request for arbitration with ICSID. The arbitration proceedings are not expected to conclude before the end of 2021.

(C) ContourGlobal Maritsa East 3 arbitration

In August 2018, ContourGlobal Maritsa East 3 AD ("**CGME3**"), a subsidiary within the ContourGlobal Group, commenced a dispute resolution procedure against Natsionalna Elektricheska Kompania EAD ("**NEK**") as offtaker under the parties' power purchase agreement for collection of the first instalment (€10 million, net of VAT and interest) of environmental capital expenditures (in total amounting to approximately €17 million and return thereon) made by CGME3 between 2012 and 2015 in relation to new EU environmental requirements for the reduction of the emissions of sulphur dioxide and nitrous oxides. On 4 June 2019, CGME3 initiated ad hoc arbitration in accordance with the UNCITRAL arbitration rules for recovery by CGME3 of the €10 million instalment, together with VAT, contractual default interest and costs of arbitral proceedings. The hearing on liability will be held in 2021.

(D) Energies Antilles operation & maintenance contractor litigation

In 2015, a €5 million legal claim was brought in the French court against Energies Antilles ("**EA**"), a wholly-owned subsidiary within the ContourGlobal Group, by the operation and maintenance contractor of the Energies Antilles plant (the "**EA Contractor**") in relation to certain cost overruns following changes in French labour laws. On 21 September 2018, judgment was rendered by the Commercial Court of Paris in favour of the EA Contractor.

The Commercial Court appointed an expert to determine the costs for which EA should be liable, as opposed to those costs that were attributable to the EA Contractor's management decisions. To date, several meetings with the expert have taken place. In parallel with the expert proceeding, EA appealed before the Paris Court of Appeal against the Commercial Court's decision on legal grounds. The appeal is expected to take place during February 2021.

7.2 The Target Group

Other than as noted below, there are no, nor have there been any, governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) during the

period covering 12 months preceding the date of this document, which may have, or have had in the recent past, a significant effect on the Target Group's financial position or profitability.

(A) New Mexico property taxes

On 27 July 2018, the Chief Hearing Officer of the State of New Mexico Administrative Hearings Office issued an interlocutory decision and order covering New Mexico property taxes payable by the Target Group for the years 2012 through 2016 (the "**Prior Owner Hobbs Property Tax Matter**"). Under that decision and order, the taxable values established for the years 2012 through 2016 are higher than the uncontested values used by the Target Group, resulting in additional property taxes estimated at approximately US$7.1 million for the years 2012 through 2016. The Target Group is appealing the order in the New Mexico Court of Appeals.

In addition, the Seller has protested to the New Mexico Administrative Hearings Officer in respect of the property taxes payable in New Mexico in respect of the value of Lea Power Partners, LLC for the period from 2017 to the present day (the "**Seller Hobbs Property Tax Matter**" and, together with the Prior Owner Hobbs Property Tax Matter, the "**Hobbs Property Tax Matters**"). The case relating to the Seller Hobbs Property Tax Matter was under a scheduling order from the Administrative Hearings Officer with a hearing date set for 18 and 19 February 2019, until the case was placed into abeyance pending the outcome of the Prior Owner Hobbs Property Tax Matter. The current difference in taxes paid by the Target Group during the period from 2017 to the present day and the assessed value by the State of New Mexico for the same period is approximately U$5.6 million. The Seller Hobbs Property Tax Matter is not currently at the stage of litigation but may ultimately be required to be decided before the courts if the Seller and the Administrative Hearings Officer cannot agree on a settlement of the discrepancy in property taxes owed.

The result of the decisions in respect of the Hobbs Property Tax Matters may have a significant effect on the Enlarged Group as it will set forth the methodology to be adopted by the Enlarged Group for purposes of the calculation of property taxes in New Mexico after Closing.

8. WORKING CAPITAL STATEMENT

The Company is of the opinion that, taking into account the facilities available to the Enlarged Group, the Enlarged Group has sufficient working capital for its present requirements, that is, for at least the 12 months following the date of publication of this document.

9. NO SIGNIFICANT CHANGE

9.1 The ContourGlobal Group

There has been no significant change in the financial performance or financial position of the ContourGlobal Group since 30 June 2020, being the date to which the last published financial statements in respect of the ContourGlobal Group have been prepared.

9.2 The Target Group

There has been no significant change in the financial position or financial performance of the Target Group since 31 December 2019, being the date to which the financial information in respect of the Target Group presented in Section B of Part IV (*Historical Financial Information on the Target Group*) of this document, has been prepared.

10. RELATED PARTY TRANSACTIONS

Save as set out in note 4.29 of notes to the consolidated financial statements (page 134) of the ContourGlobal 2017 Annual Report (which is incorporated by reference into this document), there were no related party transactions entered into by the Company or any other member of the ContourGlobal Group during the financial years ended 31 December 2019, 2018 and 2017, and during the period up to the date of this document, other than the payment of salary, fees and benefits to key management personnel and amounts due to and from subsidiary undertakings.

11. PROFIT ESTIMATE FOR THE CONTOURGLOBAL GROUP

11.1 Profit Estimate

On 27 October 2020, the Company published a trading update for the period from 1 January 2020 to 30 September 2020. This contained the following statement with respect to the Company's expected earnings for the year ended 31 December 2020:

"*We reiterate our 2020 Full Year guidance for Adjusted EBITDA in the range of $710m—$745m*"

The statement above (the "**Profit Estimate**") represents a profit estimate under the Listing Rules. The Directors have considered and confirm that the Profit Estimate continues to be valid at the date of this document on the basis of the assumptions below.

11.2 Basis of preparation

The Profit Estimate has been properly compiled on the basis of the assumptions stated below and on a basis consistent with the accounting policies of the ContourGlobal Group used for the purposes of preparation of the ContourGlobal Group's financial statements for the year ended 31 December 2019 and which are in accordance with IFRS as adopted by the European Union.

The Profit Estimate is based on:

(A) the unaudited consolidated financial results of the ContourGlobal Group for the nine months ended 30 September 2020;

(B) the unaudited management accounts of the ContourGlobal Group for October 2020 and November 2020; and

(C) the projected performance of the ContourGlobal Group for December 2020.

11.3 Principal assumptions

The Profit Estimate is not based on any assumptions that are either within or outside the influence of ContourGlobal Group management and the Directors.

12. PROFIT FORECAST FOR THE TARGET GROUP

12.1 Profit Forecast

On 7 December 2020, the Company announced the Acquisition. That announcement contained the following statement which was repeated in the accompanying investor presentation with respect to the Target Group's expected earnings for the first full year following Closing:

"*The expected Adjusted EBITDA contribution in the first year following completion of the Proposed Acquisition ("Closing") is $92 million, including $5 million of non-recurring integration costs.*"

The statement above (the "**Profit Forecast**") represents a profit forecast under the Listing Rules. The Directors have considered and confirm that the Profit Forecast continues to be valid at the date of this document on the basis of the assumptions below. The defined term "Proposed Acquisition" as used in the Profit Forecast has the same meaning as the defined term "Acquisition" as used in this document.

12.2 Basis of preparation

The Profit Forecast has been properly compiled on the basis of the assumptions stated below and on a basis consistent with the accounting policies of the ContourGlobal Group used for the purposes of preparation of the ContourGlobal Group's financial statements for the year ended 31 December 2019 and for the period ended 30 June 2020 and which are in accordance with IFRS as adopted by the European Union.

The Target Group Profit Forecast is based on:

(A) the consolidated historical financial information of the Target Group for the financial years ended 31 December 2019, 31 December 2018 and 31 December 2017;

(B) the current trading of the Target Group for the six months ended 30 June 2020; and

(C) the assumptions stated below.

12.3 Principal assumptions

The Profit Forecast has been compiled on the basis of the following principal assumptions which are outside the influence of ContourGlobal Group management and the Directors:

(A) there will be no material change in interest rates, inflation indices, bases of taxes, and legislation or regulatory requirements that have a material impact on the Target Group;

(B) there will be no litigation or liability claims that have a material impact on the results of the Target Group;

(C) there will be no business disruptions, including through breach of contract by third parties, natural disasters, pandemics or industrial disputes, that materially affect the Target Group or any of the Target Group's suppliers or off-takers;

(D) there will be no unplanned outages at the assets that have a material impact on the results of the Target Group;

(E) there will be no significant events or adverse publicity that would materially damage the reputation of ContourGlobal and have a material impact on the results of the Target Group;

(F) there will be no fundamental change in the economic, regulatory or political environment in which ContourGlobal operates that will materially affect the Target Group;

(G) there will be no material change in the control of ContourGlobal; and

(H) there will no right of first refusal exercised in the context of the Acquisition and none of the WGP Assets will be excluded from the Acquisition in accordance with the terms of the Acquisition Agreement summarised in Part III (*Summary of the Principal Terms and Conditions of the Acquisition*) of this document.

The Directors consider that the assumptions listed at sub-paragraphs (A), (C), (D) and (H) above are those assumptions which, if they are inaccurate, could materially change the outcome of the Profit Forecast.

The Profit Forecast has been compiled on the basis of the following principal assumptions which are within the influence of ContourGlobal Group management and the Directors:

(A) the Profit Forecast excludes any future acquisitions, disposals or joint venture agreements of the Target Group; and

(B) there will be no material change to the Target Group's existing operational structure and strategy, except as already announced.

13. CONSENTS

Goldman Sachs International, whose address is Plumtree Court, 25 Shoe Lane, London EC4A 4AU United Kingdom, has given and has not withdrawn its written consent to the inclusion in this document of the references to its name in the form and context in which it appears.

PricewaterhouseCoopers LLP, whose address is 1 Embankment Place, London WC2N 6RH United Kingdom, has given and has not withdrawn its written consent to the inclusion in this document of its report in Section A of Part V (*Unaudited Pro Forma Financial Information for the Enlarged Group*) of this document in the form and context in which it appears.

BDO LLP, whose address is 55 Baker Street, London, W1U 7EU, United Kingdom, has given and has not withdrawn its written consent to the inclusion in this document of its report included in Section A of Part IV (*Historical Financial Information on the Target Group*) of this document in the form and context in which it appears.

14. INFORMATION INCORPORATED BY REFERENCE

The following information is incorporated by reference into this document:

Reference document	Information incorporated by reference	Reference document page reference	Page reference in this document
Prospectus	Details of the Executive Directors terms of appointment	Section 6.1 of Part III (pages 172 to 173)	94
Prospectus	Details of the Non-Executive Directors' terms of appointment	Section 6.2 of Part III (page 173)	94
ContourGlobal 2019 Annual Report	Details of the ContourGlobal Group's material contracts	Relationship Agreement section of directors' report (page 108)	102
ContourGlobal 2017 Annual Report	Details of ContourGlobal's related party transactions	Note 4.29 of Notes to the consolidated financial statements (page 69)	107

A copy of each of the documents listed above is available for inspection in accordance with section 15 of this Part VI (*Additional Information*).

To the extent that any document or information incorporated by reference or attached to this document itself incorporates any information by reference, either expressly or impliedly, such information will not form part of this document, except where such information or documents are stated within this document as specifically being incorporated by reference or where this document is specifically defined as including such information. For the avoidance of doubt and without limitation, the contents of any websites referred to in this document (including the Company's website and any links accessible through the Company's website, and the contents of any websites accessible from hyperlinks on such websites) are not incorporated into and do not form part of this document. Only the parts of the document from which information is incorporated by reference are relevant for the purposes of this document and the other parts of such documents are not relevant to this document.

15. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection, subject to compliance with appropriate COVID-19 precautionary measures, during normal business hours on any Business Day, free of charge, at the registered office of the Company at 7th Floor, Park House, 116 Park Street, London W1K 6SS, from the date of this document up to and including 3 February 2021:

(A) the Articles;

(B) the Acquisition Agreement;

(C) the Prospectus;

(D) the ContourGlobal 2019 Annual Report;

(E) the ContourGlobal 2017 Annual Report;

(F) the report by BDO LLP on the historical financial information on the Target Group set out in Section A of Part IV (*Historical Financial Information on the Target Group*) of this document;

(G) the report by PricewaterhouseCoopers LLP on the unaudited pro forma information on the Enlarged Group set out in Part V (*Unaudited Pro Forma Financial Information for the Enlarged Group*) of this document;

(H) the letters of consent referred to in section 13 of this Part IV; and

(I) this document.

Copies of the above documents (other than the Acquisition Agreement) will also be published on the Company's website at http://www.contourglobal.com.

Part VII
Definitions

The following definitions apply throughout this document unless the context requires otherwise:

"**2025 Notes Indenture"**	means the indenture dated 26 July 2018 by and among ContourGlobal Power Holdings S.A. as issuer, ContourGlobal Worldwide Holdings S.à r.l., ContourGlobal Terra Holdings S.à r.l., the Company, and certain other ContourGlobal Group companies as guarantors, Wilmington Trust, National Association, as trustee and collateral agent and Citibank N.A., London Branch, as paying agent, registrar and transfer agent;
"**2026 Notes**"	has the meaning given to it in section 5 of Part I (*Letter from the Chairman*) of this document;
"**2028 Notes**"	has the meaning given to it in section 5 of Part I (*Letter from the Chairman*) of this document;
"**Acquisition**"	means the proposed acquisition by the Buyer from the Seller of all of the WGP Interests, subject to the fulfilment of certain Conditions, pursuant to the Acquisition Agreement;
"**Acquisition Agreement**"	means the purchase and sale agreement dated 7 December 2020 between the Buyer and the Seller, as described in Part III (*Summary of the Principal Terms and Conditions of the Acquisition*) of this document;
"**Adjusted EBITDA**"	means combined profit/(loss) from continuing operations for all controlled assets before income taxes, net finance costs, depreciation and amortisation, acquisition-related expenses, plus profit on sale of minority interest and specific items which have been identified and adjusted by virtue of their size, nature or incidence, less the ContourGlobal Group's and the Target Group's respective share of profit from unconsolidated entities accounted for on the equity method, plus the ContourGlobal Group's and the Target Group's respective pro rata portion of Adjusted EBITDA for such entities. In determining whether an event or transaction is specific, the ContourGlobal Group's management considers quantitative as well as qualitative factors such as the frequency or predictability of occurrence;
"**Articles**"	means the articles of association of ContourGlobal, and reference to a specific article of the articles of association of ContourGlobal shall be to an "**Article**";
"**Board**"	means the board of Directors of the Company from time to time including a duly constituted committee thereof;
"**Borger Entities**"	means Great Point Power-Borger LP, LLC; Northbrook Texas, LLC; Great Point Power-Borger Holdings II, LLC; Great Point Power-Borger GP, LLC; LSP Borger, Inc.; GPP Borger, LLC; Borger Funding Corporation; and Borger Energy Associates, L.P.;
"**Borger PPA**"	has the meaning given to it in paragraph 1.9 of Part II (*Risk Factors*) of this document of this document;
"**Borger Project**"	means the 230 MW natural gas-fired cogeneration facility located in Borger, Texas and owned by Borger Energy Associates, L.P;

"**Bridge Facility**"	has the meaning given to it in paragraph 5 of Part I (*Letter from the Chairman*) of this document;
"**Bridge Facility Agreement**"	has the meaning given to it in paragraph 5 of Part I (*Letter from the Chairman*) of this document;
"**Business Day**"	means a day (excluding Saturdays, Sundays and public holidays in England and Wales) on which banks are open for general commercial business in London (other than solely for trading and settlement in Euro);
"**Buyer**"	means ContourGlobal Hummingbird US Holdco Inc., a corporation incorporated and existing under the laws of the State of Delaware with registered number 4004229, whose registered office is at 12 Timber Creek Lane, Newark, Delaware (New Castle County), 19711, and an indirect wholly owned subsidiary of the Company;
"**CAISO**"	means the California Independent System Operator Corporation;
"**CCGT**"	means combined cycle gas turbines;
"**CFADS**"	means cash flow available for debt service;
"**Cogen**"	means cogeneration;
"**CGA Closing**"	has the meaning given to it in section 5.2(B) of Part VI (*Additional Information*) of this document;
"**CGA Share Purchase Agreement**"	has the meaning given to it in section 5.2(B) of Part VI (*Additional Information*) of this document;
"**CHP Portfolio**"	has the meaning given to it in section 5.2(B) of Part VI (*Additional Information*) of this document;
"**CHP Acquisition**"	has the meaning given to it in section 5.2(B) of Part VI (*Additional Information*) of this document;
"**Closing**"	means the completion of the sale and purchase of the WGP Interests pursuant to the Acquisition Agreement and "**Close**" shall be construed accordingly;
"**Company**" or "**ContourGlobal**"	means ContourGlobal plc, a company incorporated under the Companies Act 2006 and registered in England and Wales with registered number 10982736 whose registered office is at 7th Floor, Park House, 116 Park Street, London W1K 6SS;
"**Companies Act 2006**" or "**Companies Act**"	means the UK Companies Act 2006, as amended from time to time;
"**Conditions**"	means the conditions precedent to Closing, as described in section 3 of Part III (*Summary of the Principal Terms and Conditions of the Acquisition*) of this document;
"**COVID-19**"	means the Corona Virus Disease 2019 as designated by the World Health Organization;
"**ContourGlobal Group**" or "**Group**"	means the Company and its subsidiaries and subsidiary undertakings from time to time;
"**ContourGlobal 2017 Annual Report**"	means the 2017 Annual Report published by the Company on 9 April 2018;

"**ContourGlobal 2019 Annual Report**"	means the 2019 Annual Report published by the Company on 7 April 2020;
"**ContourGlobal Group Profit Forecast**"	means profit forecast for the ContourGlobal Group for the year ended 31 December 2020 as set out in section 11 of Part VI (*Additional Information*) of this document;
"**ContourGlobal Group Share Plans**"	means the share plans currently operated by the Company;
"**Directors**"	means the directors of the Company, whose names appear in section 3.1 of Part VI (*Additional Information*) of this document, or the directors from time to time of the Company, as the context requires, and "**Director**" shall be construed accordingly;
"**Disclosure and Transparency Rules**"	means the disclosure guidance and transparency rules made by the FCA under section 73A of the FSMA;
"**Disclosure Requirements**"	means articles 17, 18 and 19 of the Market Abuse Regulation;
"**document**" or "**Document**"	means this circular;
"**EBITDA**"	means the reported combined profit from continuing operations for all controlled assets before income taxes, net finance costs, depreciation and amortization;
"**Enlarged Group**"	means the ContourGlobal Group following Closing;
"**ERCOT**"	means the Electric Reliability Council of Texas;
"**Executive Directors**"	means those Directors who hold the position of executive Director of the Company as at the date of this document, and each an "**Executive Director**";
"**FCA**" or "**Financial Conduct Authority**"	means the Financial Conduct Authority of the United Kingdom in its capacity as the competent authority for the purposes of Part VI of the FSMA and the UK Financial Services Act 2012 and in the exercise of its functions in respect of the admission to the Official List otherwise than in accordance with Part VI of the FSMA;
"**FCA Dispensation**"	means a dispensation granted by the FCA to the Company, pursuant to the Statement of Policy, from the requirement to hold a general meeting of Shareholders for the purposes of approving the transactions contemplated by the Acquisition Agreement as a Class 1 transaction for the purposes of Chapter 10 of the Listing Rules;
"**FCPA**"	means the Foreign Corrupt Practices Act;
"**FERC**"	means the Federal Energy Regulatory Commission or any successor thereto;
"**Five Brothers PPAs**"	has the meaning given to it in section 6(B) of Part VI (*Additional Information*) of this document;
"**FPA**"	means the Federal Power Act, as amended, and its implementing regulations;
"**FSMA**"	means the Financial Services and Markets Act 2000, as amended;
"**Funds From Operations**"	means the cash flow from operating activities, excluding changes in working capital, less interest paid, maintenance capital expenditure and distribution to minorities;

"**Governmental Authority**"	means any international, national, supra-national, federal, state, provincial or local government, court of competent jurisdiction, governmental or quasi governmental agency, commission, political subdivision, board, bureau, tribunal, self regulatory organization, judicial or arbitral body, or regulatory or administrative body or authority exercising authority over an applicable individual, partnership, limited liability partnership, corporation, limited liability company, association, joint stock company, trust, estate, joint venture, unincorporated organization, or governmental entity (or any department, agency, or political subdivision thereof) comparable to any of the foregoing, or any instrumentality of any the foregoing (including, for the avoidance of doubt, the FCA, the LSE, North America Electric Reliability Corporation and any applicable regional transmission organization or independent system operator and their respective independent market monitor);
"**GT**"	means gas turbine;
"**Hobbs Entities**"	means Hobbs Power Funding, LLC and Lea Power Partners, LLC;
"**Hobbs PPA**"	means the power purchase agreement between Southwestern and Lea Power Partners, LLC dated 20 October 2006 (as amended in April 2007, May 2007, July 2007, September 2008, August 2010 and June 2014);
"**Hobbs Project**"	has the meaning given to it in paragraph 2.4 of Part II (*Risk Factors*) of this document;
"**Hobbs Property Tax Matters**"	has the meaning given to it in section 7.2(A) of Part VI (*Additional Information*) of this document (and a "**Hobbs Property Tax Matter**" shall mean either of them as the circumstances require);
"**Hobbs Property Tax Resolution Amount**"	has the meaning given to it in paragraph 6 of Part III (*Summary of the Principal Terms and Conditions of the Acquisition*) of this document;
"**HSR Act**"	means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended and the rules and regulations promulgated thereunder;
"**IFRS**"	means the International Financial Reporting Standards as adopted by the European Union;
"**Investec**"	means Investec Bank plc;
"**Latest Practicable Date**"	means 15 January 2021 (being the latest practicable date prior to publication of this document);
"**Listing Rules**"	means the listing rules made by the FCA under section 73A of the FSMA;
"**Long Stop Date**"	means 4 June 2021 or such later date as determined under the Acquisition Agreement in certain circumstances where any asset of the Target Group is damaged or destroyed or is taken by condemnation by a Governmental Authority, unless extended by agreement between the Buyer and the Seller;
"**LSE**"	means London Stock Exchange plc or any recognised investment exchange for the purposes of the FMSA that may take over the functions of London Stock Exchange plc;
"**Market Abuse Regulation**"	means Regulation (EU) No 596/2014 of the European Parliament and of the Council;

"**MW**"	means megawatts;
"**Net Debt**"	means the sum of a company's short-term and long-term liabilities, less cash and cash equivalents;
"**Non-Executive Directors**"	means the Directors who hold the position of Chairman or non-Executive Director as at the date of this document, and each a "**Non-Executive Director**";
"**Official List**"	means the official list maintained by the FCA for the purposes of Part VI of the FSMA;
"**Ordinary Shares**"	means ordinary shares of £0.01 nominal value each in the share capital of the Company having the rights set out in the Articles;
"**Parent Company Free Cash Flow**"	means CFADS less corporate bond interest costs;
"**PPA**"	means a power purchase agreement, being a contractual agreement to purchase an amount of energy and/or to reserve the generating capacity of a generating facility at an agreed price, for a certain time, in advance of producing such energy or utilizing such generating capacity, and "**PPAs**" shall be construed accordingly;
"**Premium Listing**"	means a listing of shares on the "Premium Listing (commercial company)" segment of the Official List;
"**Profit Estimate**"	means profit estimate with respect to the Company's expected earnings for the year ended 31 December 2020 as set out in section 11 of Part VI (*Additional Information*) of this document;
"**Profit Forecast**"	means profit forecast for the Target Group for the first full year following Closing as set out in section 12 of Part VI (*Additional Information*) of this document;
"**Project**" and "**Projects**"	have the meaning given to them in paragraph 2.4 of Part II (*Risk Factors*) of this document;
"**Project Company**"	has the meaning given to it in section 6(A) of Part VI (*Additional Information*) of this document;
"**Prospectus**"	means the document comprising a prospectus dated 9 November 2017 relating to the Company in connection with the admission of its Ordinary Shares to the Premium Listing segment of the Official List and to trading on the main market for listed securities of the LSE;
"**Prospectus Regulation Rules**"	means the prospectus regulation rules of the FCA made pursuant to section 73A of the FSMA;
"**Purchase Price**"	means the total consideration of US$837 million payable under, and as adjusted in accordance with the terms of, the Acquisition Agreement, as described in section 2 of Part III (*Summary of the Principal Terms and Conditions of the Acquisition*) of this document;
"**RA**"	means resource adequacy;
"**Reduced Target Group**"	has the meaning given to it in paragraph 1.9 of Part II (*Risk Factors*) of this document;
"**Regulatory Information Service**" or "**RIS**"	means one of the regulatory information services authorised by the FCA to receive, process and disseminate regulatory information from listed companies;

"**Resolution**"	means the resolution on the terms set out in italics in paragraph 9 of Part I (*Letter from the Chairman*) of this document and which the Company would have put to its Shareholders at a general meeting to approve the Acquisition for the purposes of Chapter 10 of the Listing Rules, had the Company been required to convene such a meeting in the event that the dispensation available under the Statement of Policy was not granted;
"**Securities Act**"	means the U.S. Securities Act of 1933, as amended;
"**Seller**"	means Western Generation Partners, LLC, a limited liability company incorporated and existing under the laws of the State of Delaware with registered number 6015164, whose registered office is at 251 Little Falls Drive, Wilmington, Delaware (New Castle County), 19808;
"**Senior Managers**"	means the persons named as Senior Managers of the Company in section 3.2 of Part VI (*Additional Information*) of this document;
"**Senior Secured Notes**"	has the meaning given to it in section 5 of Part I (*Letter from the Chairman*) of this document;
"**Senior Secured Notes Indenture**"	means the indenture dated 17 December 2020 by and among ContourGlobal Power Holdings S.A. as issuer, ContourGlobal Worldwide Holdings S.à r.l., ContourGlobal Terra Holdings S.à r.l., the Company, and certain other ContourGlobal Group companies as guarantors, Wilmington Trust, National Association, as trustee and collateral agent and Citibank N.A., London Branch, as paying agent, registrar and transfer agent;
"**Shareholder Approval Condition**"	has the meaning given to it in paragraph 3 of Part III (*Summary of the Principal Terms and Conditions of the Acquisition*) of this document;
"**Shareholders**"	means holders of Ordinary Shares, from time to time;
"**Southwestern**"	means Southwestern Public Service Company;
"**Sponsor**"	means Goldman Sachs International;
"**SPP**"	means Southwest Power Pool;
"**Statement of Policy**"	means the FCA's Statement of Policy and Technical Supplement entitled "*Technical Supplement—modification of general meeting requirements under the Listing Rules*", each published on 8 April 2020 by the FCA;
"**Steam Sales and Operating Agreement**"	has the meaning given to it in paragraph 6 of Part III (*Summary of the Principal Terms and Conditions of the Acquisition*) of this document;
"**subsidiary**" and "**subsidiary undertaking**"	have the meanings given to them in sections 1159 and 1162 (respectively) of the Companies Act 2006;
"**Target Group**"	means WGP and its subsidiaries and subsidiary undertakings from time to time;
"**Termination Fee Trigger**"	any of the circumstances described in paragraph 8.2(a)-(c) of Part III (*Summary of the Principal Terms and Conditions of the Acquisition*) of this document pursuant to which the Buyer would be obliged to pay a termination fee of US$17,775,223 to the Seller;

"**Three Sisters**"	has the meaning given to it in paragraph 3 of Part I (*Letter from the Chairman*) of this document;
"**Transmission Owner**"	has the meaning given to it in section 6(A) of Part VI (*Additional Information*) of this document;
"**Trinity**"	means Trinity Power Limited;
"**Trinity PPA**"	means the license agreement and agreement for sale and purchase of power between Trinity and the Trinity Power Purchaser dated 12 February 1998, as amended by the agreement between Trinity and Trinity Power Purchaser dated 18 June 1998;
"**Trinity Power Purchaser**"	means The Trinidad and Tobago Electricity Commission;
"**Trinity Project**"	has the meaning given to it in paragraph 2.4 of Part II (*Risk Factors*) of this document;
"**Unaudited Pro Forma Financial Information**"	means the unaudited pro forma statement of net assets and the related notes set out in Section B of Part V (*Unaudited Pro Forma Financial Information for the Enlarged Group*) of this document;
"**UK Corporate Governance Code**"	means the UK Corporate Governance Code published by the UK Financial Reporting Council;
"**UNCITRAL**"	has the meaning given to it in section 7.1(A) of Part VI (*Additional Information*) of this document;
"**United Kingdom**" or "**UK**"	means the United Kingdom of Great Britain and Northern Ireland;
"**United States**" or "**US**"	means the United States of America, its territories and possessions, any state of the United States of America, the District of Columbia, and all other areas subject to its jurisdiction;
"**Waterside PPA**"	means the capacity agreement between The Connecticut Light and Power Company and Waterside Power, LLC dated 18 May 2007;
"**Waterside Project**"	means the 72 MW oil-fired peaking power generating facility located in Stamford, Connecticut and owned by Waterside Power, LLC;
"**WGP**"	means WGP Holdings II, LLC, a limited liability company incorporated and existing under the laws of the State of Delaware with registered number 6151862, whose registered office is at 251 Little Falls Drive, Wilmington, Delaware (New Castle County), 19808;
"**WGP Assets**"	has the meaning given to it in paragraph 1 of Part I (*Letter from the Chairman*) of this document; and
"**WGP Interests**"	means the entire issued share capital of WGP.

Reference to a "**company**" in this document shall be construed so as to include any company, corporation or other body corporate, wherever and however incorporated or established.

Donnelley Financial Solutions 80090