

Pressrelease

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BayernLB finances the first private geothermal power plant in the Free State of Bavaria

Munich – BayernLB has structured and successfully implemented the first project financing of a geothermal plant in the Free State of Bavaria in cooperation with the development company Süddeutsche Geothermie-Projekte Gesellschaft (SGG). The long-term financing for the power plant in Dürrenhaar near Aying has a volume of EUR 35.6 million. Shareholders HOCHTIEF PPP Solutions, a subsidiary of HOCHTIEF Concessions, and RENERCO Renewable Energy Concepts AG, in which Baywa AG holds a majority stake, each own a fifty percent share of SGG.

Development company SGG is the first party in Germany to successfully tap into the subterranean heat source over 3,000 metres below ground. Project Dürrenhaar thus kicks off a series of geothermal power plants of the 5 megawatt category developed by SGG.

The power plant, situated south east of Munich, is the fourth geothermal project in Upper Bavaria that BayernLB has supported. What makes this project unique is its private sector character, as in previous geothermal projects, BayernLB and other banks always acted as partners to a municipality. In the case of the Dürrenhaar plant the customer is a company with no municipal background and hence the loan repayment source is the forecast cash flow over the term of the project. BayernLB expects the proportion of privately financed geothermal projects to increase in future.

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Alexander von Dobschütz, head of the project financing division at BayernLB, said, "Financing the geothermal plant in Dürrenhaar will enable BayernLB to prove its structuring expertise and make a further contribution to supplying environmentally-friendly energy to our home market of Bavaria. In the next few years we expect more municipal and also private geothermal power plants to be developed in the region. With our many years of experience in the area of renewable energy, we are on hand to support future projects in our capacity as a financing partner."

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The geological conditions make the South German Molasse Basin particularly suitable for deep-layer geothermics which enable the ground water resources under the earth to be converted into environmentally-friendly electricity and heat. The Dürrenhaar plant is expected to start operating in January 2012 and will be able to generate almost 46,000 megawatt hours of electricity per year. This can supply around 18,000 houses in the area with electricity. It also saves around 35,000 tonnes of CO² per year compared to conventional energy sources.