

Acquisition Opportunity - Green Energy Geothermal



Opportunity: Paul Masters and Conrad Beighton of Leonard Curtis Recovery Limited as Joint Administrators of Green Energy Geothermal International Limited and Green Energy Geothermal UK Limited (both in Administration) (“the Companies”) have appointed Hilco Global and Hezy Ram of Dormin Inc. to actively seek interested parties with regards to the sale of the business and assets of the Companies and their shareholdings in related Group entities (“the Assets”). The Green Energy Geothermal Group (“GEG”) specializes in the design, construction, operation and maintenance of geothermal power plants. GEG’s bespoke, patented technology enables it to rapidly construct geothermal power plants in a fraction of the time required by traditional means. GEG enables developers, independent power producers and state-owned utilities to significantly shorten the time between exploration and revenue generation, achieve accelerated returns on investment and lower project risk. Being modular in design and based on pre-fabricated modules, GEG’s solutions can easily be scaled up.

Background: GEG has developed unique technology for the geothermal sector, by using “well head generators” in the range of 3-10 MW. For the first time in the industry, making available compact, efficient condensing steam turbines at sizes which traditionally were 5-10 times larger. The use of this technology opens up new opportunities in the geothermal space: a modular approach in lieu of central power plants with significantly better economics, the use of marginal wells, practicing of Distributed Geothermal deployment for off grid operation and much more. Over \$40 million has been invested over a ten year period perfecting the GEG technology.

Field tested and proven technology: Through an international tender process GEG was selected by Kenya Electricity Generating Company (“KenGen”) to supply a modular wellhead pilot plant. After successful implementation KenGen extended the relationship with the Group for another 14 power plant units, totaling 80.6 MW positioned at multiple sites in the Olkaria geothermal area. These units have successfully been in operation for several years and sport high availability and capacity factors. Through this, GEG developed an established reference base and robust supply chain using first class components in its design and procurement which are currently performed in Iceland. Total revenues of c. USD \$115m have been generated from KenGen contracts.

Experienced and motivated staff: R&D has been performed in Iceland where a group of 21 (mostly engineers) continues to develop the next generation product in parallel to routine engineering work. Dedicated staff support sales offices in Norway, Indonesia, Singapore & Africa.



Savoy Tower
77 Renfrew Street
Glasgow G2 3BZ



0141 406 3197
0141 212 2516



nbaldwin@hilcoglobal.eu
lshannon@hilcoglobal.eu

Promising pipeline: The concept of well head generation (whereby one or two production wells can feed a 5-10 MW power plant) has gained traction in the industry and the Group has developed a strong pipeline of potential projects in various geographies: Africa, LATAM, Iceland and South East Asia (with an emphasis on Indonesia). In early 2017 GEG was awarded the contract for the refurbishment of Landsvirkjun's Bjarnarflag Geothermal Power Plant in North East Iceland, with installation of a 5 MW unit that is close to completion.

Potential role as IPP: Recently, GEG has expanded its strategic focus and considered moving up the value chain in order to be not only a technology supplier or an EPC contractor to projects using its core technology, but to consider equity positions in some of these projects. To this end, promising leads were established including the potential to play a developer role in a large geothermal project in Indonesia for which contract negotiations are in advanced stages. The Group's strong presence in Indonesia is a good entry to what is arguably the next growing market of this industry.

Valuable intellectual property: The Companies' key intellectual property assets include: a portfolio of patents protecting and underpinning the GEG modular geothermal power plant solutions; an extensive suite of computer-aided design drawings including drawings relating to GEG's range of standard power plant designs and its steam processing system; and comprehensive organizational knowledge including the supplier registry. The Green Energy Geothermal brand is highly regarded in the renewable energy sector, with GEG having finished runner-up in the 2015 Geothermal Innovation Award and being announced as "New Energy Pioneer" by Bloomberg New Energy Finance 2014. Brand-related assets include the corporate website and geg.co.uk domain.

Available Assets

Green Energy Geothermal International Limited (in Administration) ("GEG International"):

- Any right and title the Administrators have in the business and assets of GEG International (excluding any assets, including stock, located in Kenya) – GEG International is the Group's holding company.
- 100% shareholding in Green Energy Iceland ehf ("GEI") – this share sale would transfer ownership of the GEI company itself. GEI's activities carried out on behalf of the Group include R&D and work carried out in relation to the Bjarnarflag project.
- 100% shareholding in Green Energy Group AS ("Norway AS") – The majority of the business and assets of Norway AS were transferred to GEGUK during October 2015. It presently has one employee.
- 67% shareholding in PT GEG Indonesia - a newly formed entity, subject to capitalization.

Green Energy Geothermal UK Limited (in Administration) ("GEGUK"):

- Any right and title the Administrators have in the business and assets of GEGUK, including any intellectual property, whether or not registered, any fixed assets or stock (excluding any assets, including stock, located in Kenya) – GEGUK's key assets include the Geothermal Power Plant patent family.
- Branches in Kenya, Singapore, and the Indonesia rep office.



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Please note that any sale of the business and assets of GEG International would not include GEG International's liabilities. Share transfers are, however, treated in the normal way.

Any sale of the business and assets of GEGUK, would not include the GEGUK's liabilities (other than those to employees).

Diligence & Sales Process

Hilco Global is currently soliciting interest in the Assets from qualified buyers. All bids must be submitted in writing to Hilco Global in advance of the bid deadline. Bid documentation will be provided on request.

Bid Deadline: Wednesday August 8, 2018 at 2:00 PM BST

Access to a data room is available on request and on receipt of a duly executed Non-Disclosure Agreement

For further information and to register an interest, please contact Linda Shannon of Hilco Global.

Email: lshannon@hilcoglobal.eu

Phone: +44 (0) 141 212 2516

Mobile: +44 (0) 7718 424 451

Key Terms & Conditions

The buyer understands that Hilco Global act as agent for the Joint Administrators who offer for sale only what right title and interest the Companies (in Administration) possess in the Assets. Such sale will be without any warranties, expressed or implied and will be at the buyer's risk.

The information provided has not been verified and buyers are deemed to have carried out their own due diligence of the assets.

If payable, VAT at 20% will be added to the price.

Legal completion to occur within 5 business days of bid acceptance.



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