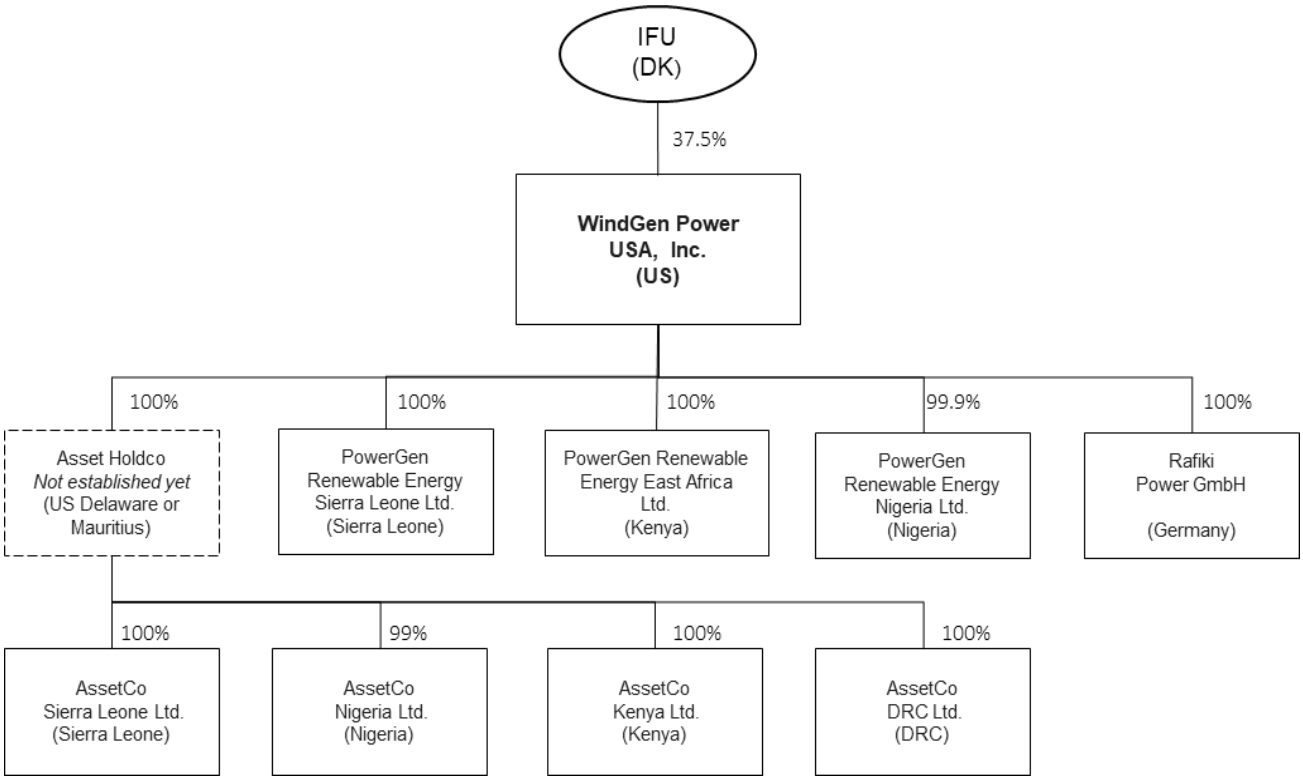
Tax policy compliance statement for WindGen Power USA, Inc.

1. Contemplated investment structure



IFU will be providing equity financing for a US based investment platform named WindGen Power USA, Inc. generally operating under the name PowerGen. PowerGen is one of the leading mini-grid and C&I grid providers in Sub-Saharan Africa.

2. Compliance with IFU's tax policy

The investment structure and PowerGen's approach in respect of responsible tax behavior have been subject to due diligence and based on the facts and circumstances made available, TaxRoom is of the opinion that the investment structure and PowerGen comply with IFU's tax policy for the following main reasons:

- The investment structure established is not viewed to be unusual and this statement also take the possible Asset Holdco in Mauritius or the US into account. The considerations and reasons for having an Asset Holdco is not tax motivated but due to financing considerations.
- The US parent company does not have any tax treaties with the African countries of operation. It is furthermore the same situation for the African countries internally. They do also not have tax treaties in force with each other.
- If the Asset Holdco is established in Mauritius, there is a tax treaty between Mauritius and DRC which may be claimed, but a safeguard would in that case be implemented saying that the Mauritius holding company can only claim tax treaty benefits if supported by a tax opinion from a reputable local (DRC) tax advisor confirming OECD BEPS compliance.
- The US parent company and all local operating companies in Africa are informed to be taxable entities subject to corporate income tax.
- PowerGen employs on a consolidated basis many employees working in the local operating companies.
- All intergroup transactions are informed to be carried out in line with the arm's length principles and transfer pricing documentation have been prepared in earlier years.
- The tax due diligence has not disclosed indications of an investment or financing structure facilitating profit shifting or base erosion.
- PowerGen has accepted to comply with IFU's tax policy and an undertaking to comply with tax laws.
- Nigeria and Kenya have implemented OECD BEPS inspired 30% EBITDA interest restriction rules. Interest restrictions in DRC and Sierra Leone may in some situations be more relaxed than OECD BEPS guidelines but the undertaking to comply with IFU's tax policy ensures interest deductions are not used for base erosion.
- The US including the potential Asset Holdco in Mauritius are not blacklisted tax wise by the EU and in respect of the tax rating carried out by OECD's Global Forum on Exchange of Information for Tax Purposes the US is rated "largely compliant" while Mauritius is rated "compliant".

3. Disclosure, cf. EU Directive 2018/822/EU

The equity investment in a US taxable entity should not be subject to disclosure under the EU DAC 6 Directive as the listed hallmarks required for triggering a disclosure obligation are not met for this transaction.

TaxRoom P/S, 30 May 2024

Claus Kirkeby Olsen